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FIELD
REPORT
on
END USE SUPERVISION
of the
I.B.R.D. GENERAL PURPOSES LOAN
to the
KINGDOM OF THE NETHERLANDS
LOAN NO. NE - 2

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Field Report on End Use Supervision of the International Bank for
Reconstruction and Development [IBRD] General Purposes Loan to the

July 31, 1949

To be kept as part of Bank
official records - per

R. Peterson

June 29, 1962.

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RETURN TO
OPERATIONAL FILES

REPORT
on
END USE SUPERVISION
of
the I.B.R.D. General Purposes Loan
to the
KINGDOM OF THE NETHERLANDS
Loan No. NE - 2

PART I

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I N D E X

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PART I

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PART ONE

END USE SUPERVISION

I. Introduction

1. As the end use supervision of the goods purchased with the proceeds of the I.B.R.D. Loan to the Kingdom of the Netherlands is on the point of completion it has been thought desirable to place on record the salient features of this operation with particular reference to any difficulties encountered or lessons learned which may prove useful when considering future commitments of a like nature.

II. The Loan Purposes and Obligations

2. The amount of the Bank's Loan to the Kingdom of the Netherlands concluded on August 7, 1947, was \$195 million, the Effective Dates for drawing being August 18, 1947 and September 11, 1947, Closing Date March 31, 1948 subsequently extended to June 30, 1948. The original application was for a loan of \$535 million but the Bank decided to limit its commitment to the needs of the 1947 Reconstruction Program without prejudice to its further consideration of an additional application for the further requirements of the Netherlands for the Reconstruction Programs for 1948 and 1949.

3. On May 25, 1948, the Bank signed a Supplementary Loan Agreement with the Kingdom of the Netherlands to cancel \$3,955,788 and to make available the equivalent amount in Swiss Francs (17 million Swiss Francs). This Supplementary Loan Agreement became effective on June 1, 1948.

4. Commitment charges, interest and commission rates together with the dates from which these charges run are specified in the Loan Agreement as are the dates and amounts of amortisation payments, these commencing on April 1, 1953 and continuing in semi-annual instalments at a rate calculated to repay the entire loan by 1972.

5. The purpose of the loan is defined as follows in Article III, Section 1 of the Loan Agreement:-

"The Borrower covenants that the proceeds of the Loan will be applied to the payment of the cost of purchasing and importing into the metropolitan areas of the Borrower, goods which will be required and used exclusively for productive purposes in the carrying out of the program of the Borrower, referred to in the preamble of this Agreement, for the general reconstruction and development of the productive facilities and resources of the Netherlands. The specific goods to be purchased out of the proceeds of the Loan shall be determined by agreement between the Bank and the Borrower, and the list of such goods may be modified from time to time by agreement between them.

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Section 2. All goods purchased with the proceeds of the Loan shall be imported into the metropolitan areas of the Borrower and shall there be used exclusively for the purposes specified in Section 1 of this Article; and, except as shall be otherwise agreed between the Bank and the Borrower, none of such goods shall be re-exported"

6. Article VII, Section 3, defined the obligations of the Kingdom of the Netherlands as follows:-

"In order that the Bank and the Borrower may cooperate to the fullest extent in assuring that the purposes of the Loan shall be accomplished, so long as any part of the Loan shall be outstanding and unpaid, the Borrower will afford to the Bank, from time to time as the Bank shall reasonably request:-

- (a) All reasonable opportunity for exchanges of views between accredited representatives of the Bank and officials empowered to represent the Borrower in such exchanges of views with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof and other matters of mutual interest, it being understood that both the Bank and the Borrower will receive from one another suggestions and observations, in regard to all such matters in a spirit of mutual cooperation; and
- (b) All reasonable opportunity for accredited representatives of the Bank to inspect any and all goods paid for out of the proceeds of the Loan and all contracts, orders, invoices and other documents and books of account relating to such goods and the enduse thereof; and
- (c) All reasonable opportunity for accredited representatives of the Bank to visit freely **any** part of the metropolitan areas of the Borrower for the purpose of performing the functions set forth in paragraphs (a) and (b) of this Section and for the purpose of studying the financial and economic conditions of the Borrower and all other matters relating to the purposes of the Loan"

7. The following table shows the categories of goods to which the Loan was to be applied with the relevant amounts as specified in an annex to the Loan Agreement as well as the final allocation after changes made as between the categories from time to time in agreement between the Borrower and the Lender.

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Category	Original Loan Commitment	Cancell- ations	Transfers Between Categories	Original Loan Commitment as Adjusted
<u>RAW MATERIALS:</u>				
	\$	\$	\$	\$
Rolling mill products	25,000.000	---	---	25,000.000
Non-Ferrous metals	5,000.000	5.959 Dr.	5,000.000	9,994.041
Timber	10,000.000	---	5,000.000 Dr.	5,000.000
Cement, stone, glass and other building materials	5,000.000	---	---	5,000.000
Fertilizers	5,000.000	---	---	5,000.000
Fuel (coal plus freight)	20,000.000	---	5,000.000 Dr.	15,000.000
Feeding grains and cakes	20,000.000	---	5,000.000	25,000.000
Sub-Totals	90,000.000	5.959 Dr.	---	89,994.041
SHIPS AND VESSELS	45,000.000	---	4,800.000 Dr.	40,200.000
EQUIPMENT	60,000.000	3,949.829 Dr.	4,800.000	60,850.171
<u>GROSS TOTALS</u>	<u>195,000.000</u>	<u>3,955.788 Dr.</u>	---	<u>191,044.212</u>

Supplemental Loan Agreement Dated May 25, 1948
Effective Date - June 1, 1948 - \$3,955.788

(Loan made in Swiss Francs - 17,000,000)

Category	Supplemental Loan Commitment	Disbursement	Unused Balance of Commitment
<u>RAW MATERIALS:</u>			
	\$	\$	
Non-ferrous metals	5.959	5.959	---
<u>EQUIPMENT</u>	<u>3,949.829</u>	<u>3,949.829</u>	---
Totals	<u>3,955.788</u>	<u>3,955.788</u>	---

The following currencies were actually disbursed under the above loan:

Currency	Amount	United States Dollar Equivalent \$
United States Dollars	166,129.136	166,129.136
Belgian Francs	45,355.000	1,037.872
Belgian Francs	764,901.377	17,452.544
Canadian Dollars	2,723.726	2,723.726
Swiss Francs	15,839.999	3,700.934
Disbursement Original Loan		191,044.212
<u>Supplemental Loan:</u>		
Swiss Francs	17,000.000	3,955.788
Total disbursed		<u>195,000.000</u>

8. Actual vouchers received from Washington, however, total \$204,011,000. The Dollar amount above the value of the Loan of \$195 million represents ineligible items which were reported by the Netherlands Office and for which refunds have been received from the Netherlands Authorities.

III. General Conclusions

9. The experience acquired in the handling of the end use supervision of the \$195 million Loan to the Kingdom of the Netherlands reaffirmed the earlier conclusion arrived at that the provisions included in a Loan Agreement, however carefully drawn, are not sufficient in themselves to ensure the satisfactory carrying out of these operations. In order to avoid considerable trouble and unnecessary complications it is essential that at the earliest possible moment the administrative machinery set up in the borrowing country to follow the receipt and distribution of goods purchased abroad be systematically checked and any inadequacies in the system for the Bank's purposes brought to the notice of the Borrower. Subsequently frequent consultations, whenever possible, preferably on an informal basis between the representatives of the Bank in the Field and the Borrower, are desirable as the most effective means for the timely disposal of awkward questions liable to otherwise later assume an unwarranted importance as issues requiring reference for higher level rulings.

10. The above conclusions have been borne out in the case of this Loan with the willing and generally speaking efficient cooperation of the Netherlands authorities concerned. The operation of the End Use Supervision has on the whole proceeded smoothly. Most of the technical problems as they arose found their proper solution through preliminary informal negotiations on the spot, all decisions of principle being, of course, referred to Headquarters direct for formal sanction. The official data supplied by the Dutch authorities was usually accurate and reliable. The relatively few irregularities which were uncovered in the course of our investigations can fairly be said to have been primarily due to the short period in which the Dutch Authorities had to adapt their control system to meet the Bank's requirements owing to the necessity for them to supplement at the earliest possible moment their acute shortage of Dollars and to a lesser extent to a genuine misunderstanding on the part of a few of the officials of the numerous Rijksbureaux as to the exact restricted objectives of the Loan and the correct interpretation of the indicated end use supervision procedures. Details of the specific instances of such irregularities are given in chapter IV, "End Use Supervision of the Loan to the Kingdom of the Netherlands".

11. The liaison with the E.C.A. Mission to the Netherlands has been a most friendly and useful one for both sides. As a result of our experience in this connection it would appear desirable to make it a regular practice to establish at the earliest possible moment similar contacts with the local units of the E.C.A. and other international organisations operating in any of the countries we decide to take an active interest in.

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IV End Use Supervision of the Loan to the Kingdom of the Netherlands

12. Under the Bank's Articles of Agreement Article III, Section 5B the Bank is required to "make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations.

13. The Treasurer's Department in the Bank is responsible for controlling the disbursement of the proceeds of loans and for checking the end use of the goods purchased with such proceeds.

14. The procedures worked out for discharging these responsibilities were described as follows in the Bank's Third Annual Report, Page 26:-

"When a loan is granted, the goods and services to be purchased with the proceeds of the loan are determined by agreement between the Bank and the Borrower. The proceeds of the loan are subject to withdrawal by the Borrower only upon satisfactory certification that expenditures have been made or will be made for the purchase of authorised goods and services, that the cost and terms of purchase thereof are reasonable and that the cost has not been and will not be financed out of any other credit available to the Borrower. The Borrower must also submit to the Bank in due course documentary evidence of the purchase, payment and delivery.

"These disbursement operations are similar to those of commercial banks in making payments under documentary letters of credit. In practice, the Bank frequently makes disbursements on the basis of reports by commercial banks that payment has been made by them under letters of credit. This procedure not only reduces the administrative work of the Bank but also enables the Borrower to use normal banking facilities. In appropriate cases the Bank deposits funds with commercial banks as security for letters of credit for the purchase of goods which are to be financed out of the proceeds of a Bank Loan.

"These procedures keep the Bank informed of the goods and services purchased with the proceeds of its loans, the suppliers of such goods and services and the destination to which the goods are sent. This forms the basis of the Bank's subsequent investigation of the end use to which the goods are put. The checking of the end use is generally carried out in the borrowing country by field representatives of the Bank. In the first instance this checking relates to the adequacy, accuracy and efficiency of the control systems and records maintained by the borrower. If they are adequate for the purpose, the subsequent investigations are based on the borrower's records, with suitable checks and, in appropriate cases, physical inspection. When necessary, the Bank suggests to the Borrower supplementary procedures.

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"Procedures for disbursement and end use supervision must, of course, vary with the varying problems presented by different loans. As the Bank deals more and more with specific projects in the development field, involving construction in accordance with detailed engineering plans and specifications, the Bank expects that it will be able to place more emphasis on following the general progress of the project from an engineering standpoint. The Bank's concern in such cases is to see that the proceeds of the loan are devoted exclusively to the furtherance of the project and that the project is carried through to completion with due efficiency, economy and diligence. The Bank is, therefore, interested in the project as a whole and not primarily in individual items of supplies and equipment financed by the Bank. Comparison of accounting and engineering progress reports with original estimates supplemented by inspection of the project by engineers and other technicians will be the normal procedure.

"While these procedures for control of disbursements and end use supervision satisfy the requirements of Section 5 (b) of Article III of the Bank's Articles, there is also need for continuous cooperation between the Bank and its Borrowers so that the Bank may keep fully informed of economic and financial developments in the borrowing countries. The Bank's loan agreements contain appropriate provisions to that end".

15. The chronological outline of operations as regards the first loan to the Netherlands is as follows:-

16. In the beginning of June 1947 discussions were held in the Netherlands between Messrs. Crena de Jongh and Aldewereld and various Dutch officials on the problems of disbursement procedure and supervision of end use.

17. On August 25, 1947 a mission from the Treasurer's Office consisting of Mr. S. Aldewereld, Assistant to the Treasurer, Mr. H.B. Ripman, Chief of the Section responsible for the Supervision of End Use and Mr. A. de Tchihatchef, Treasurer's Office designated Representative in the Netherlands, arrived with directives from Washington to discuss further the methods of preparing documentation for the categories of supplies to be financed out of the proceeds of this loan, both in connection with Disbursement and with the Supervision of End Use. Discussions were held with the Netherlands Bank, the Ministry of Finance, the Ministry of Economic Affairs, the Centrale Dienst voor In- & Uitvoer and the Rijksbureau voor Metalen.

18. It was decided that, in view of the nature of the end use supervision work involved, The Hague was the most suitable spot for the Netherlands I.B.R.D. Office.

19. A full account of the Mission's activities is given in the "Report on European Mission from the Treasurer's Office August/September 1947".

20. On December 15, 1947, the Netherlands Office started operations at 5, Johan van Oldenbarneveltlaan, The Hague.

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21. For the end use supervision of the Loan to the Kingdom of the Netherlands both the "direct" and "indirect" methods of checking have been used as found applicable to the different categories.

22. A representative of the Netherlands Bank was officially appointed as liaison officer and through his intermediary contacts were made with the following Dutch organisations:-

Rijksmetalenbureau
Rijksbureau voor Keramische Producten
Rijkskolenbureau
Rijksbureau voor Hout
Rijksbureau voor Chemische Producten
Rijksbureau voor Textiel
Rijksbureau voor Grondstoffen
Rijksbureau voor Leder
Rijksbureau voor Rubber
Rijksbureau voor Papier
Ministerie van Financien
Ministerie van Scheepvaart
Voedsel Import Bureau
Kunstmest Distributie Bureau
Centrale Dienst voor In- & Uitvoer
Nederlandsche Bank
Bedrijfschap voor Veevoeder
Cekagra
Ondervakgroep voor in Buitenland
Gezaagd Naaldhout

V. Standing Instructions for the Netherlands Office

23. The Standing Instructions for the Netherlands Office issued by the Treasurer's Office at Headquarters have been the guide and authority as regards the End Use Supervision and financial procedures for the administration of the Netherlands Office. These Instructions have been somewhat modified from time to time since their issuance by subsequent directives.

VI. Visits

24. Since the Autumn of 1947 visits of inspection have been paid by the Treasurer and members of his staff to The Hague as follows:

January 31 - February 5, 1948	Mr. S. Aldewereld Mr. H.B. Ripman
February 10-13, 1948	Mr. H.B. Ripman
August 25-31, 1948	Mr. D. Crena de Iongh Mr. S. Aldewereld
June 3-10, 1949	Mr. D. Crena de Iongh Mr. S. Aldewereld
June 19-24, 1949	Mr. S. Aldewereld

25. Since handing over the Paris Office to Mr. Tyler in the second half of September 1947 and a fortnight's stay later in the autumn of that year at Headquarters in Washington, Mr. de Tchihatchef has made the following visits in the execution of his duties as the Representative of the Treasurer's Office to the Netherlands, Denmark and Luxembourg:-

<u>Date</u>		<u>Country</u>
<u>1947</u>		
November	12-17	Netherlands
November	17-20	France
November	21-22	Luxembourg
November	22-25	France
November	25-30	Netherlands
November	30-December 3	Denmark
December	4 - 9	France
December	9 -12	Denmark
December	28-31	Luxembourg
<u>1948</u>		
January	1 - 4	Denmark
January	10-12	France
January	14-18	Denmark
January	25-31	France
February	5 -10	Denmark
March	2 - 7	Denmark
March	10-11	France
April	6 -14	Denmark
May	2	Denmark
May	5 - 7	France
May	9 -13	Denmark
May	19-23	Denmark
May	28-29	Brussels
June	8	Cologne
June	21-23	France
June	25-27	Denmark
July	10-13	Luxembourg
July	13-16	Denmark
August	1 - 4	France
August	20-25	Denmark
September	10-18	France
November	17-20	Denmark
<u>1949</u>		
January	11-14	Denmark
January	24-27	France
February	27-March 2	Denmark
March	29-April 1	Denmark
April	28-May 3	Belgium
May	16-18	Denmark
May	20-22	France
May	30-June 3	Denmark
June	14-18	Belgium
June	24-July 4	Sweden/Finland
July	4 -12	France

26. On January 14, 1948 whilst in Copenhagen Mr. de Tchihatchef opened there a fully equipped I.B.R.D. office with all its records brought up to date and end use supervision operations on the Danish Loan were started with Mr. Geolot in charge on April 9, 1948.

VII. Organisation of work in The Hague Office

27. Mr. Jago of Price, Waterhouse & Co. of Paris, who had been working in the Paris Office of the Bank until December 12, 1947, was seconded to Holland until March 1, 1948, where he rendered inter alia valuable services in the drafting of the end use supervision procedures for the various categories involved under the Loan.

28. On February 15, 1948 the permanent auditors, Messrs. P. Hoetjes Jr. and K. Skjaeveland, arrived from the United States via Paris, and were assigned to definite categories as indicated below:

Mr. P. Hoetjes Jr. :- Equipment, Rolling Mill Products, Non-Ferrous Metals and Fertilizers categories.

Mr. K. Skjaeveland :- Ships, Feeding Grains, Fuel, Timber and Building Materials categories.

29. Mr. A.F. Geolot accompanied them for an indoctrination period of about six weeks at this office, before proceeding to take charge of the office in Copenhagen.

VIII. Relations with the Dutch Authorities

30. The relations with the Cabinet Ministers of the Dutch Government, officials of the Dutch Ministries and other Government and private business organisations with whom the work of end use supervision has brought this office into contact have been of the most cordial and friendly nature. In every case the most helpful and understanding attitude has been manifested by the officials concerned which has made the task of end use supervision an easier operation than originally might have been expected. Any queries on technical points which arose, were resolved frequently on the spot in a mutual spirit of goodwill and understanding. A very valuable background of mutual respect and close and friendly cooperation has been gradually built up throughout the whole of the period of end use supervision which should prove to be a lasting and worthwhile asset for I.B.R.D. interests in the future.

IX. Review of Individual Categories

31. Of the nine categories involved six have been completed and of the remaining three, the following items are outstanding to date under each category:-

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Volume 2 - Equipment	8 vouchers
Volume 3 - Rolling Mill Products	33 vouchers
Volume 4 - Non-Ferrous Metals	3 vouchers
	<u>44 vouchers</u>

32. It is expected that it will be possible to complete these by about the middle of August 1949 as soon as the required data which is daily expected, has come to hand.

33. The total amount of vouchers under all categories received from Headquarters to date is 19,541, of these 7110 have been reported to Washington, 12,387 will not be checked according to Headquarters instructions, leaving a balance of 44 vouchers to be reported.

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SUMMARY AS OF JULY 31, 1949

VOLUME 1 - SHIPS

Vouchers received from Washington Chapters 1-15 inclusive	143
Vouchers reported	143
Category completed.	

VOLUME 2 - EQUIPMENT

Vouchers received from Washington Chapters 1-59 inclusive	14.477
1. Vouchers reported (over \$5.000 or equiv.)	2.512
2. Vouchers reported (under \$5.000 or equiv.)	<u>958</u> 3.470
3. Vouchers outstanding (over \$5.000 or equiv.)	8
4. Vouchers outstanding (under \$5.000 or equiv.) no check being made)	<u>10.999</u> 14.477

VOLUME 3 - ROLLING MILL PRODUCTS

Vouchers received from Washington Chapters 1-24 inclusive	2.457
1. Vouchers reported (over \$5.000 or equiv.)	907
2. Vouchers reported (under \$5.000 or equiv.)	<u>605</u> 1.512
3. Vouchers outstanding (over \$5.000 or equiv.)	33
4. Vouchers outstanding (under \$5.000 or equiv.) no check being made)	<u>912</u> 2.457

VOLUME 4 - NON-FERROUS METALS

Vouchers received from Washington Chapters 1-32 inclusive	662
1. Vouchers reported	659
2. Vouchers outstanding	<u>3</u> 662

VOLUME 5 - TIMBER

Vouchers received from Washington Chapters 1-7 inclusive	49
Vouchers reported	49
Category completed.	

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VOLUME 6 - BUILDING MATERIALS

Vouchers received from Washington Chapters 1-20 inclusive 1.466

Chapters 1-10 inclusive:

1. Vouchers reported 493

Chapters 11-20 inclusive:

Items over \$2.000 or equivalent

1. Reported 438

Items under \$2.000 or equivalent:

1. Reported	34	
2. Reported (of 25 items)	25	
3. Outstanding (no check being made)	476	535
		1.466

Category completed.

VOLUME 7 - FERTILIZERS

Vouchers received from Washington Chapters 1-8 inclusive 13

Vouchers reported 13

Category completed.

VOLUME 8 - FUEL

Vouchers received from Washington Chapters 1-17 inclusive 103

Vouchers reported 103

Category completed.

VOLUME 9 - FEEDING GRAINS

Vouchers received from Washington Chapters 1-18 inclusive 171

Vouchers reported 171

Category completed.

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Category I - SHIPS

35. The amount of this category was originally \$45,000,000.- for the financing of 50 vessels purchased under the \$195 million loan to the Netherlands.

36. In order to find out the best possible method of checking the use of the ships the offices of the Directorate-General for Shipping, a part of the Ministry of Transport, were visited on Friday afternoon and Saturday morning December 19th and 20th 1947.

37. On Friday the officials seen were the Assistant Director-General, Mr. VOS; his assistant Mr. VAN WEEDE and Mr. DAMEN, who is in charge of the registration of Netherlands ships. On Saturday an interview took place with Mr. OOEVEVAAR, the Director-General.

38. The Director-General began by informing the Bank's representatives that three of the fifty Bank-financed ships were being, or would be, used for purposes other than purely commercial. These ships are s.s. CRANSTON VICTORY and LA GRANDE VICTORY which are being used or converted for use as troopships, and s.s. COSTA RICA VICTORY which is being used as a hospital ship.

39. The question of these three ships was discussed with Mr. Ooyevaar, who stated that their names were supplied by him to the Netherlands Government's representative in the U.S.A. on the occasion of the latter asking for particulars of recent purchases (which could be substantiated with documents) of fifty ships in the U.S.A. Mr. Ooyevaar said that he in The Hague did not know the full details of the purpose for which such a list was required, nor that eligible end use of the ships would be required, or he would have given three other ships instead.

40. The Bank's representatives were informed that the ships were all registered under the Dutch flag: of the 47 used commercially some had been sold to shipping companies, and the rest are on "bare-boat" charter to shipping companies.

41. The method of check suggested by the Bank's representatives and subsequently adopted was:

- | | |
|-----------------|--|
| <u>Stage I</u> | Examine documents at the Directorate-General for Shipping for: |
| a) | name (normally changed) |
| b) | registry particulars and verification that the ship is sailing under Dutch flag |
| c) | present ownership |
|
 | |
| <u>Stage II</u> | Obtain from the operation company (owner or charterer) a letter or certificate of: |
| a) | normal employment |
| b) | last position |

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42. Particulars of registry were examined for 36 ships which were found to be fully registered in Holland; the remaining 11 ships had not completed their full registration because either they had not yet arrived in Holland (having commenced trading voyages from U.S.A.) or, although they had arrived, the re-measuring for registration and/or carving of the official number and tonnage had not yet been completed. In these cases the ships have temporary certificates of registry, or "first sea letters" which constitute them Dutch ships but subject to final registration. The particulars of these temporary registrations are not available in a form suitable for vouching and up to two months may elapse in some case before the complete registration is available. Meanwhile the Director-General of Shipping would take steps to obtain the certificate of employment for all 47 ships.

43. The check has subsequently been carried out on these lines. The progress of the work will appear from the summary below which shows as of the end of each month the number of vouchers received, vouchers on which reports have been filed and the value thereof.

44. END USE SUPERVISION PROGRESS SUMMARY

Category, I - SHIPS

<u>Date</u>	<u>Vou- chers received</u>	<u>Chapt- -ers</u>	<u>Value in \$</u>	<u>Vou- -chers reported</u>	<u>Value in \$</u>	<u>Can- cel- led</u>	<u>Out- -stan- -ding</u>
Jan. 31, 1948	46	1-5	34,500,000.-	-	-	-	56
Febr. 28, 1948	95	1-9	41,395,000.-	38	26,990,000.-	-	44
March 31, 1948	101	1-10	42,295,000.-	79	38,484,000.-	-	22
April 30, 1948	107	1-11	43,195,000.-	79	38,484,000.-	-	28
May 31, 1948	115	1-13	44,233,000.-	79	38,484,000.-	-	36
June 30, 1948	115	1-13	44,233,000.-	79	38,484,000.-	-	36
July 31, 1948	173	1-15	48,296,000.-	131	41,404,000.-	30	12
Aug. 31, 1948	143	1-15	43,496,000.-	143	43,496,000.-	-	0

45. The changes which have taken place in amount of category, method of check, etc. will appear from the following notes:

46. January: The certificates of employment were received from the companies on 47 ships stating to which use the ships were being put.

47. Vouchers were received from Washington covering 10 more ships for which applications had been submitted under the loan.

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48. February: The Director General for Shipping informed us that actually 12 additional ships should be financed under the loan, that is, the 10 on which we had already received vouchers and, furthermore, m/s ANTANGA and m/s BLOWNT.
49. Instructions were received from Headquarters to file reports based on temporary sealetters without waiting for official registration, since this might not occur for many months. However, as soon as final registration under the Netherlands flag had taken place, supplementary reports should be submitted.
50. Request from Washington, every four months to obtain information from the operating companies on how the ships are being used, viz: on what routes they are sailing, what their general cargo is etc. The information should be submitted to Washington in form of supplementary reports.
51. March: Headquarters informed Mr. Soutendijk, the Financial Counsellor of the Netherlands Embassy, that they would not raise any objection to Dutch vessels proceeding to the Far East carrying small parcels of munitions or military equipment provided that such consignments were merely incidental.
52. In a letter to us Headquarters pointed out that they were particularly anxious to know that the loan financed ships are not being used for military purposes.
53. June: The first periodical reports on 47 ships, as of May 1, 1948, were sent to Washington.
54. July: Agreement between the Netherlands Government and the Bank to reduce the amount to be financed under the ships category by \$4,800,000.--.
55. The ships withdrawn were the following:
- s.s. TRUMPETER
 - s.s. BEGUM
 - s.s. RANEE
 - s.s. QUEEN
 - s.s. RAJAH
 - s.s. PATROLLER
56. Accordingly, the ships category was reduced to \$40,200,000.--, the number of Bank financed ships to 53 and the number of vouchers in this category to 143, namely, 173 sent less 30 covering the above ships and now cancelled. These ships were later financed under the \$12,000,000.-- loan to four Dutch shipping companies.

57. October: Supplementary periodical reports on 53 ships as of September 1, 1948, sent to Washington.
58. February: Supplementary periodical reports as of January 1, 1949. This time reports on 50 ships only were submitted, since three of the ships, viz:

s.s. REMPANG
s.s. AAGTEKERK
s.s. RIOUW

are mortgaged under the \$12,000,000.- loan, and periodical reports on these ships from now on obtained direct from the shipping companies.

59. It will appear from the above that no difficulties at all have been encountered in the supervision of this category.

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Former	Name of Ship Present	Final Reg. Number	Date of Reg. under Neth.Flag	Owner or charterer of Ship	Routes on which the Ship is operated	Type of service
WILLIAM G. FARGO	JACOB CATS	779Z H.'47	July 10, 1947	Scheepvaart en *) Steenkolen Mij., Rotterdam	Holland/Baltimore/ Philadelphia/Hamp- ton Roads	Freight
BEAVERHEAD	HERA	2155Z A.'47	-	Koninklijke Ned. Stoomboot Mij., Amsterdam	U.S.A. and Carib- bean/S.American ports	"
CHATHAM	HELENA	2157Z A.'47	-	Koninklijke Ned. Stoomboot Mij., Amsterdam	Holland/Belgium and Caribbean, South and Central American ports	"
GLACIER	HYDRA	2156Z A.'47	-	Koninklijke Ned. Stoomboot Mij., Amsterdam	Holland/Belgium and Caribbean, South and Central American ports	"
BREVARD	HESTIA	794Z H.'47	-	Koninklijke Ned. Stoomboot Mij., Amsterdam	Holland/Belgium and Caribbean, South and Central American ports	"
CHANUTE VICTORY	ALPHACCA	6924Z R.'47	May 30, 1947	Van Nievelt Gou- driaan & Co. Stoom- vaart Mij., Rotter- dam	Rotterdam-South America	Mixed pas- sengers & freight
HAVERFORD VICTORY	MELISKERK	6921Z R.'47	May 25, 1947	N.V.Ver.Ned.Scheep- vaart Mij., The Ha- -gue	Holland-East Asia	"
MILFORD VICTORY	ABBEDIJK	6916Z R.'47	May 19, 1947	Holland-Amerika Lijn, Rotterdam	Holland-U.S.A.	"
WILLIAMS VICTORY	SALATIGA	6935Z R.'47	-	Koninklijke Rotter- damsche Lloyd, Rotterdam	Java-Pacific Line	Freight
COLBY VICTORY	AXELDIJK	6920Z R.'47	May 28, 1947	Holland-Amerika Lijn, Rotterdam	Holland-U.S.A.	"
CHAPEL HILL VIC- -TORY	ALWAKI	6942Z R.'47	June 25, 1947	Van Nievelt Gou- driaan & Co., Rotterdam	Rotterdam-South America	Mixed pas- sengers & freight
CLAYMONT VICTORY	MARIEKERK	6958Z R.'47	-	N.V.Ver.Ned.Scheep- vaart Mij.,The Hague	Holland-East Asia Line	"

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Former	Name of Ship Present	Final Reg. Number	Date of Reg. under Neth. Flag	Owner or charterer of Ship	Routes on which the Ship is operated	Type of service
TUFTS VICTORY	SAMARINDA	6945Z R.'47	-	Koninklijke Rotterdamsche Lloyd, Rotterdam	Java Pacific Line	Freight
WATERBURY VICTORY	MUIDERKERK	6947Z R.'47	July 7, 1947	N.V.Ver.Ned.Scheepvaart Mij., The Hague	Holland-East Asia	Mixed passengers & freight
WEBSTER VICTORY	SARANGAN	6946Z R.'47	-	Koninklijke Rotterdamsche Lloyd, Rotterdam	Java Pacific Line	Freight
WHEATON VICTORY	ALPHERAT	6943Z R.'47	June 25, 1947	Van Nievelt Goudriaan & Co. Stoomvaart Mij., Rotterdam	Rotterdam-South America	Mixed passengers & freight
CENTRAL FALLS VICTORY	MEERKERK	6948Z R.'47	July 9, 1947	N.V.Ver.Ned.Scheepvaart Mij., The Hague	Holland-East Asia	"
LINCOLN VICTORY	AARDIJK	6970Z R.'47	May 20, 1947	Holland-American Line, Rotterdam	Holland-U.S.A.	Freight
BRANDER MATTHEWS	VALERIUS	772Z H.'47	June 4, 1947	Koninklijke Java-China Paketvaart Mij., Amsterdam	Far East	"
GEORGE H. FLANDERS	AIAMAK	771Z H.'47	May 19, 1947	Van Nievelt Goudriaan & Co., Rotterdam	Rotterdam-South America	Mixed passengers & freight
GEORGE P. MC. KAY	LEOPOLDSKERK	773Z H.'47	June 6, 1947	N.V.Ver.Ned.Scheepvaart Mij., The Hague	Holland-Persian Gulf	Freight
HORACE WILLIAMS	LEMSTERKERK	776Z H.'47	June 6, 1947	N.V.Ver.Ned.Scheepvaart Mij., The Hague	Holland-Persian Gulf	"
MARY W. DODGES	PRINS WIL- -LEM II	785Z H.'47	August 21, 1947	Oranje Lijn Mij. Zee-transport A. Veder & Co., Rotterdam	Europe-Canada	Mixed passengers & freight
LUCIUS FAIRCHILD	BERLAGE	777Z H.'47	June 10, 1947	Koninklijke Java-China Paketvaart Mij., Amsterdam	Far East	Freight
REINHOLD RICHTER	LISSEKERK	770Z H.'47	May 5, 1947	N.V.Ver.Ned.Scheepvaart Mij., The Hague	Holland-Bengal-Burma	"
SAMUEL V. STEWART	ALUDRA	789Z H.'47	August 21, 1947	Van Nievelt Goudriaan & Co., Rotterdam	Rotterdam-South America	Mixed passengers & freight

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Former	Name of Ship Present	Final Reg. Number	Date of Reg. under Neth.Flag	Owner or charterer of Ship	Routes on which the Ship is operated	Type of service
THOMAS H. HENDRIKS	AMSTELDIJEP	797Z H.'47	-	N.V.Reederij "Amsterdam".	North-America - South America	Freight
CONZAGA VICTORY	GROOTEKERK	6891Z R.'47	April 22, 1947	N.V.Ver.Ned.Scheepvaart Mij., The Hague	Holland-Australia	Mixed passengers & freight
DURHAM VICTORY	AVERDIJK	6877Z R.'47	March 27, 1947	Holland-America Line, Rotterdam	Holland-U.S.A.	Freight
ANDREW F. HUNTING-TON	LINDEKERK	766Z H.'47	April 18, 1947	N.V.Ver.Ned.Scheepvaart Mij., The Hague	Holland-Bengal-Burma	"
INDIA VICTORY	ARNEDIJK	6991Z R.'47	October 10	Holland-America Line, Rotterdam	Holland-U.S.A.	"
ANTIOCH VICTORY	BREDA	2181Z A.'47	September 10, 1947	Koninklijke Ned. Stoomboot Mij., Amsterdam	Holland/Belgium Caribbean/Panama canal and West coast of S. America ports	"
KOKOMO VICTORY	TJIBODAS	2187Z A.'47	October 30, 1947	Koninklijke Java-China Paketvaart Mij., Amsterdam	Holland-U.S.A.	"
RENSSELAER VICTORY	MOLENKERK	6986Z R.'47	September 25, 1947	N.V.Ver.Ned.Scheepvaart Mij., The Hague	Holland-East Asia	Mixed passengers & freight
PITTSTON VICTORY	LOMBOK	2178Z A.'47	-	N.V.Stoomvaart Mij. "Nederland", Amsterdam	Java-Pacific Line	Freight
A.T.A. 238	NOORD HOLLAND	578Z Haarlem '48	-	N.V.Bureau Wijsmuller, IJmuiden	Tug service throughout the world	Towing service
AUGUSTIN STAHL	VAN 'T HOFF	845Z H'48	-	Koninklijke Rotterdamse Lloyd, Rotterdam	Not restricted to one special service	Freight
EUGENE E.C. DONNELL	LOENERKERK	788Z H.'47	August 21, 1947	N.V.Ver.Ned.Scheepvaart Mij., The Hague	Dutch-Persian Gulf Line or Holland-Bengal-Burma	"
FRANKLIN MC.VEAGH	LEUVEKERK	780Z H.'47	July 10, 1947	N.V.Ver.Ned.Scheepvaart Mij., The Hague	Dutch-Persian Gulf Line or Holland-Bengal-Burma	"
GEORGE L. BAKER	KAMERLINGH ONNES	825Z H.'48	-	Koninklijke Rotterdamse Lloyd, Rotterdam	Not restricted to one special service	"

Former	Name of Ship Present	Final Reg. Number	Date of Reg. under Neth. Flag	Owner or charterer of Ship	Routes on which the Ship is operated	Type of service
ROBERT FECHNER	VAN DER WAALS	815Z H.'48	-	N.V. Stoomvaart Mij. "Nederland", Amsterdam	N.W. Europe-Dutch Indies Java-New York Java-Pacific	Freight
VERNON L. PAR-RINGTON	LOOSDRECHT	807Z H.'48	-	Phs. van Ommeren's Scheepvaartbedrijf, Rotterdam	Employed in one of the lines of the Ver. Ned. Scheepvaart Mij., The Hague	"
WINCHESTER VICTORY	LAWAK	2185Z A.'47	May 22, 1947	Stoomvaart Mij. "Nederland", Amsterdam	N.W. Europe-Dutch Indies Java-New York Java-Pacific	
STALKER	RIOUW	2226Z A.'48	-	N.V. Stoomvaart Mij. "Nederland", Amsterdam	Holland-Dutch Indies	Mixed passengers & freight
CHASER	AAGTEKERK	7143Z R.'48	-	Ver. Ned. Scheepvaart Mij., The Hague	Dutch-Australian Line	"
KHEDIV	REMPANG	2222Z A.'48	-	N.V. Stoomvaart Mij. "Nederland", Amsterdam	N.W. Europe-Dutch Indies Java-New York Java-U.S. Pacific	"
SANTA FE HILLS	ESSO AMSTER-DAM	7187Z R.'48	-	Standard Am. Petr. Co., The Hague	Caribbean Sea-Holland	Tanker
WHEELER HILLS	ESSO ROTTER-DAM	7122Z R.'48	-	Standard Am. Petr. Co., The Hague	Caribbean Sea - Holland	"
INGLEWOOD HILLS	WIELDRECHT	7123Z R.'48	-	Scheepvaartbedrijf Phs. van Ommeren, Rotterdam	Pacific	"
COYOTE HILLS	WOENSDRECHT	7196Z R.'48	-	Phs. van Ommeren's Scheepvaartbedrijf, Rotterdam	Mexican Gulf-W. Europe	"
BLOUNT	HECUBA	7162Z R.'48	-	Koninklijke Ned. Stoomboot Mij., Amsterdam	U.S.A.-Caribbean and S. American ports	Freight
ANTANGA	HERSILIA	7163Z R.'48	-	Koninklijke Ned. Stoomboot Mij., Amsterdam	U.S.A.-Caribbean and S. American ports	"
OOTMARSUM (ex PAUL CHANDLER)	JOOST VAN DEN VONDEL	786Z H.'48	-	N.V. Montaan Transp port Mij. Rotterdam	Coal trade between Holland-U.S.A.	"

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A: Amsterdam)
H: The Hague) place of registration
R: Rotterdam)

*) On January 8, 1949, sold to N.V. Montaan Transport Mij., Rotterdam

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Category 2 - EQUIPMENT

\$ 60.000.000.-

61. The material financed under this Category was defined to include: all products of iron and steel and their alloys, as well as non-ferrous metals, in the manufactured stages.

62. Most of the vouchers in this Category relate to licenses issued by the Rijksmetalen Bureau while some of the licenses are granted by other Government Bureaux, such as, textile, chemical, agriculture, paper, lumber, leather, ceramics, etc. In addition, some licenses have also been granted to Philips', Eindhoven thru the intermediary of the C.D.I.U. Each license is made up of three or four series of numbers, the first number represents the country of origin, the second is the actual license number, the third designates what Government Bureau issues it and the fourth is what is called a contingent number.

63. The material imported under this Category originated in four countries and thus when licenses begin with the number 02 it designates that Belgium was the country of origin, 04 France, 26 Switzerland, 90 U.S.A. etc. The third number in the license indicates the Bureau which issued same and the following is a list of the Bureaux with their respective numbers:

No.11 - Agriculture Bureau
No.23 - Textile Bureau
No.30 - Leather Bureau
No.31 - Philips' Bureau
No.35 - Rubber Bureau
No.40 - Paper Bureau
No.45 - Lumber Bureau
No.60 - Chemical Bureau
No.69 - Pharmaceutical Products Bureau
No.92 - Ceramics Bureau
No.93 - Metal Bureau

64. The license numbers appearing on the vouchers are submitted to the various Rijksbureaux, principally the Metal Office, who in turn, produce a copy of the license together with the license application for our inspection. In most instances the application will indicate by whom and for what purposes the equipment will be used.

65. In cases where the goods are imported through a wholesaler or agent and the application does not show the actual user, we ask the Metal Office, or whatever Bureau is involved, to write for the desired information and a copy of the reply is given to us for our records.

66. Furthermore, the copy of the license bears a rubber stamp indicating what portion has been imported, but in some cases it was also necessary for the Bureaux to write for this information as well.

67. In some instances the license number given on the vouchers were incorrect or incomplete and it was necessary for us to have the Government Bureaux write to the importers to ascertain under what license or licenses the relative equipment was imported. This, perhaps, was due to errors made

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by the Dutch on their applications or to errors in copying the numbers on to the vouchers.

68. There were, so far, only a few vouchers where the material has not been imported and was not expected to be shipped until the latter part of this year and in one case not until the year 1950. Although reports on these items were submitted to Headquarters and due note had been taken to follow thru in due course, it was later decided by Headquarters to substitute other documents.

69. As of June 30, 1949 a total of 14,467 vouchers were received under this Category and although it was originally planned to investigate each item, it was decided in March 1948, owing to the amount of work involved and also due to the very small percentage and value of ineligible deliveries discovered up to that time, to investigate items of \$5,000.- or the approximate equivalent, namely, Belgian Francs 200,000.-; Swiss Francs 20,000.- and French Francs 1,500,000.-, and over. In addition to that, in February 1949, it was agreed to also investigate an additional 600 vouchers, picked at random, on items under \$5,000.- or the approximate equivalents.

70. Up to the above date a total of 3464 vouchers (2507 over \$5,000.- and 957 under \$5,000.- or equivalent) for a total value of \$50.7 million have been investigated and only 21 vouchers for an approximate value of \$250,000.- have been diverted to ineligible uses. All of the ineligible items represented equipment destined for use by either the Royal Netherlands Navy, Army and Air Force.

71. The cumulative figures for equipment reported on to date show the following distribution according to groups of industries:

<u>Class</u>	<u>Specification</u>	<u>Cumulative Figures to Date</u>
1. Metal and Metal Products Industry	Machine tools, small tools and industrial machinery for metal engineering processes such as: lathes, milling and grinding machines, forging- and casting machinery, rolling mill equipment, electric furnaces, welding equipment, pneumatic- and electric tools, drills-taps-dies, plyers, cutting tools etc. and their spare parts.	\$ 6,463,183.46
2. Parts and Equipment for Bicycles	Parts and accessories for the production of bicycles	\$ 2,166,449.36
2a. Automotive Repair Parts	Parts and accessories for the repairing of automobiles, trucks etc.	\$ 1,614,038.55
2b. Shipbuilding & other Transportation Equipment Making Industries	Assembling parts for ships, shipbuilding material, for instance anchors, chains, winches, steering gear	\$ 2,966,518

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3. Aircraft Industry	Parts and accessories for aircraft production, motors landing gear, instruments.	6.333.820.06
4. Electrotechnical Industry	Products of the electrical industries, motors, transformers, generators, control equipment, insulating and wiring material and other parts for the manufacturing of all sorts of electrical equipment.	4.647.304.07
5. Brick & Ceramics Industry	Special machinery for the hardware and brickmaking industries, cement industries. Furnaces, presses (hydraulic) molding machines.	392.299.85
6. Woodworking Industry	Special machinery for the wood-working Bandsawing- and circular sawing machines, milling- and drilling machines, planers, shapers, plywood presses, drying equipment slicers etc.	574.168.70
7. Chemical Industry	Special machinery for the chemical industry, for instance, boilers, stainless steel pumps, pipe lines containers.	543.240.34
8. Textile Industry	Special machinery for textile and art silk industries	2.991.844.40
9. Paper and Paper Products	Special machinery for papermaking.	283.005.17
10. Printing Industry	Special machinery for printing industry.	341.933.07
11. Food Products & Food Processing Industries	Special machinery for food products and food processing industry	1.376.915.37
12. Miscellaneous Industries	Special equipment for utility works, municipal gas-water and electricity supply. Pumps, cranes, lift, valves roller- and ball bearings, elevators, draglines, steam engines, diesel engines, steam turbines, refrigerating plants.	1.567.640.83
12. a) Brewing Industry	Machinery of all kinds for use in the brewing industries.	172.228.93

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13. Mining Industry	Equipment for the mining industry: equipment for coal mining and distribution; conveyors, pneumatic tools, mine locomotives, special electrical equipment, hoists, air compressors, coke furnaces, coal washing equipment.	1.976.646.32
14. Reconstruction & Public Works	Products for building industry; latches, hinges, stopcocks, taps, central heating and ventilating equipment, air conditioning apparatus.	2.574.690.73
15. Transportation & Communications	Equipment for railway, tramway and trolley bus companies, Rolling Stock, locomotives, cars, coaches; electricity supply gear as rectifiers, switch-gear, multiple-unit control gear, wheels and tires, etc.	5.853.060.91
16. Agriculture	Agricultural machinery, ploughs, tractors with all sorts of implements, combines, agricultural tools, etc.	5.528.538.82
17. Sundries		476.351.75
17. Business Machines a) Sales Industry	Office machines and parts of all kinds.	<u>1.875.111.77</u> \$ <u>50.718.991.04</u>

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Category 3 - ROLLING MILL PRODUCTS

\$ 25,000,000.-

72. The material financed under this Category was defined to include the following types of supply:

Iron and steel (including alloy steel containing carbon, chrome, manganese, molybdenum, nickel, vanadium and other alloys) in the following forms:

Ingots, blooms, billets, slabs
Bars, rounds, rods
Rails and sleepers
Plates and sheets
Sheet piling
Strip, strap and hoop
Structural shapes (including angles, beams, channels, girders, joists, pillars, sections)
Tin, terne and blackplate
Tubes and pipes
Wire

73. The vouchers under this Category relate to licenses issued by the Rijksmetalen Bureau and in a couple of instances by one or two other Government Bureaux.

74. All end-use reports on Rolling Mill Products are based on written information furnished by the importers in reply to form letters addressed to them by the Government Metal Office. In view of the foregoing, it was necessary for us to prepare lists, from time to time, for each importer and give the particulars such as, License number, Suppliers name, Nature of goods, approximate date of shipment, number and date of invoice and the amount.

75. There was, however, one exception to this procedure and that was in the case of imports effected by the firm of Ougree. This firm merely acts as an agent or wholesaler and the material was imported and forwarded direct to the actual buyers and users. It was, therefore, necessary for us to prepare lists in the names of the clients of Ougree. Such names in most cases appeared on the Ougree invoices but many times we were obliged to contact Ougree for the names of their clients.

76. As of June 30, 1949 a total of 2,457 vouchers were received under this Category and while it was originally planned to investigate each item, it was decided in July 1948, owing to the amount of work involved and also due to the very few vouchers and value of ineligible deliveries discovered up to that time, to investigate items of \$5,000.- or the approximate equivalents, namely B.Frs.200,000.-; F.Frs.1,500,000.- and over. In February 1949 it was decided to also investigate an additional 50 vouchers, picked at random, on items under \$5,000.- or the approximate equivalents.

77. Up to the above date a total of 1477 vouchers, (879 over \$5,000.- and 598 under \$5,000.- or equivalent) for a total value of \$21.5 million, have been investigated and only approximately \$20,000.- were diverted to ineligible uses.

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Category 4 - NON-FERROUS METALS

\$ 10,000,000.-

78. The material financed under this Category was defined to include metals other than iron and steel and their alloys.

79. All end-use reports under this Category are based on written information furnished by the importers in reply to form letters addressed to them by the Government Metal Office. Therefore, the same procedure is followed as in the case of Rolling Mill Products, except that in this instance all items are investigated.

80. As of June 30, 1949 a total of 662 vouchers were received under this Category and 649 vouchers for a total value of \$9,505,000.- have been investigated and only 5 vouchers or a portion thereof for a value of approximately \$23,000.-were diverted to ineligible uses.

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Category 5 - TIMBER

81. The amount of this category was originally ten million dollars, later reduced to 5 million for the financing of imports of soft wood from Canada and to a lesser extent from Germany which are payable in dollars in both cases. The imports to be covered by the loan took place between April 1947 and March 1948.

82. At the preliminary discussions which were held on February 19, 1948, at the Rijksbureau voor Hout, Amsterdam, on the method to be adopted for the control of the end use of the timber financed by the Bank, the officials of the Rijksbureau proposed a check based entirely upon statistical and indirect methods. It was pointed out by the representatives of the Bank, however, that an indirect check was adopted only in cases where a direct check proved impracticable and, that for that reason a possible direct check should first be considered, either by means of an inspection of license applications or by direct communications with importers and wholesalers.

83. It appeared that the Canadian timber, at least, had all been imported by one of two trade organizations of which the principal one is the Ondervakgroep Groothandel voor in Buitenland Gezaagd Naalddhout. This Ondervakgroep distributes timber cargoes on the instructions of the Rijksbureau to a number of merchants and wholesalers. The Rijksbureau keeps records for each ship arrival of the shipments carried by that ship and has available the distribution returns received from the Ondervakgroep showing the quantities of timber delivered to the various firms.

84. These firms are not in general the users of timber but carry timber stocks from which they sell to retailers and consumers against internal licenses issued to consumers.

85. The internal consumption licenses issued account in total for the available supplies of timber, including Bank-financed imports, but a direct check is not possible beyond the arrival of timber in the stocks of the firms to whom the Ondervakgroep makes deliveries, since these firms do not keep separate records of their sales out of individual shipments but sell from their general stock.

86. Following is the method of check finally decided upon:

Stage 1

87. The shipments in respect of which vouchers are received from Washington will be linked with the records of ship cargoes kept by the Rijksbureau and from its records, including the returns which it received from the Ondervakgroep, a list of recipients of timber and of the amounts delivered to each will be entered on the end use report.

Stage 2

88. An indirect check in terms of total allocations to various reconstruction, industrial and other uses will be made by means

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of the overall plans of timber allocation made by the Ministry of Economic Affairs and by the Ministry of Reconstruction.

89. The progress of the work in the supervision will appear from the summary below.

90. END USE SUPERVISION PROGRESS SUMMARY

Category 5: T I M B E R

<u>Date</u>	<u>Vouchers received</u>	<u>Chapters</u>	<u>Value in \$</u>	<u>Vouchers reported</u>	<u>Value in \$</u>	<u>Outstanding</u>
Jan. 31, 1948	-	-	-	-	-	-
Febr. 28, 1948	34	1-3	2.724.000.-	-	-	34
March 31, 1948	38	1-4	2.735.000.-	34	2.724.000.-	4
April 30, 1948	38	1-4	2.735.000.-	34	2.724.000.-	4
May 31, 1948	41	1-5	2.742.000.-	34	2.724.000.-	7
June 30, 1948	45	1-6	4.322.000.-	34	2.724.000.-	11
July 31, 1948	49	1-7	5.000.000.-	41	2.742.000.-	8
August 31, 1948	49	1-7	5.000.000.-	41	2.742.000.-	8
Sept. 30, 1948	49	1-7	5.000.000.-	48	4.606.000.-	1
Oct. 31, 1948	49	1-7	5.000.000.-	48	4.606.000.-	1
Dec. 30, 1948	49	1-7	5.000.000.-	49	5.000.000.-	0

Notes on the actual procedure

91. On March 17, 1948, representatives of the Bank visited the Ondervakgroep Groothandel in Buitenlands Gezaagd Naaldhout, Amsterdam, and started the check of the 34 vouchers, value \$2.724.000.-, covering the soft wood imported from Canada under the Bank loan. Ships' outturn reports were produced giving the names of the importers and wholesalers and the quantities allocated to them. The Ondervakgroep also procured lists of the approved importers and wholesalers, and it was ascertained that with the exception of a few amounts, allotted to small dealers or consumers who only occasionally receive an allocation, the total quantity had been delivered to approved firms. The work at the Ondervakgroep was completed on March 19, 1948.

92. Timber, value \$95.000.-, financed under the loan and covered by ten vouchers, was imported from U.S.A. This timber was hard wood, principally White Oak, and the greater part of it, value \$75.000.-, were railroad switches for the Netherlands Railways. The importation was

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ascertained through inspection of customs invoices at the Rijksbureau voor Hout, Amsterdam.

93. The last five vouchers of this category in an amount of \$2,181,000.- referred to timber imported from the British Zone of Germany. The method of check in this particular case was discussed with the Rijksbureau voor Hout, and it was agreed that another procedure would have to be adopted since the total timber had been invoiced directly to the Rijksbureau, which in turn invoiced to the various recipients. In this case there would not be available any customs' invoices due to the fact that the timber was not imported in one lot but split up in numerous small parcels imported at different times and forwarded direct to the importers. It was then decided to try and ascertain the importation by means of the customs' licenses, and the C.D.I.U., The Hague, was approached in that connection. It turned out, however, that the original licenses as given on the vouchers, had been cancelled and superseded by a number of import licenses issued to the importers direct, of which licenses only a few were available at the time of the inspection. Since the outlook was that it might take months to trace all of these import licenses, and, furthermore, since there also appeared to have arisen some confusion due to the change of license numbers which took place simultaneously with the merger of the British and American occupation Zones, it was decided to abandon this method of check and rather try and find an easier method by means of transportation documents.

94. The Rijksbureau voor Hout was visited again and it appeared that as far as four of the vouchers were concerned, the Rijksbureau could produce barges' outturn manifests which actually were summaries of barges bills of lading. These were considered sufficient proof that the import had taken place, and reports on the four vouchers were submitted accordingly.

95. The last voucher in the category, however, also covering timber imported from Germany, had to be dealt with differently. The quantities involved, 22,236 M³ Poplar and 37,593 M³ Scotch Pine, had been imported on trucks. According to the Rijksbureau the quantity of Poplar represented about 80 percent of the total imports of Poplar in 1947 (28,800 M³), and a statement supplied by the Rijksbureau giving the breakdown of the latter figure showed that some 19,500 M² had been used for the manufacture of wooden shoes and some 2000 M² for the manufacture of matches. As to the 37,593 M³ of Scotch Pine the Rijksbureau stated that this quantity together with the greater part of the German timber had been allocated to the State Mines (via the importers). The Rijksbureau was requested to obtain from the state Mines a signed statement showing the total of German timber received in 1947. After having obtained Headquarters' approval a report was submitted based on the above facts.

96. The information required for the second stage check was obtained from the Rijksbureau voor Hout, the Vakgroep Hout- en Emballage Industrie at Delft, and the Ministry of Reconstruction respectively as follows.

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NOTES ON TIMBER STATISTICS

97. On April 26th, as mentioned in Progress Report No. 19, representatives of the Bank visited the Rijksbureau voor Hout at Amsterdam where a discussion took place with Mr. Jansen, Assistant to the Director, with regard to the statistics to be supplied on the Timber category:-

1. The quantities imported in 1947 broken down by countries of origin
2. The corresponding figures according to the 1948 Plan
3. The quantities actually consumed in 1947 (monthly figures) broken down by various recipients.
4. The estimates on distribution to the corresponding groups of Timber available according to the 1948 Plan.

98. Mr. Jansen promised to procure some statistical material containing the information as requested. He pointed out, however, as previously mentioned in Appendix B to Netherlands Progress Report No. 10, that the imports were distributed to three principal groups:-

Manufacture of Packing Cases
Reconstruction
Industrial

and whereas he could supply the total quantities allocated to these three groups, he was unable to give figures on the final distribution of the two first mentioned groups. The adequate data regarding these groups, Manufacture of Packing Cases and Reconstruction, should be requested from the Vakgroep Hout- en Emballage Industrie at Delft and the Ministry of Reconstruction respectively.

99. The figures later received from Mr. Jansen proved to be satisfactory as far as the imports in 1947 and the estimates on the import for 1948 were concerned, and also the breakdown on the distribution to the three principal groups mentioned above.

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100. ESTIMATES ON IMPORTS OF SOFTWOOD IN 1948 (IN M³)

<u>Country</u>	<u>Jan.-June 1948</u>	<u>July-December 1948</u>	<u>TOTAL 1948</u>
Sweden	119.500	245.000	364.500
Finland	40.100	103.300	143.400
Russia	17.500	-	17.500
Poland	-	20.000	20.000
Czecho-Slovakia	78.200	80.500	158.700
Austria	-	10.000	10.000
Jugo-Slavia	39.000	85.000	124.000
Germany(Fr. Zone)	41.500	80.000	121.500
(Am. Zone)	35.000	11.700	46.700
(Rus. Zone)	3.000	-	3.000
(Br. Zone)	22.000	11.000	33.000
Belgium	2.300	1.200	3.500
Portugal	9.500	-	9.500
Corsica	1.000	-	1.000
France	2.200	2.000	4.200
U.S.A.	-	9.800	9.800
Canada	27.800	1.200	29.000
	<u>438.600</u>	<u>660.700</u>	<u>1099.300</u>
Domestic Prod.	7.400	5.100	12.500
	<u>446.000</u>	<u>665.800</u>	<u>1111.800</u>
		Calculated Loss:	22.800
		Net:	<u>1089.000</u>

101. IMPORT & DOMESTIC PRODUCTION OF SOFT WOOD IN M³

<u>Countries</u>	<u>1/1-1/4</u>	<u>1/4-1/7</u>	<u>1/7-1/10</u>	<u>1/10-31/12</u>	<u>Total 1947</u>	<u>Jan/Mar/48</u>
Sweden	32.310	10.999	102.883	144.189	290.381	78.265
Finland	3.205	14.334	31.446	55.488	104.473	30.045
Czechoslovakia	22.530	35.193	46.053	50.311	154.087	51.010
Germany (Am. Zone)	3.599	24.929	46.092	8.712	83.332	(
(Fr. Zone)	739	4.501	16.866	11.005	33.111	(
(Br. Zone)	-	1.600	3.660	10.202	15.462	(42.437
Norway	410	-	-	-	410	
Portugal	1.684	7.027	4.159	5.234	18.104	7.345
Corsica	718	502	1.793	417	3.430	
Jugo-Slavia						19.432
Canada	79.085	84.965	54.430	51.670	270.150	19.085
U.S.A.	48.524	34.852	698	77	84.151	
Chili			1.175		1.175	
Brazil		9.820	3.050	3.500	16.370	
U.S.S.R.		8.186	9.144	4.740	22.070	14.797
Belgium						1.947
Domestic Produc- -tion	2.081	1.581	2.458	9.668	15.788	4.975
Luxembourg		2.203	3.498	2.979	8.680	
	<u>194.885</u>	<u>240.692</u>	<u>327.405</u>	<u>358.192</u>	<u>1.121.174</u>	<u>269.338</u>

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<u>Allocations 1947</u>	1/1-1/4	1/4-1/7	1/7-1/10	1/10-31/12	Total 1947	Alloca- tions Jan/ March '48
Box wood	39.000	45.000	84.000	95.000	263.000	50.000
Reconstruction	92.000	115.000	147.000	153.000	507.000	136.000
Rijksbureau voor Hout	62.000	80.000	95.000	106.000	343.000	78.000
	<u>193.000</u>	<u>240.000</u>	<u>326.000</u>	<u>354.000</u>	<u>1.113.000</u>	<u>264.000</u>

102. Since, however, the estimates did not give adequate information on the monthly consumption for industrial purposes, a second visit had to be paid to the Rijksbureau voor Hout. In the Statistical Department this time figures were produced on the basis of which we were able to compile a statement on the monthly consumption in 1947 and the first quarter of 1948 broken down by various industries.

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103. DISTRIBUTION THROUGH THE
RIJKSBUREAU VOOR HOUT DIRECT (M3)

	<u>January</u>	<u>February</u>	<u>March</u>
Directorate General of Shipping	5.000	5.380	5.000
Netherlands Railways	563	480	1.756
Neth. Peat Marketing Board, Assen	40	100	150
State Mines	25	15	61
Government Purchase Office, Army, Airforce, Navy	194	70	76
Central Building Office Royal Engineers	305	298	204
Hoofdbedrijfschap "Horticultural Products"	491	500	502
Bureau "Building Materials"	100	100	1.033
Bedrijfsgroep "Transport by Land"	378	403	300
" "Public Utility Service"	98	95	106
" "Stone, Cement & Glass"	501	501	1.566
" "Building Industry"	2.466	2.532	2.530
Vakgroep "Cooperage and Boat-building"	127	-	345
" "Wagon & Coach Building"	1.186	415	415
" "Furniture Industry"	522	449	1.547
" "Triplex & Veneer"	668	1.122	1.118
" "Steel Furniture"	66	17	52
" "Household Articles"	849	1.214	1.112
" "Timber Factories"	643	767	602
" "Housefurnishing Trade"	179	-	266
" "Woodwork"	140	-	541
" "Blinds & Awnings"	75	-	162
" "Carnaval Equipment"	45	45	46
" "Cementwares Industries"	150	150	150
" "Tiles Industry"	100	100	100
Ministry of Foodsupply	231	525	504
Wholesale "Used Barrels"	-	-	-
Coffins	600	600	600
Reserve for Non-Quota Holders	-	-	-
	<u>15.742</u>	<u>15.878</u>	<u>20.844</u>

DISTRIBUTION THROUGH GENERAAL BUREAU
V.D. RAYON HOUTGEMACHTIGDE

Textile Industry	269	157	184
Leather Industry	50	52	19
Cable Factories	1.054	1.971	175
Models	214	89	172
Philips	71	62	61
B.P.M. (Bataafsche Petrol Company)	-	-	-
Export Packing	491	652	843
Barrowparts & Sheds	55	120	127
Trade Development	237	227	260
Workbenches & Worktables	181	150	290
K.I.M. (Royal Dutch Airlines)	28	20	14
World Fair	41	37	32
Beels	159	134	16
Organ Building	-	20	19
Reserve Railways Triplex	-	-	-
Reserve for Non-Quota Holders	973	842	1.091
Reserve for Export (Manufactured Goods)	-	-	-
Royal Netherlands-Indies Army	13	-	-
Poultry & Bees	78	68	59
Dairy	47	25	32
Harvest Activities	-	-	-
Export Herring Barrels	-	-	-
	<u>19.703</u>	<u>20.504</u>	<u>24.236</u>

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April	May	June	July	August	September	October	November	December	TOTAL 1947	January	February	March	1948 Jan/March	April '48 March '48	October '47 January '48
4.000	4.000	4.000	4.000	4.439	4.000	4.000	4.000	4.017	51.836	4.000	4.000	4.000	12.000	48.456	16.017
289	5.208	176	198	123	1.865	808	552	394	12.412	417	507	2.964	3.888	13.501	2.171
158	65	-	47	21	35	21	44	36	717	170	229	110	509	936	271
35	49	67	22	-	13	41	4	3	335	10	30	15	55	289	58
243	356	143	70	59	107	95	220	98	1.731	105	74	138	317	1.708	518
560	26	411	237	178	498	167	199	217	3.300	268	72	162	502	2.995	851
598	599	611	767	790	719	747	1.132	1.837	9.293	1.643	1.892	1.496	5.031	12.831	5.359
301	141	80	57	82	112	16	36	35	2.093	111	179	136	426	1.286	198
486	362	305	350	305	216	353	223	321	4.002	285	225	427	937	3.858	1.182
144	112	181	321	86	187	178	92	139	1.799	193	285	70	548	1.988	602
515	499	341	467	29	-	192	455	397	5.463	92	554	505	1.151	4.046	1.136
2.539	2.528	2.601	4.047	3.039	3.055	3.039	4.022	4.043	36.441	4.041	5.035	5.059	14.135	43.048	15.145
7	-	64	64	36	23	21	25	19	731	31	69	15	115	374	96
619	620	639	715	836	616	729	722	907	8.419	690	875	933	2.498	8.901	3.048
691	815	766	1.727	315	641	2.164	659	893	11.189	2.538	528	1.793	4.859	13.530	6.254
1.275	1.275	1.275	1.305	1.840	1.870	1.810	1.777	1.787	17.122	1.000	-	2.552	3.552	17.766	6.374
38	36	34	41	14	21	78	33	47	477	19	12	62	93	435	177
1.080	704	711	960	1.024	981	1.508	1.351	1.228	12.722	503	1.487	1.482	3.472	13.019	4.590
622	557	533	385	385	231	419	291	300	5.735	340	490	402	1.232	4.955	1.350
66	207	148	147	187	97	534	222	191	2.244	546	261	121	928	2.727	1.493
75	-	197	166	119	261	276	300	237	2.312	305	252	277	834	2.465	1.118
55	-	143	138	91	113	112	76	66	1.031	98	138	126	362	1.156	352
45	45	61	40	43	49	49	49	50	567	99	50	51	200	631	247
300	300	300	350	348	352	502	341	309	3.552	389	416	484	1.289	4.391	1.541
100	19	97	49	48	74	10	17	43	757	50	70	40	160	617	120
390	280	234	647	750	379	475	313	554	5.382	564	486	575	1.625	5.747	1.906
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
600	600	600	100	100	100	100	100	100	4.200	100	100	100	300	2.700	400
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15.831	19.403	14.818	17.417	15.287	16.615	18.444	17.255	18.268	205.802	18.607	18.316	24.095	61.018	214.356	72.574
247	182	272	291	91	263	251	201	189	2.597	313	405	322	1.040	3.027	954
45	25	62	40	29	38	85	135	57	637	65	113	76	254	770	342
425	150	510	510	500	100	501	460	30	6.386	400	850	620	1.870	5.056	1.391
159	260	209	175	146	254	124	118	79	1.999	84	201	149	434	1.958	405
15	-	50	60	29	99	63	32	178	720	148	67	88	303	829	421
-	-	-	82	43	58	84	75	173	515	68	169	126	363	878	400
535	546	622	986	548	31	751	955	879	8.639	527	955	1.089	2.571	9.224	3.112
190	108	53	12	51	50	46	230	293	1.335	442	200	95	737	1.770	1.011
256	270	284	279	190	331	303	264	327	3.228	377	182	144	703	3.207	1.271
193	193	134	189	94	173	154	163	158	2.072	83	127	128	338	1.789	558
31	17	5	18	16	30	13	54	-	246	28	15	24	67	251	95
6	-	-	50	23	9	-	-	25	223	-	54	40	94	207	25
22	40	264	6	34	13	338	62	53	1.141	482	139	42	663	1.495	935
6	24	36	13	2	30	10	4	9	173	19	20	14	53	187	42
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
542	838	733	1.123	948	1.350	1.170	1.166	753	11.529	1.163	1.620	1.378	4.161	12.784	4.252
631	447	369	458	588	372	5	20	813	3.703	62	886	112	1.060	4.763	900
14	-	19	-	-	12	8	4	-	70	-	-	-	-	57	12
55	82	70	70	70	60	74	62	75	823	80	80	86	246	864	291
32	5	59	-	-	-	-	-	-	200	-	-	-	-	96	-
-	-	-	249	289	132	-	-	-	670	-	-	-	-	670	-
-	-	-	-	274	-	-	-	-	274	-	-	-	-	274	-
19.235	22.590	18.569	22.028	19.252	20.820	22.424	21.260	22.359	252.982	22.948	24.399	28.628	75.975	264.512	88.991

104. As to the estimates for 1948 on the distribution to the corresponding industries no exact figures could, of course, be supplied. The Bank's representative received, however, a copy of the monthly quota-list for 1947 which, we were informed, with slight deviations, would also serve as a basis for the allocations in 1948.

105. MONTHLY QUOTA - DIVISION

FROM 1st JULY 1947 - 31st DEC. 1947

<u>1. Traffic</u>	<u>Number M³</u>
x) Directorate for Shipbuilding & Repairs	4.000 m ³
x) Netherlands Railways (repairs and construction)	2.000 "
x) Bedrijfsgroep of Factories of means of transport by land, repairs and construction of trailers and busses, trucks	350 "
K.L.M.	25 "
 <u>2. Energy</u>	
x) Bedrijfsgroep Public Utility Services	150 "
x) Peat marketing board	65 "
Mines	400 "
 <u>3. Netherlands Army (R.I.B.)</u>	
Army, equipment of barracks, etc	100 "
Navy " " "	60 "
Airforce " " "	40 "
Shooting ranges, vessel-service and pioneers manoeuvres)	
Equipment of barracks, private control in consort with)	300 "
R.I.B.	
 <u>4. Food Supply</u>	
x) Bedrijfsgroep Woodworking Industries	
x) Vakgroep Cooperage	40 "
x) Repairs and construction of wagons and coaches, among which 10.000 new agricultural vans	725 "
x) Hoofdbedrijfschap for Horticultural products (repairs and renovation of garden frames)	750 "
Bedrijfschap for Poultry and Eggs and Bee culture	80 "
Dairy Industry (cheese boards and churn squeezers etc.)	30 "
x) Flour mills, Potatoflour mills, Sugar factories, potato- sorting machines and agricultural machines in general	600 "
 <u>5. Industry</u>	
x) Vakgroep Furniture Industry	800 "
x) Vakgroep Triplex and Veneer Industry	1.500 "
Vakgroep Steel furniture Industry	50 "
x) Vakgroep Household Articles, Toys and other Wooden Articles (household articles, agricultural tools, ladders, barrows, industry-cooperage)	1.000 "
	B/F 13.065 m ³

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B/F 13.065 m3

x) Vakgroep Timber factories (equipment for sanatoria, schools, canteens, churches) shop and storehouse partitioning Market stalls, etc.	600 "
x) Bedrijfschap Woodworking Industry:	
x) Vakgroep Trade of House Furnishing	150 "
x) Vakgroep Woodware (household articles, agricultural tools, wheel barrows, etc.)	175 "
x) Vakgroep Blinds and Awnings (in behalf of garage doors, dairy factories etc.)	75 "
x) Coffins (Industry and Trade)	100 "
x) Vakgroepen Cement ware Industry (moulds)	350 "
Bedrijfschap Wood for machine building, Vakgroep Iron and Steel foundries	200 "
Cable factories (repairs and construction of reels)	600 "
Leather factories (private control)	50 "
Textile Works " "	200 "
Philips factories	65 "
Packing for these trades not included in the Vakgroep H.E.I. e.g. machine factory etc.	600 "
Vakgroep Carnival Equipments	50 "
Ondervakgroep Organ building for repairs, church organs in war devastated areas	30 "

6. Reconstruction.

x) Bedrijfsgroep Stone and Cement, etc. (tiles)	500 "
x) Vakgroep Tile Industry (drying racks)	100 "
Barrow parts, in behalf of D.U.W. Heide Mij., Dienst Zuiderzeewerken, etc.	100 "
x) Office Building Industry of Reconstruction (brick-racks)	300 "
Bedrijfschap Building and Earthenware Trades (plasterours, Painters, terrazo and tile trades, stone masonry)	60 "
x) Vakgroep Civil and Utility Building (cupboards, scuffoldings, store fronts, factory-installations, scaffolding wood, dragline equipment, sheds)	3.000 "
Trade development, Technical Schools etc.	250 "
Beals for miniature railways in behalf of stone factories,	
Government Waterworks and other Public Works	100 "
Lathes etc. for general use	200 "
Reserve for non-established holders	913 "
Reserve for export	8.333 "
Reserve Shipbuilding and Railways and Furniture Industry	1.500 "
	<hr/>
	31.666 m3

6 x 31666 = approx. 190.000 m3.

x) control quota themselves: the remaining items are being controlled by the Central Bureau.

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106. On May 8th, a representative of the Bank saw Mr. C. Visser and Mr. Weisfelt, Secretary and Office Manager respectively of the Vakgroep Hout- en Emballage Industrie at Delft. Mr. Visser first gave a brief explanation on the set-up of his office. As to the Timber used for packing cases Mr. Visser stated that for that particular production the manufacturers preferred Swedish and Finnish Timber. The quantity of 35.000 M³ of Canadian Timber having been traced as used for that purpose in 1947 was accounted for as being more or less an emergency procedure. Mr. Visser explained this by mentioning that, although of the Canadian and American Timber Oregon Pine and Canadian Spruce could be used for production of packing cases, because of the dimensions of the timber, 25 percent of the Canadian and American would be wasted as against an average of 10 percent only of the Swedish and Finnish. Mr. Visser, however, was in a position to supply figures on the timber allocated for various uses on a monthly breakdown basis as shown in the following table:

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107.

DELIVERY OF DIFFERENT KINDS OF BOXES PER MONTH (M³)

1947

	Jan.	Febr.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total M ³	Jan.	Febr.	March	Jan/ March	April/47 March/48	Oct/47 Jan/48
Grape boxes	206	240	500	623	218	839	275	779	1279	424	170	125	5678	37	44	430	511	5243	756
Tomato boxes	302	564	768	322	640	726	1639	871	259	145	-	3	6236	5	399	1176	1580	6185	153
Lettuce crates	112	232	469	941	738	247	273	86	19	3	7	5	3132	79	139	1227	1445	3764	94
Other vegetable and Fruit																			
Boxes to use one time	29	16	64	132	701	1681	1329	114	158	36	175	21	4456	119	68	365	552	4899	351
Boxes to use more than once	1175	1070	1514	1890	1874	1944	3382	3592	7226	6124	3547	1664	35002	2925	2572	2299	7796	39039	14260
Egg-boxes	735	413	414	1115	1189	486	765	471	490	379	361	607	7425	1072	1143	1044	3259	9122	2419
Fish-cases	819	573	549	574	312	345	354	582	914	1399	1459	915	8795	1081	833	541	2455	9309	4854
Condensed milk boxes	630	512	535	835	499	1273	1564	1307	1693	949	1037	591	11425	462	340	836	1638	11386	3039
Industry cases	1458	1090	1374	962	1199	1171	1251	1044	1136	1036	1536	2068	15325	1388	1866	1361	4615	16018	6028
Bulb cases	243	75	188	70	86	285	2568	4105	1509	414	880	425	10848	313	218	179	710	11052	2032
Potato crates used for export	225	202	30	354	96	170	778	888	632	864	532	308	5079	253	150	155	558	5180	1957
Pear crates used for export	-	-	-	-	-	-	131	2311	908	248	77	-	5675	-	-	41	41	3716	325
Miscellaneous	3854	3776	4344	6107	4982	5737	5135	7323	5893	6946	8079	7212	69388	8541	6204	6422	21167	78581	30778
	<u>9788</u>	<u>8763</u>	<u>10749</u>	<u>11925</u>	<u>12534</u>	<u>14904</u>	<u>19444</u>	<u>23473</u>	<u>22116</u>	<u>18967</u>	<u>17860</u>	<u>13944</u>	<u>186467</u>	<u>16275</u>	<u>13976</u>	<u>16076</u>	<u>46327</u>	<u>203494</u>	<u>67046</u>
Total delivery packing cases, 1947	186,467 M ³																		
Total delivery barrels 1947	23,297 M ³																		
	209,764 M ³																		

108. To the total for the year, viz: 186.467 M³, had to be added the 1947 distribution for barrels, viz: 23.297 M³, on which latter quantity no monthly figures were available.

109. As to the estimates for 1948 Mr. Visser stated that no figures could be procured in that respect since the production of packing cases and, accordingly requests for allocations, depended on various unpredictable circumstances, in the case of fruit and vegetable cases, of course, entirely on the size of the crop. He was inclined to believe, however, that the quantity required for this group in 1948 would be some 40-50 percent higher than those of 1947, the correctness of which estimate seems to be proved by the trend (the figures for the first quarter of 1947 as compared with those for the first quarter of 1948).

110. Off-hand Mr. Visser also mentioned that, due to the fact that material for this category often had to be procured on short notice, it happened that the Vakgroep had to "borrow" from the quotas set aside for reconstruction purposes which fact may account for the quantity of 35.000 M³ of Canadian timber used for packing cases although that type of timber is not considered suitable for that purpose.

111. On June 15th, representatives of the Bank contacted Mr. M. Veeneklaas of the Ministry of Reconstruction in order to discuss with him the possibility of obtaining a more exact breakdown of the statistics previously received on the timber used for reconstruction purposes in 1947 as well as eventual estimates in connection with the 1948 Plan.

112. Mr. Veeneklaas admitted that the figures already supplied giving the yearly breakdown on every reconstruction field and monthly figures on the total only, were inadequate, and regretted that he was not in a position for the time being to procure a further decomposition of the figures.

113.

RECONSTRUCTION PURPOSES
CONSUMPTION OF TIMBER IN 1000 M³

<u>Premises</u>	<u>Total in 1947</u>
Repair Wardamage	110
Upkeep	55
Newly build, houses	150
Newly build, agricultural premises	20
Newly build, Industry	50
Newly build, Trade and Transport	30
Newly build, Special premises	5
Newly build, Premises for State and local authorities	15
Public Civil Engineering works	65

	500
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114.

TOTAL CONSUMPTION A MONTH FOR ALL SECTIONS

January	19
February	18
March	21
April	30
May	32
June	39
July	54
August	41
September	61
October	68
November	65
December	52

—
500
—

115. Neither could he supply any estimates on the 1948 consumption until the final reconstruction plan for 1948 was approved by the Cabinet.

116. Later on, however, while also discussing the statistics to be supplied on the Building Materials Category, Mr. Veeneklaas mentioned that he might be able to procure some timber statistics on the same basis, i.e. on the basis of the specific unit applied by the Ministry in allocations for all reconstruction purposes. The unit is a money unit which, however, also denotes a standard volume of various building materials. This volume varies in accordance with the special group under Building Materials to which it applies, i.e. Fl. 100.000 under the group "house building" will always denote x tons cement, a number y tiles etc., whereas under "bridge building" similarly z tons cement, u M³ timber etc.

117. This information at hand we might be able to achieve a more complete picture on the timber allocated to reconstruction purposes.

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F. Category 6 - BUILDING MATERIALS

118. The amount of the Category is \$ 5,000,000.- of which some \$ 660,000.- disbursed in dollars and the balance in Belgian Francs.

119. It was originally contemplated to carry out the check along the same lines as those adopted for the Equipment, Rolling Mill Products and Non-Ferrous Metals Categories, i.e.:

120. Stage I An examination of licenses of the Rijksbureau to ascertain the particulars of each license application and the receipt of the goods by the importer.

121. Stage II A direct application to the importer for his confirmation of the goods and for particulars of use, in the case of an industrialist, or of the disposal of the goods, in the case of a wholesaler.

122. However, on the first practical check conducted on this basis, it was found that Building Materials are almost invariably imported by wholesalers for general sale to the building trade, and that no precise information as to end use is normally found on the license applications and that, therefore, no useful purpose is served by inspecting them. In view of a number of other points which were found during these investigations the Operational Directive for this Category was redrafted as follows:

Stage I

123. Operation 1. The particulars appearing on the vouchers will be supplied to the Rijksbureau voor Keramische Producten in order that they may prepare the documents required for our inspection.

124. Operation 2. The customs stamped invoices relating to each voucher will be examined at the Rijksbureau voor Keramische Producten, together with the record card of the importer, and the money amounts of the invoices will be noted on the working sheet.

125. Reports will be submitted to Washington on completion of Stage I.

Stage II

126. An indirect check will be carried out by examining the statistical evidence of planning of importations and distribution of building materials for the period in which the Bank-financed imports take place. These records will be in such a form as to show the total amount of building materials, both home produced and imported, available in a given period, and the allocations made for use in various forms of building activity. From an examination of these records an indication can be obtained of the uses to which the Bank-financed imports (merged with other available supplies) have been put.

127. The progress of the work in the supervision will appear from the summary as follows:

129.

END USE SUPERVISION PROGRESS SUMMARY

Category 6 - BUILDING MATERIALS

<u>Date</u>	<u>Vouchers received</u>	<u>Chapters</u>	<u>Value in \$</u>	<u>Vouchers reported</u>	<u>\$</u>	<u>Value in B.Frs.</u>	<u>Out-standing</u>
<u>1948</u>							
January 31	-	-	-	-	-	-	-
February 28	80	1-5	274.000.-	62	86.000.-	-	18
March 31	350	1-7	1.063.000.-	62	86.000.-	-	288
April 30	306 *)	1-8	891.000.-	62	86.000.-	-	244
May 31	701	1-12	2.206.000.-	62	86.000.-	-	639
June 30	920	1-14	2.948.000.-	62	86.000.-	-	858
July 31	1099	1-15	3.712.000.-	62	86.000.-	-	1046
August 31	1463	1-17	5.000.000.-	62	86.000.-	-	1401
September 30	1465	1-19	5.000.000.-	294	286.000.-	19.684.000.-	1194
October 31	1466	1-20	5.000.000.-	456	286.000.-	35.766.000.-	1010
November 30	1466	1-20	5.000.000.-	564	656.000.-	58.225.000.-	902
December 31	1466	1-20	5.000.000.-	640	658.000.-	72.889.000.-	806

1949

January 31	1466	1-20	5.000.000.-	822	658.000.-	117.355.000.-	644
February 28	1466	1-20	5.000.000.-	892	658.000.-	143.265.000.-	574
March 31	1466	1-20	5.000.000.-	965	658.000.-	154.867.000.-	501
April 30	1466	1-20	5.000.000.-	982	658.000.-	162.250.000.-	484
May 31	1466	1-20	5.000.000.-	986	658.000.-	167.838.000.-	480
June 30	1466	1-20	5.000.000.-	990	658.000.-	169.274.000.-	476**)

*) reduction from previous month due to cancellation of 52 vouchers.

**) no check will be made on the remaining 476.

Notes on the actual procedure.

129. In by far the most cases we have been able to carry out the Stage I check in accordance with the adopted procedure, that is, inspection of customs' copies of the invoices and Rijksbureau's record cards for the customers. Sometimes, however, the dates, quantities, and amounts of the customs' invoices did not correspond exactly to the data listed on the vouchers, which is due to the fact that the customs' invoices checked by the Bank's representatives might be provisional invoices of earlier dates. Furthermore, several provisional invoices might be covered by one final. The only guide in such circumstances has been the license number listed on the invoice which again could be checked against the record card.

130. The record cards give the numbers of the licenses as well as the quantities and amounts. In a special column headed "date imported" the date of the receipt by the Rijksbureau of the last invoice under a license is entered. Thus the fact that the import date is given on the card proves that all the invoices pertaining to the license in question have been received.

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If, nevertheless, some of the invoices were not available at the time of the check, this was ascribed to various circumstances: they might have been sent out to the C.D.I.U., filed under another license not given on the voucher (in case one invoice was covered by two or more licenses) etc. In those cases the Rijksbureau was usually requested to make a recheck a couple of weeks later. If by then the invoices still were not available, the last resort has been the C.D.I.U. where the customs' license copies are filed.

131. At the outset of the check it appeared that for some reason or other the C.D.I.U. had some difficulties in tracing the licenses requested. It might have been due to the fact that because of working pressure they were unable to make proper investigations. However, at the request of the Bank a special employee was assigned to the work of finding the documents required by the Bank, and since then the delays have been cut considerably.

132. In the case of four vouchers, however, it appeared that the licenses the numbers of which were given on the vouchers, although used in full amount, did not cover the total quantity financed by the Bank, and, consequently, we had to apply the same method as for Rolling Mill Products and Non-Ferrous Metals, viz: a direct application through the Rijksbureau to the importer in order to ascertain the missing license numbers and, also, that the goods had been received.

132. In some few cases we have found that according to the vouchers the Bank has financed more than the value of the goods actually imported under a given license due to the fact that the license has been reduced in value at a later date. The question of refund has been referred to Headquarters who, however, in view of the comparatively small amounts involved decided that no further action should be taken.

133. During Mr. Aldewerold's stay in Holland in September last year it was decided that of the outstanding vouchers in this Category where no check had been made so far, only those above \$ 2.000.- (B.Frs.90.000.-) should be checked individually. In addition the customs' invoices pertaining to some 10 percent of the number of vouchers under \$ 2.000.-, picked at random, should be inspected. In their letter of February 17, 1949 Headquarters further requested that an additional number of 25 vouchers under \$2.000.- should be checked. In compliance with their suggestion the five vouchers of the highest value of every hundred outstanding vouchers have been extracted and checked.

Black Market in Building

134. In an article in the weekly "Bouw" it was stated that during 1947 120 million guilders were used for "black market" building which compares with 170 million guilders spent for the official housing program. At the request of Headquarters the question was discussed with Mr. Veeneklaas of the Ministry of Reconstruction who stated that the figures given in the article were very exaggerated and that the Ministry's own unofficial estimate placed it at between 60-100 million guilders.

135. It was pointed out by the Bank's representatives that it was essential under the circumstances that we should be furnished as soon as possible with the detailed plan of Reconstruction showing the results actually

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achieved during that period as well as the plan for the overall building requirements for 1948. Mr. Veenklaas promised to do the necessary but mentioned at the same time that the 1948 plan was in the process of being reviewed by the Ministries concerned at the moment and he could only give the figures as and when they were approved.

136. Dr. Holtrop who also was contacted on the subject thought that probably 10% was on the high side as an estimate of the black market activities.

Statistics

137. In accordance with the operational Directive for this Category the Ministry of Reconstruction was requested to supply the necessary information for a stage II check, viz:

- a) Imports broken down by country of origin and also by classification: cement, bricks etc.; if possible monthly figures, otherwise quarterly, for 1947 and the first half of 1948.
- b) Domestic production on the same lines.
- c) Distribution to various reconstruction works: House building, bridge constructions, etc.: total quantities for 1947 and the first half of 1948 of cement, bricks, tiles, etc.
- d) Available estimates for the second half of 1948.

138. The Ministry of Reconstruction finally produced three booklets containing very comprehensive and informative statistical material which, however, did not directly give exactly all the information. The material was submitted to Headquarters who after a careful study of all the data were able to carry out an overall check which proved to be satisfactory.

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Category 7 - FERTILIZERS

\$ 5.000.000.-

139. The importation of the raw material under this Category consists of nitrate, rock phosphate and basic slag and is controlled by the Kunstmest Distributie Bureau (Fertilizer Distribution Office) a section of the Ministry of Agriculture.

140. All Nitrate shipments are imported by two Government agencies known as the Voedselvoorziening Import Bureau (V.I.B.) and the Centraal Stikstof-Verkoopbureau (Central Nitrate Sales Office) who sell the nitrate to the five following large wholesalers:

Centraal Bureau - Rotterdam
N.V. Vulcaan - Rotterdam
N.V. Krol & Co. - Zwolle
A.J. van Breen - Rotterdam
C.I.V. - Rotterdam

141. The above concerns are exclusive fertilizer dealers and they in turn sell the material either to other wholesalers, the retail fertilizer trade or direct to consumers (farmers). Physical deliveries of nitrates are usually made direct from the ships to the wholesalers in accordance with the scheme of allocations of the Central Nitrate Sales Office. However, the wholesalers do not keep records of stock and sales in relation to ships but sell from their general stock and in most instances it is combined with or co-mingled with raw materials from other sources which is not bank-financed.

142. There is an internal license system for nitrates, however, and licenses are issued by the various Provincial Offices of the Ministry of Agriculture to the farmers which are based both on acreage of land and the type of cultivation. The licenses are surrendered by the farmers when they make the purchases from the retailers and the latter in turn send same periodically to the Distribution Office.

143. From the records at the Kunstmest Distributie Bureau the allocation of the ships out-turn report kept by them shows the names of the five large wholesalers and the quantity received by each. The sales made by these wholesalers were also examined from the records to make certain that the sales made over an appropriate period were more than bank-financed imports and the Statistical information was passed on to Headquarters.

144. As for the importation of phosphates and basic slag a direct approach was made to the two chemical works who process or manufacture the raw material into super phosphate and triple super phosphate, thru the intermediary of the Distribution Office, and confirmation, obtained from them, of the receipt of the shipments and their uses.

145. There were only 13 vouchers under this Category and with the exception of three small quantities of fertilizers delivered to users for productive purposes and not for agriculture, no inelegible uses were disclosed.

H. Category 3 - FUEL

146. The amount of this Category was \$ 15,000,000.- of which \$ 10,157,107.88 represented coal and \$ 4,842,892.12 freight.

SYSTEM OF IMPORTATION AND DISTRIBUTION

147. In the case of coal, imports are effected by direct sales from the supplier to a Dutch commercial firm. These commercial firms who are in direct touch with U.S. and other suppliers furnish to the Rijksbureau details of the quantities and prices of coal which is available. The most suitable imports are selected and licenses issued to the commercial firms authorising them to conclude contracts. The Rijksbureau buys the imported cargo from the importer who superintends its distribution to the firms designated by the Rijksbureau.

148. For this purpose the Rijksbureau prepares for each ship a list of allocations which the importer carries out as far as possible. After the unloading and despatch the importer prepares and sends to the Rijksbureau an out-turn report for the ship showing the name of each recipient, his code number, the amount authorized by the Rijksbureau, the amount actually despatched, and various notes as to the means of transport employed. The cargo of a coal ship is seldom placed in store but is usually delivered from the quay side to the actual consumer or to a merchant.

149. The greater amount of coal appears to be sent to the various large consumers, each of whom is given a code number. This code number consists of two parts, the first designates the industry and the second the individual firm.

150. The Rijksbureau has an index of these numbers and from the number it is possible at once to see from the index:

- a) the group or industry to which the firm belongs, and
- b) the name of the firm

151. Small firms, however, buy from various merchants; the small consumer is given a license by the local coal office, which he hands over to the merchant from whom he buys. The merchant sends these licenses to the Rijksbureau which periodically grants a license to the merchant.

152. The code number of an end user is prefixed by G.I. (Groot Industrie) so that a sample code number G.I. 74/01 would indicate a consumer belonging to group 74 (Dairy Products) and would show that the license was issued to the firm numbered 01 within the group. The license numbers for merchants are prefixed GA and normally consist of a five digit figure, i.e. G.D. 20362.

End Use Check

153. Following is the method of check which was first adopted:

- a) Enter ship's name, verify and enter date and port of arrival.

(If the ship and date were given there is no need from the Bank's point of view to verify the import license number as cargoes can be identified from ship, name and date alone)

b) From out-turn report enter

- 1) number of tons
- 2) name of firm
- 3) Group number

c) From code number and index

- 1) Verify name as agreeing with out-turn report
- 2) Enter nature of product of the Group.

154. It was found, however, that this method of check was very slow and laborious and, therefore, after having referred the matter to Headquarters and a less time consuming check had been suggested, it was finally decided to adopt the following procedure:

- a) A detailed check of each individual cargo. The end use report on each cargo to show the total tonnage delivered from the cargo in question to the various industries (i.e. food processing industries, chemical industries etc.)
- b) Records to be kept of the total deliveries for each month to merchants, supplementary reports to be submitted if the proportion of coal sold to merchants as compared with coal sold to consumers warrants a further investigation.

155. The progress in the supervision will appear from the summary below.

156. END USE SUPERVISION PROGRESS SUMMARY

Category 8 - FUEL

<u>Date</u>	<u>Vou- chers recd.</u>	<u>Chap- ters</u>	<u>Value in \$</u>	<u>Vou- chers report- ed</u>	<u>Value in \$</u>	<u>Out- stand- ing</u>
1948.						
January 31	31	1-3	4.272.000.-	-	-	31
February 28	43	1-6	5.373.000.-	4	1.392.000.-	39
March 31	50	1-8	5.979.000.-	30	4.191.000.-	20
April 30	73	1-10	8.075.000.-	58	6.625.000.-	15
May 31	95	1-13	9.866.000.-	72	7.994.000.-	23
June 30	98	1-15	10.091.000.-	94	9.786.000.-	4
July 31	102	1-17	10.366.000.-	102	10.366.000.-	0

Notes on the actual procedure

157. No difficulties were encountered in checking the first group of 27 ships covered by coal vouchers (value approximately \$ 2.350.000.--) for importers:

N.V. Rotterdamsche Kolencentrale, Rotterdam, and
Handel- & Transport Mij. "Vulcaan", Rotterdam

who make available to the Rijkskolenbureau concise ship's out-turn reports covering all inland forwarding in accordance with the information upon which our end-use check system was established. These outturn reports were made out on the basis of the Rijkskolenbureau's allocations lists, thus giving the name of recipient, code number, amount authorized and amount actually despatched.

158. However, some other importers, namely:

Coal Trading Association, Utrecht
Shipping & Coal Company, Rotterdam
N.V. Algemeen Kolen Co., Rotterdam

did not submit out-turn information on the same lines. Their reports on the quantities actually delivered did not give the code numbers of the recipients and, consequently, in order to effect the control on the principle adopted it was necessary to view and check against each other the following documents:

- a) The Rijkskolenbureau's allocations list
- b) Barges' bills of lading for coal transported over inland waterways, or
- c) Railway loading bills

which procedure, of course, was considerably more time-consuming.

159. The Rijkskolenbureau was asked to request the importers to supply complete out-turn reports in the same form as "Vulcaan", Rotterdam. It appeared, however, that all the out-turn reports covering Bank-financed coal, had already been received by the Rijkskolenbureau and, seeing that for most of the outstanding shipments concise reports were available, it was decided that no further action should be taken.

160. At an early stage of the investigation it was discovered that a quantity of 47 tons had been delivered to the Netherlands Army but in view of the small amount involved Headquarters decided that no action should be taken in approaching the Dutch authorities on the matter.

161. Some cases of allocations to the Ministry of Marine for North Sea Mine Sweeping were referred to Headquarters who decided that they should be considered eligible under the loan.

162. As in the case of France the Bank's attitude towards coal for bunkering was that applications for reimbursement for bunker coal should not be rejected.

163. Up to April 15, 1948, a total of about 10,000 tons or about 1 $\frac{1}{2}$ % of the total amount investigated had so far been traced as having been delivered for sea bunkering, and according to Headquarters no further action should be taken if the allocations for that purpose did not show a substantial increase.

164. The final breakdown of the Category showed that 14,661 tons or 1.3% of the total had been allocated for sea bunkering.

165. With regard to the second stage check, that is, a further investigation of the allocations which were made to merchants, Headquarters decided that such a check would not be necessary since these deliveries represented only a very small portion, viz: 40,000 tons, and 3.5% of all bank-financed coal (1,138,000 tons).

166. Prior to this decision, however, the Rijkskolenbureau had been requested to supply statistics on total imports and total domestic production of coal for 1947 and the first half of 1948. Part of this material had already been received, viz: a monthly breakdown on the total imports from U.S.A. in 1947 and the first half of 1948, also giving the distribution to the various groups of consumers in accordance with the scheme used on the end use reports.

167. It appeared from the statistics that the total imports of American coal used for eligible purposes exceeded the Bank-financed shipments in this period by a wide margin and, after having discussed the matter with Mr. Aldewereld, who was in The Hague at that time, it was agreed that the data already received should be sent to Washington and the Rijkskolenbureau notified that no further information was required.

J. Category 9 - FEEDING GRAINS

168. The original amount of this category was \$20,000,000.-, later increased to \$25,000,000.-.

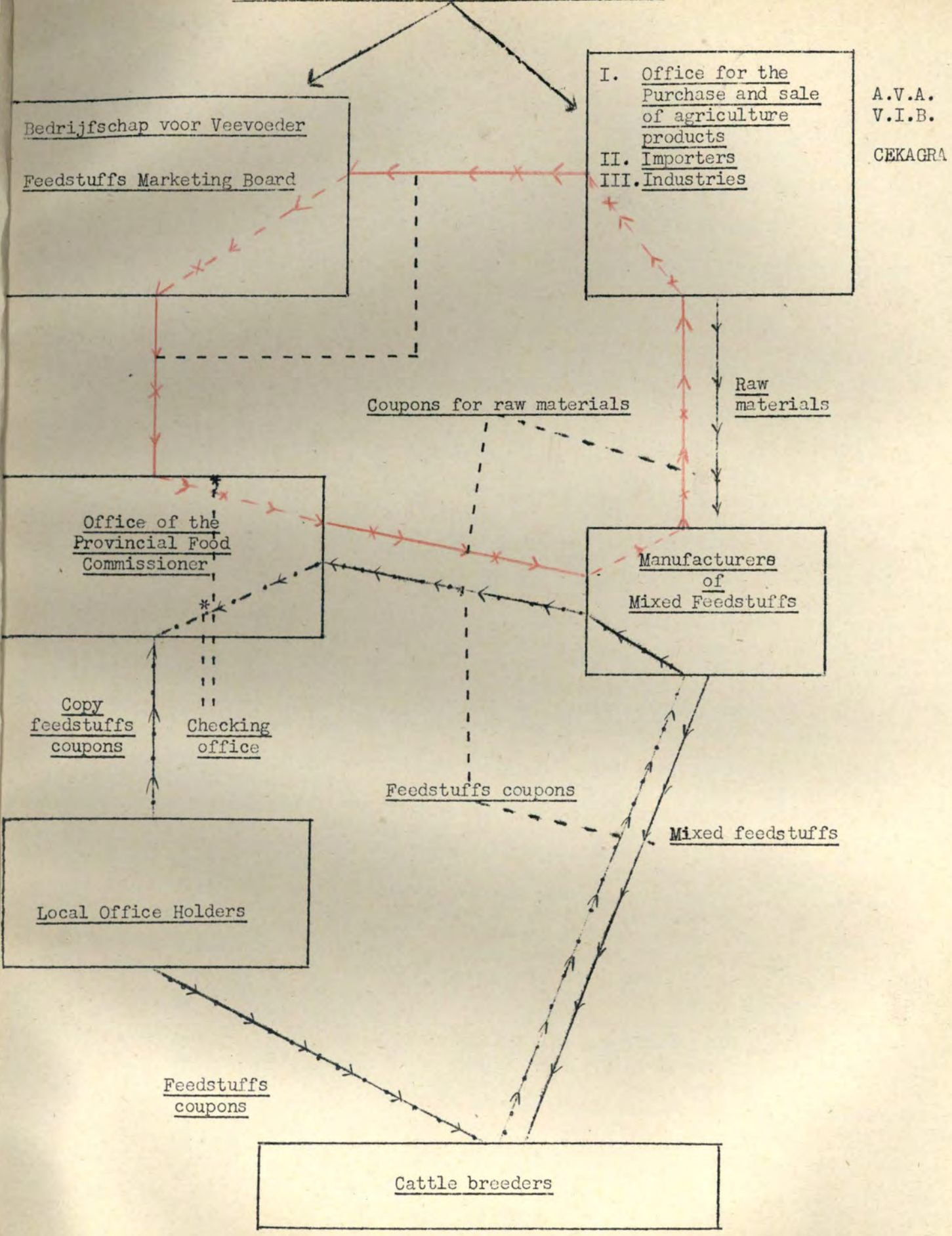
Import System

169. The importation of feedingstuffs is controlled by the Ministry of Agriculture, Fisheries and Food (Ministerie van Landbouw, Visscherij en Voedselvoorziening) which operates its control through a series of Marketing Boards or Control Offices, the chief one of which (Hoofdbedrijfschap voor Akkerbouwproducten) is divided into a number of subsidiary Marketing Boards, such as the Fodder Marketing Board (Bedrijfschap voor Veevoeder) with which the Bank is principally concerned.

170. A complicated and all embracing license system has been established whereby two distinct sets of licenses are issued:- licenses for raw materials, i.e. materials which when mixed with other materials will produce mixed feedstuffs for cattle, and licenses for mixed feedstuffs.

171. The chart on the next page may be helpful in clarifying the procedure.

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172. Mixed feedstuffs, that is cattle food, may first be considered:- the sequence of licensing begins with the issue of a Feedstuffs Coupon by a local office to a cattle breeder or farmer; the cattle breeder buys mixed foodstuffs from the manufacturer to whom he surrenders coupons. The manufacturer sends the feedstuffs coupons to the office of the Provincial Food Commissioner who meanwhile has received from the local office which issued the coupons copies of the coupons issued. A checking office operates in the Provincial Food Commissioner's office, and mates the returning coupon which has been used for a purchase with the counterfoil received from the issuing office.

173. A somewhat similar circle is in operation for raw material control. The manufacturer of feedstuffs has parted with mixed feedstuffs in exchange for a feedstuffs coupon which he has sent to the office of the Provincial Food Commissioner; in return and in order that he may obtain further materials for manufacture, he is issued with a license for raw materials, i.e. maize or linseed or horsebeans. The manufacturer of mixed feedstuffs buys from a merchant or importer surrendering his license; the importer buys from the Central Selling Organisation (Centraal Kantoor voor den Graanhandel, known in short as CEKAGRA) which receives its supplies from the office for the Purchase and Sale of Agricultural Products (Aan-en Verkoopbureau van Akkerbouwproducten, known in short as A.V.A.) or from the Foodstuffs Import Bureau (Voedselvoorziening Import Bureau, known shortly as V.I.B.). A.V.A. or V.I.B. is informed by the Chief Marketing Board of the Ministry to what sub-marketing boards a given shipment is to be allocated; shipments of maize and barley are frequently divided and used for cattle fodder, for human consumption in bread and for industrial purposes, such as yeast manufacture, but linseed cake, horsebeans etc. are by their nature employed for fodder.

174. Such part of the cargo of a ship which is allocated at the time of the ships arrival to a particular use will be delivered physically from the ship to the importers and thus any such allocation to non-fodder uses is real and not merely financial. The rest of the cargo, or usually the whole, is placed in warehouses under the control of A.V.A. and it is from the stock in these warehouses that the Chief Marketing Board allocates various quantities to the different subsidiary marketing boards. Although it is claimed that the stock in a warehouse can be physically identified by shipments, it appears that these allocations are, in the case of grain, more financial than real, since the physical identity of a shipment tends in fact to be lost in the warehouse so that the allocation of part of a shipment to a given use seems to be more of a book-keeping entry than a direct record of identified movement. Imports allocated to fodder etc. are all invoiced to CEKAGRA by A.V.A. when delivered out of stock and by V.I.B. when delivered from the quay side. From a practical point of view these two organisations can be considered as the same, since the fodder allocations handled by them pass through the CEKAGRA records in both cases.

175. The raw material licenses are controlled by the appropriate marketing boards and in the case of fodder pass back from the importer through CEKAGRA to the Fodder Marketing Board (Bedrijfschap voor Veevoeder) which can match them up with the counterfoils retained at the time of issue of the license to the cattle food manufacturer.

176. The two circles of licenses, for feedingstuffs and for raw materials, can be checked against each other in total, and an excess of raw materials licenses over feedingstuffs licenses would disclose either a leakage of raw material or an increase of stocks of raw materials in the hands of the mixed feedstuffs manufacturer.

Preliminary discussions

177. On December 19, 1947, a meeting was held when a representative of the Bank and officials of the Netherlands Bank and the Bureau Voedselvoorziening were present. The Bank's representative opened the proceedings by giving a brief verbal summary of the end use supervision to-date which showed that after a token check of several shipments of feeding grains financed under the I.B.R.D. Loan Agreement it had become evident that part of the maize imports had been used for other purposes than the production of cattle feeding stuffs i.e. the manufacture of bread, starch, yeast and malt wine etc. for which latter no specific provision had been made for under the existing categories of the present I.B.R.D. Loan Agreement.

178. The Dutch stated that at the time the agreement was drawn up it was perfectly clear that the intention was that the imports of feeding grains should be only for the manufacture of cattle fodder. Since then, however, unexpected circumstances had arisen which had produced an acute shortage of wheat which necessitated a substantial increase in the percentage of the maize content used in bread for human consumption. Only certain qualities of maize were suitable for this purpose and as it happened the particular I.B.R.D. shipments to be checked were all of that quality and the only ones available at the time in question.

179. The total purchase of feeding stuffs by the Netherlands Authorities were considerably in excess of the total amount of the I.B.R.D. Loan under this category and if an indirect method of end use supervision was adopted it would be found that there was an ample margin of fodder allocations financed through non Bank sources which could be assigned to the I.B.R.D. in substitution.

180. A general discussion then followed as to the practical means to be adopted to fully comply with the terms of the I.B.R.D. Loan Agreement. The Dutch suggested that the easiest solution to the problem as they saw it, would be to instruct the Dutch representative in Washington to immediately contact our Headquarters, explain the situation and offer to present documents for fodder shipments financed through non Bank sources of which the end use check would be in substitution for the diverted Bank shipments.

181. Accordingly, the proposed procedure was submitted to Headquarters through the Dutch representative in Washington. In their reply, however, Headquarters stated that the suggested solution would not be in conformity with the practice adopted by the Bank. It was further stated that in cases like this the Bank's practice is to reclaim from the borrower the amounts advanced against the goods which have not been used in accordance with the terms of the loan contract.

System of Check

182. In Appendix E to the Netherlands Progress Report No. 1, various methods of investigation were suggested. The methods combined in varying proportions, the direct and indirect method of approach. After having been considered by Headquarters the following system was adopted:

Stage I

183. On the basis of weekly statements received from the V.I.B. showing the position of fully and not fully cleared shipments of grain documents as listed below will be examined at the joint book keeping department of V.I.B. and A.V.A.:

1. License copy
2. Ship's outturn report
3. Invoices to Cekagra,
 - a) from V.I.B. if delivered from ship
 - b) from A.V.A. if delivered from store-house
4. Invoices to Schagra (in the case of damaged grain).

184. The working sheet will record shortage, if any, on outturn and the amounts allocated to different uses, i.e. non-fodder or fodder.

Stage II

185. At the Fodder Marketing Board (Bedrijfschap voor Veevoeder) the returns received from CEKAGRA will be examined, and the allocations checked at Stage I will be traced as having been sold to importers dealing in fodder. A permanent list will be established of all importers to whom Bank-financed feeding stuffs are sold, but the amounts sold to each will not be recorded.

Stage III

186. The total of feeding stuffs allocated in a given period and shown by Stages I and II to have been sold to the importers on the list will be ascertained and an examination made of the total sales recorded in the period by the general body of importers with the object of establishing as an indirect check that the sales made by the importers to other fodder wholesalers or retailers are not less than the Bank-financed imports. Supplementary reports on Stage III

will be sent to Washington and will relate to a number of individual reports considered in total.

187. One of the regular statements supplied by the V.I.B. shows the amounts of grain which have been allocated to use other than fodder, whether the ship's cargo has been fully allocated or not. The other statement shows ships whose cargoes have been fully allocated and divides the allocations between fodder use and other uses. At the request of Headquarters, on the receipt of the V.I.B. statements, a summary of the information contained therein will be prepared at this end.

Notes on the actual procedure

188. It was found practical in the summaries of the V.I.B. statement to make the following grouping:

Group I	Shipments fully cleared, entirely allocated to non-fodder purposes
Group II	Shipments fully cleared, partially allocated to non-fodder purposes
Group III	Shipments not fully cleared, partially allocated to non-fodder purposes

189. As and when the shipments are cleared the corresponding amounts in Group III are transferred to Group II. Since, however, on a couple of occasions the detail check of ship's outturn reports revealed discrepancies between the figures for non-fodder allocations given on V.I.B.'s statements and the amounts actually allocated, it was decided not to submit the summaries of the statements until the first stage check had been completed. The latest summary submitted (No. 12 revised) compiled on the basis of V.I.B.'s statements as of March 9, 1949, shows that, so far, a total of 62,434,436 kgs. maize and 5,628,824 kgs. barley out of Bank-financed grain have been diverted to non-fodder purposes.

190. The progress in the supervision will appear from the summary on the next page:-

191.

END USE SUPERVISION PROGRESS SUMMARY

Category 9 - FEEDING GRAINS

Date	Vou- chers recd.	Chap- ters	Value in \$	Vou- chers reported	Value in \$	Check- ed to Stage I	Out- stan- ding
<u>1948</u>							
January	31	122	1-5	17.829.000.-	-	-	-
February	28	134	1-6	19.993.000.-	-	82	52
March	31	134	1-6	19.993.000.-	-	92	42
April	30	136	1-7	20.413.000.-	52	5.788.000.-	45
May	31	141	1-10	26.668.000.-	69	8.943.000.-	32
June	30	149	1-11	26.838.000.-	69	8.943.000.-	33
July	31	151	1-13	27.211.000.-	75	10.193.000.-	32
August	31	154	1-14	27.778.000.-	98	12.530.000.-	11
September	30	163	1-15	29.510.000.-	98	12.530.000.-	26
October	31	163	1-15	29.510.000.-	132	20.381.000.-	5
November	30	165	1-17	29.782.000.-	136	21.444.000.-	1
December	31	165	1-17	29.782.000.-	136	21.444.000.-	1
<u>1949</u>							
January	31	165	1-17	29.782.000.-	136	21.444.000.-	6
February	28	165	1-17	29.782.000.-	157	25.585.000.-	-
March	31	165	1-17	29.782.000.-	159	25.665.000.-	4
April	30	165	1-17	29.782.000.-	163	29.185.000.-	-
May	31	171	1-18	30.358.000.-	163	29.185.000.-	-

192. This Summary also shows that as of May 31, 1949, there are still 8 vouchers covering linseed expellers, molasses, etc. which shipments in accordance with Headquarters' instructions will not be checked beyond the first stage.

193. At an early stage of the check of the category it was found that due to delays it would take considerably more time than anticipated to carry out the second stage check in accordance with the system as set forth in the Operational Directive for this category.

194. Consequently, the whole question of the second stage check was taken up for revision as outlined in the following Notes:-

NOTES ON FEEDING GRAINS CHECK

195. In the checking of Feeding Grain imports financed by the Bank we are encountering two delays, first, the delay in the final clearing of the shipment and second, the delay in obtaining the final returns from Cekagra.

196. The method practised heretofore on the second stage check is the following:

197. After completed first stage check at the V.I.B. on a number of fully cleared shipments a list is prepared for the Bedrijfschap voor Veevoeder (The Feeding Stuffs Marketing Board) giving the particulars of the shipments, name of the ship and the quantity for which we wish to see the final returns from Cekagra. In due course then the Bedrijfschap informs us when the returns are available for inspection.

198. The procedure as outlined by Cekagra is the following:

199. On the arrival of the shipment of Maize or Barley the Hoofdbedrijfschap voor Akkerbouwproducten makes the decision as to the disposal of the cargo, whether part of it is going to be used for industries and flour mills or whether the total shipment will be allocated to non-fodder purposes.

200. Cekagra is then informed of the quantity allocated and in turn sends circular letters to the approved importers notifying them of the quantity available against coupons for raw materials (received by the importers from the manufacturers of Feeding Stuffs) covering their share of the shipment. Every quantity at Cekagra's disposal is divided between the importers on a fixed percentage scale i.e. one importer receives 1%, another 3% etc. On the receipt of the importers' replies, the provisional invoices are made out and despatched. Cekagra is in turn notified by its bank of the payments made by the importers and on that basis makes out what we in our reports have called "Cekagra's returns".
201. This return is a slip made out in triplicate, giving the name of the importer, the quantity allocated to him and the name of the ship on which it arrived. The original is sent to the importer: it is in Dutch called "Geleidebiljet" and serves a double purpose. First, it has to be produced by the importer in order to get the grains delivered from the ship or storehouse respectively and second, what the name implies, in case of black market control en route from the ship to the importer it certifies that the cargo on the truck or on the barge is legitimate.
202. After the ship has been cleared, a list is sent to Cekagra from V.I.B. or A.V.A. giving the quantities actually delivered to the various importers. In most cases these quantities will correspond exactly to those mentioned on the slips but, since the slips are made out on the basis of the estimated cargo, not allowing for shortages etc., there may be slight deviations on a couple of the last quantities delivered.
203. On receipt of the list, Cekagra's copies of the "Geleidebiljet" are stamped "V" (Vol) if delivered in full; otherwise a special stamp is added and the actual quantity put down in ink.
204. At the same time final (corrective) invoices are sent to the importers who did not receive the full amount of their allocation. The stamped copies of the "Geleidebiljet" are now sent on by Cekagra to the Bedrijfschap voor Veevoeder, where in turn checked by us as "Cekagra's returns".
205. It will appear from the above outlined procedure that it should not take too much time after the clearing of the ship for V.I.B. or A.V.A. to prepare the lists for Cekagra of actual deliveries and, afterwards, for Cekagra to send on the checked slips to the Bedrijfschap voor Veevoeder. Nevertheless, experience has shown that it might take a month or more due to the fact that both offices are under extreme pressure and short of personnel.

206. Since now, especially in view of the approaching E.R.P. control the delay will very likely continue to occur, if not increase, the question arises whether it would not be sufficient from an end use check point of view to limit the investigation to an inspection of the provisional returns at Cekagra, which inspection can be made immediately after the completion of Stage I. Our recommendation of this procedure is principally based on the fact that in order to receive the "Geleidebiljet" and subsequently get hold of the goods, an importer will first have to pay the amount of the provisional invoice; so that at the time of our checking a provisional slip, we know that this particular quantity has actually been paid for by some and-so importer.

207. A somewhat different procedure has to be followed in the second stage check on Linseed Expellers suitable for extraction of oil and consequently sold to various oil factories. After the extraction the oil factories are obliged to sell the products, cakes or flour, to Cekagra.

208. Several of the Bank financed shipments of Expellers have been designated for this purpose.

209. The following list, prepared by the Bedrijfschap voor Veevoeder, gives the quantities distributed to various oil factories of shipments in which the Bank is interested. Some of these cargoes have been checked to Stage I as far back as March last:-

<u>Oil Factories</u>	<u>Evros</u>	<u>Pana- Katha- Ric- thisa</u>	<u>Cor- doba</u>	<u>I.S. Embe- ricos.</u>	<u>Al- de- ra- min.</u>	<u>Leto</u>	<u>TOTAL</u>
	<u>Tons</u>	<u>Tons</u>	<u>Tons</u>	<u>Tons</u>	<u>Tons</u>	<u>Tons</u>	<u>Tons</u>
Unilever	800	700	1.200	2.713	---	---	5.413
Wessanen	1.150	950	---	1.500	---	---	3.600
Toekomst	1.100	900	---	---	---	500	2.500
Otten	230	192	284	---	300	---	1.006
Ten Hove	160	140	---	---	---	150	450
Verloop	270	230	---	800	---	200	1.500
Hooghiemstra	270	230	---	400	---	---	900
S.O.L.	270	230	---	400	---	---	900
Nieuwenhuizen	---	---	---	---	500	---	500
Honig	---	---	---	---	200	---	200
K.Sypenstein	---	---	---	---	---	500	500
Bertels	---	---	---	---	---	10	10
TOTAL	4.250	3.572	1.484	5.813	1.000	1.360	17.479

210. The difficulty arises when the grain is placed in stock at the oil factories, since at that time the various shipments lose their identity. At intervals, as and when the oil factories have what they deem suitable quantities of finished products, they will sell the products to Cekagra which in turn divides these quantities among various importers. However, in these cases the "Geleidebiljet" or return will not give the name of the ship but merely the name of the factory.

211. Consequently it appears, that in order to be able to check the total quantities to the importers e.g. Unilever's production, we will have to wait until returns marked "Unilever" aggregating about 5.400 tons, are available at Cekagra.

212. In order to accelerate the procedure, to some degree at least, we will suggest that we now check the returns on the products of the oil factories already received by Cekagra, apply these quantities against the Bank financed shipments giving priority according to the date of arrival of the ship. At Cekagra we will maybe, at present find returns aggregating 1000 tons marked "Unilever" and 1500 tons marked "Wessanen", of these 1000 tons and 1500 tons respectively should e.g. 800 tons and 1150 tons be considered as covering the shipment on S/S EVROS.

213. This system will very likely enable us to file some reports shortly without having to wait until the total quantities have been delivered from the various oil factories.

214. After having referred the matter to Headquarters it was decided for the remaining shipments to check provisional returns at Cekagra instead of, as heretofore, the final returns at the Bedrijfschap voor Veevoeder.

215. In April 1949 the question of carrying out a third stage check of feeding grains was discussed with officials of the V.I.B. and Cekagra respectively.

216. A memorandum on the discussions was submitted to Headquarters as follows:-

NOTES ON FEEDING GRAINS

217. In order to find out whether a third stage check on Grains would be possible a representative of the Bank contacted Mr. Robijn, office manager of Cekagra, Rotterdam and discussed with him the various questions which may arise.

218. As will be known, at the first stage check at V.I.B. invoices from V.I.B. and A.V.A. to Cekagra are inspected. A quantity invoiced by V.I.B. is delivered to the importers direct from shipside whereas the quantities invoiced by A.V.A. are delivered from store.

219. As already mentioned in a previous memo on Feeding Grains a quantity invoiced by V.I.B. can be followed through, from V.I.B. to Cekagra and from Cekagra to importers, since the name of the ship will always appear on the invoices and the so-called "Geleidebiljetten". In

some cases we might find that also the A.V.A. invoices give the same information i.e. in case a shipment is the only one in a store-house but as already mentioned in most of the cases the shipments lose their identity when stored. Consequently, the only quantities which can be traced beyond the stage of the importers would eventually be the quantities invoiced by V.I.B. (and in exceptional cases by A.V.A.)

220. Even if a quantity has been traced to approved importers it cannot be taken for granted that the entire quantity received by the importer will be resold to cattle feed manufacturers. Part of it might still have been diverted to industries. This is due to a system which was established during the war and according to which industries which use grains as raw material in the manufacture of spirits, yeast, etc. and which for the greater part import themselves, are obliged to take part of their imports through an importer. This percentage is compiled on an average of the quantities the industries imported through the importers before the war when the trade was more or less free.

221. For instance the distillery Lucas Bols before the war used to take the greater part of the import through importers. Consequently according to the above mentioned system they still have to do so. One reason for making this system obligatory during the war is said to be the necessity of keeping the import offices running in order to avoid German forced labour.

222. As will be known the shipments of grains are allocated to the importers on a percentage basis i.e. one importer gets for instance 1%, another 3% and so on. In some cases these allotments will be quite small and it might be that in tracing the Bank financed grains we will find that a quantity resold by the importer to a cattle feed manufacturer is made up from several small quantities sold by Cekagra.

223. The procedure in an eventual third stage check will be, first, at the office to go through all grain reports and pick out the V.I.B. invoices. These invoices (numbers and quantities) will then be traced over again to Cekagra's record cards in order to find out what quantity of a particular invoice has been allocated to a specific importer. Cekagra's record cards also give the numbers of the corresponding "Geleidebiljetten" and, consequently, the further procedure could be to have Cekagra write to the importers requesting them to supply information on the disposal of the quantities received under the various "Geleidebiljetten". We do not know as yet whether a more direct method will be possible, viz: an examination of the importers' records. Mr. Robijn, however, did not envisage any difficulties in case we should like to contact one or more of the importers on the subject. In that event it might be advisable to contact one of the bigger firms, for instance the Central Bureau (Cooperative) Rotterdam.

224. Even though, in this way, we might find that small parts of feeding grains financed by the Bank, via the importers have been all allocated to industries, Mr. Robijn felt sure these amounts would be negligible.

225. On the other hand, V.I.B. has furnished us with some statistical data, giving on a fourweekly basis the total quantities of maize and barley invoiced to Cekagra during the period September 29, 1947 - January 15, 1949:

226.

Summary of imported maize and barley, sold to Cekagra from September 29, 1947 through January 15, 1949 specified in periods of four weeks

Period	MAIZE		BARLEY	
	Fodder m. tons	Industry m. tons	Fodder m. tons	Industry m. tons
September 29/47 - October 25/47	2.114	8.027	—	—
October 26/47 - November 22/47	9.399	11.064	4.000	—
November 23/47 - December 20/47	22.775	7.563	3.854	—
December 21/47 - January 17/48	24.202	9.142	15.243	—
January 18/48 - February 14/48	16.656	2.241	7.550	7.168
February 15/48 - March 13/48	34.983	13.363	6.131	1.885
March 13/48 - April 10/48	19.907	3.980	5.656	2.762
April 11/48 - May 8/48	8.124	4.470	6.906	3.500
May 9/48 - June 5/48	6.261	2.060	1.472	912
June 6/48 - July 3/48	17.293	1.790	2.822	7.689
July 4/48 - July 31/48	41.925	12.200	14.183	2.161
August 1/48 - August 28/48	21.441	5.410	24.306	4.758
August 29/48 - September 25/48	32.231	14.232	9.912	2.326
September 26/48 - October 23/48	4.755	6.131	20.812	9.898
October 24/48 - November 20/48	19.563	3.085	6	2.097
November 21/48 - December 18/48	9.725	18.864	10.208	3.516
December 19/48 - January 15/48	25.239	4.152	4.759	5.500
	316.593	127.774	137.820	54.172
	<u>444.367</u>		<u>191.992</u>	

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227. A comparison between this data and the quantities allocated for fodder purposes actually financed by the Bank as listed below shows a considerable margin:-

B A R L E Y

228.

Report No.	Ship	Arrival	Invoice	Fodder (tons)
309	ASTERIS	October 1947	-----	4.026
311	LANCERO	November 1947	December 1947	2.766
339	M.L.CAMBANIS	December 1947	December 1947	816
660	CRETE	January 1948	January 1948	9.974
4076	LUTHER MARTIN	November 1947	Dec.1947-Oct.1948	2.568
4079	SOCRATES	December 1947	October 1948	817
6077	ATLANTIC TRADER	November 1947	Dec.1947-July 1948	4.000
6872	PAN.KATH.	November 1947	August 1948	672
6873	ATLANTIC SEAMAN	December 1947	July-Dec.1948	5.830
6875	NICOLAS	March 1948	April-Dec.1948	7.418
1208-6	CITTA DI SAVONNA	March 1948	May-Dec.1948	6.512
1208-5	ELENA MARIE	April 1948	June-Dec.1948	5.224
				<u>50.623</u>

229.

M A I Z E

313	LUTHER MARTIN	November 1947	November 1947	3.009
315	MAASLAND	December 1947	December 1947	2.130
320	ALGORAB	December 1947	December 1947	1.985
344	THEMISTO	December 1947	January 1948	1.590
650	GLOBAL MILLER	November 1947	Dec.1947-March 1948	2.865
652	SOCRATES	December 1947	Jan.1948-Febr.1948	2.092
654	SIRENA	December 1947	December 1947	4.344
657	LEKHAVEN	December 1947	Dec.1947-Jan.1948	4.767
662	AMSTELLAND	January 1948	-	3.978
1204	LANCERO	November 1947	November 1947	1.400
1208-1	AN.PATERAS	February 1948	April 1948	5.691
1208-2	MARIA STATHATOS	January 1948	March 1948	5.224
1208-3	TRANVIK	April 1948	April-Aug.1948	9.434*
1208-4	ANGUS GLEN	March 1948	April-June 1948	7.246
1209	TIBA	March 1948	April 1948	6.460**
3607	PAN.KATH.	November 1947	Dec.1947-Febr.1948	2.150
3609	MINA L.CAMBANIS	December 1947	December 1947	4.000
3851	DELFLAND	December 1947	Jan.-July 1948	2.130
3853	SALLAND	December 1947	August 1948	135
3854	I.S.EMBRICOS	December 1947	Febr.-April 1948	1.170
3855	LETO	December 1947	May-August 1948	2.240
3856	FIDES	March 1948	April-May 1948	2.763
3857	ALCOR	March 1948	May 1948	2.287
3858	RESERO	March 1948	April-August 1948	6.100
3860	ALDERAMIN	January 1948	Febr.-July 1948	15.195
3861	LOPPERSUM	January 1948	Jan.-August 1948	
3863	ALCHIBA	December 1947	Febr.-July 1948	15.195
3864	DIRPHYS	January 1948	Jan.-Aug. 1948	
3865	FRYXOS II	January 1948	Febr.-Aug. 1948	200
5990	ALGORAB	December 1947	December 1947	
5991	CRUX	March 1948	March-August 1948	660

* 3.700)
** 3.000

*) **) Less not financed by the Bank

104.900
6.700
98.200

230. Admittedly, the figures given by V.I.B. cover the period September 29, 1947 - January 15, 1949 whereas the import of the grains financed by the Bank took place during the period November 1947 - April 1948.

231. However, as will appear from the statements, the Bank financed maize and barley had been invoiced November 1947 - August 1948 and December 1947-December 1948 respectively, and, consequently the proper figures to compare should be the total quantities of maize invoiced by Cekagra in the period October 26, 1947 - August 28, 1948 viz: a total of approximately 223.000 tons against the Bank financed 50.600 tons.

232. Headquarters then decided to forego a third stage check since it appeared from the statistics supplied by V.I.B. as given above, that the bank-financed imports of maize and barley are considerably less than total imports sold for fodder purposes.

233. The following tables give respectively by quantities and by value the distribution of imported loan financed feeding grains used in Holland for the preparation of cattle feed stuffs:

Grains	Total Quantities Checked	Quantities Diverted to Ineligible Uses	Loan Financed Quantities for Eligible Uses
Maize	150.581 M.T.	62.434 M.T.	88.147 M.T.
Barley	57.248	6.445	50.803
Linseed Expellers	82.953	-----	82.953
Linseed Cake Expellers	4.630	-----	4.630
Cotton Seed Cakes	1.455	-----	1.455
Ground Nut Meal & Cakes	1.640	-----	1.640
Horse Beans	2.175	-----	2.175
Dehydrated Alfalfa Meal	988	-----	988
Argentine Rice Bran	95	-----	95
Molasses	9.877	-----	9.877
Plate Oats	3.000	-----	3.000
TOTAL	314.642 M.T.	68.879 M.T.	245.764 M.T.

Grains	Total Value of Quantities Checked	Value of Quantities Diverted	Value of loan financed quanti- ties delivered for eligible uses
Maize	\$12.761.060.26	\$4.457.787.60	\$8.214.401.17
Barley	6.391.430.59	900.626.25	5.490.804.34
Linseed Expellers	9.452.874.33	-----	9.452.874.33
Linseed Cake Expellers	576.346.31	-----	576.346.31
Cotton Seed Cakes	129.308.01	-----	129.308.01
Ground Nut Meal & Cakes	173.139.03	-----	173.139.03
Horse Beans	196.076.13	-----	196.076.13
Dehydrated Alfalfa Meal	72.872.68	-----	72.872.68
Argentine Rice Bran	5.973.00	-----	5.973.00
Molasses	362.600.00	-----	362.600.00
Plate Oats	325.605.00	-----	325.605.00
TOTAL	\$30.447.285.34	\$5.358.413.85	\$25.000.000.00

PART TWO

ADMINISTRATION

X. Liaison - Headquarters to the Field

234. The liaison between the Treasurer's Department and the Netherlands Office has been close and satisfactory.

235. This has not been the case to the same degree in the general liaison of Headquarters with the Field which has been of a sketchy and spasmodic nature.

236. It would seem eminently desirable, therefore, that a focal point should be established at Headquarters charged with the responsibility for the regular advance communication to the Field Representative concerned on a strictly personal and confidential basis of all items of general information as well as indications of the proposed policies and trends of thought prevailing at Headquarters likely to directly or indirectly affect or assist them in the execution of their specific assignments. Such timely advance information would entirely eliminate the possibility of the Field Representative being placed in unnecessary awkward situations on the spot through lack of proper knowledge.

XI. Staff

237. The basic principles on which the secretarial staffs of the Netherlands and Denmark Offices of the I.B.R.D. have been carefully selected can briefly be expressed as quality versus quantity with a well-graduated mixture of the various requisite talents coupled with a high standard of intelligence, efficiency and adaptability, not to mention a good social background, the underlying idea being their suitability for service in any part of the world.

238. It can fairly be said that the present members of these Offices measure up satisfactorily to these requirements.

XII. Office Set-up

239. See chart overleaf.

I.B.R.D. NETHERLANDS AND DENMARK FIELD OFFICES

Mr. A. de Tchihatchef

NETHERLANDS

DENMARK

End Use Supervision

Operations

Mr. A.F. Geolot

Miss M.J. Blankers

Miss K. Mohrhagen

Mrs. C.C. Redpath

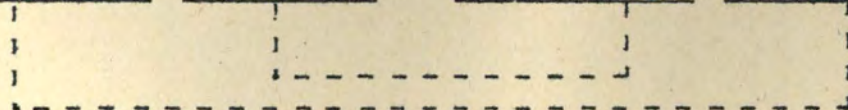
Miss B. Tjagvad

Mr. K. Skjaeveland

Mr. P. Hoetjes

Miss A. Woudstra

Miss M. Liscaljet



XIII. Allocation of Duties

240. End Use Supervision:

Mr. P. Hoetjes Jr.: Equipment, Rolling Mill Products, Non-Ferrous Metals and Fertilisers Categories.

Mr. K. Skjaeveland: Ships, Timber, Building Materials, Fuel and Feeding Grains Categories.

241. Operations:

Miss M.J. Blankers, Personal Assistant to the Field Representative:

Supervision of office organisation; control of filing and records system; supervision of office supplies and equipment.

Compilation and Maintenance of office accounts, i.e. Imprest Fund Account, Petty Cash and Giro Account etc.

Progress Reports; Reviewing Daily Press; Compilation and translation of News Reports.

In charge of Personnel matters and records; Travel; Transport; Liaison Work.

Confidential Secretarial Work.

Mrs. C.C. Redpath, Secretary to the Field Representative:

In charge of general Filing and Card Control System and of filing and recording of end use reports and summaries for Washington.

In charge of In and Outgoing Mail Registration, of the despatch of mail and of the Postage Account.

Recording in the Progress Reports Diary; Translations from Dutch into English and vice versa; Taking down in shorthand and typing of correspondence and reports.

Deputising for Miss Blankers.

Miss M. Liscaljet, Secretary to Mr. Skjaeveland:

Taking down in shorthand and typing of
correspondence and reports on the Ships
Loans and the Timber, Building Materials,
Fuel and Feeding Grains Categories.

Typing of end use reports and summaries
for Washington.

Translation: Operating telephone exchange.

Deputising for Mrs. Rednath.

Miss A. Woudstra, Secretary to Mr. Hoetjes:-

Taking down in shorthand and typing of
correspondence and reports on the Equipment,
Rolling Mill Products, Non-Ferrous Metals
and Fertilisers Categories.

Typing of end use reports and summaries for
Washington.

Translation ; Operating telephone exchange.

XIV. General Comments

242. The system of interchangeability has as far as possible in the circumstances been practiced, thus ensuring that whatever emergencies did arise, work at hand could be continued without interruption.

243. As and when required assistance was rendered to or received from the other I.B.R.D. Offices, as the table below clearly shows:

<u>Date</u>	<u>Name and Office</u>	<u>Duty at</u>
<u>1948</u>		
January 14 - 18	Miss M.J.Blankers, Netherlands Office	Copenhagen
February 5 - 10	Miss M.J.Blankers, Netherlands Office	Copenhagen
March 2 - 7	Miss M.J.Blankers, Netherlands Office	Copenhagen
February 16 - April 6	Miss K. Mohrhagen, Denmark Office	The Hague
April 6 - 14	Miss M.J.Blankers, Netherlands Office	Copenhagen
June 6 - 13	Miss K. Mohrhagen, Denmark Office	The Hague
June 13 - 24	Mrs. C.C. Redpath, Netherlands Office	Copenhagen
September 5 - October 2	Mrs. C.C. Redpath, Netherlands Office	Copenhagen
November 22 - December 1	Mrs. C.C. Redpath, Netherlands Office	Copenhagen
<u>1949</u>		
March 16 - April 19	Miss A. Woudstra, Netherlands Office	Paris
April 28 - May 3	Miss M.J.Blankers, Netherlands Office	Brussels
May 3 - June 1	Mrs. C.C. Redpath, Netherlands Office	Brussels
June 7 - 13	Miss K. Mohrhagen, Denmark Office	The Hague
July 2 - 12	Miss M.J.Blankers, Netherlands Office	Paris

244. It should be placed on record that most of the members of these staffs are seasoned international travellers and are used to easily adapting themselves to the different conditions prevailing in various countries.

XV. The filing system

245. When setting up the Administration of the Netherlands Office it was felt that an up to date foolproof Filing System was one of the basic essentials. Such a system should at the same time with slight variations be easily adaptable to various countries and circumstances and be operable by everyone. From the nature of the special category filing procedure as laid down by Washington Headquarters and the set-up of the general correspondence with Washington Headquarters and Government Offices in Europe, it was found desirable to divide the Filing System into the following sections:

General Filing, Confidential Filing, Miscellaneous Filing, Category Filing and - later on - the Ships Loans Filing.

XVI. General Filing.

246. A list of subjects on which there was most likely to be correspondence (Administration, Communications, Publicity, Imprest Fund Account, etc.) was drawn up according to which the general correspondence filing was split up and to which for easy reference, numbers from one onwards were allocated.

247. In order to have an overall system which could without difficulty be applied to different countries controlled by one office (as in the case of the Netherlands Office controlling Denmark and Luxembourg) separate sections in the general filing were established for the Netherlands, Denmark and Luxembourg and a so-called "signature" number from one onwards which is followed by a zero for the sake of clear identification, was placed before the subject number so that it could be easily determined into the filing of which particular country correspondence on a similar subject should be filed away, e.g. 10⁴ Publicity Netherlands, 20⁴ Publicity Luxembourg, 30⁴ Publicity Denmark, etc.

248. If it should be found to be necessary to further subdivide a given subject into more detailed sub-headings, a letter of the alphabet can be attached to the subject number.

XVII. Confidential Filing.

249. The confidential and secret correspondence kept separately in the safe cabinet was divided into practically the same subjects as the General Filing and for identification purposes given a separate "signature" number.

250. The confidential filing consists of the Personnel Filing split up into individual files for each staff member and separate files on Personnel policy Netherlands and Denmark etc.; files on confidential policy and end use supervision matters concerning the Netherlands, Denmark and Luxembourg; contracts; licenses granted by the Netherlands Bank; confidential publications, etc.

XVIII. Miscellaneous Filing

251. Later on when the necessity arose, a separate series was created under the heading of "Miscellaneous Filing" with a special "signature" number. Under this heading were brought together all general matters which could not be split up into countries or which have a bearing on various countries at the same time, i.e. the consecutive outgoing mail file, the consecutive incoming and outgoing cable files, printed matter, publications etc.etc.

XIX. Category Filing

a) General Correspondence

252. For the filing of correspondence on the end use supervision of specific categories separate files were made for each category to which the Washington category number was given and which were split up into two main subjects:

1. Administration, under which comes the purely administrative correspondence such as letters enclosing end use vouchers, dealing with corrections or changes of voucher numbers, etc.
2. Special end use supervision policy correspondence on the category in question.

253. Practical experience has shown that this sub-division into administration and policy is not absolutely essential unless the quantity of correspondence becomes very voluminous and, therefore, it could be omitted if a new general purpose loan were to be made.

254. The filing of correspondence on the categories of the Denmark and Luxembourg Loans was set up in a similar way and also here the Washington numbers were used for identification of the files.

b) Filing of End Use Vouchers, Reports and Report Summaries

255. The filing of the end use vouchers has been set up and handled according to the Standing Instructions for the Netherlands Office. In order to have an extra set of all end use reports and report summaries in case the ones despatched should get lost in the mail, it was after some unpleasant experiences of this kind, decided to make an extra copy on blank paper of all end use reports and report summaries which copies are kept in a separate file for emergency purposes. A special file arranged alphabetically was set up for letters from irondealers in connection with the Equipment and Rolling Mill Products categories, for easy reference.

XX. Ships Loans Filing

a) General Filing

256. The filing for the Ships Loans was set up on a basis similar to the category filing. For each ship, the financed as well as the mortgaged ship, a separate file was made to which the Washington Loan number was attached. In addition, a general file was prepared for general administrative and policy matters.

257. Very often letters come in dealing with two ships simultaneously and in such cases, copies are made thereof so that each ship file will have a complete set of the correspondence.

b) Insurance Policies, Governotes, Certificates of Classification, etc.

258. For the sake of easy reference it was decided to segregate into individual concertina files for each mortgaged ship the insurance policies, governotes and certificates of classification as well as summaries listing the contents of the file and showing for the various types of insurance the amount insured, the period covered, the date of confirmation that no claims are outstanding, or in the case of a claim the date on which the claim has been filed, and the date of the return of the expired policy or governote in question to the shipping company concerned. For the certificates of classification, the dates of the certificates, the subject and the date of expiry, if given, etc, are indicated on the summary. These concertina files are kept in the strong room in the Rottordamsche Bank.

XI. Card Control and Mail Registration Systems

259. At the same time when organising the actual filing system, it was thought desirable to put into operation a card control system in order to have a check and an easy survey of the contents of each file. This control system was set up as follows:-

260. For each file a card was prepared and, of course, given the file number in question. Every letter or document of each file is given a consecutive number in the right top corner and this number is marked on the card together with the Washington letter number, if any, the date, the origin and a brief description of the subject. Thus for reference purposes it is generally not necessary to go through a whole file but it suffices to look up the corresponding card and also the contents of a file can be easily surveyed by going through the relevant cards.

261. A separate card control system was set up for the confidential filing.

262. However, owing to heavy pressure of work and lack of secretarial staff during the course of the year, it was not possible to definitely finalize this work before the end of October 1948.

263. On the card control system coming into operation it became clear that the existing system for the registration of the outgoing and incoming mail was not entirely satisfactory as it did not link up closely with the central filing and card index systems and that the incoming and outgoing mail register forms supplied by Washington Headquarters did not cover our requirements.

264. A new type of incoming and outgoing mail register forms was devised as follows:

a) Incoming Mail Register Forms

In addition to the items on the Washington Mail Register Forms, columns for:
the Washington letter number, distribution in the office, consecutive card index number and the date when filed, the consecutive number and date of the outgoing letter in reply to the registered incoming one, were added.

b) Outgoing Mail Register Forms

The column "postage" was omitted (see Page 75, Paragraph 282) and added were:
columns for the Washington letter number, the consecutive number and date of the incoming letter to which the outgoing registered one is a reply, consecutive card index number and date when filed, and the originator.

265. A special incoming and outgoing mail register is kept for the correspondence on the Ships Loans, as a separate series of numbers for this correspondence to and from Washington is in use there.

266. These new mail registers in addition to their normal function provide inter alia a quick close check on the whereabouts of any outstanding letter, clearly indicating whether an answer has duly come to hand, etc.

267. If correspondence which has already been filed away, is again required, on removal from the files, the date and Washington or consecutive number as well as the name of the person to whom it has been given is entered in a special register and its return to the files followed up and marked off.

268. The filing and mail registration system as set out above, has proved to be a very satisfactory one in practice. The chances of correspondence being mislaid or lost are reduced to the minimum and correspondence, also from the early days, can be found without difficulty. Furthermore this system can be handled by everyone as the file numbers and the subjects into which the filing is divided are easy to understand.

XXII. Progress Reports

269. Progress Reports are issued every week--as from June 25, 1949 fortnightly-- on the particular work carried out by each of the end use supervisors, on current problems involving the administration and policy of the Netherlands Office and its liaison with the Government Offices, giving confirmation of cables received from Washington etc.

270. A list of the letters and copies of the cables despatched to Washington, if any, during the week under review form part of the Progress Report for checking purposes.

271. After the completion of the inaugural stage of the end use supervision of the various categories, at the request of Washington Headquarters a summary on the progress made in the field of end use supervision was attached at the end of each month to the current Progress Report.

272. If during a particular week publications, newspaper articles or newspaper cuttings from the newspaper clipping service to which we are subscribers, have become available on important economic, political, industrial, reconstruction, scientific and/or cultural events in the Netherlands and/or Indonesia these are attached to the Progress Report in the form of a Topical Miscellanea Addendum, at the same time giving the source and date of same for Headquarters' information.

273. During the course of each week (now fortnight) material for the Progress Report is recorded in the form of a diary on the basis of which the Progress Report is finally compiled.

274. A card system is in operation which records under subject headings the principal items given in each Progress Report for quick reference purposes.

XXIII. Personnel records

275. The Daily Attendance Reports, Semi-Monthly Attendance Reports, Leave Requests and Daily Overtime Reports are maintained in accordance with the instructions received from Washington Headquarters.

276. The office hours have been established on the basis of a 40 hour working week worked out in such a way that, as all Dutch Offices are working on Saturday mornings, the office is kept open on that day and each staff member in rotation can have two Saturday mornings off during a month.

277. During the first fortnight of 1949 the relevant Personnel Records of the previous year were sent to Washington, as instructed, copies being kept on file in this office.

XXIV. Imprest fund account

278. An Imprest Fund Account of 4000 Guilders was opened by Headquarters at the Netherlands Bank, Amsterdam, during December 1947, for the provision of funds necessary for the operation of the Netherlands Office. This amount, after having proved to be totally insufficient for our requirements, was in March 1948 increased to 8000 Guilders.

279. The operation of the Imprest Fund has, with a few minor exceptions, been handled in accordance with the Standing Instructions for the Netherlands Office. Slight alterations had to be made because of local conditions. In the Netherlands it is not possible to obtain receipted bills for purchases made and the handing out of duplicate bills and the purchasing on a credit basis is not customary. All payments are mostly made through individual postal accounts, the so-called "Giro Account" which is operated free of charge by a sub-organisation of the Post Office, or by cash remittances.

280. The Netherlands' Office Giro Account was therefore opened at the end of May 1948 through the good offices of the Netherlands Bank and is the main channel through which payments are made.

281. Copies of all bills and receipts are made by this office and retained in a special Imprest Fund Report file with the relative Imprest Fund Report.

282. On Page 73, Paragraph 264(b), it was mentioned that in the new mail registers the column "postage" had been omitted. A special postage and stampbook was, therefore, inaugurated giving dates and letter numbers of all outgoing mail and the amount of the postage paid, closely linking up with the actual mail registers and the petty cash.

283. In addition to the Imprest Fund Ledger a special accounting book giving a summary under separate headings of the payments made either by cheques, giro account and/or cash during each month, was set up for checking purposes and for the final compilation of the Imprest Fund Report.

284. At the beginning of each month an Imprest Fund Report giving a statement of all expenditures made during the previous month was despatched to Washington together with a Reconciliation of the Bank Account in the case of any outstanding cheques.

Communications

a) Cables.

285. Special mention should be made of the cable system.

286. For transmission of cables to Washington a special "Collect Account" with the Western Union was established through which all inter-continental cables despatched by this office are debited to Washington. Cables to European countries cannot be sent via Western Union and are handled by the Dutch Post Office, payment being made through the Giro Account.

287. The Netherlands Office Bank Cypher and Bently Code are kept in the office safe. For the incoming and outgoing cables a consecutive file and special incoming and outgoing cable registers were put into operation. Copies of all incoming and outgoing cables are kept or made for filing into the corresponding subject files of the General Category or Ships Loans filing.

b) Telephone.

288. When the Netherlands Office first started operations the telephones available in its premises were all connected with the switchboard of the Ministry of Finance who employed one telephone operator for half days only. This, of course, was a very great handicap to the smooth and efficient running of the office as well as providing no safeguard for any calls of a confidential nature. Steps were immediately taken to secure our own switchboard with several outside lines and after intensive negotiations with the Post Office, a switchboard was installed with three outside lines and 10 internal telephones. Owing to the shortage of telephone material prevailing at that time in the Netherlands, the Post Office was not then able to supply a modern and up to date type of switchboard and the best use possible had to be made of the one of antiquated pattern provided.

XXVI. Office equipment and supplies

289. All typewriters in operation in this office, have, because of the difficulties in obtaining them locally, been sent over from Washington Headquarters. They require constant and careful maintenance because of the poor quality of the material used for the manufacture of the postwar American typewriter. The typewriters which were received in a damaged condition from Washington, could not be properly reconditioned for the abovementioned reason.

290. In October 1948 Headquarters authorized the purchase of a small size duplicator to replace an antiquated model hired locally. The new duplicator was of great use for reproductions of the weekly Progress Reports, additional forms necessary for the end use supervision procedure of various categories, various accounting forms and returns to the various Government Offices in connection with licenses issued, travel schedules, etc, etc.

291. Regarding the office supplies the position in this field has greatly improved in the Netherlands since the end of 1947 and in future it should not be necessary to indent so extensively for office supplies in the U.S.A.

292. A Supplies and Equipment Inventory is kept in which are recorded the quantities of the office supplies received and issued and the Bank equipment allocated to this office.

XXVII. Internal Private Office Notes.

293. A system of recording the salient features of any important interviews or discussions immediately after their happening is in operation for subsequent reference purposes.

XXVIII. Privileges and licenses

294. To facilitate the smooth operation of the Netherlands Office a number of privileges and licenses were applied for and obtained from the Dutch Authorities details of which are summarised below:

295. The privilege granted by the Postal Authorities of despatching mail inside the Netherlands by the so-called "Dienst" service, i.e. a special service established for Government Offices, the cost of which in the case of the Netherlands Office is borne by the Ministry of Finance.

296. At the beginning of each year a return has to be sent to the Postal Authorities giving the number of letters, documents and postcards forwarded by this service during the previous year, at the same time giving details as to their despatch by ordinary, registered or express mail.

297. A special permit from the Telephone Authorities entitling us to making direct telephone calls to the British, American and French Zones of Germany including the Western Zones of Berlin. This license has been of great use to many of our visitors from Head-

quarters and especially during Mr. Garner's visit to Europe during May/June 1948.

298. The facility to use the special hourly incoming and outgoing mail van delivery service provided by the Post Office for the Dutch Government Departments.
299. A license from the Netherlands Bank granting exemption from the obligation to present letters to destinations abroad weighing more than 20 grams in open envelopes at the Post Office. All such letters normally should be presented at the Post Office in open condition in order that the Postal Authorities can verify that their contents comply with the Foreign Exchange Regulations.
300. A license from the Netherlands Bank permitting the import of cheques in foreign currencies from Washington and the export of same to Denmark, Luxembourg, Belgium and/or France.
301. A license from the Netherlands Bank permitting payment in Guilders of airtickets purchased from the K.L.M. for non-residents. The regulations are that all airtickets purchased from the K.L.M. for non-residents have to be paid for in the currency of the country where the person in question is residing. A quarterly return has to be made to the Netherlands Bank giving details of the flights made by non-residents during the period under review, their place of residence and the amount paid for in Guilders.
302. A license from the Netherlands Bank granting permission to Miss Blankers, Mrs. Redpath, Misses Liscaljet and Woudstra for the operation of Dollar Accounts with the Riggs National Bank of Washington D.C. A quarterly return to the Netherlands Bank in the form of a copy of the last Bank Statement of the period under review received from the Riggs National Bank by each of the beneficiaries is obligatory.
303. A license from the Netherlands Bank to Mr. A. de Tchihatchef allowing him to export and import cheques in foreign currency received from Washington, to export and import foreign exchange in banknotes and to export and import Dutch Guilders up to a maximum of Hfls. 50.-
304. A license from the Netherlands Bank both to Miss Blankers and Mrs. Redpath permitting them to import and export foreign currency received from the International Bank for Reconstruction and Development for official travel expenses up to a maximum of Hfls.250.- without having to exchange any foreign currency residue into Guilders on their return to the Netherlands as is the usual rule.
305. A license granted by the Ministry of Finance entitling this office to full diplomatic privileges, i.e. exemption from taxation on the import of office equipment and supplies as well as on the import of cigars, cigarettes, tobacco, soap, chocolate, liquor and personal effects from abroad for staff members non-residents.

306. Preferential exchange buying rate of \$1= Hfl.2.65 without the usual collection commission charges granted by the Netherlands Bank to all members of the I.B.R.D. Netherlands Office cashing their U.S. Dollars salary cheques through the Netherlands Bank or its Branch Offices, provided such cheques are endorsed by Mr. A. de Tchihatchef.
307. Official notification from the Ministry of Finance declaring that the salaries and emoluments of the Netherlands nationals serving in the Netherlands Office of the International Bank for Reconstruction and Development are exempt from Netherlands income tax.

