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PRIVATE

6th November, 1925.

Risto Ryti, Esq.,
Governor of the Bank of Finland,
HELSINGFORS.

Dear Mr. Ryti,

It has occurred to us recently in view of the possible erection of new pulp mills in Finland, that it might be possible to facilitate such industrial development by means of the Trade Facilities Act. When Mr. Julin was here, we discussed the matter with him, and Sir Keith Price arranged a meeting with him and Sir Glynn West, the Chairman of Messrs. Armstrong Whitworth & Co. I feel sure that you would be interested to hear what transpired at this meeting, and I am, therefore, taking the liberty of giving you below roughly what we have written to Mr. Julin. Perhaps you will be good enough to peruse this letter at your leisure, and I hope to have the opportunity of discussing the matter further with you in Helsingfors.

As you are probably aware, Messrs. Armstrong Whitworth control Messrs. Walmsley, who are looked upon as the leading manufacturers of paper-making machinery in the world to-day, and who are also much interested in the erection of Chemical Pulp plants.

Sir Glynn West stated that Messrs. Armstrong would

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be very much interested in the equipment and erection of Chemical Pulp plants in Finland, and suggested that advantage should be taken of the Trade Facilities Act, which, under certain circumstances, enables purchasers of British plant and machinery to obtain capital on extremely favourable terms. In general, under the provisions of this Act, it is possible to obtain capital for plant and machinery purchased in Great Britain, but not for any other expenditure. The procedure under the Trade Facilities Act is that a scheme has to be put forward to the Authorities, and if it is approved, Debentures can be floated under the guarantee of the British Government, both as to principal and interest. It is understood that the kind of scheme which has been accepted, has been that the Debentures run for a period of about 25 years, to be repaid in equal instalments, commencing after the expiration of the first 5 years. These Debentures could be placed at about par, and would have to pay interest at about $4\frac{3}{4}\%$ to 5%, but, of course, this would depend on the state of the money market at the time of issue. It is extremely unlikely, however, that the rate would exceed 5%.

We understand Messrs. Armstrong are prepared, in the case of any of our Finnish friends wishing to put up a Pulp Mill, to send engineers out, and to quote for either the erection in toto, or for such plant and machinery as is required. It is difficult to say how much of the plant and machinery would be profitably purchased in Great Britain, but we presume it would be somewhere in the neighbourhood of 60-75% of the total expenditure involved. With

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regard to the balance, which would have to be financed outside the British Government scheme, this would need some arrangement, but we think it could be managed without much difficulty.

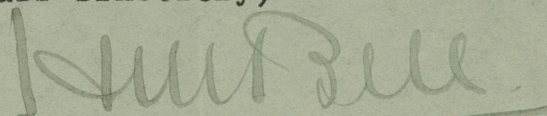
You will, of course, understand that no guarantee can be given that the Commissioners who consider the schemes put forward under the Trade Facilities Act would accept the proposal, but Messrs. Armstrong are of the opinion that they would do so, - our view is the same.

Personally, we consider the opportunity of obtaining capital on such extremely favourable terms is well worth the consideration of several of our Finnish friends, who intend to erect Sulphite or Sulphate plants.

It has occurred to us that there might be a difficulty in getting a good title to the Debentures, in view of the fact that several of the larger Companies, who might be interested, have Debentures already. We think, however, this point might be got over by the formation of a new Company, who would erect the Mill and issue the Debentures. The operations and also the Debentures of the new Company could be guaranteed by the parent Company, and arrangements made so that it could be shown that satisfactory supplies of raw materials would be available from the parent Company.

With kindest regards,

Yours sincerely,



P.T.O.

Risto Ryti, Esq.

6/11/25.

P.S. You will, of course, realise that any scheme submitted must be an important one, or it would not be considered by the Commissioners.

AMTB