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24 August 1959

MEMORANDUM FOR: Chief, Intelligence Information Staff, OCS

ATTENTION : [REDACTED] 25X1A9a

THROUGH : Chief, Services Division

FROM : Chief, Trade Controls Branch

SUBJECT : Contribution to the OGI Periodic Requirements List (PRL) for Latin America, 1 October 1959

A. ARGENTINA
General

1. In 1957 and early 1958 Argentina made considerable shipments of borax (International List I) to various countries of the Sino-Soviet Bloc. Subsequently at the request of the US the Argentinian Government agreed to discontinue this trade with the Bloc except for such exceptions as may be made for Poland which will be cleared with the US prior to shipment. The imposition of an embargo on Argentine borax exports to the Bloc appears to have resulted in the establishment in friendly countries of front firms for the purpose of evading these regulations. The Gebr. Melman firm of Netherlands is known to be one of these firms widely engaged in this illegal trade. At present a joint effort is being made by the US and other Free World countries to frustrate a diversion to East Germany of 500 tons of Argentinian borax aboard a Swedish liner destined to arrive in Gdynia, Poland, on 24 August 1959. Evidence to date indicates that the Gebr. Melman firm is the instigator of this illegal transaction. Whether or not current efforts to prevent the shipment from reaching the Bloc are successful, the following information is needed to provide a basis for whatever punitive measures can be taken against all the individuals responsible for this diversion. (S)

- a. Identify all participants in the current 500 ton diversion attempt; i.e. Argentinian exporter, Western European intermediaries (Melman and/or others). (C)

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- b. Provide details of the transaction, including financing, method used to avoid Argentine Customs checks, culpability of participants, future plans of diversion group, etc. (C)

2. Argentina will undoubtedly be an active area for would-be procurers of borax for Bloc principals. The above mentioned diversion attempt is only one of many known attempts to secure Argentinian borax. (C)

- a. Provide any information concerning discussions, negotiations, contracts, etc. involving the sale of Argentinian borax to the Bloc. Discuss Government plans to cope with the situation. (C)
- b. Provide information as requested in paragraph 1 above for suspect or known diversion attempts. (C)

B. CHILE
Economic

1. Chile has only recently become a producer of exportable surpluses of boron ores. A request has already been received to ship substantial quantities to Poland. Chile will undoubtedly be one of the next targets for Bloc efforts to obtain Free World borax. (C)

- a. Provide information on Bloc efforts to obtain Chilean boron ores. Identify all parties concerned, the status of negotiations, and all details of the transactions and planned shipments. (C)

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Distribution:

- 0 & 1 - Addressee
 - 1 - D/S
 - 1 - S/TD
 - 1 - S/TD/T
 - ✓ 1 - Requirements
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RR/D/S/TD/ [redacted] fs/8428 (25 August 1959)

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