

Approved For Release 1999/09/09 : CIA-RDP82-00457R00460032

INFORMATION REPORT

CD NO.

Jul 30 1950

COUNTRY Burma

DATE DISTR. 5 APR 50

SUBJECT Mines of the Burma Corporation

NO. OF PAGES 3

25X1A

NO. OF ENCLS. (LISTED BELOW)

DATE OF INFO February 1950

SUPPLEMENT TO REPORT NO.



1. As of February 1950, company mines in Bawdwin were on a care and maintenance basis, mining operations having been severely curtailed by the following factors:
 - (1) Rail communications over Gokteik viaduct which have yet to be restored to their pre-war efficiency.
 - (2) Interruption of rail communications between Rangoon and Mandalay by Karen activity.
 - (3) Refusal of the Government of Burma (GOB) to allow the Burma Corporation unlimited use of its two Dakotas which are used to fly food supplies and maintenance equipment from Rangoon to Lashio.
 - (4) Refusal of GOB to allow the Burma Corporation to purchase additional planes unless the company pays additional "squeeze" which it is unwilling to do.
 - (5) Shortage of cable for mine pumps.

2. Mining at Bawdin was resumed in December 1948 when more than a thousand metric tons of ore was produced. In January 1949, 2,000 metric tons were produced, with a peak output of 2,350 tons for the month of February 1949. The mill at Nantu, rehabilitated and enlarged, and operating on an experimental basis during October 1948 and January and February 1949, processed a total of 6,600 tons.

3. The smelter and refinery, presumably at Nantu, have not operated since January 1949. During the period between May 1948, when the smelter and refinery were rebuilt, and January 1949, when all production ceased as a result of disrupted rail communications, production from ore mined before the war amounted to the following: 7,655 tons lead, 700,000 ounces silver, 750 tons copper matte, and 250 tons of speiss, comprised of 60 percent nickel and 3.9 percent cobalt.

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Document No. 4

No Change In Class.

Declassified

Class. Changed To: TS S **(C)**

Date: 1 JUN 78 By: 009

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25X1A

CENTRAL INTELLIGENCE AGENCY

- 2 -

4. As of February 1950 the Burma Corporation had 550 tons of copper matte in reserve at Mandalay while at Namtu it had in reserve 255 tons of lead, 200 tons of copper matte, 250 tons of cobalt-nickel speiss, 7,500 tons of lead concentrates (70 percent lead), and a large quantity of zinc concentrates. If and when rail communications between Mandalay and Rangoon are reactivated, it is estimated that full production in the Burma Corporation plants would not be restored until August 1950. Rail communications would serve to expedite the shipment of much needed coal and coke reserves to the north from Rangoon, where it is estimated the company has 20,000 tons of coal and 5,000 tons of metallurgical coke stored.
5. Known reserves throughout the company properties, said to be limited, total approximately 3,000,000 tons of ore averaging 22.5 percent lead, 17.5 ounces of silver per ton, 14 percent zinc and .9 percent copper. Other deposits are of inferior grade.
6. Although the Burma Corporation pays the best wages of any mining company in the East with good working and living conditions there have been labor difficulties. In February 1950 the total labor force was estimated to be 5,000 as compared with 10,000 before the war, the majority of these workers being Chinese and Indians. Native Burmans have generally refused to work for the company as they think the GOB will soon expropriate the mines. The Namtu Workers Union, comprised mostly of Burmans and a few Indians, has been exceedingly active and has pressed for reforms considered to be fantastic for this part of the world.
7. At a meeting held in Rangoon on 31 January 1950 between representatives of the GOB and the Burma Corporation to arrange for the renewal of the Burma Corporation's lease, prerequisite to the continuance of any operations, the following stipulations, to which the Burma Corporation will not agree, were proposed:
 - (1) The GOB, by executive order of the President, may expropriate all or part of the Burma Corporation, and at the option of the Government pay the Burma Corporation either the amount of the subscribed capital at the price of issue or the value of the physical assets, said value to be determined by arbiters.
 - (2) Burma Corporation will finance the education of 50 Burmese students who will be sent to England and the United States to specialize in smelting and mining.
 - (3) The Burma Corporation is required to hire stipulated percentages of labor in technical and administrative branches from among the citizens of Burma.
 - (4) The Burma Corporation should erect a zinc smelter in Burma and process its copper matte locally, rather than export such products for more economical processing.
8. Officials on the GOB have stated that should a loan be obtained from the United States or the World Bank the lease would not be renewed under any conditions. Apparently, these officials believe that technicians to operate the mines are available outside of the labor pool currently under the control of the Burma Corporation.

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25X1A

- 3 -

9. The Burma Corporation hopes that conditions will become more favorable for operations following the outcome of the elections now scheduled to be held in May 1950. In the meantime, the company will seek to arrive at a working agreement with the government in power.

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~~SECRET~~ Comment. Approximately 40 percent of the Burma Corporation shares of stock are held by Americans.

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