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1. Director General Antolik, fru, of Metalimpex, Budapest, and his deputy Dr. Kallos, fru, were due to leave Paris for Brussels on 22 June 1951 on their tour of Western Europe. The two Hungarian envoys have already visited Austria, Switzerland and Italy, spending approximately a week in each. After Brussels they are going on to Sweden and then Western Germany.
2. In Paris the Hungarians volunteered the following information concerning the objects of their tour, and the results which they have attained to date.
3. Before leaving Budapest they were given a general directive, summarizing their tasks as follows:
 - a. the consolidation of established sources of supply of essential raw materials
 - b. the development of new sources of supply
 - c. the procurement of certain priority raw material requirements.
4. So far as the procurement of essential raw materials is concerned, Metalimpex obtains 50 percent of its requirements under trade agreements with the Eastern bloc. The remaining 50 percent it tries in the first place to obtain from the West. To the extent to which it fails in doing this (and this is very considerable) it is obliged to go back to the Eastern bloc. Laborious negotiations follow, as the Eastern suppliers are hard bargainers and make all manner of difficulties in all cases where inquiries are made of them over and above the 50 percent covered by the trade agreements.
5. To assist in the procurement of materials from the West, the Hungarians have adopted the practice of setting aside from their own industrial production small quantities of strategic materials, such as oil casings, which they use for bargaining purposes with potential Western suppliers, including USIA in Vienna, which, because of its independent status as compared with other Soviet-dominated agencies, is regarded as a Western supplier. This practice, which is in fact forbidden, is also followed by the Czechs.

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6. On their present tour Antolik and Kallos have been trying to obtain the following urgent requirements, listed in their order of priority*:
 - a. copper and all materials containing copper, particularly brass and bronze
 - b. lead
 - c. nickel, cadmium, cobalt and bismuth
 - d. specialized steel sheets, including:
 - (1) transformer and dynamo sheets. In this case the Hungarians are bound to look for their entire requirements in the West, as they do not obtain the 50 percent under their eastern trade agreements.
 - (2) chrome nickel sheets. This is a very special requirement, and special banking arrangements have been made to pay for the sheets should the Hungarians be able to procure them. From a remark made by Kallos, it seems that in this case the Hungarians may not be buying for themselves.
 - e. tin plate
 - f. all ferro-alloys (ferro-tungsten, ferro-molybdenum, ferro-chrome, etc.). The Hungarians are particularly interested in these, but here again they are not buying for themselves.
 - g. steel scrap.
7. The Hungarians are not in the market for either zinc or tin, and they have only a secondary interest in aluminum.
8. Antolik and Kallos summarized the results of their tour to date as follows:

Austria:	moderate
Switzerland:	moderate
Italy:	entirely negative
France:	negative, except for the one important deal mentioned in paragraph 11 below.
9. The following deals were concluded in Austria, or while the Hungarian envoys were in Vienna:
 - a. the purchase of an unspecified amount of bismuth, of English origin or being refined in England, from an unnamed Australian firm which has an agency in Vienna. The latter is in close touch with USIA, to which it recently supplied an unspecified quantity of tin.
 - b. the purchase of 300 tons of copper, which was part of a parcel of 500 tons allocated by the Americans to an unspecified West Austrian factory.
 - c. the purchase of 500 tons of lead from Spain, which safely reached Antwerp, where it was handed over to the Metalimpex forwarding agents, while Antolik and Kallos were in Vienna.
10. The following deal was concluded in Switzerland:

The purchase of a "considerable quantity" of Southern Rhodesian copper, following the successful bribing of some Jewish directors of the copper company. The first shipment of 500 tons has already left Africa for Antwerp and Rotterdam. The copper is probably being exported under a fictitious export license, describing it as "copper products".**

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11. Negotiations for the following deal were commenced in Geneva, Switzerland, and concluded in France:

The purchase of 3,240 tons of spot lead of Bolivia. The contract was made between Metalimport and, it is believed, a firm called Metallo, which is a subsidiary of the Banco Minero del Bolivia. The purchase price was \$550 per ton, and the vendors put up a performance bond of \$50,000. A letter of credit is being opened directly or indirectly by the Hungarian National Bank with the Banco Minero del Bolivia. The lead will be shipped to Antwerp, and deliveries are to be completed by November 1951.

12. In France the Hungarians bought 100 tons of Yugoslav meszice lead from Metalimport Trust of Zurich and Paris. The purchase price is \$624 per ton, and the lead will be delivered f.o.b. Hgyeshalom. The letter of credit, which is being opened with a Swiss bank, is payable only when the bank has received notification from the forwarding agents, Schenker & Co., that the instructions concerning delivery were carried out 72 hours previously. The reason for this condition is to give the Hungarians time to inspect the lead on the Hungarian frontier, after it has been forwarded by Schenker from Vienna, before payment.
13. To date all attempts by the Hungarian envoys to procure nickel, cadmium and cobalt have failed.

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* Comment: The requirements mentioned in sub-paragraphs d. (2) and f. were the most important items of a special list*** drawn up by Antolik and Kallós for submission by a Hungarian purchasing agent in Switzerland to the Swedish East-West trader Friedrich von Meissner of the European Trading Company, Stockholm. It has been suggested that a degree of cooperation between the Hungarians and Czechs in the procurement of these particular requirements is unusual in a field where normally they seem to compete. It is perhaps of significance that Antolik and Kallos have now revealed that the Hungarians are not trying to procure these particular requirements for themselves, but presumably for one of their Eastern allies.

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25X1A ** Comment: Antolik and Kallos signed contracts in Switzerland, in conjunction with the Czechs, for 6,000 tons of Chilean copper. This deal is presumably in addition to the one reported above. It is described more fully in .

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*** Comment: This list was previously mentioned in .

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