

RG 234, E201, Box 11

BOARD OF ECONOMIC WARFARE
WASHINGTON, D.C.

In reply refer to:
OI-3-1 JWE

Feb. 24, 1943

MEMORANDUM

TO: Morris Rosenthal, Assistant Director

FROM: Alan H. Bateman, Chief, Metals & Minerals Division

SUBJECT: Metals & Minerals Division Progress Report For January 1943

NOTE: The figures on contract deliveries and unfilled balances are as reported by the R.F.C. Our own records, however, indicate that the R.F.C. reports are incomplete and that the amounts shown as delivered represent only material assayed and accepted for payment by R.F.C. No regular reports of arrivals are made by the R.F.C. although these would antedate acceptance by respective accounting departments from two to six weeks. (We are working on establishing a more complete and up to date record.)

MAJOR BASE METALS SECTION

MRC Foreign Contracts Position as of January 28, 1943

		Deliveries in January	In Transit	Balance of Contracts
COPPER				
Refined	(LT)	36,200	-	179,427
Matte	(ST)	1,200	-	-
Ore	(ST)	10,607	-	209,243
LEAD				
Refined	(ST)	17,103	11,208	259,699
Bullion	(ST)	-	-	300
Ore	(ST)	15,010	11,513	140,459
ZINC				
Finished	(ST)	11,572	-	70,672
Concentrates	(ST)	42,873	19,820	484,738

COPPER - MRC reported an increase of 20% above the 1942 average in receipts of copper-bearing material. Stocks on docks increased slightly, but on the whole movement of copper was regular.

PLAINTIFF'S
EXHIBIT

JM-1204

Contract negotiations are under way for the Katanga production, calling for the delivery of 60,000 long tons between July 1944 and December 1946. A letter of intent was signed by the Union Miniere and MRC.

The Washington mine, Mexico, will start production about April 1, and 600 tons per year should be available from this source.

Contract negotiations were begun with the Santa Elena mine, Peru, for production of 1000 short tons per annum.

The Division is working with the State Department to determine a basis for the allocation of Chilean copper to the various South American countries.

MINOR BASE METALS SECTION

MRC Foreign Contracts Position as of January 20, 1943

		Deliveries in January	In Transit	Balance of Contracts
ANTIMONY				
	Regulus (ST)	-	-	20,604
	Ores (ST)	5,392	-	12,742
MERCURY	(Flasks)	4,375	-	10,434
TIN				
	Refined (LT)	900	1,150	45,490
	Ore (LT)	-	-	169,597
BAUXITE	(LT)	1,224	10,051	270,523

ANTIMONY - An agreement was reached and contracts will shortly be signed for the Mexican antimony produced at the Larajo plant of the Texas Mining and Smelting Company.

Negotiations continue with Mauricio Hochschild and the Banco Minero for extension of the Bolivian antimony contract.

BAUXITE - Negotiations were begun for the purchase of some 2,000 tons of bauxite available in North Africa.

MERCURY - Agreements for 1943 delivery were concluded with the Consolidated Mining & Smelting Company of Canada--for a minimum of 15,000 flasks, and with the Panamint Company of Peru--for 1,000 flasks. A number of short-term contracts were also signed with Mexican producers.

TIN - The contract for the production of the surplus cassiterite from the Belgian Congo is being negotiated. Continued efforts are being made to secure maximum production of those high-grade concentrates, and to make them available to the Texas City smelter.

Mexican operators submitted contracts involving about 600 tons of tin metal, but acceptance of these contracts was held up, pending agreement on the Labor Clause.

MAJOR FERRO ALLOYS SECTION

MRC Foreign Contracts Position as of January 28, 1943

		Deliveries in January	In Transit	Balance of Contracts
CHROME ORE	(LT)	32,431	101,000	836,202
IRON ORE	(LT)	-	-	2,250,000
MANGANESE	(LT)	33,000	32,607	499,817
NICKEL				
Matto	(LT)	696 per mo. for duration		
Content of Matto	(LT)		-	4,703

CHROME - It was decided to eliminate all imports of chemical-grade chrome. Shipping on metallurgical grade will probably be reduced from 500,000 to 300,000 tons for the year. If consumption of metallurgical grade chrome continues at the 1942 rate, a deficit of approximately 127,000 will have to be drawn from current stocks.

MANGANESE - The shipping allocation for manganese will probably be greatly curtailed. If the reduction from 1,350,000 to 600,000 tons goes through, we will have to draw on stocks at the rate of 400,000 tons per year and will have to expand our foreign storage facilities.

MINOR FERRO ALLOYS SECTION

MRC Foreign Contracts Position as of January 28, 1943

		Deliveries in January	In Transit	Balance of Contracts
COBALT	(LT)	69	-	4,963
M. LYBENUM (Chilo)	(MT)	-	258	54
TUNGSTEN ORE	(ST)	770	1,938	52,578
VANADIUM				
Concentrates (Lbs.)		720,000	-	(Contract for production,
Lead Vanadate Ores "		699,900		4,100,000

COBALT - During the month 1,314 tons of cobalt ore were lifted from North African ports for U. S. account. A balance of about 2,500 tons remains at ports and mines and will be shipped soon.

POLYBENNE - Our position is still critical. Stocks decreased steadily during 1942--from 28,613,000 to 21,578,000 lbs. Field examinations completed during the month failed to show any possible new sources. The Pampa Mine in Coahuila, Mexico, may come into production in February and may yield an additional 100,000 lbs. a year.

TUNGSTEN - An agreement was reached with Hochschild and a contract was presented, calling for an increase to \$1,000,000 in the advance for the Bolsa Negra Mine. The amended contract calls for a guaranteed production of 25,000 units from July 1, 1944 to July 1, 1945, and 60,000 units each year thereafter until a total of 265,000 units has been reached.

Contract discussions were held with the Patino interests, calling for increased production at the Kami mine. Agreement was reached on all points, but one--the Patinos have so far declined to accept the Labor Clause.

VANADIUM - As a direct result of BEP's efforts, a large increase in production is anticipated at the Abonab mine, Southwest Africa. Reports were received from Leo Durham and A. G. Barrett which show that up to 400,000 lbs. should be available from this source during 1943, as against 135,000 in 1942.

MINOR & RARE METALS SECTION

IFC Foreign Contracts Position as of January 20, 1943

		Deliveries in January	In Transit	Balance of Contracts
ARSENIC				
Refined	(ST)	1,005	-	2,791
BISMUTH	(Lbs.)	-	-	225,840
TANTALITE	(Lbs.)	-	-	202,974

ARSENIC - Because of the opening up of the Gold Hill, Utah, deposits we have ruled against the Hard Rock project in Canada. This is a high-cost production project and would have required a large amount of equipment from the U. S.

The Bontio Gold Mines are continuing their experiments before signing the contract for approximately 2,000 tons of arsenic. It is expected that this production can be assured and that the contract will be signed during February.

BISMUTH - Our efforts to stimulate production at Cerro de Pasco will show an increase for January of about 50,000 lbs. (Monthly average for 1942 was 70,000 lbs.) A curtailment of British requirements is expected, which should bring our allocation from this source during 1943 to 600,000 lbs.

A new price schedule was authorized for Bolivia in an effort to stimulate production. However, it was found that because of impurities in the ore a more favorable seller schedule will have to be arranged.

A contract was concluded for a small tonnage of concentrates in Mexico. Our mission is investigating the deposits.

EPB succeeded in getting the Army to reduce its requirements estimate for bismuth salts by over 1,000,000 lbs., and issued an industry allocation order during the month. However, despite strict curtailments, allocations are still far in excess of current production.

TANTALITE - Arrangements for securing Australian production under reverse lend-lease were concluded.

The first shipment from Nigeria, 1,138 lbs., tested better than 65% Ta2O5. Production from this source for the year is estimated at 15 to 20 tons. The Nigerian Production Board is arranging to supervise operations and will install a central treatment plant in order to insure maximum deliveries to the U. S. Some equipment will be provided.

The Uganda Geological Survey, in charge of all tantalite projects there, has guaranteed the grade of ore to be shipped to the U. S. Production for the year will be around 15 to 20 tons and the grade of ore will probably run 45% to 50%.

NON-METALLIC MINERALS SECTION

MRC Foreign Contracts Position as of January 28, 1943

		Deliveries in January	In Transit	Balance of Contracts
BERYL (OPF)	(MT)	601	472	2,702
COTUNDUL	(LT)	-	723	9,804
CRYOLITE (GEM)	(MT)	2,911	8,490	20,161
FLUORSPAR	(ST)			
Metallurgical Grade		-	-	40,000
Acid Grade		-	-	10,000
GRAPHITE	(MT)	175	525	10,618

	Deliveries in January	In Transit	Balance of Contracts
INDUSTRIAL DIAMONDS (Carats)			
Brasil	10,993	20,681	-
Congo (Crushing Bort)	600,000	-	900,000
Congo (Diamond Materials)	-	-	-
MICA			
Block (Lbs.)	333,544	428,846	867,783
Splittings (Lbs.)	911,806	1,151,371	5,923,588
QUARTZ CRYSTAL (Lbs.)	82,364	-	99,064

ASBESTOS - The contracts for Rhodesian chrysotile and blue asbestos were delivered to MRC for ratification.

Failure to obtain equipment priorities made it necessary to abandon a Venezuelan project which would have yielded 300 to 500 tons per year.

BERYL - The 1943 production estimate of 3,500 tons of beryl from north-east Brazil and a possible additional 500 tons from newly opened deposits in Minas Gerais was reaffirmed.

Shipping improved greatly, bringing MRC stockpile at the end of the month to 700 tons, as against 200 tons at the beginning of the month.

A new source of beryl was reported in Mozambique, which may yield 200 tons per year. A small supply was ready for immediate shipment and we expect to establish a reasonable price--\$6.75 per short ton unit, f.o.b. Lorenzo Marques.

We received word from Argentina of substantial accumulations of low-grade beryl, representing discard from standard-grade ore selection. No estimate can as yet be made of possible production, but a 300 lb. sample is on the way and will be given froth-flotation test.

CRYOLITE - The contract with Pennsylvania Salt Mfg. Co. calling for 55,000 tons of cryolite ore from Greenland was extended from Feb. 1, 1943, to Dec. 31, 1943. To date about 35,000 tons have been purchased against this contract, leaving a balance of 20,000 to be acquired in 1943.

CORUNDUM - Due largely to sinkings, arrivals of corundum averaged only 352 long tons per month during 1942, or from 30% to 40% below requirements.

We arranged for the purchase of 180 tons of crystal corundum from Rhodesia, with deliveries to average about 20 tons per month.

A 60 lb. sample of corundum ore was shipped by air from Madagascar, and a BEW mission, which will leave shortly, will investigate all sources there.

Arrangements were made for the testing of samples from Karachi, India, and from Canada. No information is as yet available on the Karachi source, but the Canadian sample is from mill tailings which are estimated to yield about 3,000 tons.

FLUORSPAR - We received an offer of high-grade metallurgical fluor spar from South Africa and a contract was prepared, calling for 6,000 to 12,000 long tons--deliveries to be completed before Feb. 29, 1944. We succeeded in getting a shipping allocation of 10,000 long tons for this material, with a rating of A-4. In order to allow for this additional shipping, the allocation for Newfoundland metallurgical grade was changed from 20,000 to 15,000, with an improved rating, however, of A-4 as against B-3. The shipping allocation for Newfoundland acid grade was also revised--from 15,000 to 5,000 long tons and from B-3 to B-1.

Information was received that about 5,000 tons was being shipped from Spain in a Spanish vessel.

GRAPHITE - It was decided during the month that the entire stock from Madagascar (about 12,000 tons) be shipped to the U. S. Since United Kingdom requirements will be reshipped from here, shipping quotas will have to be revised, as quotas established last November provided for U. S. requirements only.

INDUSTRIAL DIAMONDS - Further steps were taken in setting up a purchasing mission for Venezuela.

An additional 600,000 carats of crushing borts were received from London during the month, bringing deliveries to 3,600,000 against our contract for 4,500,000.

Our purchases in Brasil during the month amounted to 3,144 carats.

KYANITE - Stocks on hand at the beginning of the month totaled 9,443 short tons--approximately a fifteen month supply at the present rate of allocation. Increases in industrial consumption, however, are expected to bring allocations during the latter part of the year to an annual rate of 9,000 short tons.

We expect to obtain 15,000 tons from India during 1943, which will easily meet our maximum requirements of 8,000 tons for stockpile and supplies for industry during the year. A contract for 5,000 tons was signed between MRC and Charles Taylor & Sons Co.

MICA - Latest CRIB estimates of U. S. requirements are put at 5,800,130 lbs., but the total may be revised downward. United Kingdom requirements for the first quarter of 1943 are put at 435,000 lbs., or about 1,740,000 lbs. for the year.

Figures received during the month showed December shipments from Brazil of 201,652 lbs., shipments for the last quarter of 1942 were 502,445 lbs. Production for the first quarter of 1943 is estimated at 550,000 lbs., but may be higher if development work is not seriously hampered by the rainy season. The first arrival of additional mining equipment was reported.

A contract for Peruvian mica was submitted to Grace & Co. This provides for a \$50,000 development fund, to be used for advances to mine operators against mica deliveries and to enable them to proceed promptly with exploitation. Mr. O'Neill returned to Peru to expedite the opening of the Quilca field.

A development fund of \$50,000 was also set up for general minerals stimulation in Guatemala. Of this amount, \$10,000 is allocated for mica development work.

Q. J. K. - We succeeded in running down a report of quartz possibilities in Australia which may prove an important new source. Conferences with the New York representative of an Australian radio manufacturing company disclosed that they had reopened some old molybdenum-bismuth workings from which they expect a production of 1,000 lbs. of high-grade crystals per month, with an additional 2,000 lbs. of usable radio-grade to be recovered from old discards. BEW representatives investigated on the spot and reported that production of radio-grade crystals could be expanded to 10 to 15 tons a month through a maximum expenditure of \$250,000. Indications are that the Australian Government would welcome U. S. aid on the project, but the question of jurisdiction must be determined first. The matter was referred to the British Embassy here.

A BEW engineer left for Guatemala with a full set of quartz inspection equipment, and it is expected that with better method of selection we may secure some radio-grade quartz from several sources there.

Progress is being made on the Brazilian, despite difficulties in obtaining equipment and shipping priorities. Priorities were secured for equipment totaling \$1,000,000 and deliveries are coming to docks at an accelerated rate. The inspection laboratory is beginning to function with reasonable efficiency and should soon improve the general quality of shipments.

SPODUMENE - MRC agreed to the necessity of purchasing foreign lithium or s. As a result, all available foreign sources will be tapped.

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About 110 tons of spodumene were purchased from Argentina and 100 tons of amblygonite will be shipped from Brazil. Contract negotiations are under way for spodumene from an Australian source, with a monthly production of about 90 tons.

Because of the critical status of lithium minerals, MRC was directed to purchase amblygonite and to accept lower grade spodumene--5% Li_2O content. The original directive included only spodumene, and specified lithium content of 6%.

STROTTUM - Shipments from Mexico increased somewhat during the month and stocks at the moment are ample.

No additional shipments of celestite have been received from Spain, beyond the 1,338 tons last reported, although 600 tons were reported at the dock in Montreal.

TALC - Efforts to develop new sources of lava-grade talc have been unsuccessful and we are still dependant on India for 35 tons per month (their maximum anticipated production). This amount however, does not permit accumulation of a stockpile. Mr. J. H. Morris, BEM engineer, is expected to leave shortly for India and China and will offer technical assistance to Indian producers, in an effort to stimulate production.

SCRAP METALS SECTION

During the month we purchased 170 net tons of non-ferrous scrap metals from Aruba and Cuba.

We issued directives for the purchase of 35,000 gross tons of scrap iron and steel from the following countries: Guatemala, British Honduras, El Salvador, Australia, Haiti, Dominican Republic, British Guiana, Dutch Guiana, French Guiana, and the Union of South Africa. In addition, we also made spot purchases of scrap iron and steel amounting to 7,000 tons.

Effective January 31, the WFB withdrew our scrap directive. Further scrap purchases were therefore suspended as of that date, pending an adjustment of the situation.

IMPORTS AND EXPORT LICENSES SECTION

During the month of January, 562 Export Licenses were obtained for 59 mines in various South American countries and Mexico.

Four men received their final training as administrative officers of Mining Control Districts and two of them left for South America during the month with Mr. Patenaux, who will supervise the organization of those districts. The WFB's Mining Branch granted first-quarter quotas of equipment and supplies totaling \$146,350 for the districts of Peru, Bolivia, Chile and Brazil.