

S-E-C-R-E-T

10/9
9 December 1954
George Mabry

DCN WORK SHEET

1. Subject:

Further Dissemination of Information on Technical Progress
Cobalt Diversion

2. Reference:

DCN Case 243; Buenos Aires D-225, 13 Sept. 54; Bonn D-554,
10 September 1954.

3. Summary:

In April 1954 Heinrich Hahn obtained an Argentine license for the import of 40,000 kilos of pure metallic cobalt. The Argentine importer named in the license denies any knowledge of either the license or of any transaction behind it. Hahn obtained the license for George de Puoz, manager of Technical Progress, Zurich, a firm which diverted at least fifty tons of cobalt from the Uginé refinery at Grenoble early in 1954.

A recent review of the file on this case shows that the German Ministry of Economics has been notified that the fraudulent Argentine license is outstanding and may be used to obtain a German export license. The Ministry has agreed not to issue an export license against this Argentine import license.

The field apparently assumes that Technical Progress will attempt to use the Argentine import license only in West Germany. However, there is nothing in the terms of the license itself which would restrict its use to an import from West Germany. We assume that Technical Progress might present the same Argentine license to the export authorities of France, Italy, Belgium, or the United Kingdom as well as to the authorities of West Germany. HICOG believes it likely that Technical Progress will try to obtain the cobalt from Duisburger Kupferhuetten as it has in the past.

Nowhere in our file of the case do we have an explicit statement that notice of the facts in this case has been given to the export control authorities of any European Government other than Germany. In view of the pronounced success which Technical Progress had in 1954 in obtaining cobalt from a French refinery (Uginé, Grenoble), E/SI suggests that the following steps be taken.

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State Dept. declassification & release instructions on file

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4. E/ST Suggestion:

- a. Repeat the information in Bonn D-554, 10 September 1954, Bonn D-351, 12 August 1954, and in Buenos Aires D-225, 13 September 1954, to Paris/Emissary, Brussels, London, and Rome.
- b. Request these additional addressees to determine whether the fraudulent Argentine import license has already been used to obtain the export of cobalt from the respective countries.
- c. If the import license has not already been used for this purpose request the additional addressees to place the appropriate government officials on notice that the fraudulent license may be presented as the basis for an export license and ask that reasonable precautions be taken against honoring the fraudulent license if, as, and when it may be presented.
- d. Have Paris suggest that French export control officials explicitly notify the Uginé sales force to report promptly any efforts to send cobalt to Argentina.

5. DCN Action:

22 Dec - Costas
Mass has sent out a CA-# 3980 17 Dec 54

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