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TO : Department of State

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FROM : Oslo 287, August 21, 1950

REF : PARIS TELEGRAM 238 TO DEPARTMENT, July 13, REPEATED TO OSLO AS 2

SUBJECT : MOLYBDENUM AND FERROMANGANESE

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The Norwegian delegate to the Consultative Group has been instructed by the Foreign Office to support the inclusion of molybdenum on International List I, on the condition that this action be reviewed at the end of the year.

Mr. Kristen Faye KLAVENESS of the Foreign Office has informed an Embassy officer that the reservation with respect to subsequent review is likely to have no practical significance. Uncertainty continues to prevail on the part of the Swedish owners of Norway's sole molybdenum mine as to whether or not full-scale operations will be resumed in September when current drilling operations are scheduled to be completed. Moreover, the Foreign Office is dubious as to the likelihood of Russia requesting molybdenum from Norway at some future date in view of the Russian failure last January firmly to press for deliveries of this ore. Finally, the Russian Trade Commissioner at Oslo, PETROV, has recently rejected, in conversations with Mr. Klaveness, the likelihood of any formal trade agreement between Norway and Russia being reached in the foreseeable future.

Despite the absence of a trade agreement, trade between Norway and Russia is continuing on the basis of individual commodity and sales negotiations. The most recent of these involved the offer this week by Russia of ferromanganese ore (20,000 tons) sufficient to meet the requirements of Norway's two processors for the remainder of this year, plus 30,000 tons for 1951. One of these processors is Electric Furnace Products Co. Ltd. of Sauda, 95 percent of whose stock is owned by Union Carbide and Carbon. Mr. Petrov, in commenting on this offer which has been accepted by Norway, termed it a gesture of "good will". Mr. Petrov remarked to Mr. Klaveness that Russia was aware of the strategic importance of ferromanganese, for which reason it had curtailed shipments to the United States. He added that he was aware that Sauda was American controlled and expressed the hope that Norway would

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show the same "benevolence" in ignoring strategic considerations in sales of commodities to Russia.

Payment for the ferromanganese purchases will be made by Norway by crediting Russia in kroner in the special Norwegian-Russian clearing account. Although this account is subject to payment claims by the creditor for settlement in gold or dollars, the Foreign Office now regards the acquisition of this strategic item against a contingent dollar claim as a very favorable trade. Earlier in the year (see Oslo 521, April 3, 1950) Norway was forced to authorize imports of manganese ore from Chile against dollar payment.



Harry Conover  
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