

September 23, 1952

Letter, John W. Staggers to Syngman Rhee

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Summary:

J. W. Staggers reports that they opened negotiations with the Grafe-Callahan Construction Company for increased output of tungsten.

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September 23, 1952

The Honorable, Dr. Syngman Rhee
President, Republic of Korea
Pusan, Korea

Dear Dr. Rhee:

Prior to October 28, 1950, we opened negotiations with the Grafe-Callahan Construction Co. for its development and increased out-put of tungsten.

The Company sent their representative, Mr. William H. Ball to Korea to make a survey. Mr. Ball made a favorable report to his Company and negotiations have been underway since that time and have continued to the present date. We can understand, due to the confusion in Korea, that things move slowly.

I am convinced that the Defense Materials Procurement Agency has had a lot to do with the delay in getting this project underway.

The Grafe-Callahan Construction Co. has had a bid in on the tungsten proposition which has been on file in Korea for more than a year. On inquiry, I find that Ambassador Yang did not have a copy in his office of the offer made more than a year ago. Mr. Ball furnished the Ambassador with a duplicate copy on September 19th. The former Ambassador, John Chang, is thoroughly familiar with all of the negotiations which had taken place up to the time he left Washington.

We have been advised that a contract between the U. S. Government and Korea has been executed, and that since the execution of the contract, there have been other mining and contracting Companies who have made surveys in Korea on the same project.

The latest information here is, that an Engineer by the name of Eichelberger had his expenses paid to Korea by the Korean Government to make a survey and that he has returned to this country.

Due to the long delay in getting this project started, the Korean Government has lost a large sum of money. The Grafe-Callahan Construction Co. has had Mr. Ball to make several trips to Washington in an effort to close the deal by entering into a contract satisfactory to all parties concerned. The Company submitted a statement as to how much they could increase the out-put of tungsten in Korea which was four hundred and fifty tons (450 tons) to five hundred tons (500 tons) per month.



Dr. Syngman Rhee

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I have been working on this matter for more than eighteen months and as I advised you in the beginning, unless the Grafe-Callahan Construction Co. can meet the competitive bids, they do not want the contract. But they went further in their offer to the Korean Government. They wrote you a letter to the effect that they would re-invest in Korea any profits made on the contract, if this would be satisfactory to Korea.

I would appreciate it if you would instruct whoever may be handling this matter to give us some information at the earliest possible date.

Sincerely yours,

J. W. STAGGERS

JWS:dgo

LETTER NUMBER 67

VIA DIPLOMATIC POUCH