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DIVISION OF COMMUNICATIONS AND RECORDS TELEGRAPH BRANCH

DEPARTMENT OF STATE INCOMING TELEGRAM

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Control 7359

Rec'd Feb. 19, 1949
7:52 a.m.

INTERNATIONAL RESOURCES DIVISION
FEB 21 1949
DEPARTMENT OF STATE

INTERNATIONAL POLICE

FROM: Tokyo
TO: Secretary of State
NO: C-67966, February 19 (Army Message)

TO STATE DEPARTMENT (AGRICULTURE). INFO CSCAD BMP.

REURAD February 112320 Z (5111). Subject is linseed oil and flaxseed.

1. Reference is made to following exchange of radios reference subject commodities:

A. C-66189 from SCAP to DA dated 11 December 1948, "For CSCAD BMP. Subject is linseed oil. REOURAD C 64986 and URAD WAR-80250. Five thousand tons Uruguay linseed oil at in line price is offered to SCAP in exchange for Japanese exports of cotton, rayon and other products. Accepting this barter proposal will permit SCAP to use EROA funds for other raw material which cannot be financed by Japanese exports. Therefore, request IEFC allocation 5,000 tons ex-Uruguay. Also request present quotation US price. If this barter goes through will not require Army procurement linseed oil".

B. W-81293 from DA (CSCAD BMP) to SCAP dated 17 Dec., 1948, "REURAD October C-64986, December C-66189 and URAD November W-80250. Linseed oil is subject.

DA has no objection to your effecting barter transaction with Uruguay for linseed oil. DA cannot reimburse SCAP with appropriated funds. Linseed oil no longer under IEFC allocation. Therefore, no allocation required.

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-2-, C-67956, February 19, from Tokyo

required. Current market price US \$0.278 per pound."

2. Negotiations have resulted in offer of \$480 per metric ton which is materially below US price of \$612.87 as quoted in URAD W-81293 that failure to take advantage of Uruguayan offer cannot be justified. Radio W-81293 considered authority to procure from Uruguay on an exchange basis though EROA coordination would not be approved.

3. Immediate comments requested.

MESSAGE UNSIGNED

RB:RT

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