

OFFICIAL USE ONLY

(Classification)

Page 5 of 5

Encl. No. 3

Disp. No. 201

From Ambassy, Accra

Company. Also that by the first week in October he would advise the Prime Minister the definite date when the decisions of the separate companies would be made - tentatively November 30 - early December.

Further that at that time the aluminum consortium would be in a position to agree to a long term power contract with Ghana provided rates and other conditions were acceptable.

Following these discussions the Prime Minister issued a short statement (attached).

PRIORITY

(Secu Classification)

FOREIGN SERVICE DESPATCH

845j.2614/6-1259

Document must be returned to the RM/R Central Files

FROM :

Embassy, ACCRA

753
DESP. NO.

TO :

THE DEPARTMENT OF STATE, WASHINGTON.

June 12, 1959
DATE

102

REF :

CERP, Section D, Item VIII-A

	ACTION	DEPT.
9 For Dept.	AF-5	RM/R-2 Ref-1 IRC-8 IO-4 E-7 ICA-11
Use Only	REC'D	F OTHER
	6-16-59	Com-10 IN-7 AG-8 CIA-10 HEW-5

SUBJECT: Water Supply System for Ghana's New Port City at Tema Being Improved

Ghana's new industrial and port city which is being laid out at the site of the deepwater harbor under construction at Tema will be furnished with the most complete and modern utility systems available to any city in the country. These facilities will include a water-borne sewage system (Embassy's D-531, March 4, 1959) evacuating into the sea via a mile-long submarine pipe, a steam generator electricity plant (the first in the country -- see Embassy's D-123, August 28, 1959) and an independent water supply system which is already in operation but undergoing further strengthening and perfection.

Until recently Tema's water supply was provided by a pipe line connecting with the Accra system but beginning last February an independent system drawing on the Volta river was placed in operation. Water is pumped a distance of 3-4 miles from the Volta to a balancing tank located near Kpong, purified at the Kpong waterworks situated 36 miles to the north of Tema, and pumped direct into the city mains. The balancing tank and the purifying works were completed several years ago but the pipe line from Kpong to Tema was laid only recently. This system is now to be strengthened by the construction of a 2-million gallon service reservoir at a point located a few miles outside the city. The new reservoir is being constructed by the Ghana Public Works Department. Tema's present rate of water consumption is 1/2 million gallons daily but the city's needs are bound to grow at a steady pace with the planned extension of government-sponsored home construction and the settlement of new industries in the area. The resources available to the Tema water system are virtually unlimited, but the supply of treated water is restricted by the intake and processing capacity of the Kpong water works which is now in the neighborhood of 2 1/2-3 million gallons daily. Nonetheless, these facilities should suffice for the needs of Tema and the intervening area between Kpong and Tema for the next several years without necessitating a further increase in the capacity of purifying plants or storage reservoirs.

Present urban water supply planning calls for the eventual severance of the Tema and Accra systems by the removal of the connecting pipeline which prior to last February was used to supply Tema from Accra. For the present, however, the line will be preserved as a stand-by, but for the opposite purpose of transporting water from Tema's more reliable supply into Accra. This was necessary during the drought in February and March of 1959 when Accra's water resources from the Volta river were dangerously reduced. In the meantime consideration is being given to

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6-22-59
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(Classification)

Page 31
Encl. No. X
Disp. No. 753
From Amembassy, Accra

26.14.58.1858.11. K. B. R. K. B. R. K. B. R.
Ref. IRC 15 EICA

the strengthening of the Accra system by the construction of an additional reservoir (Embassy's D-565, March 18, 1959). With the implementation of this plan it is deemed that there will be no further need for an interconnection of the two systems.

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For the Ambassador:

Howard W. Potter
Second Secretary of Embassy

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DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT
June 18, 1959

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AF - Mr. McKinnon

S/S 4500

Kaiser Representative Visit to Ghana

Attached is a letter to Mr. Dillon from Mr. Chad Calhoun, Vice President of Kaiser Industries Corporation, concerning his trip to Ghana, June 21.

If AF recommends a reply, it should be for signature in the Bureau with copies to E.

TAC

T. A. Cassilly
S/S-RO
Ext. 5261

cc: E - Mr. Ewing

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JUN 19 1959
BUREAU OF
AFRICAN AFFAIRS

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KAISER INDUSTRIES CORPORATION



WASHINGTON, D. C. OFFICE
1625 Eye St., N.W. Suite 901
WASHINGTON 6, D. C.
Telephone Sterling 3-1555

June 18, 1959

Dear Mr. Dillon:

In response to a cable from Prime Minister Nkrumah to Mr. Edgar Kaiser requesting I come to Ghana, I am leaving New York Sunday, June 21, via Pan American Airlines.

I have cabled Ambassador Flake.

Kindest regards.

Sincerely,

Chad F. Calhoun

The Honorable
C. Douglas Dillon
Under Secretary of State
Department of State, Room 2129
Washington 25, D. C.

CFC:drs

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Memorandum of Conversation

DATE: June 18, 1959

SUBJECT: Volta River Project

PARTICIPANTS: Major S. K. Anthony, Counselor, Embassy of Ghana
Mr. R. M. Akwei, Second Secretary, Embassy of Ghana
Mr. James K. Penfield, Acting Assistant Secretary, AF
Mr. C. Vaughan Ferguson, Jr., Director, AFS
Mr. David Longanecker, AFS

COPIES TO:

AF - 2 (2cc)
AF/PRO - Mr. Reeves - 1
AFS - 5 (1cc)
U/MS -
E - Mr. Mann
S/S - 2

BNA - Mr. Hayes
ED - Mr. Kenney
IRC - 8
American Embassy, Accra
American Embassy, London

JUN 25 1959

26

Major Anthony opened the meeting by stating that the Embassy had been instructed to (1) communicate to the Department his Government's acceptance of IBRD's offer to help examine Ghana's economy and development plans and (2) request the Department to inform the Bank to this effect, stressing the desirability of the survey being completed no later than September. (The Department understands that the IBRD offer was presented to the Government of Ghana on the basis that Ghana's development plans, including the Volta River Project, are very large in relation to the country's resources and should be re-examined in the light of an up-to-date appraisal of the economy in order to determine investment priorities.) Major Anthony emphasized that it is politically very important that the survey be completed in September.

Mr. Penfield responded that we would be very glad to inform the Bank of the Government of Ghana's acceptance of its proposal and to do everything we can to have the Bank meet the September time schedule.

In response to a question, Major Anthony said that the Embassy was instructed to work through the State Department, rather than directly with the Bank, with respect to the latter's proposal, and accordingly has not communicated with the Bank on the subject. The Prime Minister also instructed the Embassy to emphasize again the political importance of the Volta River Project.

Mr. Penfield asked whether the British have been approached recently concerning participation in financing the project. Major Anthony interpreted the inquiry as being directed to possible participation by the British aluminum

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industry. It was pointed out that British Aluminium Ltd. is now owned by Reynold's Metals, and while the latter is interested, its participation would be an American rather than British investment. Mr. Ferguson mentioned that the British Government some time ago indicated informally the possibility of a modest loan for the public sector of the Project, but also indicated that they would not take the initiative.

Major Anthony then asked Mr. Ferguson whether any further consideration had been given to his suggestion at their last meeting that a committee to push the Volta River Project be formed of representatives of his Embassy and the various U.S. and other interested agencies. Mr. Ferguson expressed reservations with respect to both the propriety and the advantage of a formal committee for the proposed purpose. The committee mechanism is often unwieldy and inefficient in practice, especially on projects such as Volta which involve a complexity of problems and considerations as well as a number of government agencies, an international bank and private industry. It was suggested that at least for the time being, it would seem better to continue the usual procedure of meeting informally from time to time to discuss the status of the Project, any problems, and the possibilities of pushing it ahead. Major Anthony was assured that the Department will be glad to continue to cooperate along this line whenever the Embassy calls upon us.

Mr. Penfield mentioned Mr. Calhoun's pending trip to Accra and asked whether Major Anthony was in a position to comment on the purpose. The latter replied that the purpose is to discuss the status of Kaiser's industry-organizing efforts as well as the question of power rates to be charged the aluminum and other prospective consumers. ~~Mr. Penfield stated that he would discuss the matter with Mr. Calhoun and report back to Major Anthony.~~

The meeting closed with an expression of appreciation by Major Anthony for the cooperation of the Department and the opportunity to consult Department officials on the Project from time to time.

SS#5150

RM/R
FILE

JUL 9 1959

845J. 2614/5-9

Dear Gene:

I have reviewed Mr. Cope's memorandum to you of June 5 regarding the Volta River project with great interest. I appreciate your thoughtfulness in making a copy available.

I am in substantial agreement with Mr. Cope's analysis of the project and the need for the Bank to undertake a study of Ghana's economy and development plans in relation to the feasibility of the Volta project.

Subsequent to the receipt of the memorandum, the Bureau of African Affairs had discussions with Mr. Anthony, Charge d'Affaires, Ghana Embassy, who agreed to the necessity for a survey by the Bank. During these discussions he urged that, if possible, the survey be completed by September 1959. From the point of view of the U.S. Government, it would be useful if the proposed survey be undertaken and completed as soon as possible. We have agreed to assist the Government of Ghana in exploring with the Bank and the aluminum companies the possibilities for financing, and have suggested that the Bank might be helpful in determining an appropriate power rate. U.S. financial participation could of course be decided upon only when the various factors have become clearer.

The Volta project is obviously of considerable economic and political significance. I therefore hope that the necessary further studies as to its economic and financial feasibility can be completed as soon as possible.

With best wishes,

Sincerely,

/s/ DOUGLAS DILLON

Under Secretary

The Honorable
Eugene R. Black, President,
International Bank for
Reconstruction and Development.

S/S - RO

JUL 9 1959

A true copy of signed original

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845J. 2614/7-959

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845J. 2614/7-959

67

SS#5150

Dear Mr. Black:

I have reviewed Mr. Cope's memorandum to you of June 5 regarding the Volta River project with great interest. I appreciate your thoughtfulness in making a copy available.

I am in substantial agreement with Mr. Cope's analysis of the project and the need for the Bank to undertake a study of Ghana's economy and development plans in relation to the feasibility of the Volta project.

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The Volta project is obviously of considerable economic and political significance. I therefore hope that the necessary further studies as to its economic and financial feasibility can be completed as soon as possible.

Sincerely yours,

Douglas Dillon

The Honorable
Eugene R. Black, President,
International Bank for
Reconstruction and Development.

AF:GDolgin:dah 6/26/59
Retyped S/S-RO 7/8/59

Clearance: E - Mr. Beale

5150

TO : The Honorable
Eugene R. Black, President,
International Bank for
Reconstruction and Development.

SUBJECT: Ghana Volta River Project

The Department has reviewed Mr. Cope's memorandum to you of June 5 on the above subject with great interest. I appreciate your thoughtfulness in making a copy available.

We are in substantial agreement with Mr. Cope's analysis of the project and the need for the Bank to undertake a study of Ghana's economy and development plans in relation to the feasibility of the Volta project.

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The Volta project is obviously of considerable economic and political significance. It is therefore our hope that the necessary further studies as to its economic and financial feasibility can be completed as soon as possible.

Douglas Dillon

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AF:GDolgin:dah 6/26/59

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DEPARTMENT OF STATE

845J.2614/7-959

107

(39)

Memorandum of Conversation

DATE: July 9, 1959

SUBJECT: Volta River Project

PARTICIPANTS: Mr. Chad Calhoun, Vice President, Kaiser Industries Corp
Mr. C. Vaughan Ferguson, Jr., Director, AFS
Mr. George Dolgin, Politico-Economic Adviser, AF
Mr. L. Milner Dunn, Deputy Director, AFS

COPIES TO: AF - 1 (1cc)
AF - Mr. Dolgin
AFS - 5 (2cc)
AF/PRO - Mr. Reeves
IRC - 8
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JUL 14 1959

Document not to be released to the public

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Mr. Calhoun called to report on his June trip to Ghana during which he had discussed the Volta River Project with Prime Minister Nkrumah, Finance Minister Gbedemah, Economic Minister Botsio, and Mr. Jackson of the Development Commission. He said he had informed the Ghanaians that any prospective financing, whether private, IBRD, DLF, or a combination of the various sources, would be dependent upon a businesslike proposal from the Government of Ghana. He said he had stressed the need for an economic presentation, based on the Kaiser survey, of the electrical and aluminum output of the project especially to demonstrate that earnings over time would be sufficient to service any proposed borrowings. Although Kaiser Industries might easily undertake the preparation of such a presentation, because of the company's potential interest in constructing the project and in operating the aluminum plant and in marketing its production, he had recommended that some other concern be hired by the Government of Ghana to prepare such a study. Arrangements have been made by Ghana to obtain the services of Cooper Brothers (a London accounting firm favorably known to the Government of Ghana) for such a study which, in addition to covering the project, probably will include a general survey of Ghana's current and anticipated financial position. A meeting will be held in London the week of July 15 to discuss the matter with Cooper Brothers and will be attended by Mr. Calhoun. RECORDS BRANCH

Mr. Calhoun, in commenting on the arrangement whereby Mr. George Wood of the First Boston Corporation would act as an adviser to the Government of Ghana in reviewing Cooper Brothers' work and generally in preparing any application for financing the Volta Project, said Mr. Wood and First Boston had been long-time

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financial advisers to Kaiser dating from the days when others had turned down Kaiser's appeals for financial aid.

Mr. Calhoun stated that, following his conversation with Under Secretary Dillon (June 8, 1959), he had called informally at the Department of Justice, together with others including, he believed, Mr. Metzger of L/E, to discuss the anti-trust aspects of any joint company arrangements that might be made with Aluminium, Ltd., ALCOA, ALCAN, and Olin Mathieson. According to Mr. Calhoun, the Justice Department was concerned mainly about marketing arrangements and particularly as to any possible collusion on prices. He said that, as long as each company followed its own separate pricing policies, there probably would be no anti-trust problems. The Justice Department had asked to be kept fully informed of future developments.



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PRIORITY

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(Security Classification)

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FOREIGN SERVICE DESPATCH

845J.2614/7-2459

FROM : Amembassy, ACCRA

65
DESP. NO.

108

TO : THE DEPARTMENT OF STATE, WASHINGTON.

July 24, 1959
DATE

REF : Embassy's D-596, April 2, 1959, and previous

845J.2614/4-259 com Ref IRC ICA AF E Army CIA

9 For Dept. Use Only	ACTION	DEPT.	I N F O	OTHER
	REC'D			
	7-28-59			ARMY-5 CIA-10 IN-7 FPC-1 AIR-3 XMB-4

SUBJECT: Government Has Decided to Build Diesel Rather Than Steam Power Plant at Tema

The Minister of Works and Housing informed the National Assembly on July 22 that the proposed new £G 3 million electric power installation at Tema will consist of 10 three-megawatt diesel generators instead of the steam power plant originally contemplated. The change is designed to facilitate the transfer of the plant to other parts of Ghana when Tema is incorporated in the hydro-electric power grid which is expected to result from the Volta River Project.

As anticipated in the Embassy's D-596 under reference, the total capacity of the project has been reduced from 45,000 kw to 30,000 kw in anticipation of the eventual availability of Volta power. This reduction will not, however, make possible any substantial saving in initial cost.

The project is expected to be put up for international tender "soon" on the basis of the revised specifications.

An extract of the Minister's remarks to the National Assembly is enclosed.

For the Ambassador:

John Q. Blodgett
John Q. Blodgett
Second Secretary of Embassy

[Signature]
Enclosure:

Extract from National Assembly Remarks.

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REPORTER

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(Classification)

Minister of Works and Housing (Mr. E. K. BENSAH): I think I should state at this juncture that the question of electricity supply in Ghana has recently been over-shadowed by the reappraisal of the Volta Scheme. Hon. Members may recall that I informed them in my Budget speech last year that we proposed to build a large new steam power station at Tema at an estimated cost of over £G3 million. In the course of the year, however, the question of installing diesel engines at the Tema Power Station has been proposed and examined and, in view of the favourable prospects for the implementation of the Volta River hydro-electric project it has been decided to install, as an interim measure, a diesel power plant consisting of ten 3 megawatt diesel engine sets at approximately the same cost instead of the steam power engine originally proposed.

In order to anticipate hon. Members' anxiety as to what would happen to the diesel engine station in the event of the Volta River hydro-electric project being implemented later, I would assure them that these diesel sets will be transferred to areas not within reach of the hydro-electric grid.

Hon. Members are aware of Government's anxiety to encourage industrial development in Ghana and, with the completion of the Tema Harbour in sight, it is now unlikely that many investors are thinking of siting industries at Tema. In order to facilitate such development, it is necessary that electric power should be made immediately available. Prospective investors may therefore rest assured that, as far as electricity supply is concerned, their immediate needs will be catered for.

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~~XXXXXXXXXXXXXXXXXXXX~~

AFS-Mr. Ferguson
E-Mr. Kenney (Substance)
ICA-Miss Painter (Substance)

M per ELP Jr.
L-Mr. Metzger (Substance)
RFP Jr. ELP Jr.
U/MSC-Mr. Frechling (Substance)
DS Jr. ELP Jr.
DLF-Mr. Smith (Substance)

RM/R
FILE

AUG 19 1959

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Dear Sam:

It was with a great deal of interest that I read your letter of August 10 regarding the study of your engineers of the reassessment report on the Volta River Project prepared by Henry J. Kaiser Company and their reasons for concluding that the feasibility of the Project has not been clearly established.

Relative to your statement that the Ghanaians must not be given too much encouragement unless the Project is carefully engineered and completely planned in all its aspects, I believe you know that approximately two months ago the Ghanaians informally requested that a World Bank team be sent to Ghana for the purpose of conducting an economic survey which would include an assessment of the Volta River Project. Although the Ghana Government is now considering, in light of talks held last week in Washington with the Bank, whether a formal invitation should be extended, it appears quite likely that an invitation will be forthcoming. In this event, I believe we can assume that the Bank will be quite realistic and that in its talks with the Ghanaians as well as in its final report the points or issues similar to those raised by your engineers will be covered.

I believe it would be helpful to the World Bank if you passed on to them the results of your study to date of the Project.

With best wishes,

Sincerely,

L.S. Douglas

Acting Secretary

Mr. Samuel C. Waugh,
President,
Export-Import Bank of Washington,
Washington 25, D.C.

IS/S - RC
AUG 19 1959

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EXPORT-IMPORT BANK OF WASHINGTON

WASHINGTON 25, D. C.

6430
RM/R
FILE

CABLE ADDRESS
"EXIMBANK"

OFFICE OF THE PRESIDENT

August 10, 1959

Dear Doug:

Further to our letter of June 3, I am sending you herewith copy of a study by our engineers of the reassessment report on the Volta River Project prepared by Henry J. Kaiser Company. You will see that in their opinion the feasibility of the project has not been clearly established.

Since our last letter on the subject, we have had calls from representatives of the aluminum industry who have stated their opinion that large sums of money, particularly government money, should not be invested in Africa for the reduction of bauxite to aluminum. They claim there are sufficient facilities for this in the United States for the foreseeable future. As you know, there are representatives of the aluminum industry who hold a diametrically opposite view. In our studies of the project we have reached several conclusions.

First, it is our belief that the hydroelectric project should not be considered unless there are firm commitments from the aluminum industry, or some other large industrial user, to take a very substantial portion of the power. Officials of the Ghana government, however, desire to go ahead with the hydroelectric development even though they cannot get such a commitment from the aluminum industry.

Second, so far as we can discover, a very large part of the difference between the original estimated \$900 million made by an English firm and the present estimate of \$339.1 million arrived at by Henry J. Kaiser Company results from the elimination from the English estimate of many ancillary projects such as the cost of resettling the lake area population, health and sanitation works, new town sites, port facilities, etc. Certainly before a judgment can be made as to whether such a project should be financed there should be a full understanding of what the cost of such related works would be and what means could be found to finance them.

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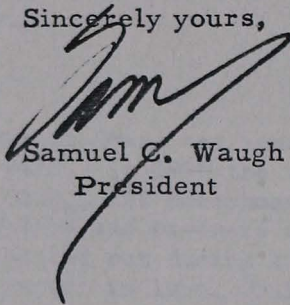
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The Volta River project is a dramatic one which appeals to the imagination and successfully carried through it could result in something of which the whole free world could be proud. However, it could be a horrible flop unless carefully engineered and completely planned in all its aspects before too much encouragement is given the Ghanese.

Sincerely yours,



Samuel C. Waugh
President

The Honorable
C. Douglas Dillon
Under Secretary of State
Department of State
Washington, D. C.

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July 28, 1959

MEMORANDUM FOR THE FILES

Re: Ghana - Volta River Project

This memorandum will attempt to summarize briefly and comment, after preliminary review, on the Reassessment Report on the Volta River Project prepared by the Henry J. Kaiser Company.

Background

The development of power on the Volta River in Ghana has been the subject of interest and study for over thirty years. In 1950 the Volta River Preparatory Commission was formed by the Gold Coast Government and retained the English firm of Sir William Halcrow and Partners as consulting engineers. Extensive studies were carried out during 1951-1955 and the Preparatory Commission issued its report in 1956. This report proposed a 720,000 kw hydroelectric plant, aluminum development and apparently considerable development work, such as roads, schools, hospitals, etc. The total cost of the program was estimated at the equivalent of approximately \$900 million and it was decided that the program was not economically feasible.

During his visit to the United States in July and August of 1958, Prime Minister Nkrumah felt that there was considerable interest in the Volta River project and it was decided that an independent American engineering firm should be engaged to make an up-to-date reassessment of the basic elements of the project. The contract for this reappraisal was signed with the Henry J. Kaiser Company on August 25, 1958 and was to cover only the Ajens power project, aluminum facilities, necessary railroad connections and power transmission. No review was to be made of related works covered in the Preparatory Commission Report, such as lake area population resettlement, health and sanitation programs, new town sites, ports, etc. On September 26, 1958 the scope of the work was enlarged to include examination of additional hydro development, possible related irrigation, and additional bauxite deposits. A survey team visited Ghana in September and October, 1958, and the Kaiser Reassessment Report was issued in February 1959, recommending an ultimate 1,100,000 kw hydroelectric development and a 220,000 MT/yr. aluminum smelter at a combined estimated cost of \$600 million.

The Kaiser representatives had stated that in order to prepare a true picture of the development program the project should be separated between the major items of the project, such as the hydroelectric development and aluminum smelter, and the social services, and the representatives of Ghana agreed. This has a bearing on the Kaiser Report establishing a cost of \$600 million, or \$300 million less than the Preparatory Commission Report.

It had been believed that publication of the report would engender great interest on the part of the aluminum companies. The reassessment survey received wide publicity and was written up in many magazines, such as Time, Engineering News Record, U. S. News & World Report, and Electrical World, during May and June 1959. The rash of the aluminum companies, however, did not occur, and there appears to have been considerable hedging on both sides regarding definite electric rates for the aluminum companies, since low electric rates are essential for aluminum refining. For assistance in this connection the Government of Ghana has recently contracted with the English firm of Cooper Brothers to review the report and recommend rates.

The Government of Ghana has expressed its desire to go ahead with the Volta River hydroelectric development even without development of an aluminum industry. It has made between \$2½ and \$3 million available for further studies, construction of access roads, etc. It has expressed its willingness to advance \$53 million for the initial hydroelectric development estimated by Kaiser to cost \$160 million and would like to secure assistance in financing the remaining \$127 million. For assistance in finalizing its plans and arranging financing, the Government of Ghana has recently retained the services of Mr. George Wood, formerly of the First Boston Corporation.

Kaiser Reassessment Report

The Kaiser Report recommends a four-stage development for Ghana that would provide 1,096,000 kw of hydroelectric capacity on the Volta River and an aluminum smelter with a capacity of 220,000 long tons per year. To effectively distribute this power, a 145 kv transmission network is planned, and some modifications to the railroad system are necessary to transport bauxite. The estimated cost of this program is \$599.5 million.

The first-stage development is estimated to cost \$339.1 million, of which \$180.3 million will be expended on the electric development, with a minor amount for transportation, and \$158.8 million will be expended on the aluminum smelter. The hydroelectric development will consist of the Kosofo dam with a powerhouse containing four 125,000 kw units, or a total of 512,000 kw, and a 550-mile network of 165 kv transmission lines and primary substations. No subtransmission or distribution lines are included. The aluminum smelter will have an initial capacity of 120,000 long tons per year.

Of the initial 512,000 kw installation, 330,000 kw would be required for the aluminum smelter and 175,000 kw would be made available to the transmission network to supply various cities and new industries. At the present time, Ghana has a total installed capacity of approximately 84,000 kw, of which 53,000 kw is installed in mining developments and

31,000 kw is available for general utility service. The largest utility system is in Accra, which has 13,000 kw at the present. Approximately 1 1/2 years would be required for design work in connection with the project and an additional 1/2 years for construction, so that the first stage could be in operation the latter part of 1964.

Stages 2 and 3 would be carried out during the 1965-1970 period at an additional cost of \$184.5 million. Stage 2 contemplates the addition of two 128,000 kw units at Kosombo which will bring it to the ultimate capacity of 768,000 kw. Also, the Kpong hydroelectric development will be constructed a short distance below Kosombo with a capacity of 140,000 kw. These power additions represent an investment of \$69.2 million and raise the system capacity to 908,000 kw. Stage 3 represents an additional 100,000 LT/yr. increase in the capacity of the aluminum smelter at a cost of \$115.3 million, raising the smelter capacity to 220,000 LT/yr.

Stage 4 consists of construction of the 190,000 kw Bui hydroelectric development a considerable distance above Kosombo and the construction of additional transmission lines at an estimated cost of \$75.9 million. This stage will be carried out after 1970 and phased with the load growth. It is estimated, however, that it will be required by 1973.

The report is of a preliminary nature to establish the magnitude of the work and the funds required, and states "much field and office work remains to be done in procuring and testing material samples, foundation exploration, and in refinements of designs before final engineering design and cost estimates can be made and bidding documents prepared."

Comments

A review of the Kaiser Reassessment Report indicates that there is much work to be done and many matters to be clarified before Ghana can proceed with the Volta River project. Not the least of these is an awareness of the large amounts which will have to be expended in addition to the cost of the actual project, and of the necessity of firm commitments by large users of electric energy.

To indicate the magnitude of the proposed Kosombo dam undertaking, a few figures may be helpful. This dam will back water up for a distance in the neighborhood of 235 miles, forming a tremendous lake. Storage capacity at the normal maximum controlled water level will be 120 million acre feet, or four times the size of Lake Meade behind Hoover Dam. Maximum capacity may be closer to five times that of Lake Meade. A development of this size cannot be carried out in small increments.

The Preparatory Commission Report proposed a dam at the Ajens site which would develop 720,000 kw at a cost of approximately \$208 million based on 1959 costs. The Reassessment Report recommends moving the dam

site downstream approximately one mile to Kosombo, where it is estimated that a power development of 768,000 kw can be constructed at a cost of approximately \$156 million. This change represents potential savings of \$60 million and Kaiser states that development of the Kosombo site is feasible in view of increased knowledge and experience on the diversion of large rivers in narrow canyons and the development of huge earth-moving equipment which is currently available in the U. S. market. In carrying out a project of this magnitude, however, large resettlement costs, health and sanitation programs, road construction, etc., will have to be carried out by the Government, and it will undoubtedly require large expenditures not included in the Kaiser Report. Although the Bank has not received a copy of the Preparatory Commission Report, it is believed that such costs account for a considerable amount of the difference between the total estimated costs of the two reports.

Stages 2, 3 and 4 of the proposed development will be phased as conditions require; therefore these comments will be devoted to Stage 1 of the program consisting of a 512,000 kw development at Kosombo, construction of a 165 kv network, and a 120,000 LT/YR. aluminum smelter at an estimated cost of \$339.1 million. The Kaiser Report states that all of the potential hydro sites on the lower Volta River are controlled by British and Canadian aluminum interests. An agreement with these companies must, therefore, be worked out before the work could be initiated. Considerable additional engineering work is required to provide firm plans and cost estimates, and call for bids.

The initial development allocates 330,000 kw for the use of the aluminum smelter or some other large user such as the chemical industry. To date no such large consumer has come forward. The aluminum industry is exploring the west coast of Africa where there are a large number of bauxite deposits and large potential hydro developments. These developments are in Portuguese Guinea, French Guinea, Ghana, the Cameroons, French Equatorial Africa, the Belgian Congo, and Angola. Whereas the development of some of these projects is well advanced, there seems to be an inclination on the part of the aluminum companies to proceed slowly at this time.

After allowing for the requirements of the aluminum smelter, there remains 175,000 kw which will be made available to the network to supply cities and towns having limited service, if any, at the present time, and for the establishment of new industries. Contrasted with this 175,000 kw, the current capacity of Ghana is 84,000 kw, of which 53,000 kw is reportedly used in mining operations largely for pumping. There has reportedly been practically no increase in this mine load in the past ten years. The remaining 31,000 kw is consumed by relatively small utility systems, of which the largest is reported to be Accra, with 13,000 kw, ranging down to 25 kw systems. All of the existing capacity is operated on imported fuel and is quite expensive. It is apparent,

therefore, that 175,000 kw from Koscobo could assume all of the existing load and still permit more than a 100% increase. The Embassy of Ghana states that it has compiled a list of a large number of industries that could be developed in Ghana if adequate power was available. It would appear, however, that the development of such industries would place an additional financial burden on the economy of Ghana. Also, to develop these loads while Koscobo is being constructed, the Kaiser Report suggests that interim diesel and steam capacity be installed and shut down when hydro power is available. The cost of these facilities and the economy of the operation have not been discussed, however.

The Kaiser Report makes no provision for subtransmission and distribution lines necessary to distribute energy below the 165 kv level. Since such lines would be essential and would have to be constructed by the consumers or municipalities, it would necessitate an additional drain on the economy of Ghana.

The Government of Ghana would like to develop electrical facilities, and have the aluminum industry provide the entire requirements, estimated at \$150.0 million, for the aluminum smelter. It is also indicated that it would like to proceed with the hydroelectric development even if the aluminum industry is not willing to proceed at this time. Such a procedure would result in a large unused block of power and an uneconomical project.

Conclusion

The feasibility of the project has not been clearly established. Before Ghana can proceed with the Volta River development, it should, in the writer's opinion:

- (1) Continue the engineering studies and exploration necessary for the firming up of the design and cost data and making the necessary arrangements to acquire the sites;
- (2) Take a realistic look at the financial requirements of the whole project and its related services; this would include the demands of new industries, the requirements in addition to those in the Kaiser Report, and the various social and welfare requirements in the affected area;
- (3) Prepare a study of ability of the economy of Ghana to absorb a project of this magnitude; and

- (b) Secure firm commitments for utilization of large blocks of hydroelectric power from the aluminum industry, chemical industry, or other large users of electric power, before proceeding with the power development, since economic justification requires large initial energy consumption.

W. L. Greve

Frank Kimball



DEPARTMENT OF STATE INSTRUCTION

1176
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(Security Classification)

110

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THIS DOCUMENT MUST BE RETURNED TO THE FM/R CENTRAL FILES

NO.: A-16, August 14, 1959

SUBJECT: Planned Construction Projects for Ghana

TO: The American Embassy, Accra

845J/1659

FROM COMMERCE Embassy Despatch No. 47 of July 16, 1959, page 6, second paragraph under Transportation and Utilities, states that contracts have been let to an Italian firm to engineer a water storage dam and an American firm to survey Accra's sewer and rain water disposal needs. Please furnish the names and addresses, respectively, of the Italian and American firms for the benefit of interested U. S. business concerns.

DILLON, ACTING

845J.2614/8-1459

EM/R
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Appr
Rev
Det

REP

1959 AUG 14 11 4 05

UNCLASSIFIED
(Security Classification)

DRAFTED BY: Ernst A. Van Es, Director
Transportation & Utilities Staff--DMGeorge:ehl

APPROVED BY:

OFR:REP:MHMitchell:bk 8/14/59

CLEARANCES:

REP

845J.2614/8-1459
LWS

DEPARTMENT OF STATE
ASSISTANT SECRETARY

6430

AUG 18 1959

TO: The Acting Secretary
THROUGH: S/S [Signature]
FROM: AF - J. C. Satterthwaite [Signature]
SUBJECT: Letter from Mr. Waugh on the Volta River Project

~~AFFECT~~
Rm/R

Discussion:

Mr. Samuel C. Waugh, President of the Export-Import Bank of Washington, addressed a letter to you, dated August 10, 1959 (Tab B), in which he commented on and enclosed a copy of a study by the Bank's engineers of the reassessment report on the Volta River Project prepared by the Henry J. Kaiser Company. The Bank's study concluded that the feasibility of the Project has not been clearly established.

A letter of reply (Tab A) has been prepared, expressing our interest in the Export-Import Bank's study and opinion that an economic survey of Ghana, which the Ghanaians to date have only informally requested of the World Bank, will when completed likely cover similar points and issues raised by the Export-Import Bank's engineers. We indicate it would be helpful if a copy of the Export-Import Bank's study were furnished to the World Bank.

Recommendation:

That you sign the attached letter to Mr. Waugh. (Tab A)

Concurrences:

L - Mr. Metzger [Signature]
DLF - Mr. Smith [Signature]
E - Mr. Kenney [Signature]
IGA - Miss Painter [Signature]
U/MS - Mr. Frechtling [Signature]

Attachments:

- 1. Reply from the Acting Secretary to Mr. Waugh (Tab A)
- 2. Letter from Mr. Waugh to Mr. Dillon (Tab B)

SEP 4 - 1959
FILED

AF:AFS:ELP [Signature] Jr:gb
8/18/59

16

This document must be returned to the Rm/R

8450.2014/8-1-1959

8458.2014/8-1-1959

AF

TO: The Acting Secretary

THROUGH: S/S

FROM: AF - J. C. Satterthwaite

SUBJECT: Letter from Mr. Waugh on the Volta River Project

AUG 18 1959

Discussion:

Mr. Samuel C. Waugh, President of the Export-Import Bank of Washington, addressed a letter to you, dated August 10, 1959 (Tab B), in which he commented on and enclosed a copy of a study by the Bank's engineers of the reassessment report on the Volta River Project prepared by the Henry J. Kaiser Company. The Bank's study concluded that the feasibility of the Project has not been clearly established.

A letter of reply (Tab A) has been prepared, expressing our interest in the Export-Import Bank's study and opinion that an economic survey of Ghana, which the Ghanaians to date have only informally requested of the World Bank, will when completed likely cover similar points and issues raised by the Export-Import Bank's engineers. We indicate it would be helpful if a copy of the Export-Import Bank's study were furnished to the World Bank.

Recommendation:

That you sign the attached letter to Mr. Waugh. (Tab A)

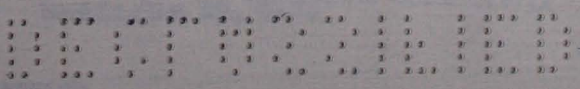
Concurrences:

- L - Mr. Metzger
- E - Mr. Kenney
- U/MSC - Mr. Frechtling
- ELF - Mr. Smith
- IGA - Miss Painter

Attachments:

1. Reply from the Acting Secretary to Mr. Waugh (Tab A)
2. Letter from Mr. Waugh to Mr. Dillon (Tab B)

AF: AFS: ELPadberg Jr: gb
 8/18/59



AF-Mr. Satterthwaite

MS-Mr. Ferguson

L-Mr. Metzger (Substance)

E-Mr. Kenney (Substance)

H/MSC-Mr. Freckling (substance)

ICA-Miss Painter (Substance)

HLF-Mr. Smith (Substance)

AUG 19 1959

Dear Sam:

It was with a great deal of interest that I read your letter of August 10 regarding the study of your engineers of the reassessment report on the Volta River Project prepared by Henry J. Kaiser Company and their reasons for concluding that the feasibility of the Project has not been clearly established.

Relative to your statement that the Ghanians must not be given too much encouragement unless the Project is carefully engineered and completely planned in all its aspects, I believe you know that approximately two months ago the Ghanians informally requested that a World Bank team be sent to Ghana for the purpose of conducting an economic survey which would include an assessment of the Volta River Project. Although the Ghana Government is now considering, in light of talks held last week in Washington with the Bank, whether a formal invitation should be extended, it appears quite likely that an invitation will be forthcoming. In this event, I believe we can assume that the Bank will be quite realistic and that in its talks with the Ghanians as well as in its final report the points or issues similar to those raised by your engineers will be covered.

I believe it would be helpful to the World Bank if you passed on to them the results of your study to date of the Project.

With best wishes,

Sincerely,

/s/ Douglas

Acting Secretary

Mr. Samuel C. Naugh,
President,

Export-Import Bank of Washington,
Washington, 25, D.C.

1620 VNO JB LN II: 54

S/S - RO

AUG 19 1959

A true copy of signed original

AF: AFS; ELPadberg: gb
8/18/59

(For Clearances See Attached Sheet)

top of

33

ED: Price

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112

Action AF

Control: 12380
Rec'd: August 19, 1959
1:04 p.m.

Info

FROM: Accra
TO: Secretary of State
NO: 108, August 19

[Handwritten signature]
Reply by
OFD: ED-Price
8-28-59
File
[Handwritten initials]

INR
P
UOP
UMSC
E

Local newspaper ASHANTI PIONEER August 19 featured front page story that "the US Congress has been advised by the State Department that a serious dilemma has arisen in connection with the Volta River Project"

IRC
DCL

Story was by Fred Zusy in Washington who said this was in a State Department report to Congress last month which has just come to his attention: That it was a survey requested by Congress analyzing private investments overseas.

ICA
OCB
USIA
CIA

In response several inquiries Embassy disclaimed knowledge of report but pointed out "serious dilemma" not necessarily means insurmountable obstacle: That if story correct, Volta might have been cited as example of "who moves first" problem inherent in certain projects throughout world.

Would appreciate Department's comment.

FLAKE

RH/9 8-27-10:30AM informed JKPO of status this matter
8-25- Kuhl (Gen. for. Rel. Staff) called & informed same no foundation

Thornell - Lib Beck (R-) has checked on this & no info on source this statement on Volta to Congress. Also checked with Hel Gordon (Commerce) - also this office willing to call Zusy.

Rep Hartke spoke 7-22 + mentioned VSP. ED no info re this statement.

8-25 Line white as well as ZCA to check with Zusy for basis his story.

SEP 28 1959
FILED

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8450:2614/8-1959

EMW

3

113

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT

August 31, 1959

~~AFS~~
CAF
~~FMD~~
~~DEF~~
~~ED~~

AF - Mr. McKinnon

S/S 7212

Volta River Project

Attached is a letter to the Acting Secretary from Mr. Chad Calhoun concerning the above topic. Please prepare a reply for Mr. Satterthwaite's signature and send copies to S/S by September 8.

Ltr to S 8/28/59 - 261015 - 1859

RECEIVED
SEP 1 - 1959
BUREAU OF
AFRICAN AFFAIRS

TAC

T. A. Cassilly
S/S-RO
Ext. 5261

cc: ~~H~~ - Mr. Ewing (w/att)
U/MS - Mr. Tartter (w/att)

No reply to be made - 1859

Att: Ltr to S, 8/28/59, fr
Chad Calhoun, Kaiser Industries
Corporation, re above subject.

KAISER INDUSTRIES CORPORATION



WASHINGTON, D. C. OFFICE
1625 Eye St., N.W., Suite 901
WASHINGTON 6, D. C.
Telephone Sterling 3-1555

CHAD F. CALHOUN
Vice President

RECEIVED
AUG 31 1959
BUREAU OF
AFRICAN AFFAIRS
Dear Mr. Satterthwaite:

August 28, 1959

JKP
SB
AF
114
Ans. AFS
egg 9/9
for GCS' sign
2 pages

You will be glad to know that a consortium of aluminum companies for the Ghana project is now beginning to take shape.

845j. 2614/7-959

In that connection, Mr. Edgar Kaiser and myself, accompanied by Mr. D. A. Rhoades, President of Kaiser Aluminum, will arrive in Ghana Monday evening, September 14 on Pan American Airlines flight 150.

We plan to have meetings with Prime Minister Kwame Nkrumah, Sir Robert Jackson, and others on the following day. Mr. Kaiser will depart early Wednesday morning on Pan American flight 151, but Mr. Rhoades and I plan to stay and leave on Friday, September 18, for London.

I have advised Ambassador Wilson C. Flake and also Abbot Moffat.

Sincerely yours,

Chad F. Calhoun

The Honorable
Joseph C. Satterthwaite
Assistant Secretary
for African Affairs
Department of State
Washington 25, D. C.

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Cat

SEP 21 1959

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845J. 2614/8-2859
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845j. 2614/8-2859

CC: C. Vaughan Ferguson, Jr., Department of State

KAISER INDUSTRIES CORPORATION



CHAD F. CALHOUN
Vice President

WASHINGTON, D. C. OFFICE
1625 Eye St. N.W. Suite 901
WASHINGTON 6, D. C.
Telephone Sterling 31555

August 28, 1959

My dear Mr. Secretary:

Formation of a Ghana aluminum consortium is beginning to shape up. Accordingly, Mr. Edgar Kaiser, myself and Mr. D. A. Rhoades, President of Kaiser Aluminum & Chemical Corporation, plan to have discussions in this connection with Prime Minister Nkrumah and others in Accra on September 15.

I have also advised Assistant Secretary Joseph C. Satterthwaite and Ambassador Wilson C. Flake.

Kindest regards.

Sincerely yours,

The Honorable
C. Douglas Dillon
Acting Secretary of State
Department of State
Washington 25, D. C.

CFC:drs

Volter Kewale

~~RM~~

Office Memorandum • UNITED STATES GOVERNMENT

TO : AF - Mr. ^{Penfield}~~Satterthwaite~~

DATE: September 1, 1959

FROM : AFS - C. Vaughan Ferguson, Jr. *[Signature]*

SUBJECT: Volta River Project

Letter from 8/28/59 845J-2614 /8-2859

Mr. Carl Flesher of ICA telephoned this morning and gave the following information which he said he had learned during an informal conversation with Mr. Chad Calhoun of the Kaiser Company:

Mr. Edgar Kaiser, Mr. Chad Calhoun and Mr. D. A. Rhoades, President of Kaiser Aluminum, are going to Ghana on September 14 to have a full-scale three-day discussion with Prime Minister Nkrumah regarding the Volta River Project. Kaiser is quite optimistic that something can be done regarding the establishment of an aluminum smelter. A consortium composed of Reynolds, Aluminum Company of Canada, and Kaiser has temporarily been lined up and it is hoped that Nkrumah will be able to persuade Sekou Toure of Guinea to extend ALCAN's concession in Guinea for another five years with the definite understanding that ALCAN would go ahead with the development of the Guinean concession.

105145J

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FW 845J.2614/8-2859

Calhoun has informed Ambassador Flake and Mr. Moffat of ICA of their intended visit.*

Mr. Flesher does not know whether the proposed consortium intends to use Ghana bauxite or alumina from Guinea.

** Calhoun has also written the Acting Secretary along the above lines.*

cc: AFS - Mr. Hennemeyer
ED - Mr. Kenney

EPAD - RMD

AF:AFS:ELPadberg, Jr.:sd
9/1/59

RM/R
Anal <i>68</i>
Rev
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23 23

845J.2614 /8-2859

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~~100~~
RM/12

September 11, 1952

845J. 2614/e-2859

Dear Mr. Calhoun:

I am sorry to have delayed replying to your letter of August 28, but I have been away on holidays.

Your news that a consortium of aluminum companies is beginning to take shape and that you, Mr. Edgar Kaiser and Mr. Rhoads will be seeing Prime Minister Nkrumah in connection with this development is most encouraging. Acting Secretary Dillon and I are pleased that you are keeping us informed.

Upon your return to Washington I would be happy to discuss with you the results of your trip.

Sincerely yours,

J. C. Satterthwaite

Mr. Chad F. Calhoun,
Vice President,
Kaiser Industries Corporation,
Washington, D. C.

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845J. 2614/8-2859 CS/G

AF:AFS:ELPadberg, Jr. sd
9/9/59

ELP
[Signature]

RM/R
Anal 68
Rev
Cat

eat S/SCR

SEP 11 1959 P.M.

845J. 2614/8-2859

(Drafting Office and Officer)

DEPARTMENT OF STATE

51

Memorandum of Conversation

(Telephone)

115

DATE: August 31, 1959

SUBJECT: Volta River Project

PARTICIPANTS: Mr. Richard Akwei, Second Secretary, Embassy of Ghana

Mr. C. Vaughan Ferguson, Jr., Director, AFS

COPIES TO:

- AF - 1 (lcc)
- AFS - 4
- AF/PRO - Mr. Reeves
- ED
- S/S - 2 (2cc)

ICA
 IRC
 Amembassy Accra

SEP 2 1959

19

Documents must be returned in the RM/R Central Files

Mr. Akwei telephoned me concerning the story appearing in the "Ashanti Pioneer" on the Department's report to Senator Javits that a "serious dilemma" had arisen regarding the Volta River Project and that there would be no Western sources of financing available for the dam and power project unless customers could be found.

I explained to Mr. Akwei that the Volta River Project was only one of several large projects throughout the world mentioned in the communication in question and that the "serious dilemma" referred to the chicken and egg aspect of the project. I said naturally the United States was not attempting, in discussing Western sources in financing, to dictate financial policy to other Western governments and institutions. I said that as far as the Department is concerned, there had been no change whatsoever in our position with respect to the Volta River Project and that it remained as described by Mr. Dillon to Ambassador Chapman a few months ago.

RECORDS BRANCH

SEP 5 1959

SEP 8 - 1959

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3

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

V. K. ...
R. ...
116

DIRECTOR
SEP 3 1959
OFFICE OF
MIDDLE AND
SOUTHERN AFRICAN AFFAIRS

American Embassy, Accra,
September 1, 1959.

Dear Fergy:

This morning I received a letter dated August 28 from Chad Calhoun of Kaiser Industries Corporation, Washington, as follows:

"You will be glad to know that a consortium of aluminum companies for the Ghana project is now beginning to take shape.

"In that connection, Edgar Kaiser and myself, accompanied by Mr. D. A. Rhoades, President of Kaiser Aluminum, will arrive in Ghana Monday evening, September 14, on Pan American Airlines flight 150.

"We plan to have meetings with Prime Minister Kwame Nkrumah, Jackson, and others on the following day. Edgar will depart early Wednesday morning on Pan American flight 151, but Rhoades and I plan to stay and leave on Friday, September 18, for London.

"We will look forward to seeing you and Mrs. Flake during our stay."

A minute ago I received a telegram from Calhoun, as follows:

"Supplementing my letter of August 28 stop Edgar Kaiser now staying in Accra with Rhoades and me until Friday eighteenth stop Will depart for London Ghana Airlines 802 eighteenth stop Regards"

C. Vaughan Ferguson, Jr., Esq.,
Director, AFS,
Department of State,
Washington, D. C.

845J.2614/9-159

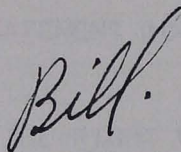
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- 2 -

I have no time for further comment at the moment: I have been given exactly five minutes by the person who has to close the pouch.

Sincerely yours,

A handwritten signature in cursive script that reads "Bill." The signature is written in dark ink and is positioned above the typed name.

Wilson C. Flake

6

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117

ction

Control: 11036

Rec'd: SEPTEMBER 16, 1959
12:20 PM

F
nfo

FROM: ACCRA

NR

TO: Secretary of State

Longmeyer

NO: 173, SEPTEMBER 15

TOP
IMSC

GOVERNMENT OF GHANA WILL RELEASE STATEMENT 1800 HOURS GMT
SEPTEMBER 16 AS FOLLOWS:

RC
ICL

QUOTE THE PRIME MINISTER OF GHANA, THE RIGHT HONOURABLE
DR KWAME NKRUMAH, AND MR. EDGAR KAISER, PRESIDENT OF KAISER
INDUSTRIES AND CHAIRMAN OF THE BOARD OF THE KAISER ALUMINIUM
AND CHEMICAL CORPORATION HAVE MET IN ACCRA TO REVIEW THE
VOLTA RIVER PROJECT.

ICA
OCB
SIA
IA
SD

THE PRIME MINISTER HAS STATED HIS FIRM INTENTION OF
PROCEEDING AS SOON AS POSSIBLE WITH THE CONSTRUCTION OF
THE DAM AND POWER INSTALLATION ON THE VOLTA RIVER, WHICH
HAS A POTENTIAL OF OVER 900,000 KILOWATTS.
IT WILL BE RECALLED THAT THE PRIME MINISTER ANNOUNCED ON
THE 15TH OF APRIL, 1959, THAT PRELIMINARY WORKS AT THE DAM
SITE WOULD BE COMMENCED FORTHWITH. THESE WORKS ARE
PROCEEDING VERY SATISFACTORILY.

ARMY
NAVY
IR

THE PRIME MINISTER HAS INVITED MR. KAISER TO TAKE THE
INITIATIVE IN FORMING A CONSORTIUM OF ALUMINIUM COMPANIES
IN ORDER TO ESTABLISH A SMELTER BY THE NEW PORT OF TEMA.
MR. KAISER HAS UNDERTAKEN TO DO THIS.

MR

THE PRIME MINISTER HOPES TO RECEIVE A FIRM PROPOSAL FROM
MR. KAISER BEFORE THE END OF THE YEAR. UNQUOTE.

FLAKE

file
9/17/59
AF
MESSAGE CENTER

LFR

DR

1959
SEP 16
PM

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to the RM/R Central Files 845J.2614/9-1559

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FOREIGN SERVICE DESPATCH

845 j. 2614/9-1558

[Handwritten signature]

118

FROM : Amembassy, ACCRA

201
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

September 18, 1959
DATE

REF : EMBTEL 174 1959 SEP 24 PM 3 44

IO-4

35 For Dept. Use Only	ACTION	DEPT.	RM/R-2 REP-1 IRC 8 E-7 ICA-11 EUR-5 CIA-10 COM-10 IN-7 T-3 OSD-4 AMM-4
	REC'D	OTHER	
	9-22		

SUBJECT: Present Status of Negotiations Between Kaiser Group and Ghana Government Concerning Volta River Project

FRB-3
MIB-4

AIR-1

Edgar F. KAISER, President of the Kaiser Industries Corporation, Chad F. CALHOUN, Vice President of Kaiser Industries and D. A. RHOADES, President of the Kaiser Aluminum and Chemical Corporation, arrived in Accra on September 14 for discussions with Prime Minister NKRUMAH and others concerning the Volta River Project. Mr. Kaiser was forced to return to the United States on other business in the early morning of September 16, but Messrs. Calhoun and Rhoades stayed on until September 18. The Kaiser visit was at the request of the Prime Minister.

During the one full day that Mr. Kaiser was here, he and his associates spent several hours in meetings with the Prime Minister, Minister of Economic Affairs BOTSIO, Minister of Finance GBEDEMAH, Development Commissioner Sir Robert JACKSON and Chairman of the Industrial Development Corporation E. AYEK-KUMI. No US officials were present, but the Kaiser group gave the Ambassador and Economic Section Chief a full briefing after the meeting concerning the meeting itself and other recent developments affecting the project.

Mr. Kaiser informed the Ambassador that he had had a discussion in mid-August with Nathanael V. DAVIS, President of Aluminium Limited of Canada, as a result of which ALCAN surrendered to Kaiser primary responsibility for the task of organizing a private consortium to construct and operate an aluminum smelter. Inasmuch as the Prime Minister had asked Mr. Davis to assume this responsibility last January, it was agreed that Mr. Davis would write to the Prime Minister explaining the shift. Mr. Davis' resulting letter to the Prime Minister, dated August 28, 1959, is enclosed (Enclosure No. 1).

In preparation for his trip to Ghana at the Prime Minister's request, Mr. Kaiser called a meeting on September 10 of potentially interested aluminum companies, including Reynolds, ALCOA, Olin Mathieson, ALCAN and the Kaiser Aluminum and Chemicals Corporation. These firms asked Mr. Kaiser to prepare a detailed financial and organizational proposal for the formation of a consortium.

The Prime Minister was informed of this arrangement during the meeting in Accra on September 15 and indicated his enthusiastic concurrence. He also asked that Kaiser Industries complete a full design for the dam and power station, to which Mr. Kaiser agreed. Largely at the initiative of the Prime Minister, a brief press release was issued by the Ghana Ministry of Information and Education announcing that Mr. Kaiser had been asked to take the lead in forming a consortium.

JQBlodgett:jk
REPORTER

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ACTION COPY - DEPARTMENT OF STATE

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

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ALUMINIUM LIMITED
2100 Sun Life Building, MontrealCable
Aluminium MontrealMail-Box 6090
Montreal P.Q. Canada

28 August 1959

The Rt. Hon. Kwame Nkrumah, P.C.,
P. O. Box 1627
Accra, Ghana

Dear Mr. Prime Minister:

You will recall that, after our discussions in Accra last January concerning the Volta River Project, it was agreed that our Company would give further study to the proposals outlined in your letter to me of January 22nd and would discuss these proposals with other potentially interested parties during the ensuing months.

We have since approached, and shown your January 22nd letter to The British Aluminium Company Limited, Kaiser Aluminum & Chemical Corporation, Aluminum Company of America, Reynolds Metals Company, and Olin Mathieson Chemical Corporation. All these producers of aluminium said they would like to consider participating in a consortium and have now been able to study the Re-assessment Report of Henry J. Kaiser Company.

It appears from our recent discussions with Kaiser Aluminum & Chemical Corporation that American interests would be prepared to take a larger financial position in the Volta Development than our Company might be able to assume. In any event, Kaiser Aluminum & Chemical Corporation have asked us whether we would be willing to have them take over sponsorship of the formation of a possible consortium of aluminium producers. This request appeared to us to be logical in the circumstances and in the best interests of the Volta River Project. Accord-

(Classification)

ingly we have informed Kaiser Aluminum & Chemical Corporation that we agree to their taking over the sponsorship.

As you may know, West African Aluminium Limited (which is incorporated in Ghana and controlled by us) owns the relevant hydroelectric concessions on the Volta River, conceived the original project, and carried out the pioneering work later continued by our Company. Consequently we count on negotiating with your Government on behalf of West African Aluminium Limited the payment of reasonable compensation for these hydroelectric concessions and for the pioneering hydroelectric studies. Furthermore, when the question arises of our joining the consortium that we hope Kaiser Aluminum & Chemical Corporation will be able to form, we are likely to ask for the inclusion in our stead of West African Aluminium Limited. If West African Aluminium Limited became a member of the consortium our co-shareholders in that company would be given an opportunity, to which we feel they are entitled, to participate with us in the project.

We are informing the other aluminium companies, referred to earlier in this letter, of this change in sponsorship and advising them that they may expect to hear in due course from Kaiser Aluminum & Chemical Corporation. We are also informing the United Kingdom Government to whom we spoke shortly after our discussions with you in Accra.

With kind regards,

Yours sincerely,

(Signed) Nathanael V. Davis
Nathanael V. Davis

NVD:NKC

~~XXXXXXXXXX~~
UNCLASSIFIED
(Classification)

Encl. No. 2
Disp. No. 201
From Amembassy, Accra

PRESS STATEMENT EMBARGOED FOR RELEASE AT
1800 HOURS G.M.T. ON 16TH SEPTEMBER

PRESS RELEASE NO.725/59

NKRUMAH DETERMINED TO PROCEED WITH VOLTA PROJECT

The Prime Minister of Ghana, the Right Honourable Dr. Kwame Nkrumah, and Mr. Edgar Kaiser, President of Kaiser Industries Inc., and Chairman of the Board of the Kaiser Aluminium and Chemical Corporation have met in Accra to review the Volta River Project.

The Prime Minister has stated his firm intention of proceeding as soon as possible with the construction of the dam and power installation on the Volta River, which has a potential of over 900,000 kilowatts.

It will be recalled that the Prime Minister announced on the 15th of April, 1959, that preliminary works at the dam site would be commenced forthwith. These works are proceeding very satisfactorily.

The Prime Minister has invited Mr. Kaiser to take the initiative in forming a consortium of aluminium companies in order to establish a smelter by the new port of Tema. Mr. Kaiser has undertaken to do this.

The Prime Minister hopes to receive a firm proposal from Mr. Kaiser before the end of the year.

(ISSUED BY THE MINISTRY OF EDUCATION AND INFORMATION ON BEHALF OF THE PRIME MINISTER'S OFFICE)

16th September, 1959.

/BFY/

UNCLASSIFIED

The text of this release was cabled to the Department as EMBTEL 173 of September 16, and is also reproduced herewith as Enclosure No. 2.

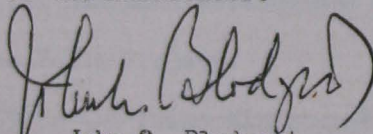
The Prime Minister and Mr. Kaiser agreed that the U.S., U.K. and Canadian Governments, as well as all interested aluminum companies, should be brought up to date on the present status of the project by means of a brief memorandum. A copy of this memorandum, which was prepared, largely by Mr. Calhoun, on September 16, is reproduced as Enclosure No. 3.


It was further agreed that proposed discussions between Mr. Gbedemah and the Department concerning the Volta Project, which had been scheduled to take place after the IBRD/IMF meeting, would be premature under present circumstances, but that Mr. Gbedemah will take advantage of his presence in Washington to give the Department a briefing as to the current status of the project and pave the way for more substantive discussions after the consortium situation has been further developed. A press announcement to this effect is expected to be issued in Accra soon.

Embassy Comment

Mr. Calhoun, who is returning to Washington via Rome, intends to arrange a meeting with Mr. Satterthwaite and other interested U.S. officials as soon as feasible after September 24, at which time he will give a full briefing confirming and amplifying the information contained in this despatch (which has been kept to a low classification to make possible transmission by the fastest pouch). The purpose of this despatch is to ensure that interested Washington agencies have the basic facts in the interim.

For the Ambassador:


John Q. Blodgett
Second Secretary of Embassy


Enclosures:

1. Letter from Mr. Davis of Aluminium Ltd. dated August 28, 1959.
2. Press Release No. 725/59 dated September 16, 1959.
3. Kaiser Aluminum & Chemical Corporation Memorandum dated September 16, 1959.

September 16, 1959.

KAISER ALUMINUM & CHEMICAL CORPORATION

MEMORANDUM - VOLTA RIVER PROJECT GHANA ALUMINUM SMELTER

This is to advise you of the substantial and definite progress being made in the formation of a Ghana Aluminum Consortium and of the actions taken and also those now underway.

Last January meetings were held between the Government of Ghana and Mr. Nathaniel Davis, President of Aluminum Company of Canada. At that time it was agreed that Alcan would undertake the formation of an aluminum consortium for the production of aluminum in Ghana utilizing Volta River electrical power. This was confirmed in a letter dated January 22, 1959 from Prime Minister Nkrumah to Mr. Davis.

Very little definite or specific progress towards formation of a consortium was made under this arrangement. Recently as a result of discussions, the Kaiser Aluminum & Chemical Corporation has been established as the sponsor of the aluminum production phase of the Volta Project.

In letter dated August 28, 1959 to the Prime Minister of Ghana Mr. Davis advised that because of stated circumstances Alcan was relinquishing its efforts towards forming a Ghana aluminum consortium and recognising Kaiser Aluminum as the sponsor.

Mr. Davis' letter (copy attached) further stated that previously other aluminum companies, i.e. Aluminum Company of America, Reynolds Metals, British Aluminum and Olin Mathieson have stated a desire to consider participation in a Ghana aluminum consortium.



A meeting of all ⁽ⁱ⁾ the aluminum companies mentioned in Mr. Davis' letter was then arranged by Kaiser Aluminum and held in Kaiser New York Offices September 10th.

All companies manifested keen interest in participation in the proposed consortium; some to a greater degree than others but definite expressions of some participants were sufficient to indicate strong probabilities of early and specific formation of an aluminum consortium for the production of primary aluminum in Ghana using a substantial portion of the Volta hydroelectric power.

It was established that Kaiser Aluminum would take the lead in preparing a report on the pertinent information and a financing plan for the Aluminum Consortium. Further that each of the companies would concurrently furnish personnel to work on this report with the Kaiser people.

A tentative time schedule was indicated for the completion of the report probably in October and definite decisions by the separate aluminum companies as to the amount, if any, of their participation in the consortium by November 30.

At the September 10th meeting it was clearly established and agreed that each member of the consortium would be required to separately market its share of Ghana primary aluminium production.

Kaiser representatives, Edgar F. Kaiser, Chairman of the Board, D.A. Rhoades, President, Chad F. Calhoun, Senior Vice President, left for Ghana September 13th where meetings were held with Prime Minister Nkrumah, and other Ghanaian representatives. Mr. Kaiser advised the Prime Minister of the progress being made and of the proposed report to the potential members of the Ghana Aluminum

(i) British Aluminum was not specifically represented although officials of Reynolds Metals - now large stockholders in British Aluminum - were present.

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(Classification)

Page 5 of 5

Encl. No. 3

Disp. No. 201

From Ambassy, Accra

Company. Also that by the first week in October he would advise the Prime Minister the definite date when the decisions of the separate companies would be made - tentatively November 30 - early December.

Further that at that time the aluminum consortium would be in a position to agree to a long term power contract with Ghana provided rates and other conditions were acceptable.

Following these discussions the Prime Minister issued a short statement (attached).

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DEPARTMENT OF STATE SEP 25 1959
EXECUTIVE SECRETARIAT BUREAU OF AFRICAN AFFAIRS
September 24, 1959

(s/s 8145)

AF - Mr. McKinnon

Letter of Kaiser Industries Vice President on Volta River Project

Attached is a letter of September 19 to the Under Secretary from Chad F. Calhoun, Vice President of Kaiser Industries Corporation relating to the Volta River Project.

A reply to this letter should be prepared, cleared with E, ICA, and DLF, for Mr. Dillon's signature if the bureau so recommends or for signature at the Bureau level, in either case with two copies for S/S by October 1. Please let me know by telephone as soon as practical for whose signature the reply will be prepared.

20 8145-2614/9-1959

EXECUTIVE SECRETARIAT DEPARTMENT OF STATE

1959 SEP 31 PM 2:55

RB
Raymond L. Perkins
S/S-RO
Ext. 5261

- cc E - Mr. Pryce
- ICA - Mr. MacDonald
- DLF - Mr. Toner

microfilmed by RM/EL

APR 2 - 1962

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October 1, 1959

845J-2614
19-1959

845J-2614/9-1959

THIS DOCUMENT MUST BE RETURNED
TO THE RM/R CENTRAL FILES
CS/K

Dear Mr. Calhoun:

I would like to express appreciation on behalf of Under Secretary Dillon and myself for your kindness in taking the time, while in Rome and en route to the United States from Accra, to send us your letters of September 19 and enclosures covering recent developments concerning the Volta River Project.

Your personal report of last Friday on the New York meeting of September 10 with officials of aluminum companies and the Accra meeting of September 15 with Prime Minister Nkrumah was most interesting and I shall be pleased to discuss future developments with you whenever you desire.

With kindest regards and best wishes.

Sincerely yours,

J. C. Satterthwaite

Mr. Chad F. Calhoun,
Vice President,
Kaiser Industries Corporation,
Washington, D. C.

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CHAD F. CALHOUN
Vice President

RECEIVED

SEP 23 1959

BUREAU OF
AFRICAN AFFAIRS

WASHINGTON, D. C. OFFICE
1625 Eye St., N.W. Suite 901
WASHINGTON 6, D. C.
Telephone Sterling 3-1555

September 19, 1959
At Rome, Italy

8459-2614-9-1959

The Honorable
Joseph C. Satterthwaite
Assistant Secretary for African Affairs
Room 2221, Department of State
Washington 25, D. C.

Dear Mr. Secretary:

REFERENCE: Volta River Project

For your information, I am attaching information concerning recent actions and events pertaining to the formation of a Ghana Aluminum Consortium for the purposes of producing primary aluminum in Ghana, utilizing electrical energy from the proposed Volta River Project.

The attachments are:

1. Record of a special meeting on the Volta River Project held in Accra, Ghana, Tuesday, September 15, 1959.
2. Memorandum statement of Chad F. Calhoun, Vice President, Kaiser Aluminum & Chemical Corporation, dated September 16, 1959.
3. Press statement of Prime Minister Kwame Nkrumah, dated September 16, 1959.

I am returning to Washington Friday, September 25.

Sincerely yours,

Chad F. Calhoun

CFC:drs
Attachments: As stated.

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THIS DOCUMENT MUST BE RETURNED TO THE OFFICE OF THE ASSISTANT SECRETARY FOR AFRICAN AFFAIRS
OCT - 8 1959
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19-1959

9/25 Answered orally by JCS in conversation with Calhoun

*Action AEIS
Brief Memo by JCS
by Chad Calhoun*

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RECORD OF A SPECIAL MEETING ON THE
VOLTA RIVER PROJECT HELD ON
TUESDAY THE 15TH OF SEPTEMBER, 1959.

- PRESENT: The Right Honourable
Dr. Kwame Nkrumah, P. C., M. P.,
- The Honourable K. A. Gbedemah, M. P.,
Minister of Finance
- The Honourable Kojo Botsio, M. P.,
Minister for Economic Affairs
- Commander Sir Robert Jackson, C. M. G., O. B. E.,
Chairman, Development Commission
- Mr. E. Ayeh Kumi,
Chairman, I. D. C. and A. D. C.
- Mr. F. E. Taylor, O. B. E.,
Permanent Secretary,
Development Commission.
- Mr. Edgar Kaiser,
President,
Kaiser Industries Corporation,
- Mr. Chad Calhoun,
Vice President, Kaiser Industries Corporation
Vice President, Kaiser Aluminum & Chemical
Corporation,
- Mr. D. A. Rhoades,
President,
Kaiser Aluminum & Chemical Corporation.

The Prime Minister welcomed Mr. Kaiser and asked him if he would comment on developments in relation to the Volta River Project since they had last met.

SECRET

Mr. Kaiser began by explaining the reasons why he had to return to the United States earlier than he had anticipated. He then went on to refer to the agreement reached with Mr. Nathanael Davis of Aluminium Limited in January, 1959, whereby it had been agreed that Mr. Davis could approach aluminium companies with a view to forming a consortium. Mr. Kaiser stated that Mr. Davis had sent out letters to all interested parties but that no definite result had been achieved. Mr. Kaiser had had discussions with Mr. Davis and, as a result, it had been agreed that Mr. Kaiser should take the initiative in forming a consortium. Mr. Nathanael Davis' letter of the 28th of August, 1959, to the Prime Minister was a result of this agreement. (S. D. C. memorandum 1346 of the Fourth Meeting (1959/60) held on the 14th of September, refers).

Mr. Kaiser went on to say that last week he had had meetings with interested parties and it had been agreed that Mr. Kaiser's group would prepare recommendations on how to build a smelter plant in Ghana and how it could be financed. He stressed that the report his organization would prepare would be on how to bring a smelter plant into being and not whether it was feasible or not, as the latter premise was accepted. In order to assist in the preparation of this report, each of the interested companies had agreed to put in one or two men together with Mr. Rhoades and his team from Kaiser Aluminum & Chemical Corporation. Mr. Kaiser stated that he had informed the meeting that he would have to give the Prime Minister of Ghana a date by which firm recommendations could be given on the forming of an aluminium consortium, and it had been agreed that he should inform the Prime Minister that a firm date would be available to the Government of Ghana by the first week in October. He indicated, without commitment, that the date for the receipt of firm proposals would probably be towards the end of November or the beginning of December, 1959.

Mr. Kaiser then referred to his earlier meeting with the Prime Minister and reminded him that he had at that time said that he was only interested in the contract for the hydro-electric power dam but had not indicated at that time his interest in the aluminium field. He went on to say that Kaiser Industries, however, were now interested in both engineering construction and aluminium production. Kaiser Aluminum had, at the present time, only one source of bauxite and they needed more. Ghana has bauxite. Messrs. Reynolds and Alcoa had already got interests in the Commonwealth market. Kaiser at present has no such interest but desires one. Kaiser Industries considered that in a project of this size it was desirable to have partners and Mr. Kaiser informed the Prime Minister that Reynolds were definitely interested. Olin Mathieson Chemical Corporation have a half interest in the Fria Aluminium Project and would like partners. Kaiser is not particularly interested in this project at present. Aluminium Limited want partners

in the Boke Project and in this project Kaisers are interested. Mr. Kaiser stated that he has mentioned these interests for the purpose of putting all his cards on the table, but he wished to stress that these interests were independent of the Volta River Project which he had come to Ghana to discuss on this occasion.

Mr. Kaiser then proceeded to elaborate on the problems that the consortium would have to face in considering the precise form that the financing and establishment of a smelter might take. He said that a normal practice where a consortium consisted of aluminium companies was that each of the interested parties agreed to a power contract and each of the parties also agreed to take a proportionate amount of the pig aluminium. Normally the smelter company would sell the pig aluminium at cost to the parties, and the consortium would make any profit there was to be made from the sale of the pig aluminium; the smelter company, as such, being non-profit making. Mr. Kaiser stated that he realized that a smelter company formed on this basis raised certain problems. He went on to say that Kaiser Industries' policy in respect of foreign companies was that at least 50% of the equity of such companies should be owned by the country in which the company is situated. He emphasized that this was his company's policy, and that other companies had different views.

Mr. Kaiser then posed certain questions, the answers to which would be required in due course before the Working Party of the consortium could form firm recommendations:-

- (a) Does the Government of Ghana require an equity share in the smelter?
- (b) Could investment stock be sold to Ghanaian investors?
- (c) If the Government of Ghana did not wish to take up a direct investment in the equity of the smelter immediately, would the Government require an option to take up stock at a later date?
- (d) Had the Government any views on the question of equipment manufacturers investing directly in the smelter company? (The majority of the parties interested in the consortium did not think it right that they should do so).
- (e) Westinghouse had suggested that private enterprise might build and finance the dam and power project. Would the Government of Ghana wish to consider this?

In closing Mr. Kaiser referred to the general interest in the forming of a consortium and stated that he considered both Reynolds and Alcan were definitely interested, but at the present time Alcoa appeared to be reluctant. He considered that Alcoa would come in when the proposals become more definite. He also referred to the fact that in carrying out the preparatory work in the forming of a consortium, he realized that a fundamental factor would be that the power rate should be sufficient to finance the dam. He stated that, when the time came, Kaisers would require a copy of the Cooper Brothers Report. Mr. Kaiser then referred to the fact that he had discussions with the Chairman of the Development Commission and that it had been suggested to him that final consideration in the forming of a consortium should be based on a power contract which would be dependent on the final price of the dam. In this way the risk inherent in the construction of a major project of this nature would be shared by the Government, the contractors and the aluminium smelter company. In discussions he had had with Mr. Sheridan, based on Mr. Sheridan's practical experience in the field in Ghana, he was led to believe that it would be necessary for them to reassess the cost of the construction of the project in order to make sure that their present estimates are as correct as possible.

The Prime Minister thanked Mr. Kaiser for his remarks, and stated that he would like elaboration of Mr. Kaiser's interest in the Fria and Boke schemes. Mr. Kaiser once again stressed that his interest in Ghana did not depend in any way on his interest in Fria or Boke schemes, although they might be complementary to each other, inasmuch as it might be possible in the early stages to import alumina from Guinea or elsewhere for processing in the smelter in Ghana. In fact, the development of the smelter industry in Ghana might be carried out in three stages:-

- (a) processing of imported alumina;
- (b) exploitation of local bauxite deposits, production of alumina, and processing to full aluminium stage;
- (c) fabrication of aluminium.

At this juncture Messrs. Kaiser, Calhoun and Rhoades withdrew for a short recess while the representatives of the Ghana Government discussed the matters raised by Mr. Kaiser.

After the recess, Messrs. Kaiser, Calhoun, and Rhoades rejoined the meeting and the Prime Minister stated that, before replying to Mr. Kaiser he would like to clarify one point. The point he wished to

raise was that Mr. Kaiser had stated that one suggested method of operating the smelter company would be that the company would sell the pig aluminium to each of the stockholders proportionate to their investment and at cost. He pointed out that, with the Government or private individual stockholders in the smelter company, this would raise a problem, as also would the question of company tax. Mr. Kaiser agreed that, in these circumstances, it is difficult to see how the proposed operation would work. The Prime Minister then went on to say that from its point of view the Government wished to produce power as cheaply as possible but also wished to have a reasonable share of profits and/or risks in the smelter company and, therefore, he could not see how a non-profit making smelter could possibly be a workable proposition.

With this point cleared, the Prime Minister said that his reply to Mr. Kaiser was as follows:-

1. The FIRST thing the Government would like to have from Mr. Kaiser is a sound proposal for the development of a consortium which would set up a smelter company in Ghana, and purchase sufficient power from the Government to justify the construction of the dam and power project at Kosombo. This consortium should not include active participation by manufacturers of equipment. INITIALLY the smelter company should be financed entirely by the consortium, but the Government should be given the OPTION to purchase 50% of the stock at a reasonable price within say 20 years from the start of the operation.
2. If an effective consortium could be formed as above, then the SECOND thing was that the Government of Ghana would be prepared to take responsibility for financing forthwith the construction of the dam and power installation at Kosombo. (The Government would not be willing for private enterprise to own this installation).

The Prime Minister then informed Mr. Kaiser of his views about the construction of the dam and power installation (assuming satisfactory proposals for the smelter were advanced), and said that he would be grateful if Mr. Kaiser would give some thought to the way in which the normal risks during construction could be shared between:-

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- (a) the Government;
- (b) the construction company;
- (c) the smelter company.

The Government would like to see an arrangement by which power was sold to the smelter company at cost plus a nominal profit.

The Prime Minister then informed Mr. Kaiser that although his reply had indicated the Government's wish to be given an option to purchase 50% of the stock over 20 years, he did not feel sufficiently strongly on this point for it to be a fundamental on which negotiations might break down. In reply Mr. Kaiser stated that he would bear this in mind and felt that if this point became difficult he could refer back to the Government of Ghana for further consideration.

The meeting then discussed the steps that should now be taken and it was agreed as follows:-

- (a) that Mr. Calhoun would prepare a statement of what Kaisers had done so far, and what they propose to do in the future, as elaborated by Mr. Kaiser at the beginning of the meeting, and amended as a result of the Prime Minister's reply. This statement would be made available by Kaisers to the parties interested in the consortium and by the Ghana Government to the United States, British, and Canadian Governments and to the World Bank;
- (b) that the American Ambassador in Ghana should be informed by the Prime Minister that it is not now proposed to carry out the review previously arranged for early October in Washington but that the Government of Ghana would propose discussions with the United States Government at a later date when they had received firm proposals for the establishment of a smelter;
- (c) that the services of Cooper Brothers should be retained to advise on the financial aspects of the Project;

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KAISER ALUMINUM & CHEMICAL CORPORATION

MEMORANDUM - VOLTA RIVER PROJECT GHANA
ALUMINUM SMELTER

This is to advise you of the substantial and definite progress being made in the formation of a Ghana Aluminum Consortium and of the actions taken and also those now underway.

Last January meetings were held between the Government of Ghana and Mr. Nathanael Davis, President of Aluminium Company of Canada. At that time it was agreed that Alcan would undertake the formation of an aluminum consortium for the production of aluminum in Ghana utilizing Volta River electrical power. This was confirmed in a letter dated January 22, 1959, from Prime Minister Nkrumah to Mr. Davis.

Very little definite or specific progress towards formation of a consortium was made under this arrangement. Recently as a result of discussions, the Kaiser Aluminum & Chemical Corporation has been established as the sponsor of the aluminum production phase of the Volta Project.

In letter dated August 28, 1959, to the Prime Minister of Ghana Mr. Davis advised that because of stated circumstances Alcan was relinquishing its efforts towards forming a Ghana aluminum consortium and recognizing Kaiser Aluminum as the sponsor.

Mr. Davis' letter (copy attached) further stated that previously other aluminum companies; i. e., Aluminum Company of America, Reynolds Metals, British Aluminium and Olin Mathieson have stated a desire to consider participation in a Ghana aluminum consortium.

A meeting of all ⁽¹⁾ the aluminum companies mentioned in Mr. Davis' letter was then arranged by Kaiser Aluminum and held in the Kaiser New York Offices September 10th.

⁽¹⁾ British Aluminium was not specifically represented, although officials of Reynolds Metals -- now large stockholders in British Aluminium -- were present.

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ALUMINIUM LIMITED
2100 Sun Life Building, Montreal

Cable
Aluminium Montreal

Mail-Box 6090
Montreal P.Q. Canada

28 August 1959

The Rt. Hon. Kwame Nkrumah, P.C.,
P. O. Box 1627
Accra, Ghana

Dear Mr. Prime Minister:

You will recall that, after our discussions in Accra last January concerning the Volta River Project, it was agreed that our Company would give further study to the proposals outlined in your letter to me of January 22nd and would discuss these proposals with other potentially interested parties during the ensuing months.

We have since approached, and shown your January 22nd letter to The British Aluminium Company Limited, Kaiser Aluminum & Chemical Corporation, Aluminum Company of America, Reynolds Metals Company, and Olin Mathieson Chemical Corporation. All these producers of aluminium said they would like to consider participating in a consortium and have now been able to study the Re-assessment Report of Henry J. Kaiser Company.

It appears from our recent discussions with Kaiser Aluminum & Chemical Corporation that American interests would be prepared to take a larger financial position in the Volta Development than our Company might be able to assume. In any event, Kaiser Aluminum & Chemical Corporation have asked us whether we would be willing to have them take over sponsorship of the formation of a possible consortium of aluminium producers. This request appeared to us to be logical in the circumstances and in the best interests of the Volta River Project. Accordingly we have informed Kaiser Aluminum & Chemical Corporation that we agree to their taking over the sponsorship.

As you may know, West African Aluminium Limited (which is incorporated in

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PRESS STATEMENT EMBARGOED FOR RELEASE
AT 1800 HOURS G.M.T. ON 16TH SEPTEMBER

PRESS RELEASE NO. 725/59

NKRUMAH DETERMINED TO PROCEED WITH
VOLTA PROJECT

The Prime Minister of Ghana, the Right Honourable Dr. Kwame Nkrumah, and Mr. Edgar Kaiser, President of Kaiser Industries Corporation, and Chairman of the Board of the Kaiser Aluminum & Chemical Corporation have met in Accra to review the Volta River Project.

The Prime Minister has stated his firm intention of proceeding as soon as possible with the construction of the dam and power installation on the Volta River, which has a potential of over 900,000 kilowatts.

It will be recalled that the Prime Minister announced on the 15th of April, 1959, that preliminary works at the dam site would be commenced forthwith. These works are proceeding very satisfactorily.

The Prime Minister has invited Mr. Kaiser to take the initiative in forming a consortium of aluminium companies in order to establish a smelter by the new port of Tema. Mr. Kaiser has undertaken to do this.

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The Prime Minister hopes to receive a firm proposal
from Mr. Kaiser before the end of the year.

(ISSUED BY THE MINISTRY OF EDUCATION AND IN-
FORMATION ON BEHALF OF THE PRIME MINISTER'S
OFFICE)

16th September, 1959.
/BFY/

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KAISER INDUSTRIES CORPORATION



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SEP 25 1959

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CHAD F. CALHOUN
Vice President

September 19, 1959
At Rome, Italy

9/25
Mr. Satterthwaite,
in meeting with
Mr. Calhoun, thanked
him (1) for his
letter to Vol 9/19
and, general Dept
for keep info

The Honorable
C. Douglas Dillon
Acting Secretary of State
Room 2129, Department of State
Washington 25, D. C.

Dear Mr. Secretary:

REFERENCE: Volta River Project

For your information, I am attaching information concerning recent actions and events pertaining to the formation of a Ghana Aluminum Consortium for the purposes of producing primary aluminum in Ghana, utilizing electrical energy from the proposed Volta River Project.

The attachments are:

1. Record of a special meeting on the Volta River Project held in Accra, Ghana, Tuesday, September 15, 1959.
2. Memorandum statement of Chad F. Calhoun, Vice President, Kaiser Aluminum & Chemical Corporation, dated September 16, 1959.
3. Press statement of Prime Minister Kwame Nkrumah, dated September 16, 1959.

I am returning to Washington Friday, September 25.

Sincerely yours,

Chad F. Calhoun

microfilmed by RMI

CFC:drs
Attachments: As stated

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RECORD OF A SPECIAL MEETING ON THE
VOLTA RIVER PROJECT HELD ON
TUESDAY THE 15TH OF SEPTEMBER, 1959.

PRESENT: The Right Honourable

Dr. Kwame Nkrumah, P. C., M. P.,

The Honourable K. A. Gbedemah, M. P.,
Minister of Finance

The Honourable Kojo Botsio, M. P.,
Minister for Economic Affairs

Commander Sir Robert Jackson, C. M. G., O. B. E.,
Chairman, Development Commission

Mr. E. Ayeh Kumi,
Chairman, I. D. C. and A. D. C.

Mr. F. E. Taylor, O. B. E.,
Permanent Secretary,
Development Commission.

Mr. Edgar Kaiser,
President,
Kaiser Industries Corporation,

Mr. Chad Calhoun,
Vice President, Kaiser Industries Corporation
Vice President, Kaiser Aluminum & Chemical
Corporation,

Mr. D. A. Rhoades,
President,
Kaiser Aluminum & Chemical Corporation.

The Prime Minister welcomed Mr. Kaiser and asked him if he would comment on developments in relation to the Volta River Project since they had last met.

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Mr. Kaiser began by explaining the reasons why he had to return to the United States earlier than he had anticipated. He then went on to refer to the agreement reached with Mr. Nathanael Davis of Aluminium Limited in January, 1959, whereby it had been agreed that Mr. Davis could approach aluminium companies with a view to forming a consortium. Mr. Kaiser stated that Mr. Davis had sent out letters to all interested parties but that no definite result had been achieved. Mr. Kaiser had had discussions with Mr. Davis and, as a result, it had been agreed that Mr. Kaiser should take the initiative in forming a consortium. Mr. Nathanael Davis' letter of the 28th of August, 1959, to the Prime Minister was a result of this agreement. (S. D. C. memorandum 1346 of the Fourth Meeting (1959/60) held on the 14th of September, refers).

Mr. Kaiser went on to say that last week he had had meetings with interested parties and it had been agreed that Mr. Kaiser's group would prepare recommendations on how to build a smelter plant in Ghana and how it could be financed. He stressed that the report his organization would prepare would be on how to bring a smelter plant into being and not whether it was feasible or not, as the latter premise was accepted. In order to assist in the preparation of this report, each of the interested companies had agreed to put in one or two men together with Mr. Rhoades and his team from Kaiser Aluminum & Chemical Corporation. Mr. Kaiser stated that he had informed the meeting that he would have to give the Prime Minister of Ghana a date by which firm recommendations could be given on the forming of an aluminium consortium, and it had been agreed that he should inform the Prime Minister that a firm date would be available to the Government of Ghana by the first week in October. He indicated, without commitment, that the date for the receipt of firm proposals would probably be towards the end of November or the beginning of December, 1959.

Mr. Kaiser then referred to his earlier meeting with the Prime Minister and reminded him that he had at that time said that he was only interested in the contract for the hydro-electric power dam but had not indicated at that time his interest in the aluminium field. He went on to say that Kaiser Industries, however, were now interested in both engineering construction and aluminium production. Kaiser Aluminum had, at the present time, only one source of bauxite and they needed more. Ghana has bauxite. Messrs. Reynolds and Alcoa had already got interests in the Commonwealth market. Kaiser at present has no such interest but desires one. Kaiser Industries considered that in a project of this size it was desirable to have partners and Mr. Kaiser informed the Prime Minister that Reynolds were definitely interested. Olin Mathieson Chemical Corporation have a half interest in the Fria Aluminium Project and would like partners. Kaiser is not particularly interested in this project at present. Aluminium Limited want partners

in the Boke Project and in this project Kaisers are interested. Mr. Kaiser stated that he has mentioned these interests for the purpose of putting all his cards on the table, but he wished to stress that these interests were independent of the Volta River Project which he had come to Ghana to discuss on this occasion.

Mr. Kaiser then proceeded to elaborate on the problems that the consortium would have to face in considering the precise form that the financing and establishment of a smelter might take. He said that a normal practice where a consortium consisted of aluminium companies was that each of the interested parties agreed to a power contract and each of the parties also agreed to take a proportionate amount of the pig aluminium. Normally the smelter company would sell the pig aluminium at cost to the parties, and the consortium would make any profit there was to be made from the sale of the pig aluminium; the smelter company, as such, being non-profit making. Mr. Kaiser stated that he realized that a smelter company formed on this basis raised certain problems. He went on to say that Kaiser Industries' policy in respect of foreign companies was that at least 50% of the equity of such companies should be owned by the country in which the company is situated. He emphasized that this was his company's policy, and that other companies had different views.

Mr. Kaiser then posed certain questions, the answers to which would be required in due course before the Working Party of the consortium could form firm recommendations:-

- (a) Does the Government of Ghana require an equity share in the smelter?
- (b) Could investment stock be sold to Ghanaian investors?
- (c) If the Government of Ghana did not wish to take up a direct investment in the equity of the smelter immediately, would the Government require an option to take up stock at a later date? ✓
- (d) Had the Government any views on the question of equipment manufacturers investing directly in the smelter company? (The majority of the parties interested in the consortium did not think it right that they should do so).
- (e) Westinghouse had suggested that private enterprise might build and finance the dam and power project.
 Would the Government of Ghana wish to consider this?

In closing Mr. Kaiser referred to the general interest in the forming of a consortium and stated that he considered both Reynolds and Alcan were definitely interested, but at the present time Alcoa appeared to be reluctant. He considered that Alcoa would come in when the proposals become more definite. He also referred to the fact that in carrying out the preparatory work in the forming of a consortium, he realized that a fundamental factor would be that the power rate should be sufficient to finance the dam. He stated that, when the time came, Kaisers would require a copy of the Cooper Brothers Report. Mr. Kaiser then referred to the fact that he had discussions with the Chairman of the Development Commission and that it had been suggested to him that final consideration in the forming of a consortium should be based on a power contract which would be dependent on the final price of the dam. In this way the risk inherent in the construction of a major project of this nature would be shared by the Government, the contractors and the aluminium smelter company. In discussions he had had with Mr. Sheridan, based on Mr. Sheridan's practical experience in the field in Ghana, he was led to believe that it would be necessary for them to reassess the cost of the construction of the project in order to make sure that their present estimates are as correct as possible.

The Prime Minister thanked Mr. Kaiser for his remarks, and stated that he would like elaboration of Mr. Kaiser's interest in the Fria and Boke schemes. Mr. Kaiser once again stressed that his interest in Ghana did not depend in any way on his interest in Fria or Boke schemes, although they might be complementary to each other, inasmuch as it might be possible in the early stages to import alumina from Guinea or elsewhere for processing in the smelter in Ghana. In fact, the development of the smelter industry in Ghana might be carried out in three stages:-

- (a) processing of imported alumina;
- (b) exploitation of local bauxite deposits, production of alumina, and processing to full aluminium stage;
- (c) fabrication of aluminium.

At this juncture Messrs. Kaiser, Calhoun and Rhoades withdrew for a short recess while the representatives of the Ghana Government discussed the matters raised by Mr. Kaiser.

After the recess, Messrs. Kaiser, Calhoun, and Rhoades re-joined the meeting and the Prime Minister stated that, before replying to Mr. Kaiser he would like to clarify one point. The point he wished to

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raise was that Mr. Kaiser had stated that one suggested method of operating the smelter company would be that the company would sell the pig aluminium to each of the stockholders proportionate to their investment and at cost. He pointed out that, with the Government or private individual stockholders in the smelter company, this would raise a problem, as also would the question of company tax. Mr. Kaiser agreed that, in these circumstances, it is difficult to see how the proposed operation would work. The Prime Minister then went on to say that from its point of view the Government wished to produce power as cheaply as possible but also wished to have a reasonable share of profits and/or risks in the smelter company and, therefore, he could not see how a non-profit making smelter could possibly be a workable proposition.

With this point cleared, the Prime Minister said that his reply to Mr. Kaiser was as follows:-

1. The FIRST thing the Government would like to have from Mr. Kaiser is a sound proposal for the development of a consortium which would set up a smelter company in Ghana, and purchase sufficient power from the Government to justify the construction of the dam and power project at Kosombo. This consortium should not include active participation by manufacturers of equipment. INITIALLY the smelter company should be financed entirely by the consortium, but the Government should be given the OPTION to purchase 50% of the stock at a reasonable price within say 20 years from the start of the operation.
2. If an effective consortium could be formed as above, then the SECOND thing was that the Government of Ghana would be prepared to take responsibility for financing forthwith the construction of the dam and power installation at Kosombo. (The Government would not be willing for private enterprise to own this installation).

The Prime Minister then informed Mr. Kaiser of his views about the construction of the dam and power installation (assuming satisfactory proposals for the smelter were advanced), and said that he would be grateful if Mr. Kaiser would give some thought to the way in which the normal risks during construction could be shared between:-

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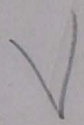
- (a) the Government;
- (b) the construction company;
- (c) the smelter company.

The Government would like to see an arrangement by which power was sold to the smelter company at cost plus a nominal profit.

The Prime Minister then informed Mr. Kaiser that although his reply had indicated the Government's wish to be given an option to purchase 50% of the stock over 20 years, he did not feel sufficiently strongly on this point for it to be a fundamental on which negotiations might break down. In reply Mr. Kaiser stated that he would bear this in mind and felt that if this point became difficult he could refer back to the Government of Ghana for further consideration.

The meeting then discussed the steps that should now be taken and it was agreed as follows:-

- (a) that Mr. Calhoun would prepare a statement of what Kaisers had done so far, and what they propose to do in the future, as elaborated by Mr. Kaiser at the beginning of the meeting, and amended as a result of the Prime Minister's reply. This statement would be made available by Kaisers to the parties interested in the consortium and by the Ghana Government to the United States, British, and Canadian Governments and to the World Bank;
- (b) that the American Ambassador in Ghana should be informed by the Prime Minister that it is not now proposed to carry out the review previously arranged for early October in Washington but that the Government of Ghana would propose discussions with the United States Government at a later date when they had received firm proposals for the establishment of a smelter;
- (c) that the services of Cooper Brothers should be retained to advise on the financial aspects of the Project;



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7.

- (d) that the Government of Ghana should inform the World Bank that the Government believe that an economic survey of Ghana might be considered after firm proposals for a smelter had been received from Mr. Kaiser;
- (e) that Kaiser Industries would arrange for Mr. Woods and Mr. Gbedemah to come together during Mr. Gbedemah's visit to Washington in October;
- (f) that it was noted that Mr. Woods is now adviser to Kaiser Industries and that, if it was decided that Mr. Woods should also advise the Government of Ghana, then Cooper Brothers should be brought into contact with Mr. Woods;
- (g) that the Working Party on the aluminium consortium would require a certain amount of information from the Government of Ghana such as pioneer relief, port dues, etc., and that it would be considered how best this information could be supplied either by correspondence or the visit of a suitable person to Oakland during the discussions of the Consortium Working Party. In this respect, the Chairman of the Development Commission stated that the Ghana Embassy in Washington should be kept informed of developments and, if necessary, have a representative present at the discussions of the Consortium Working Party;
- (h) that Mr. Kaiser should be invited to submit proposals for the completion, by a given date, of the design work for the dam and power project, on which his firm is already engaged, together with proposed charges for this work.

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September 16, 1959

KAISER ALUMINUM & CHEMICAL CORPORATION

MEMORANDUM - VOLTA RIVER PROJECT GHANA
ALUMINUM SMELTER

This is to advise you of the substantial and definite progress being made in the formation of a Ghana Aluminum Consortium and of the actions taken and also those now underway.

Last January meetings were held between the Government of Ghana and Mr. Nathanael Davis, President of Aluminium Company of Canada. At that time it was agreed that Alcan would undertake the formation of an aluminum consortium for the production of aluminum in Ghana utilizing Volta River electrical power. This was confirmed in a letter dated January 22, 1959, from Prime Minister Nkrumah to Mr. Davis.

Very little definite or specific progress towards formation of a consortium was made under this arrangement. Recently as a result of discussions, the Kaiser Aluminum & Chemical Corporation has been established as the sponsor of the aluminum production phase of the Volta Project.

In letter dated August 28, 1959, to the Prime Minister of Ghana Mr. Davis advised that because of stated circumstances Alcan was relinquishing its efforts towards forming a Ghana aluminum consortium and recognizing Kaiser Aluminum as the sponsor.

Mr. Davis' letter (copy attached) further stated that previously other aluminum companies; i. e., Aluminum Company of America, Reynolds Metals, British Aluminium and Olin Mathieson have stated a desire to consider participation in a Ghana aluminum consortium.

A meeting of all ⁽¹⁾ the aluminum companies mentioned in Mr. Davis' letter was then arranged by Kaiser Aluminum and held in the Kaiser New York Offices September 10th.

(1) British Aluminium was not specifically represented, although officials of Reynolds Metals -- now large stock holders in British Aluminium -- were present.

REF ID: A66085

All companies manifested keen interest in participation in the proposed consortium; some to a greater degree than others, but definite expressions of some participants were sufficient to indicate strong probabilities of early and specific formation of an aluminum consortium for the production of primary aluminum in Ghana using a substantial portion of the Volta hydroelectric power.

It was established that Kaiser Aluminum would take the lead in preparing a report on the pertinent information and a financing plan for the Aluminum Consortium. Further that each of the companies would concurrently furnish personnel to work on this report with the Kaiser people.

A tentative time schedule was indicated for the completion of the report, probably in October, and definite decisions by the separate aluminum companies as to the amount, if any, of their participation in the consortium by November 30.

At the September 10th meeting it was clearly established and agreed that each member of the consortium would be required to separately market its share of Ghana primary aluminum production.

Kaiser representatives, Edgar F. Kaiser, President, Kaiser Industries Corporation, D. A. Rhoades, President, Kaiser Aluminum & Chemical Corporation, and Chad F. Calhoun, Vice President of Kaiser Industries Corporation and Kaiser Aluminum & Chemical Corporation, left for Ghana September 13th, where meetings were held with Prime Minister Nkrumah, and other Ghanaian representatives. Mr. Kaiser advised the Prime Minister of the progress being made and of the proposed report to the potential members of the Ghana Aluminum Company. Also, that by the first week in October, he would advise the Prime Minister the definite date when the decisions of the separate companies would be made - tentatively November 30 - early December.

Further, that at that time the aluminum consortium would be in a position to agree to a long-term power contract with Ghana provided rates and other conditions were acceptable.

Following these discussions the Prime Minister issued a short statement (copy attached).

Chad F. Calhoun
Vice President

Kaiser Industries Corporation
Kaiser Aluminum & Chemical Corporation



ALUMINIUM LIMITED
2100 Sun Life Building, Montreal

Cable
Aluminium Montreal

Mail-Box 6090
Montreal P.Q. Canada

28 August 1959

The Rt. Hon. Kwame Nkrumah, P.C.,
P. O. Box 1627
Accra, Ghana

Dear Mr. Prime Minister:

You will recall that, after our discussions in Accra last January concerning the Volta River Project, it was agreed that our Company would give further study to the proposals outlined in your letter to me of January 22nd and would discuss these proposals with other potentially interested parties during the ensuing months.

We have since approached, and shown your January 22nd letter to The British Aluminium Company Limited, Kaiser Aluminum & Chemical Corporation, Aluminum Company of America, Reynolds Metals Company, and Olin Mathieson Chemical Corporation. All these producers of aluminium said they would like to consider participating in a consortium and have now been able to study the Re-assessment Report of Henry J. Kaiser Company.

It appears from our recent discussions with Kaiser Aluminum & Chemical Corporation that American interests would be prepared to take a larger financial position in the Volta Development than our Company might be able to assume. In any event, Kaiser Aluminum & Chemical Corporation have asked us whether we would be willing to have them take over sponsorship of the formation of a possible consortium of aluminium producers. This request appeared to us to be logical in the circumstances and in the best interests of the Volta River Project. Accordingly we have informed Kaiser Aluminum & Chemical Corporation that we agree to their taking over the sponsorship.

As you may know, West African Aluminium Limited (which is incorporated in

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ALUMINIUM LIMITED

- 2 -

28 August 1959

The Rt. Hon. Kwame Nkrumah, P. C.: Accra

Ghana and controlled by us) owns the relevant hydroelectric concessions on the Volta River, conceived the original project, and carried out the pioneering work later continued by our Company. Consequently we count on negotiating with your Government on behalf of West African Aluminium Limited the payment of reasonable compensation for these hydroelectric concessions and for the pioneering hydroelectric studies. Furthermore, when the question arises of our joining the consortium that we hope Kaiser Aluminum & Chemical Corporation will be able to form, we are likely to ask for the inclusion in our stead of West African Aluminium Limited. If West African Aluminium Limited became a member of the consortium our co-shareholders in that company would be given an opportunity, to which we feel they are entitled, to participate with us in the project.

We are informing the other aluminium companies, referred to earlier in this letter, of this change in sponsorship and advising them that they may expect to hear in due course from Kaiser Aluminum & Chemical Corporation. We are also informing the United Kingdom Government to whom we spoke shortly after our discussions with you in Accra.

With kind regards,

Yours sincerely,

(Signed) Nathanael V. Davis
Nathanael V. Davis

NVD:NKC

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PRESS STATEMENT EMBARGOED FOR RELEASE
AT 1800 HOURS G.M.T. ON 16TH SEPTEMBER

PRESS RELEASE NO. 725/59

NKRUMAH DETERMINED TO PROCEED WITH
VOLTA PROJECT

The Prime Minister of Ghana, the Right Honourable Dr. Kwame Nkrumah, and Mr. Edgar Kaiser, President of Kaiser Industries Corporation, and Chairman of the Board of the Kaiser Aluminum & Chemical Corporation have met in Accra to review the Volta River Project.

The Prime Minister has stated his firm intention of proceeding as soon as possible with the construction of the dam and power installation on the Volta River, which has a potential of over 900,000 kilowatts.

It will be recalled that the Prime Minister announced on the 15th of April, 1959, that preliminary works at the dam site would be commenced forthwith. These works are proceeding very satisfactorily.

The Prime Minister has invited Mr. Kaiser to take the initiative in forming a consortium of aluminium companies in order to establish a smelter by the new port of Tema. Mr. Kaiser has undertaken to do this.

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The Prime Minister hopes to receive a firm proposal from Mr. Kaiser before the end of the year.

(ISSUED BY THE MINISTRY OF EDUCATION AND INFORMATION ON BEHALF OF THE PRIME MINISTER'S OFFICE)

16th September, 1959.
/BFY/

GOING TELEGRAM Department of State

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SEP 25 1959

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SENT TO: Amembassy ACCRA 159

PRESIDENTIAL HANDLING

Deliver following message from the President urgently to the Prime Minister:

QUOTE September 25, 1959.

~~September 25, 1959~~

Dear Prime Minister:

Thank you for your letter of September seventeenth regarding the Volta River Project. I am gratified that you are making progress. My Government will be interested in being kept informed of further developments when you have received firm proposals for the establishment of an aluminum smelter.

I, too, recall with pleasure your visit to the United States and deeply appreciate your kind personal remarks.

Sincerely,

DWIGHT D. EISENHOWER

END QUOTE

If asked by GOG you may indicate that no additional reply contemplated by President or US Government to Prime Minister's letter which was generally along

Staffed by: AF:AFS:IMDunn:deh 9/25/59

Telegraphic transmission and classification approved by: S/S- Mr. McElhiney

References: The White House - Miss Boyce

AF - Mr. Dolgin AF - Mr. Satterthwaite

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along lines of his letter of September 18 to you as transmitted in URTEL 194.
Since Prime Minister's letter marked QUOTE personal and confidential END QUOTE
assume he desires no publicity on exchange. White House does not plan to
release.

OBSERVE PRESIDENTIAL HANDLING

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Classification

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(Drafting Office and Officer)

DEPARTMENT OF STATE

123

Memorandum of Conversation

DATE: September 25, 1959

SUBJECT: Volta River Project

PARTICIPANTS: Mr. Chad Calhoun, Vice President, Kaiser Industries, Washington, D. C.
 Mr. Richard Ward, Kaiser Industries, Washington, D. C.
 Mr. J. C. Satterthwaite, Assistant Secretary for AF
 Mr. George Dolgin, Politico-Economic Adviser, AF
 Mr. Robert T. Hennemeyer, Ghana Desk Officer, AFS
 Eugene L. Padberg, Jr., AFS

OCT 20 1959

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| IRC - 8 | E | ICA - Mr. Hennrich | Amembassy ACCRA |
| AF/PRO; Mr. Reeves 1 | E | - Mr. Atterberry (Ex-Im) | Amembassy CONAKRY |
| S/S-2 | | Commerce - Mr. Blankenheimer-2 | Amembassy LONDON |
| ICA-DIE | | | |

Mr. Satterthwaite thanked Mr. Calhoun for his letter of September 19 from Rome in which he summarized developments regarding the Volta River Project resulting from Kaiser's meeting with various aluminum companies in New York on September 10 and Kaiser's meeting with Nkrumah at Accra on September 15.

Mr. Calhoun said Prime Minister Nkrumah now realized the key issue to the Volta River Project is the formation of a consortium of aluminum companies; that now that this has been achieved his, Calhoun's, work has been done and it is now up to others to solve the many problems that remain.

Regarding Nkrumah's letter of January 22, 1959 to Davis of ALCAN, Mr. Calhoun pointed out that so long as this letter was outstanding Kaiser had difficulty in doing anything with regard to the formation of a consortium. However, with the withdrawal of this letter Kaiser was free to operate and the meeting of September 10 in New York resulted.

Mr. Calhoun summarized the feeling of the officials of the various companies attending the New York meeting as follows:

1. Dick Reynolds

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1. Dick Reynolds of the Reynolds Company was definitely for the Volta River Project.

2. Olin Mathieson mentioned the Fria Project in Guinea and indicated its desire to have other aluminum companies participate in this project. Such participation in Guinea, however, Olin Mathieson did not lay down as a condition precedent to its participating in the Ghana project.

3. ALCAN wants the Volta River Project to be delayed. Its reason for this is its Boke project in Guinea and its desire to have other aluminum companies come in with it on this project. ALCAN's participation in the Volta Project would be through its subsidiary, the West African Company, which is now operating in Ghana.

4. ALCOA's position was that no one of the companies at the meeting could be interested in the Volta Project except for the fact that it had gone so far along. In reply to Mr. Edgar Kaiser's answer that he wanted to do something in West Africa, ALCOA stated it guessed it would have to go along with the Volta River Project because European firms would pick up the project if the United States companies did not do something.

Regarding Cooper Brothers of London who were hired by the Ghana Government to fix power rates, Mr. Calhoun stated their report which has been completed sets up a number of power rates depending on the circumstances of financing.

Mr. Satterthwaite commented that he had noticed Mr. Sheridan's statement regarding the need for reassessment of construction costs and inquired whether this would cause any difficulty. Mr. Calhoun assured Mr. Satterthwaite this should cause no difficulty. Kaiser, he said, had called for preliminary quotations on hydroelectric equipment and found these costs were much less than previously thought. In this connection he mentioned that General Electric and Westinghouse have been after the Kaiser Company regarding the hydroelectric equipment contract.

Discussing the size of the smelter and the amount of power to be generated, Mr. Calhoun said the key to Volta has been the establishment of a smelter with an annual production of 120,000 tons. If there are now to be a number of aluminum companies proportionately receiving a smaller share of the production, Mr. Calhoun questioned whether thought should not be given to building a larger plant. With regard to power consumption Mr. Calhoun pointed out that, of the 520,000 KW to be produced, the aluminum companies will contract for approximately 320,000 KW, deducting Ghana's existing demand for 85,000 KW, only 100,000 KW remain for which consumers must be found. Mr. Calhoun then pointed out that Ghana's power demand has not been static and 5 years

hence should be

9 hence should be 85,000 KW plus. Such a forecast, he added, was not unreasonable and in this connection mentioned similar power projects in India and other countries where there was not the demand for the power when the hydroelectric project was planned.

The meeting ended with Mr. Calhoun promising to keep Mr. Satterthwaite informed of future developments.

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GHE: [unclear] 10/9/59
6/2/59

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DEPARTMENT OF STATE

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ALL DOCUMENT MUST BE FORWARDED TO THE RM/R Central FILE

Approved by U -
October 14, 1959

Memorandum of Conversation

DATE: October 6, 1959

(22)

SUBJECT: Volta River Project

PARTICIPANTS: Mr. C. Douglas Dillon, Under Secretary, Department of State
Mr. H. K. Gbedemah, Finance Minister, Ghana
Mr. Hamish Millar-Craig, Permanent Secretary, Minister of Finance, Ghana
Major Seth Anthony, Charge d'Affaires, Embassy of Ghana
H. E. William Cuao Marmon Halm, Ambassador-designate to U.S.
Mr. Albert K. Kwateng, Senior Assistant Secretary to Minister of Finance, Ghana
Mr. Richard Akwei, 1st Secretary, Embassy of Ghana
Mr. C. Vaughan Ferguson, Jr., Director, AFS
George R. Kenney, ED E. L. Padberg, Jr., AFS

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(22)

OCT 9 1959

The purpose of Mr. Gbedemah's call today was to review with Mr. Dillon recent developments relating to the Volta Project.

After referring to his government's meeting with Kaiser representatives at Accra on September 15, Mr. Gbedemah stated Ghana does not intend to discuss the question of financing the Volta Project with the United States until after December 4, 1959, the day on which Kaiser has indicated it will submit to Prime Minister Nkrumah a firm proposal of a consortium of aluminum companies to establish a smelter in Ghana. Mr. Black, he said, expressed the opinion that the Volta Project might be financed on an international basis once an aluminum consortium is formed. With reference to financing the Project Mr. Gbedemah said Ghana would arrange the financing of the dam and power installation which it has been estimated will run around 62 million pounds (\$172.6 million). The aluminum smelter, on the other hand, he said, it has been agreed will be financed solely by the aluminum companies with the understanding Ghana will be permitted to obtain a percentage of the shares in smelter sometime within the next 20 years.

Mr. Gbedemah

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- 2 -

Mr. Gbedemah asked Mr. Dillon for the Department's current views on this Project. Mr. Dillon said the Department had always felt the Project made sense if there was a firm commitment of the aluminum companies-- and this Project now appears to be a reality. Mr. Dillon, after pointing up the importance of the role the World Bank can play, mentioned the World Bank would probably take a large share of the total financing. The needs for financing could be worked out by starting with the problem of power costs and working back toward capital requirements. Heretofore, there have been too many unknowns for a Project of this size. Mr. Gbedemah said Mr. Black had suggested an international financing arrangement with the Bank as the center from which contacts could be made. Mr. Dillon replied this was exactly what he had in mind, that is, using the World Bank as a focal point for organizing the financing. Mr. Gbedemah's comment to this was that he felt that World Bank money would be too dear. Mr. Dillon pointed out that we were not thinking of foreign participation in a World Bank loan but rather of the Bank as a promoter of additional bilateral financing arrangements. Mr. Dillon said he thought Ghana would need an objective international organization as a salesman for the project and the World Bank could do this much better than the United States. While it may be that Ghana could do this much better on its own, Mr. Dillon said the advantages of using Mr. Black's facilities should not be overlooked.

A discussion with regard to the cost of power, Mr. Dillon said, could only be held when Ghana has a firm offer from a consortium.

Mr. Dillon expressed delight with the progress that had been made to date. He referred to events of last spring when there began to be some evidence that the aluminum industry as a whole was getting out of the dumps and was beginning to look ahead to future demands. Mr. Dillon expressed the view that the general feeling of the aluminum companies today is that the West Coast of Africa, since it has both bauxite deposits and power potentialities, has the best prospects in the world. Mr. Dillon said Mr. Black had told him that he now thinks that Africa can perhaps support the Volta Project, a small project in Inga, and something in Guinea. While it is not necessary now to decide on one project over another, Mr. Dillon said Ghana has the advantage in that reengineering of the dam has lowered original estimated costs. Mr. Gbedemah noted the Ghana project would help Guinea as well since the Ghana smelter would initially use Guinea bauxite. In this connection Gbedemah said Mr. Kaiser had told Ghana of his company's interest in Guinean bauxite but indicated this would not affect their going ahead in Ghana. Mr. Gbedemah stated he was requesting his government to issue a formal invitation as soon as possible to the World Bank to send an economic survey team to Ghana since he is convinced this will facilitate financing of the Project.

The conversation ended with references to the generally optimistic outlook with regard to world demand for aluminum.

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FROM: ACCRA
TO: Secretary of State
NO: 453, DECEMBER 16

AFTER FOUR-DAYS VISIT BY CALHOUN AND OTHER OFFICIALS KAISER CORPORATION, PRIMIN TODAY MADE STATEMENT IN PARLUMEN ABOUT THE VOLTA RIVER HYDROELECTRIC AND ALUMINUM PROJECT AS FOLLOWS:

BEGIN TEXT

I SHOULD NOW LIKE TO REFER TO ANOTHER MATTER OF VITAL IMPORTANCE TO OUR COUNTRY - THE VOLTA RIVER PROJECT. DURING THE LAST FEW DAYS I HAVE BEEN HAVING DISCUSSIONS WITH REPRESENTATIVES OF THE ALUMINIUM COMPANIES. MEMBERS WILL BE PLEASED TO LEARN THAT SEVERAL ALUMINUM COMPANIES ARE NOW SETTING UP A NEW COMPANY IN GHANA, WHICH WILL BE KNOWN AS THE VOLTA ALUMINIUM COMPANY. DURING THE NEXT SIX TO EIGHT MONTHS THE GOVERNMENT OF GHANA WILL BE NEGOTIATING WITH THIS NEW COMPANY, AND I AM CONFIDENT THAT THE OUTCOME OF THESE NEGOTIATIONS WILL BE THE ESTABLISHMENT OF AN ALUMINIUM SMELTER AT TEMA. IF THIS CAN BE ACHIEVED WE WILL, OF COURSE, HAVE OBTAINED A MAJOR CONSUMER OF POWER FROM THE VOLTA.

LET ME NOW DEAL WITH THE DAM AND POWER INSTALLATION. MR. SPEAKER: AS ALL MEMBERS OF THIS ASSEMBLY ARE AWARE, I AM DETERMINED THAT POWER SHALL BE PRODUCED FROM THE VOLTA RIVER AS SOON AS POSSIBLE. CERTAIN PRELIMINARY WORKS HAVE BEEN UNDERTAKEN DURING THE LAST YEAR WHICH ARE NOW NEARING COMPLETION. THE GOVERNMENT HAS NOW ASKED KAISER ENGINEERS AND CONSTRUCTORS INC. TO CARRY OUT ADDITIONAL WORK AT THE DAM SITE WHICH WILL REQUIRE UNTIL ABOUT MARCH, 1961, TO COMPLETE. IN ADDITION, KAISERS HAVE BEEN ASKED TO COMPLETE ALL THE ENGINEERING DESIGN WORK OF THE DAM AND TO PREPARE TENDER DOCUMENTS SO THAT THE GOVERNMENT COULD ACT AS NECESSARY BY THE 1ST SEPTEMBER, 1960.

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-2- 453, DECEMBER 16 FROM ACCRA

MEMBERS-WILL OBSERVE THE RELATIONSHIP BETWEEN THE TIMING OF THE NEGOTIATIONS FOR THE ESTABLISHMENT OF A SMELTER AT TEMA AND THE TIMING OF FURTHER WORK ON THE DAM AND POWER PROJECTS.

I HAVE NO DOUBT THAT ALL CONCERNED WILL RIGHTLY INTERPRET THESE DECISIONS OF MY GOVERNMENT AS FURTHER CLEAR EVIDENCE OF OUR DETERMINATION TO BRING THE VOLTA RIVER PROJECT IN TO OPERATION.

AND I SHOULD LIKE TO REPEAT HERE AN ASSURANCE WHICH I HAVE ALWAYS GIVEN TO THE HONOURABLE MEMBERS OF THIS HOUSE. MY GOVERNMENT AT THE APPROPRIATE TIME WILL GIVE THE HOUSE FULL OPPORTUNITY TO ENDORSE THE GOVERNMENT POLICY.

END TEXT.

FLAKE

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FOREIGN SERVICE DESPATCH

8451-2614/12-31
31 DEC 1959
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DESP. NO.
December 31, 1959
DATE
126

FROM : AmEmbassy, ACCRA
TO : THE DEPARTMENT OF STATE, WASHINGTON.
MESSAGE CENTER
AF

REF : 1960 JAN 11 AM 11 08

For Dept. Use Only	ACTION REC'D	DEPT. IN F O	OTHER
	AF 5 1-4		Rm/R 2 REP 1 IRC 8 100 11 67 6125 IO-4 Cca 10 IN-7 Com 17 ASD 4 Army 5 Navy

SUBJECT: VOLTA RIVER PROJECT: Transmitting Copy of Letter from Ghana Development Commission to UK and Canadian High Commissioners

There is enclosed a copy of a letter dated December 18, 1959, which was sent in identical form by the Chairman of the Ghana Development Commission to the American Ambassador and the UK and Canadian High Commissioners. The letter sets forth in general terms the present status of negotiations between the Ghana Government and a tentative consortium of American and Canadian aluminum producers aimed at an eventual agreement for the construction of an aluminum smelter at Tema.

Aside from one or two points about timing discussed in the final two paragraphs of the letter, there is nothing in the letter which was not already known to the Embassy and, in fact, little which had not been announced publicly by the Prime Minister in his foreign policy address to the National Assembly on December 16. A much more detailed report of the negotiations, based on documents and other information supplied to the Embassy by Kaiser Vice President Chad CALHOUN, is contained in the Embassy's Desp. 381, of December 21, 1959. As far as the Embassy can determine, the Canadian and UK High Commissioners have not been given copies of this background documentation, although the two governments will probably receive further details in due course through Aluminium Ltd. of Canada and the British Aluminium Co. respectively (assuming the latter decides to join the consortium).

For the Ambassador:
John Q. Blodgett
John Q. Blodgett
Second Secretary of Embassy

Enclosure: *JH.*
Copy of letter dated December 18, 1959.

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1959

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ACTION COPY -- DEPARTMENT OF STATE

Development Commission
P.O. Box M.39.
Accra, Ghana.

18th December, 1959.

Chairman

My dear Ambassador:

During the last week there have been further discussions with Dr. D.A. RHOADES, the President of the Kaiser Aluminium and Chemical Corporation, and with Mr. C. Calhoun, the Vice President of Kaiser Industries Corporation. Mr. Rhoades confirmed to the Government of Ghana that the North American Aluminium Companies interested in the project (the Kaiser Aluminium and Chemical Corporation, the Aluminium Company of America, Reynolds Metals Company, Olin-Mathison Company and Aluminium Limited of Canada) are now setting up in Ghana the Volta Aluminium Company (VALCO).

VALCO will be responsible for carrying out further discussions and negotiations with the Government of Ghana, and Principles of Agreement have been agreed between Mr. Rhoades (representing VALCO) and the Government of Ghana. These Principles of Agreement will guide further work over the next 6 to 8 months during which time it is hoped that a draft power contract and draft master agreement can be drawn up together with the draft of any legislation which the Government of Ghana might ultimately wish to introduce.

Whilst this work is going on - which is designed to lead to the development of a smelter at Tema - Kaiser Engineers and Constructors Inc. will:

- (a) undertake further preliminary works at the dam site which should take until 1st March, 1961, to complete; and
- (b) complete, by 1st September 1960, the design and drawings for the dam and power installation together with the necessary tender documents, which would permit the Government of Ghana to call for bids on an international basis, if it wished to do so.

The underlying thought in this programme of work is that by about July, 1960, it is hoped that VALCO and the Government of Ghana would have achieved general agreement about power rates and the conditions under which the Company could operate in Ghana. The Government of Ghana should then have a clear idea of the position by the time that the design and tender documents for the dam and power installation were ready. If the Government called for tenders on an international basis a further 6 months would be required, and during that period preliminary works would still be going on at the dam site so that no time would be lost.

It is hoped that revised estimates for the dam and power installation will be received from Kaiser Engineers and Constructors, Inc. before the middle of January, 1960, and shortly afterwards the Government of Ghana should be able

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Page 1 of 1
Encl. No. 401
Desp. No.
From ACCRA

to consider its policy in relation to power rates. We understand informally that the revised estimates are unlikely to exceed those given in the original report.

Yours sincerely,

/s/ Sir Robert Jackson

His Excellency
Mr. Wilson C. Flake.

INCOMING TELEGRAM

Department of State

ACTION COPY

NEA (127)

CONFIDENTIAL

Control: 11318
Rec'd: April 17, 1957
12:40 p.m.

FROM: Accra
TO: Secretary of State
NO: 303, April 17, 10 a.m.

Re Despatch 203.

Slagle, Fraser Leith of Winslow Cohn and Stetson New York, Edgar White of Utah Construction Company yesterday gave Embassy further information their plan American syndicate finance build in four years and operate Volta project under setup like ARAMCO with complete control and share fifty-fifty with Ghana which would put up no money. Leith said plan explained Palmer in Washington eleventh and Nixon and several Congressmen know its main features.

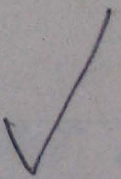
Letter to PM March 19 Slagle proposed he make new six months survey project for option of first refusal of job. He says Beng blocked this but hopes meeting today with PM, Botsio, Gbedemah today will result progress. If PM accepts proposal Leith would return US to organize syndicate start financing. He says twenty large corporations plus investment houses are interested such as Halsey Stuart, Kuhn Loeb, Chase and Boston First Bank at same time he evidently counts on UK Government putting up 50 million pounds along lines its former plans plus aid from EXIM Bank and ICA.

Embassy unable assess this ambitious plan or evaluate relationships between Slagle and named firms. Embassy replied Botsio inquiry re bona fides of Slagle with statement named firms are large but their interest in project unknown. No publicity on deal yet in Accra but leaks expected any time. Pending receipt Department guidance Embassy plans proceed extreme caution and stall Slagle if he asks help negotiations with Ghana Ministers.

LAMM

SW:SGC

MAY 28 1957
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SENT TO: AmEmbassy ACCRA 343

845j, 2614/4-1757

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845J.2614/4-1757 CONFIDENTIAL FILE

EMTEL 303. Following FYI and background guidance only. Department of course anxious encourage and assist responsible U.S. private capital participation in sound economic development friendly nations. Leith visited Washington as stated but despite Department's request has thus far no evidence financial backing claimed. On contrary representative one bank named informed Department no present interest participating Volta ~~XX~~ financing.

Utah Construction highly rated and experienced construction field home and abroad. Commercial info on firms represented by Slagle and Leith which may be helpful appraise their ability to carry out proposal overdue and expected momentarily and will be forwarded immediately. In view our interest helping Ghana and other circumstances, including size and ramification Volta financing indicated by visitors, Embassy's proposal proceed extreme caution justified.

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Drafted by: *DL*
NEA:AFS:DELonganecker:dah 4-20-57

Telegraphic transmission and classification approved by: *George D. LaMont*

Clearances: *DL*
Commerce - Mr. Shoup (Substance) *DL*
ED - Mr. Favell (Substance) *DL*

S/S-CR

APR 20 1957 P.M.

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EA FROM: Accra
10 MR TO: Secretary of State
S NO: 307, April 19, 2 p.m.

Control: 13437
Rec'd: April 20, 1957
10:19 a.m.

Slagle told Embassy confidentially he has Nkrumah letter authorizing undertake engineering survey of Volta project and giving first refusal on job for three months. He asked for six but thinks decision can be made in three. He also said Ghana insisted telling terms of letter to British and Canadians without specifying parties to be informed. Government has not raised matter with Embassy since Botsio inquiry.

Embassy believed advisable inform British here essence Slagle agreement while emphasizing delicacy situation and need keep information secret. Preferred inform British directly rather than wait for their inquiry when story breaks. Deputy UK High Commission appreciated information since he had heard nothing and sceptical re scope and expense proposal but speculated US interest might come from efforts Jackson enlist Volta support on last US trip. He said obviously favorable repercussions would arise for West and private capital if Slagle leading Ghana up garden path. Also concerned lest government endanger credit worthiness by repudiating option Alcan believed hold on bauxite properties.

favorable?

RUTTER

Obviously this must be un favorable

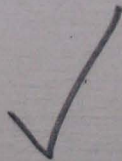
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Called Shony (Commerce) & he called B4B Manager who telephoned my office. Report being compiled Slagle's Co. & due now.

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JUN 11 1957



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INCOMING TELEGRAM

Department of State

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Control: 15294
Rec'd: April 24, 1957
12:50 p.m.

FROM: Accra
TO: Secretary of State
NO: 308, April 24, 1 p.m.

Re DEPTTEL 343

Slagle told me yesterday that on basis Nkrumah's letter his associates preparing bring to Ghana soonest small survey team of experts recruited from parties interested whose main job will be to estimate cost of putting Volta aluminum on world markets. Says previous Volta reports virtually ignored this aspect. Stated representatives from ALCOA, Kaiser, Utah Construction and one or more banks will be on team.

Slagle awaiting Nkrumah answer to his proposal to find 40-60 percent financing for Tema housing project for 8000 houses costing about \$35 million. On assumption syndicate will do construction he estimates United States banks would be willing put up half of money provided Ghana government agrees beforehand to set aside four million pounds for project. Leith leaving for New York today and Slagle probably April 26.

I have not yet raised subject Slagle or his activities with any Ghana official. Should Nkrumah raise matter when I present credentials morning April 25 I shall reply in most general and reserved terms.

RUTTER

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DEPARTMENT OF STATE INSTRUCTION

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(Security Classification)

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131

NO.: CA-8812 April 24, 1957

SUBJECT: IBRD Report to Ghana on the Volta River Project.

This Document Must Be Returned to Central Files

TO: The American Embassy, ACCRA

RPTD INFO: The American Embassy, LONDON

8458-2614 + R 398.4

There is transmitted as an enclosure to this instruction a copy of a letter dated March 15, 1957, to Prime Minister Nkrumah, from Mr. Eugene R. Black, President of the International Bank for Reconstruction and Development, reporting on the findings of the Bank's recent mission sent to Ghana to study economic conditions in that country. It will be noted from this letter and the attached memorandum that the mission was not sent out to Ghana for the purpose of undertaking a detailed investigation of the Volta River Project as such. Nevertheless, the general tenor of Mr. Black's letter, as well as that of his accompanying memorandum, is not particularly encouraging.

Since this letter is a private communication from the IBRD to the Government of Ghana, the Embassies at Accra and London should under no circumstances reveal that they have been furnished a copy. It is on this understanding alone that this document is being made available for your information.

The Department will be most interested in learning of the reaction of the Ghana Government to this communication and of the individual views of Dr. Nkrumah himself, of Minister of Finance Gbedemah, and other important officials whose recommendations and views may have an important bearing on what future steps Ghana proposes taking for the implementation of this Project. In this connection it will be of particular interest to ascertain whether or not Ghana will be disposed to the considering of private American loan/capital investment as an alternative to an IBRD loan.

Enclosure:

at's

Letter from Mr. Black with memorandum attached.

DULLES

8/808

APR 24 1957 P.M.

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DRAFTED BY: DDumont:rmcp 4/23/57

APPROVED BY: George D. Lallont

CLEARANCES: AFS - Mr. Longanacker ED - Mr. Favelle ED - Mr. Atterberry (in substance)

INDICATE: COLLECT CHARGE TO

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Classification

1957 APR 24 PM 12 03

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SENT TO: Amembassy ACCRA 351

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DEPTEL 343. FYI Slagle, Gore & Company have office room 1922 Raymond Commerce Building, Newark and maintain telephone answering service on premises. Identity officers, nature company's business unknown to representative telephone answering service and no response to messages left by inquiring credit institution. Other sources consulted also unable provide information activities this firm. Banking relations, if any, unknown as is financial responsibility. Company not listed as investment, engineering consultants or market research.

Dulles (GDL) DULLES

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Rev _____
Cen _____

Drafted by: *pon* NEA:AFS:DELonganecker:deh 4/24/57

Telegraphic transmission and classification approved by: *George D. LaMont*

Clearances: Commerce - Mr. Shoup (In substance) *pon*

ED - Mr. Fayell (In substance) *pon*

CONFIDENTIAL

Classification

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DEPARTMENT OF STATE

133

Memorandum of Conversation

DATE: May 2, 1957

SUBJECT: Kaiser Interest in the Volta River Project (Ghana).

PARTICIPANTS: Mr. Chad T. Calhoun, Vice President, Kaiser Industries Corporation.
Mr. G. Richard Ward, Assistant to Mr. Calhoun.
Mr. Otto G. J. Schaler, Assistant Coordination, Public Relations, Kaiser Industries Corporation.

Mr. William R. Duggan, International Relations Officer of Southern Africa Affairs.

COPIES TO: Mr. Robert W. Ross, Liberia/Nigerian Desk Officer.

Mr. Palmer - 1 cc
Mr. Rountree - 1 cc
OLI - 2
ED - 2
NEA - Miss Balmer - cc
Department of Commerce - 2
AFS - 4
AmEmbassy, ACCRA - 1

845J.2614/5-257

The above meeting was arranged by Mr. Duggan after a telephoned request from Mr. Schaler.

Mr. Calhoun said that his firm was approached on May 1st by Mr. Fraser Leith, who was introduced to the Kaiser people by Mr. Joseph Fraser, formerly associated in the Kaiser-Fraser automobile venture but no longer connected with Kaiser's companies. Mr. Leith showed to the Kaiser officers a letter from Nkrumah (copy attached) giving Leith and his purported associates the Utah Construction Co., and Foreign Construction Associates first refusal for ninety days on the Volta Project. Mr. Calhoun stated that they would inform the Department of results of his efforts to ascertain the true relationship between Mr. Leith and the Utah Construction Co. (which had been associated with Kaiser in the past) and with First Boston Bank.

In summary of Mr. Calhoun's position it may be stated that Kaiser Industries may be interested in the project if Alcan and other non-American groups do not now enjoy a legally-based favorable position, as they were understood heretofore to have the "inside track". He requested the Department to ascertain from Accra just what the position is, as Leith had told him that the Ghana legislature had recently taken legal steps to remove their previous commitments to Alcan and other groups. The AFS officers agreed to query our Embassy in Accra.

Mr. Calhoun further stated that their ultimate position would also require a policy decision as to whether they wanted to "take on" Alcan in its current protected aluminum markets.

Attachment: att EP

Letter from Prime Minister.

NEA:AFS:RWRoss:rmcp

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MAY 8 - 1957

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18th April, 1957.

Gentlemen,

I have read your letter of the 17th April and duly noted the contents thereof.

You state that you are willing to proceed to complete the Volta River Project and related projects by the following procedure:-

- (1) To prepare an immediate report which will complete studies made to date and establish the market and competitive position of Volta River aluminum in world markets, this report to be made at your expense.
- (2) That you feel that if the British groups wish to participate in the plan, and if Ghana wishes to include them, that you would be happy to have them as partners.
- (3) If the above-mentioned report shows a sufficiently strong competitive decision to warrant proceeding with the development and completion of the whole Volta River Project, you offer to finance, design, construct and complete the project.
- (4) Subject to completing the Volta River Project, you offer to operate such project on a long term basis for our joint profit, as set forth, and to train Ghana citizens to operate the facilities as rapidly as possible.
- (5) You also state that you will sell the output of the Volta River Project aluminum on a world-wide basis.
- (6) The division of all profits on the Volta River Project, you suggest, will be 51% including taxes to Ghana, and 49% to the financial and operating groups. This is the duplicate of the plan now being used by the Oil groups in Venezuela and in the Middle East. The percentages would be re-adjusted upward in favour of Ghana as the outstanding debt is retired.

gm 845 j. 26/11/57-259

...../2

Utah Construction Company,
San Francisco, California.

Foreign Construction Associates,
Houston, Texas.

H. Fraser Leith & Associates,
26, Broadway, New York.

- (7) You state that overall financing of the project would permit the simultaneous financing of other related desirable projects which could be included in the overall Volta River scheme, such as electric power for cities and towns, additional housing, sewage disposal, roads and possibly water works.

It is understood that the resources would be owned by Ghana and operated by you for the joint profit of both parties. Facilities would be turned over to Ghana ownership as the project paid itself out.

I hereby authorize you to carry out the necessary preliminary studies mentioned in your letter without commitment to the Ghana Government either by way of expense or by ultimate agreement to the proposals you will submit in due course or by the grant of any exclusive rights.

However, if such studies show the feasibility of the Volta River Project, the Ghana Government grants you the first refusal for a period of three months from the date of this letter, to negotiate for the financing, construction and operation of the project as outlined in your proposals.

Yours sincerely,

s/s Prime Minister

File 134
Volter file

CONFIDENTIAL

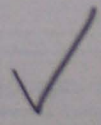
Control: 1680
Rec'd: May 3, 1957
11:55 a.m.

FROM: Accra
TO: Secretary of State
NO: 325, May 3, 11 a.m.

Re our telegram 308 April 24

Adu, EXTAFF Secretary, yesterday volunteered full account of activities of Slagle and Leith on Volta River and Tema housing projects. His version of Volta agreement tallied closely with account Slagle has given Embassy but Tema deal did not. Adu stated Slagle had proposed Ghana contribute one million pounds to American syndicate which would then undertake raise remainder of eleven million pounds from US and UN agencies. He added that he and several other civil servants learned about "outrageous" Tema proposal only in nick of time to dissuade Ministers when letter to Slagle was ready for Prime Ministers signature. Ministerial secrecy he said arose from numerous occasions when he and colleagues had too peremptorily turned down all conceived development schemes put before government. He thought however that Nkrumah, Botsio and Gbedemah now realized how close they came to making egregious blunder which would have scared off every responsible official and private agency from Ghana were counting upon to help with Ghana development. He was urging Nkrumah to talk directly with appropriate agencies or firms rather than deal with middle men whose boni fides were unknown. Concluded blandly that Ghana expected to obtain from US considerably more than Tema housing project will cost. I took occasion to caution against raising hopes of Ghana receiving huge amounts of aid. Adu said aid bilateral had not yet gone before Cabinet because of busy week in Assembly. He anticipated no troubles providing we could give assurances described in our telegram 314 that agreement would not complicate their aid arrangements with other country.

RUTTER



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MESSAGE: SC/43
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Department of State

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1957 MAY 3 PM 6 20

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SENT TO: Amembassy ACCRA 365

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Athram

In conversation with high officials Kaiser Aluminum, Departmental officers learned today that company definitely interested Volta Project are in direct contact with Fraser Leith and aware his option on project through personal letter issued by Nkrumah April 18, 1957.

Kaiser officials believe other legal commitments of Ghana regarding this project now severed. Department anxious learn (1) what are existing legal commitments if any and (2) has Ghana Legislature taken specific action to terminate existing commitments?

Kaiser checking ~~the~~ interest Utah Construction in project. Department will report results. Kaiser does not know Slagle. No clear evidence yet of financing commensurate to task.

Herter
Acting
*(H)*HERTER

39
APR 1957

845J.2614/5-357
THIS DOCUMENT IS TO BE RETURNED TO THE FILE
CS/IA

Drafted by: *MAN* *3/3/57*
NEA:AFS:WRDuggan:GDLaMont:dmt

Telegraphic transmission and classification approved by: NEA - Joseph Palmer, 2nd.

Clearances: E - T. Favell (substance)
rew kb

ear SIS-CR

MAY 3-1957 P.M.

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Classification

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File-Volta

Control: 3238
Rec'd: May 6, 1957
2:25 p.m.

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NEA

TO THE RM/R CENTRAL FILES

FROM: Accra
TO: Secretary of State
NO: 329, May 6, Noon

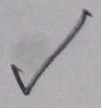
Just before receipt DEPTTEL 365 Adu, Robert Jackson (who becomes Development Commissioner July 1) and Taylor (acting Development Secretary) called at Embassy on instructions from Nkrumah to explain government's arrangements with Slagle and Geith. Jackson emphasized (as had British HICOM previously) that Alcan still had option for bauxite properties to be used for Volta Project. He thought option for 99 years but is checking and will give me list showing status Ghana mineral concessions knew nothing of any Ghana action to terminate commitments.

As indicated EMBTEL 307 Nkrumah has given Slagle first refusal on Volta Project until July 18. Government now clearing brief press statement with Ottawa and London giving background of connection Alcan, British Aluminum and UK government with project and essence of Slagle arrangements. Hopes issue release May 9 before press leak occurs since story now widely known around town. Adu said Washington Embassy given similar guidance.

Officials stressed they had urged government deal directly with US agencies or private firms rather than through unknown intermediaries. They evidenced concern that Slagle introduced to Nkrumah by Nuchia and Baidooansah local go-betweens who have notorious reputation. Contrary to that Embassy has previously reported officials said Slagle had asked government put up half of eleven million pounds for Tema housing and other Volta facilities in return for which Slagle undertook obtain remainder from US Government agencies expeditiously. They asserted no agreement signed for Tema but Slagle left free to see what money he could find in US.

Situation much improved since Jackson's return to Accra. He expects nothing come from Slagle's Volta proposal and not concerned by three month agreement. He was evidently outraged by bizarre Tema proposal which he now believes is under control. I reiterated we were anxious encourage private American investment in Ghana, that firms Slagle

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-2- 329, May 6, Noon from Accra

mentioned were large and reputable but that his connection with them largely unknown.

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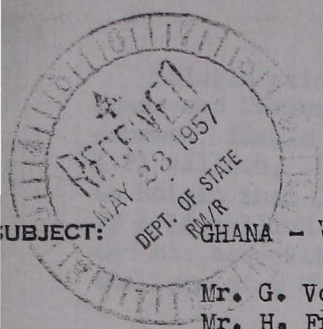
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139

DEPARTMENT OF STATE

Memorandum of Conversation

DATE: May 15, 1957



SUBJECT: GHANA - Volta River Project and Tema Housing Scheme

PARTICIPANTS: Mr. G. Von Bibber Slagle, P.O.Box 25, Jacksonville Beach, Fla.
Mr. H. Fraser Leith, 26 Broadway, New York City
Mr. F. C. Thieme, 6 Ely Drive, Fayetteville, New York.
(All of foregoing are officers of Foreign Construction Associates, Houston, Texas)
Mr. D. Gordon - Department of Commerce
Mr. Harry Hemmerich - ICA
AFS - Mr. LaMont - Mr. Longanecker - Mr. Duggan

COPIES TO:
NEA - Mr. Palmer (2cc)
AFS 5
Department of Commerce - Mr. D. Gordon
ICA - Mr. Harry Hemmerich
OLI 2
AMBMEASSY, ACCRA

MAY 24 1957

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1-1402

The foregoing group was called together to hear the request of Mr. Slagle and his associates for United States financial support for the "Tema Housing Project" and to ascertain the precise relationship of Foreign Construction Associates to the Government of Ghana and the Volta River scheme.

Mr. Slagle reported that his group, in association with the Utah Construction Company, held a 90-day option on the Volta River project, which option expires July 18, 1957. He said that as evidence of his company's good faith he had personally assured Prime Minister Nkrumah that he would do his best to obtain from the United States (preferably from U. S. Government sources) sufficient funds to build a housing project at the new port of Tema, east of Accra. He claimed that his option now had precedence over British and Canadian interests with respect to the Volta itself (although his group was willing to associate in a combined venture with those foreign interests if necessary). He also stated that, as he understood it, the prior rights of British-Canadian interests on the bauxite deposits in Ghana expire June 30, 1957.

In describing the background of his associates' scrutiny of the Volta project, Slagle said that the British had not established fully the economic feasibility of the project but had developed only the engineering feasibility. Slagle claimed that, with adequate American capital and engineering know-how, the Volta project could be put into operation in 4 years.

Slagle

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Slagle said that in a discussion with Mr. Botsio, Ghana's Minister of Trade and Commerce, the latter had "asked us to help finance the Tema housing scheme." Slagle estimated the Tema Housing and Port costs to approximate £ 21 million, of which £ 4.7 million had been spent to date. Slagle suggested to Botsio that Ghana supply an additional £ 5.4 million against the remainder of £ 16 million still needed, leaving a gap of £ 11 million which he (Slagle) and his associates would attempt to raise in the United States, preferably in the form of a United States Government grant.

Slagle claimed that such a grant from the US Government would require US Government help, but would prove of immense political and psychological advantage. He emphasized that, as businessmen, his group would expect only a "minimum of profit", but that the project itself (including the port) should be self-liquidating. It was quite clear from his discussion that he was doing his best to separate the Tema scheme from the remainder of the Volta project in order that the latter could be made more attractive and, if accepted, more swiftly remunerative to American financial and industrial interests. He went on to say that he and his group hoped they could obtain about 20% of the total capital costs for the Volta scheme alone (excluding Tema) from the World Bank or the Export-Import Bank, the remaining 80% to be furnished by private United States investors.

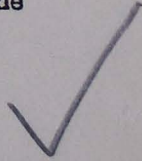
During the conversation, Mr. Slagle constantly sought to dissociate the two questions-- Tema and Volta -- and to discuss only the Tema scheme. However, it was stressed that the Department also had a keen interest in knowing precisely what Slagle and his associates were proposing to do with respect to the Volta scheme as a whole and later in the conversation considerable discussion on the Volta scheme ensued. Therein it was contended by Slagle and Leith that American investors would be agreeable to having Ghana own 51% of the stock, especially if fast development of the scheme were possible and profits quickly forthcoming.

Throughout his discussion, Mr. Slagle maintained that his relationships with Nkrumah were exceedingly close, but that he had constantly been thwarted by Geoffrey Bing (Nkrumah's pro-Communist legal adviser). He also stressed constantly the need of American help for these people in the race to keep them oriented toward the West. He stressed, however, that his group did not need immediate United States Government financial help on the Volta scheme, that the group would carry out its own economic survey, but that it did need immediately a grant or loan from the United States for the Tema housing program.

Mr. Slagle said that his group had approached both Kaiser and Reynolds with regard to the Volta aluminum possibilities, and stated that Reynolds had shown the greater interest. He also stressed anti-Communist possibilities in American backing of this scheme.

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The Slagle group then asked whether ICA had funds immediately available for such a project as the Tema housing program, and they were informed that there were none, either for the present or the coming fiscal year and that this type of project was not usually undertaken. It was then suggested by the ICA representative (Mr. Hemmerich) that, when he reached Accra in a few weeks, he would be glad to receive and forward to his Washington headquarters any proposals which Slagle and Leith had concerning either the Tema or the Volta schemes. It was pointed out, however, by representatives of the Department of State, that such proposals would also require the recommendation of American Embassy officials in Ghana before they could receive serious consideration in Washington. To this point Mr. Hemmerich acceded.

Within the context of discussion on possibilities of help from ICA, when it was stressed by Departmental representatives that the necessity of initiating action on such requests still lay with the Ghana Government, Mr. Slagle made the contention that he was empowered by Nkrumah to work through the Ghanaian officials in Washington, but that since these officials were so new to their jobs and so burdened with details he was "authorized by Nkrumah to lead Anthony by the hand to show him where to sign."

.....

NOTES:

- 1) It is clear from prior conversations with Mr. C. Calhoun, Vice President of Kaiser Aluminum Co., Washington, and other officials of his company, that Kaiser is exceedingly reticent to engage in serious discussions concerning the Volta scheme at present. This reticence apparently stems from the company's fear that its capital development plans and proposed outlays for the next two or three years are burdensome enough and that there would be great difficulty in Kaiser's undertaking the task of raising funds of such magnitude as Volta demands. The Kaiser officials have promised to ascertain the specific interest of the Utah Construction Company in this project.
- 2) The interest of the Reynolds Aluminum Company in the Volta project has not been ascertained, but State and Commerce officers are making efforts to measure that interest.
- 3) The relationships between Slagle and Leith are are now clear, but it is

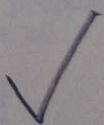
not



not determined what part Mr. Thieme plays in the association. New efforts will be made to obtain financial information on all three individuals.

- 4) It would appear that the group's efforts to obtain funds for the Tema housing development may constitute not only evidence of their good faith and ability to raise capital, but may also constitute a quid pro quo for possible extension of their existing 90-day option. In this connection, Mr. Slagle produced and read an extract from a document which may have been another agreement with Ghanaian officials. He did not circulate this document and dodged question concerning its relation with the "option" paper.

NEA:AFS:WRDuggan:sdt



M-663

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DEPARTMENT OF STATE

138

Memorandum of Conversation

DATE: May 23, 1957



SUBJECT: VOLTA River Scheme
DEPT. OF STATE
RM/R

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PARTICIPANTS: Mr. Chad T. Calhoun, Vice President, Kaiser Industries Corporation.
Mr. C. Richard Ward, Assistant to Mr. Calhoun.
AFS - Mr. George D. LaMont, Acting Director, Office of Southern Africa Affairs.
- Mr. W. R. Duggan, International Relations Officer, Office of Southern Africa Affairs.

COPIES TO:

- Mr. Palmer - 1 cc
- Mr. Berry - 1 cc
- OLI - 2 ✓
- ED - 2 ✓
- AFS - 4 ✓
- Department of Commerce - 2 ✓
- AmEmbassy, ACCRA - 1
- NEA - Miss Balmer - 1 cc

14

MAY 23 1957

CS/K

1-1493

At the request of the foregoing officers of the Kaiser Industries Corporation, an interview was arranged this morning with officers of AFS in which further discussion ensued concerning the interest of the Kaiser Company in the projected Volta River scheme.

Mr. Calhoun reported that following his last conversation with departmental officers about 10 days ago he was able to ascertain that the Utah Construction Company through a travelling representative in Africa, Mr. White, had shown some interest in the Volta River scheme and had possibly made a small financial contribution to the operations of Messrs. Slagle and Leith in Ghana. It was not clear to Mr. Calhoun whether Utah Construction Company would continue to make expenditures to support more detailed studies of the scheme or would continue its relationships with the Slagle-Leith group.

Mr. Calhoun said that at present his company knows nothing of Reynolds Aluminum's interests toward the Volta scheme but that he would attempt to ascertain the extent of that interest.

Mr. Calhoun was specific in stating and reiterating that his company might be interested in the Volta project particularly if a combine of aluminum and financial interest formed an association for its development but he stressed that his company definitely did not want to associate with Slagle and Leith nor with other unreliable or possibly disreputable "promoters". He stressed that a key factor in his company continuing interest in this project would be the elimination of all such "promoters" but he did admit that some initiative in the way of "promotion" of the project was necessary. He said, however, that, for the time being, his company did not propose to take the initiative in such "promotion" but would wait to see the results of Slagle's and Leith's operations.

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Department of State

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CORRECTION ISSUED:
6/6/57, 2:30 p.m.
Control: 2782
Rec'd: June 5, 1957
2:25 p.m.

THIS DOCUMENT MUST BE RETURNED TO THE RM/R CENTRAL FILES

FROM: Accra - CORRECTED COPY
TO: Secretary of State
NO: 381, June 5, 5 p.m.

Re DEPTTEL 365

Robert Jackson unable list foreign mining concessions and their terms (EMBTTEL 329) or Ghana commitments with Alcan and British aluminum. Describes status "legal nightmare". He sure companies control best bauxite properties over long periods upheld in any court action, their position endangered if government presses to develop or give up property. Botsio says government trying find way do this but not discourage foreign investment. Stevenson says in talks with Nkrumah, Gbedemah, Botsio, he warned against alarming foreign investor. I think warnings had good effect.

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M-63



DEPARTMENT OF STATE

140

Memorandum of Conversation

DATE: July 29, 1957

SUBJECT: Volta River Project and Ghana's Economic Development Needs; Ghana's Relations With Communist Countries.

PARTICIPANTS: Mr. J.R.A. Bottomley, 1st Secretary, British Embassy
AFS - Mr. C. Vaughan Ferguson
Mr. George LaMont
Mr. Donald Dumont
Mr. William Duggan
Mr. David Longanecker

COPIES TO:

Participants of Department
NEA - Mr. Palmer - 2
ED - Mr. Favell
BNA - Mr. Ballentine
OLI - 2
AFS - 4

ICA - 2
U/PR
Amembassy, Accra
Amembassy, London

AUG 2 1957

1-1463

Mr. Bottomley requested the meeting for an exchange of views on Ghana's need for external financial assistance for the Volta River and other development projects. He reported that Prime Minister Nkrumah during his recent visit in London discussed the subject with the British Government and manifested less disappointment than expected over the reduced British interest in the Volta River project.

In 1952 British industry and the Government were under considerable pressure to develop supplies of aluminum within the sterling area. At that time, the first stage of the Volta project was estimated at a total cost of £100.5 million (\$281.4 million), of which the British Government contemplated loan financing to the extent of £43 million, the Gold Coast Government and private investors £36.6 million, the British and Canadian aluminum companies £20.9 million. Since then the estimated cost of the project has more than doubled and the pressure on the British for greater supplies of sterling aluminum has been steadily relieved by developing production elsewhere in the Commonwealth. British participation now would be limited to government loan funds and by the scarcity of sterling available for such purposes.

Against this background of reduced British interest, Prime Minister Nkrumah plans during his visit to the United States in September to investigate the possibilities of assistance from the IBRD, the American banking community, the American aluminum industry, and the U.S. government. Mr. Bottomley said that he

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was interested in our views on these prospects.

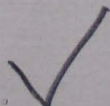
In the discussion that followed it was pointed out that the MSA legislation for FY 1958 is still under consideration in congress. Even if the development loan fund is approved and appropriated in the amount now under consideration, it is considered much too small to meet requirements and will have to be apportioned carefully and on the basis of existing priorities. In view of these circumstances it is impossible to make any statements on the availability of funds from this source for the Volta River project.

It should be remembered also that the IBRD's preliminary survey of the project casts some doubt on its economic feasibility and desirability. Any serious consideration of the project by the IBRD would require a further and extensive survey of the project and the economy of Ghana. The reaction of the American aluminum industry is also extremely important as economic justification of the project depends almost entirely on the bauxite mining and smelting component. Like the British, American aluminum companies plan their expansion programs years ahead and are heavily committed. Several of them have expressed an interest in the aluminum component of the Volta project but it remains to be seen whether their interest can be developed into participation. The outlook is further clouded by the steady rise in interest rates, prices, and cost of loan funds, and the consequent tightening of the credit situation and a more conservative attitude on the part of industry with respect to new investment. We will be very glad, of course, to help the Prime Minister in any way we can during his visit and by that time we should know the final shape of the Mutual Security legislation.

With respect to possible United States government assistance on other and small economic projects in Ghana we should be able to be of some help. Unfortunately, Ghana offers very little in the way of commercial and industrial opportunities to attract American private investment capital.

Turning to the matter of Ghana's relations with communist countries and recalling his several discussions with Department officers since last March, Mr. Bottomley said that recent reports to London from the United Kingdom High Commissioner at Accra had stressed the need for treating this subject with great delicacy ("softee, softee, catchee monkey," he said). The High Commissioner's view was that anything that could look to the Ghanaians like pressure to dissuade them from establishing diplomatic relations with the USSR and other countries of the communist bloc might prove "counter productive". Mr. Bottomley then referred to Mr. LaMont's earlier suggestion that one device that might prove useful in keeping Nkrumah from acting precipitant in this matter would be to enlist the support of the Prime Minister's negro friends to discourage him from taking such action. Mr. Bottomley feared that even this tactic would have to be employed very carefully lest the Prime Minister sense that official influences lay behind the

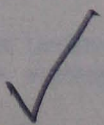
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move. In response to Mr. Dumont's inquiry as to whether Gbedemah's cabinet formula worked out last March was still in effect, Mr. Bottomley replied that it was, as far as he knew. (According to this formula, the Ghanaian Government had decided immediately after independence that no diplomatic relations would be established with any country not then having career consular representation at Accra. The effect of the formula was to exclude all communist countries; unfortunately it also precluded West Germany from establishing diplomatic relations with Ghana). As far as Mr. Bottomley knew, no other Western European country was adversely affected by the formula.

In remarking upon the fact that this formula was apparently arrived at through Gbedemah's argument that to exchange diplomatic representatives with the communist would frighten western capital away from Ghana, Mr. Bottomley pointed out that unless Western capital now manifests some desire or willingness to go into Ghana the proponents of establishing relations with the communist world might win the day.

Mr. Bottomley expressed appreciation for the opportunity of exchanging views on the subject and the hope that he may continue to do so. Mr. Ferguson responded in kind.



M-671

141

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Memorandum of Conversation

DATE: August 1, 1957



Report by Mr. Donald Lamm of a meeting at the Shoreham Building on the Volta River Project in Ghana.

PARTICIPANTS: Mr. Donald Lamm, Recently Consul General at Accra, now assigned to the Department.

AFS - Mr. C. Vaughan Ferguson, Jr., Director, Office of Southern Africa Affairs.

- Mr. George D. LaMont
- Messrs. Donald Dumont and William R. Duggan

COPIES TO:

- NEA - Mr. Palmer (cc)
Mr. Berry (cc)
Mrs. S. Perry

- DRN - 2
OLI - 2
AFS - 3
Commerce - 2
American Embassy, Accra

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AUG 7 1957

1-1493

Mr. Donald Lamm attended a meeting this morning at the Shoreham Building on the Volta River Project in Ghana. Other participants of this meeting included:

- Mr. Earl Allen - Foreign Construction Company
Mr. Myron Cowen - Former U.S. Ambassador, associated with Ajax Construction Company
Mr. Tolbert - Tolbert Engineering Company
Mr. G. van B. Slagle - Winslow, Cohe and Stetson

According to Mr. Slagle, the option on the Volta River Project with Ghana ran out on July 18, 1957. Mr. Slagle sent a telegram to Prime Minister Nkrumah asking for an extension. The Prime Minister refused but stated that he was still interested in any offer Slagle and his associates might have to make. Mr. Slagle then wired Albert Enchia to make a personal appeal to the Prime Minister, saying that only about three more weeks' extension would be needed. Mr. Slagle said that there was a German consortium interested in this operation, but that he was not worried about them, because they didn't have the money. Mr. Cowen, however, didn't feel the same way. Mr. Slagle said he had approached various aluminum concerns in Germany and the indication was that they did not have the money and were not interested.

On the state-side of this: Slagle and his associates have broken with the Utah Construction Company. Utah spent five weeks on a survey

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and then said they couldn't do it. Mr. Slagle said they had let him down and he didn't want anything more to do with Utah. Some sort of a survey has been made, and Slagle has figured that it will cost \$450 million. This will be for an alumina plant in Kumasi and an aluminum plant at Tema, thereby eliminating the additional railroads. It will require power transmission lines costing about \$1-1/2 million, according to International General Electric, which is pretty low. They would still have the dam and electric power facilities originally planned.

Earl Allen of the Foreign Construction Company is back again and is now in the forefront of this operation. Apparently Cowen feels highly about this group - they put up their own money. Allen will put in a million dollars in order to get the thing going. Other firms which are interested are International General Electric and Chrysler. Two or three other groups were mentioned, but there was no definite commitment. It was estimated that the equipment would cost about \$200 million. Mr. Slagle has talked with someone at Export-Import Bank and he indicated that the Export-Import Bank was prepared, he thought, to put up about 80 percent of the \$200 million. He did not mention the name of the Export-Import Bank person he contacted. If the Export-Import Bank puts up the money, International General Electric is interested in putting up 20 percent.

Mr. Flesher* of ICA indicated that ICA might be prepared to put up \$67 million of the remaining balance, according to Mr. Slagle. That works out to be something like five percent of the overall. It was discussed on a percentage basis. Mr. Slagle said he is not worried about money now, he has the money sewed up. Allen said that whoever operated this must also be an investor. They were now dickering with U.S. Steel to see if any of their combines might be able to invest. It seems that U.S. Steel cannot go in now - perhaps in two or three years. It is important to find an operating company which would also invest.

On the political side, Mr. Slagle has seen Frances Bolton, who is prepared to approach the Vice President for a meeting. The plan is to go to the Vice President and let him know what companies were interested - International General Electric, Chrysler and others - and ask him to assure the Government of Ghana that these firms were reliable. Mr. Cowen did not go along with this idea, but suggested dealing with King - seeing him beforehand and explaining what this was all about. He suggested taking along Mr. Allen, a representative from International General

Electric,

* Mr. Flesher is Assistant Deputy Director of ICA's Technical Services. A Mr. Arnold is Director.

Electric, and someone from Chrysler - otherwise it would seem like a promotion scheme. Mr. Cowen also suggested that there be a State Department representative at this meeting and that what he should do is just ask the Vice President to express his interest to State and to ICA. Mr. Cowen wanted to know whether Seth Anthony should be approached. His partners suggested that Mr. Anthony could not commit for Ghana. Mr. Cowen thought the entire group should go, in order to show that these people were interested; he proposed setting up an appointment for Monday, August 5. Mr. Anthony should be asked to pass this information on to his Government. Mr. Cowen seems to be pushing this operation.

Mr. Lamm said that his contribution to this discussion was to say that the Department of State was very anxious to see things succeed in West Africa, that it definitely did not want the Iron Curtain in there, and that it was interested in seeing any successful American private interests in Ghana.

Mr. Tolbert asked about the stability of the country. Mr. Lamm said that Ghana's stability depended to a large measure on their having sufficient funds. He explained about Botsio and Nkrumah and the general political situation.

Mr. Cowen observed that the British could really throw a monkey wrench in the works. British participation should, therefore, be brought in. Mr. Slagle thought this could be arranged, if the British wanted to come in. British private firms were suggested rather than the British Government. They agreed on German interests. French interests were not considered. Suggested no approach to the Belgians.

Mr. Slagle asked Mr. Cowen if he would be prepared to go to see Mr. Anthony. Mr. Cowen said he would.

There was some talk about going to see the Prime Minister and taking people from International General Electric and others. Mr. Cowen said they should not go unless they have an option.

Mr. Slagle mentioned that the cost of aluminum would be about 7-1/2 cents rather than 12 cents, or more.

Mr. Lamm said that Mr. Slagle was quite different from previous meetings, and he gave a much better impression of himself than he had in conversations Mr. Lamm had had with him in Accra. Mr. Lamm felt that Mr. Slagle was able to back up his statements about International General Electric and Chrysler support.

Mr. Lamm did not mention the Aluminum Company of Canada or any other interests, and he wasn't asked.

Attachment: Postscript

For
NEA:AFS: DLamm :deh

DL

August 2, 1957

Postscript:

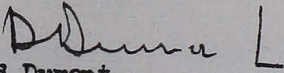
After first talking with Bob Brewster of John Hollister's office, I phoned Mr. FLESHER, the man with whom Slagle talked a few days ago. Slagle came in to see Mr. Flesher with the Washington representative of International General Electric, Mr. Wernecke. Mr. Wernecke had nothing to say during this talk.


Mr. Flesher said no one mentioned the sum of 60 or 67 million dollars. He did tell Slagle that if private capital were prepared to go into such an undertaking, ICA would not wish to be unsympathetic. He spoke in general terms of the economic development envisaged in the Mutual Security legislation now before Congress and thought that some money might conceivably be available therefrom to serve as a catalyst to support this kind of project, i.e., to support private capital in an underdeveloped country like Ghana. In such a project ICA might be willing to make a loan to Ghana provided Ghanaian Government capital were also part of the project; such a loan would be for necessary social services involved in the project. It would be repayable from whatever royalties the Government received.

However, Mr. Flesher pointed out to Mr. Slagle that the economic development funds request was still before Congress and even if passed, there would be calls for this kind of aid from many quarters. He indicated to me that since 60 or 67 million dollars was a very large percentage (more than 10%) of the fund, it was most unlikely any such sum could be obtained for a project like the Volta scheme.

Mr. Blowers of Eximbank made inquiry for me during August 2nd and said he could find no one who had received or talked with Mr. Slagle. He did not ask Sam Waugh but was sure Sam would have made no commitment on a venture like this to the tune of \$160 million.

Blowers will call us if he learns anything.


Donald Dumont
Officer in Charge
West Africa Affairs



Department of State

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CORRECTION ISSUED: 8/2/57, 2:45 p.m.

Control: 805

Rec'd: August 1, 1957 8:08 p.m.

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LW

FROM: Accra - CORRECTED PAGE 1

TO: Secretary of State

NO: 45, August 1, 6 p.m.

DEPARTMENT POUCH LONDON, CAIRO, MONROVIA

Today I had my first formal talk with PM since his return from London last week. He informed me as follows: (1) There was much work for him to do. Five months after political independence many people are impatient for economic improvements which will require time. He still regarded Volta River project as most promising hope for economic progress and was much disappointed by failure of Slagle to produce. But he thought Slagle's efforts had created or increased interest among certain American companies which are now nibbling at this opportunity for investment. He admits Volta is huge project which no one company or one government might wish to finance but he has received encouragement that British and Canadian governments might help if private enterprise should wish to undertake project. By implication he expressed hope that US Government might help to some extent if American private enterprise should undertake project alone or in conjunction with British and Canadian companies which would have backing of their respective governments.

(2) In London he had talked with representatives of all countries except Egypt that had been invited to African conference. Ghana High Commissioner in London now trying arrange new date which probably will not be before January at earliest. He received letter two days ago from Nasser agreeing to the conference. He was emphatic that no additional countries or dependent areas would be invited and held to this despite some mild remarks by me which were based on Department's CA-308 of July 10.

(3) Finance Minister Gbedemah will visit London and later attend International Bank meeting in Washington. After that Gbedemah will attend Finance Minister's meeting in Ottawa, being away from Ghana until October. As PM does not wish be away during Gbedemah's absence, PM cannot attend opening of UN General Assembly but hopes to go for few days in October. He appreciates our position about a state visit at this time but does hope to visit Washington for day or two.

(4) After Washington he may return to Ghana via India but he has no plans.

action made by RM/R

PERMANENT FILE

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CONFIDENTIAL

-2- 45, August 1, 6 p.m., from Accra

no plans at present about visiting USSR.

(5) Pending outcome of some further efforts to get Volta project started, government will not undertake any other major developmental project.

YZS
Embassy comments: Conversation was cordial and fairly intimate. PM indicated in several ways he is having his ups and downs, as was to be expected, but felt sure everything would work out all right and especially if Volta River project could be started or some smaller and unrelated projects could be put in hand as substitute for what people want to see in way of economic progress.

He went to some length to emphasize that African conference would be a combined effort of participants and that he himself had no desire to assume any great role of leader beyond getting conference together. In this connection I felt he probably had in mind Liberian President's independence day speech last week which was publicized here.

In my opinion most significant part of conversation was complete lack of initiative by PM to discuss American aid. Aside from general remarks about Volta, he did not take advantage of several openings I gave him to say anything about aid from US. This and what Gbedemah has said or has failed to say to me in past makes me believe government will wait several more months, hoping for success in getting Volta started, before giving any very serious consideration to alternative projects which might result eventually in Ghana seeking aid from US. In these circumstances I see no need to establish ICA mission here in near future.

Reference item (1) Horace Bond and ex-Senator Duff arrived Accra four days ago. They spent two hours at Embassy for general briefing. They did not reveal purpose their visit but questions they asked plus guarded reference by PM today leads me believe they represent or hope to interest Anaconda Copper Company in Volta project.

FLAKE

WDW/8

*Confirmed to AFS 8/11/57 in full
with these changes Seth Anthony.*

AUG 14 1957
CONFIDENTIAL

59

Department of State

ACTION COPY

WRD 8/16 143

CONFIDENTIAL

Control: 9294
Rec'd: August 15, 1957
8:33 a.m.

FROM: Accra
TO: Secretary of State
NO: 64, August 25, 10 p.m.

Telegram
WRD - 8/16

THIS DOCUMENT MUST BE RETURNED TO THE RM/R CENTRAL FILES

Prime Minister has received cable signed "Slagle Keith" which says: "American Government aid both Volta and housing in satisfactory negotiation. Other world aluminium projects, temporary glut and lethargy our government departments caused unavoidable delay. Hope conclude shortly."

GOG wants Department to know that Slagle and Keith have no instructions or authority from GOG to represent Ghana in seeking assistance from any uplet* agency. If and when GOG wishes seek such assistance it will do so through official channels.

FLAKE

BB:ALR-10

*As received. Verification upon request.

NEA
MESSAGE CENTER
1957 AUG 16 AM 8 04

FILED
OCT 3 1957

8450.2614/8-2557

OUTGOING TELEGRAM

INDICATE: COLLECT
 CHARGE TO

Department of State

~~CONFIDENTIAL~~

Classification

144

1957 AUG 15 11 5 10

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SENT TO: Amembassy ACCRA 51

08971

RPTD INFO: Amembassy LONDON via POUCH

8458 2614
8237
Valter

Origin

Info

Urtel 64

FYI and discretionary use US Government not repeat not involved in negotiation with Slagle and Leith who have simply sounded out several US Government officials and agencies without results or promises. Lamm's conversation with Slagle reported memo conversation August 1 (pouched Accra) latest information available.

Herter
Acting
(CUF)

HERTER

Dist. Desired
(Offices Only)

MA
59

CONFIDENTIAL

845J.2614/8-2557

Drafted by: *WRD* NEA:AFS:WRDuggan:dmt 8/16/57

Telegraphic transmission and classification approved by: *C. Vaughan Ferguson, Jr.*

Clearances: ICA - G. Bullett (In substance)
COMMERCE - D. Gordon (In substance)

S/S-CR

AUG 16 1957 P.M.

~~CONFIDENTIAL~~

Classification

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0128.2614/8-2557

PRIORITY

(Security Classification)

FOREIGN SERVICE DESPATCH

845J.2614/9-657
XR 845J.2569

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845J.2614/9-657

HBS CONFIDENTIAL FILE

FROM : Amembassy ACCRA

89
DESP. NO.

September 6, 1957

DATE

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF : Deptel 365, May 3, 1957

20 For Dept. Use Only	ACTION * NEA-4	DEPT. RM/R-2 REP-2 OLI-8 E-4 ICA-10 EUR
	REC'D 9/16	F OTHER CIA-12 IN-7 COM-10 TR-3

1957 SEP 18 PM

MESSAGE CENTER
NEA

SUBJECT: Ghana's Bauxite Concessions

In the cable under reference the Department requested information relating to the legal commitments of the Government of Ghana with regard to bauxite concessions in the country. The Development Commission has now furnished this material. Because of the need for consultation with the lawyers of the aluminium companies involved and the complexity of the files, its compilation has required almost four months.

The Embassy transmits herewith a single copy of the list of bauxite concessions in Ghana owned by or licensed to (a) companies of the Aluminium Ltd. group; (b) companies of the British Aluminium Co. Ltd. group. The Development Commission requested the Embassy to treat as confidential list (a), i.e. concessions belonging to the companies of the Aluminium Ltd. group.

Also enclosed is a single copy of a tabulation prepared by the Development Commission which lists all known bauxite deposits in Ghana of any considerable significance and gives brief information about any concessions covering them. This information is unclassified. It will be noted that the Development Commission considers all bauxite deposits of any significance to be covered by concessions which are now in effect.

As to the second question in the cable under reference, the National Assembly of Ghana has not yet taken any specific action to terminate existing commitments. On the basis of informal conversations with Ghanaian officials the Embassy understands that the Government of Ghana would take action to terminate existing concessions if the need arose. For example, should a consortium be established to finance and build the Volta River Project and if for some reason the present owners of the bauxite concessions did not wish to sub-lease the concessions to the consortium on reasonable terms, it is anticipated that the Government of Ghana might well decide to the termination of the concessions in order that the resources of Ghana could be developed.

Enclosures: *att m.m.*

1. List of Bauxite Concessions in Ghana
2. Tabulation of Bauxite Concessions in Ghana

For the Ambassador:

Peter Rutter
Peter Rutter
Counselor of Embassy

PRutter:hrl

REPORTER

CONFIDENTIAL

ACTION COPY - DEPARTMENT OF STATE

CONFIDENTIAL

NCA

NOTE OF BAUXITE CONCESSIONS IN GHANA OWNED BY,
OR LICENSED TO (A) COMPANIES OF THE ALUMINIUM
LTD. GROUP; (B) COMPANIES OF THE BRITISH ALUMI-
NIUM CO. LTD. GROUP

ALUMINIUM LTD. GROUP: (CONFIDENTIAL)

- (i) Ejbanema (near Mpraeso). 3.153 square miles leased by the Kwahu Stool 26th March, 1946, to Anglo-Transvaal Consolidated Investment Co. Ltd., for 99 years. Assigned 19th August, 1946, by Anglo-Transvaal to West African Aluminium Ltd. (which company Anglo-Transvaal had recently formed).

Concession validated by Court on 22nd March, 1948.

- (ii) Near Yenahin, i.e. Nyinahin Concessions 1 and 2. 2 contiguous areas of 4.877 and 4.087 square miles respectively. Each area leased on 13th September, 1928, for 99 years by various stools, in the case of Concession 1 to United African Explorations Ltd. and in the case of Concession 2 to Fanti Consolidated Investment Co. Ltd. Both concessions validated by Court 3rd August, 1932.

Under agreements of 1944, 1946 and 1950, West African Aluminium Ltd., a company of the Aluminium Ltd. group, has an exclusive licence to work the bauxite.

- (iii) (a) Mpesaso Nos. 1, 2 & 3. 3 contiguous areas, respectively of 4.978, 3.487 and 3.8 square miles, each area the subject of a separate concession. Each concession is a lease from various stools to Fanti Consolidated Investment Co. Ltd. for 99 years from 13th September, 1928.
- (b) Aya. 4.580 square miles. This is called "Aya Concession No. 1". A lease for 99 years, also granted by various stools on 13th September, 1928, but to United African Explorations Ltd.
- (c) Abrantiakrom. 4.20 square miles, granted by various stools on 5th December, 1931 to United African Explorations Ltd. for 99 years.

All the concessions noted in this paragraph were validated by the Court on 3rd August, 1932.

Under an agreement of 1948 Aluminium Laboratories Ltd., a company of the Aluminium Ltd. group, obtained an exclusive licence to work all these concessions.

B. BRITISH ALUMINIUM CO. LTD. GROUP.

- (i) Subirri. 4.707 square miles leased by the Seiwi-Anhwiaso stool to British Aluminium Co. on 27th November, 1928 for 99 years.

Concession validated by Court on 19th December, 1930.

- (ii) Chirano. 3.343 square miles leased by the Seiwi-Anhwiaso stool to British Aluminium Co. on 27th November, 1928, for 99 years.

✓ (over)

Concession validated by Court on 30th December, 1930.

- (iii) Awaso Renewed. 4.898 square miles leased by the Seiwi-Anhwiaso stool to British Aluminium Co. for 99 years; and assigned by that Company to Gold Coast Bauxite Co. Ltd., Adelaide House, King William Street, London. The assignee Company is a subsidiary.

Concession validated by Court on 4th February, 1932.

- (iv) Awaso Extension. 1.386 square miles leased by the Seiwi-Anhwiaso stool to British Aluminium Co. for 99 years from 17th May, 1943; and assigned by that Company to Gold Coast Bauxite Co. Ltd., which as mentioned above is a subsidiary.

Concession validated by Court on 27th February, 1945.

- (v) Option on land in the Atewa Range, near Kibi. Option on 149.36 square miles granted by various stools to British Aluminium Co. on 8th September, 1956.

The option is for 3 years.

This option is a concession, as it purports to be granted or demised by natives, but is a recent transaction and has not yet been certified valid.

- C. All of the concessions noted, except the recent one noted at B(v), have been certified as valid by the Court. The Court has by section 6 of the Concessions Ordinance (Cap.136) power, jurisdiction and authority to enquire into any concession and certify it as valid or invalid; and by section 32 a certificate of validity is, inter alia, good and valid as against any person claiming adversely thereto, is conclusive evidence that all the requirements of the Ordinance, and all precedent and incidental matters, have been complied with; and the certificate cannot be impeached for any person or on any ground save fraud. Further, this safeguard applies when, as in the case of many of these concessions, the certificate was issued under an earlier Ordinance now replaced, i.e. the Concessions Ordinance previously applicable in Ashanti. Even if the land is declared to be the property of a person other than the grantors mentioned in the certificate, the Court is merely enjoined to endorse the certificate to that effect: no question seems to arise of the certificate being cancelled if the moneys then go to that person. The Court is not (section 13) to grant a certificate of validity unless, inter alia, it is satisfied that the proper persons were parties to it, and a provision similar to this also appeared in the previous Ordinance.

<u>Map Key No.</u>	<u>Deposit Location</u>	<u>Concession Name & Number</u>	<u>Owner of Concession</u>	<u>Whether Deposit fully covered by Concession</u>	<u>Remarks</u>
2 C	Nkwanta Hill, Kwehu nr. Nkawkaw	None	-	-	no concession or enquiry; classified by Geol. Survey as minor deposit.
3. <u>Awaso Group</u>					
3 A	Kanaiyeribo	Awaso Renewed C/V 476	British Aluminium Co. assigned to Gold Coast Bauxite Company.	covered except for southern tip	-
3 B	Ichiniso	ditto	ditto	covered	-
3 C	Subiri	Subiri C/V 458	British Aluminium Co.	covered	-
3 D	Boka Ehiri	Chirano C/V 459	British Aluminium Co.	covered	-
3 E	Mtatahum	ditto	ditto	only easterly tip covered	-
3 F	Arumba	none	-	-	no concession or enquiry
4	Nsisreso nr. Sayerano 35 m.W. of Bibiani	Ajumadeum C/V 513 Mim C/V 514	Oscar Hammerly Reynard (deceased) or Dunkwa (per Giles Hunt).	only northern half covered by these concessions, but deposit fully covered by concession Enquiry 2361 (Sekondi).	Concession enquiry 2361 (Sekondi) by S.A. pour l'Industrie del'Alumi- nium(Swiss) for prospecting rights with option on mining rights, including bauxite. Geol. Survey estima- tes 15 million tons, somewhat ferruginous.

<u>List No.</u>	<u>Deposit Location</u>	<u>Concession Name & Number</u>	<u>Owner of Concession</u>	<u>Whether Deposit fully covered by Concession</u>	<u>Remarks</u>
5	Mt. Hawkawti near Akwadum about 20 m. W.S.W. of Wiawso W. Region.	None	-	-	No concession or enquiry; classified by Geol. Survey as a minor deposit.
6. <u>Ankobra Group</u>					
6 A	Mt. Smaatwitwi about 20 m S.E. of Bibiani	none	-	-	no concession or enquiry; classified by Geol. Survey as a minor deposit.
6 B	Mt. Angwinyare about 15 m S.E. of Bibiani	none	-	-	ditto
7	Kensere Hills nr. Edubia 20 m. E.S.E. of Bibiani	none	-	-	no concession or enquiry; Classified by Geol. Survey as minor deposit
8	Sansu Range just S.W. of Obuasi	Ashanti Goldfield Corporation Concession	Ashanti Goldfield Corporation	covered	classified by Geol. Survey as minor deposit
9	Obuom Range about 10 m. S. of lake Bosumtwi	none	-	-	no concession or enquiry; classified by Geol. Survey as minor deposit.
10	Atewa Range nr. Kibi	CV362 & 363	Akim Limited	only small part covered by concessions, 362 & 363, but whole covered by the concession enquiry 1103.	Concession Enquiry No. 1103 by British Aluminium Co.; Concession not yet validated; It is for a three year option from Sept. 1956 for bauxite

<u>Map Key No.</u>	<u>Deposit Location</u>	<u>Concession Name & Number</u>	<u>Owner of Concession</u>	<u>Whether Deposit Fully Covered by Concession</u>	<u>Remarks</u>
					mining. Classified by Geol. Survey as a small deposit but more than a minor one - maximum 1 million tons. Note: C.V.28 & CV168 are mining concessions near the deposit, owned by P.T. Ricketts.
11	Odumpara Begoro Hills about 30 m. N.W. of Koiridua	none	-	-	no concession or enquiry: classified by Geol. Survey as minor deposit.
12	Mt. Kwamisa 33 m. E.S.E. of Sunyani	none	-	-	no concession or enquiry: classified by Geol. Survey as minor deposit.
13	Mt. Bosumkese 15 m. S.S.E. of Sunyani	none	-	-	no concession or enquiry: classified by Geol. Survey as minor deposit.
14	Mpuessu Hills 50 miles W of Wenchi.	none	-	-	no concession or enquiry: classified by Geol. Survey as a minor deposit.

The Development Commission
Accra Ghana

BAUXITE DEPOSITS AND MINING CONCESSIONS AND
CONCESSION ENQUIRIES

Encl. No. 2 to despatch No. 89
JULY 1957 Sept 6, 1957 from
Accra.

<u>Map Key No.</u>	<u>Deposit Location</u>	<u>Concession Name & Number</u>	<u>Owner of Concession</u>	<u>Whether Deposit Fully covered by Concession</u>	<u>Remarks</u>
<u>1. Yenahin Group</u>					
1 A	Yenahin Ashanti	(Yenahin No. 1. C/V62 Yenahin No. 2. C/V60	United Africa Explora- tions: sole right to work granted to West African Aluminium Ltd. in 1946 Fanti Consolidated Investment sole right to work granted to W.A.F.A.L.in 1946	Yes	Probably 200 million tons
1 B	Abrantiakrom Ashanti	Abrantiakrom C/V63	U.A. Explorations: irrevocable licence to work granted to Aluminium Laboratories in 1948	Yes	
	Mpesaso Ashanti	Mpesaso Nos. 1, 2 & 3 C/V 57, 58, 59	Fanti Consolidated Investment; irrevocable licence to work granted to Aluminium Laboratories in 1948	Almost	
1 D	Mt. Aya Ashanti	Aya C/V61	U.A. Explorations irrevocable licence to work granted to Aluminium Laboratories in 1948	covered except an apparently sizeable spur at S.E. corner	
<u>2. Nkawkaw Group</u>					
2 A	Mt. Ejuanema nr. Nkawkaw	Ejuanema Bauxite C/V695	Angle-Transvall Consolidated Investment assigned to W.A.F.A.L. in 1946	covered except perhaps for trivial spot at N.W. corner	
2 B	Obo, Kwahu nr. Nkawkaw	None	-	-	no concess- ion or enqui- ry: classified by Geol. Survey as minor Depo- sit.

SECRET

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mm/a

DEC 3 1957

THIS DOCUMENT MUST BE RETURNED TO THE RM/R CENTRAL FILES

MEMORANDUM FOR ERIG. GEN. A. J. GOODPASTER
THE WHITE HOUSE

Subject: Letter to the President from the Prime Minister of Ghana

Enclosed herewith is the original letter dated November 12 addressed to the President from Prime Minister Nkrumah of Ghana which has just been received from our Embassy in Accra.

The text of this letter was originally received by cable and passed on to you November 15. Our Ambassador in Accra has informed the Prime Minister that the text of his letter has been transmitted to the President.

The whole problem of the Volta River Project is being explored by ICA and IBRD and certain private interests. A suggested reply to this letter will be submitted to you shortly.

FISHER HOWE

Fisher Howe
Director
Executive Secretariat

S/S-RO

DEC 3 1957
A true copy of signed original.

DC/R	Enclosures:
Anal 39	Original letter
Rev	S/S-RO: H. Skean:vn
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FROM: Accra
TO: Secretary of State
NO: 233, December 4, 4 p.m.

Control: 2404
Rec'd: December 8:40 p.m.

12/5
Accra

1957 DEC 5 AM 7-54

MESSAGE CENTER
AF

TO THE RM/R CENTRAL FILES

PRIORITY

Re DEPTTEL 188

Busia says series developments notably passage emergency powers bill December 3 has discouraged members his party whose morale now low. Continuing repressive measures by GOG and threats by Edusei causing sources party funds dry up as former donors especially chiefs grow increasingly cautious of involvement in opposition politics.

Busia wants GOG immediately or in January to rally American public opinion and persuade minority group to pass resolutions condemning trend in Ghana towards dictatorial government and increasing signs of willingness to accept USSR collaboration in economic and cultural fields. He believes US minority group opinion is only thing that can give GOG pause in this direction.

He also wants raise 25 (not ten) thousand dollars in US purchases vehicles and hire party workers to offset "dangerous indoctrination" being given people by CPP agents who have unlimited funds. He specifically wants warn people against danger of USSR whose Professor Potekhin (EMBTEL 158) is he says not sparing word in CPP circles that USSR is only country genuinely desirous and able help Ghana.

Busia is intelligent and knowing. He would want our help to "condition" potential donors in US and also to transfer such funds to Ghana where he says they would appear to be proceeds of party fund raising efforts in Ghana.

I told

✓ (over)

845U.2614/12-457

SECRET FILE

HBS

SECRET

-2- 233, December 4, 4 p.m., from Accra

I told Busia I could of course have nothing do with all this. He understood. He asked me see if Department could inspire some university invite him expense paid to US and I said I would explore possibility.

FLAKE

MGG:INK/5

OUTGOING TELEGRAM

Department of State

148

INDICATE: COLLECT
 CHARGE TO

SECRET

1957 DEC 19 PM 1 44

Classification

09 DEC 1957

SENT TO: Amembassy ACCRA 208

Valta

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Origin

Info:

Your telegram 233. You should tell Busia Department has considered his problem and regrets that there is no repeat no way in which it can be of assistance. You might suggest that if Busia wishes to pursue idea of lecture tour/ ^{under} sponsorship United States university ~~that~~ he write directly to educational personalities in this countries with whom he is already acquainted.

111-533457

HERTER

Herten

ACTING

(CVF)

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845J.2614/12-457

Drafted by:

AF:AFS:CVFerguson, Jr:sdt 12/19/57 Telegraphic transmission and classified approved by: AFS:C.Vaughan Ferguson, Jr.

Clearances:

U-Mr. Dunn *ND*

CVF'S CR

DEC 19 1957 P.M.

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OUTGOING TELEGRAM

Department of State

149

1958 JAN 7 10 07
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INDICATE: COLLECT
 CHARGE TO

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SENT TO: AmEmbassy, ACCRA 217

Ambassador Flake arriving Accra BOAC Flight 285 Sunday, January 5, 1958. In view of his return so shortly following Moffat's arrival Ghana, Department requests that Moffat not discuss Volta with Ghanaian officials nor make formal calls on senior government officials until Ambassador has conferred with him.

ICA concurs.

59

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DULLER
(CVF)

CONFIDENTIAL FILE

8150.2614/1-758

Drafted by: *WRD*
AF:APS:WRDuggan:rmcp 1/7/58

Telegraphic transmission and classification approved by: AFS - C. Vaughan Ferguson,

Cleances: ICA - H. Buller (in draft)
#3

S/S CR
JAN 7 1958 2.M.

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Classification

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100-2614/1-758

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~~SECRET~~
DEPARTMENT OF STATE

ASSISTANT SECRETARY

DEC 26 1957

8998

Acting
TO : The Secretary

THROUGH: S/S

FROM : NEA - William M. Rountree

SUBJECT: Proposed Reply by President Eisenhower to Letter of November 12
From Prime Minister Kwame NKRUMAH of Ghana.

RM/R

Discussion:

On November 15, 1957, there was transmitted to the White House a telegraphic copy of a letter of November 12 sent by Prime Minister Nkrumah to President Eisenhower. Nkrumah's letter, a copy of which is attached (Tab C) specifically requested financial support from the United States Government in the building of the Volta River Project in Ghana. This Project is an extensive hydro-electric scheme which, with its attendant industrial complex, including an aluminum smelter, would cost nearly \$900,000,000.

This Document must be Returned to the RM/R Central File

Although British and Canadian aluminum interests hold rights to large bauxite deposits adjacent to the site, these firms have never given firm financial guarantees attesting to their willingness to participate in the development. American aluminum companies (including Alcoa and Reynolds) while expressing interest therein, have, thus far, also been unwilling to provide specific financial support. Although the Government of Ghana has at hand funds acquired from profits of bulk cocoa sales, which could be utilized for the project, these funds would not be likely to exceed \$150,000,000. It is clear that in order to succeed, the scheme will require external aid at relatively low interest rates.

An additional complication has been the fact that the matter has become a major political issue within Ghana resulting from promises concerning completion of this project which Nkrumah has made to his people since before independence.

In the proposed Presidential response to the Prime Minister (Tab B) it is indicated that this Government is sympathetic toward the desire of Ghana to develop and diversify its economy, but that concrete assurances of alternative financing for the major portion of the cost of the Volta Project must be forthcoming before the United States can give specific consideration to possible governmental financial assistance.

845J.2614/12-2657

CS/B

845J.2614/12-26

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-2-

It would be advantageous to have our Ambassador to Ghana, Wilson C. Flake, who is presently in Washington on consultation, "hand-carry" the letter. Since Ambassador Flake was not received by the President at the time of his appointment last May, it would also appear useful that the President see Ambassador Flake for a few minutes just prior to the latter's departure for Ghana.

An interim reply to Prime Minister Nkrumah's letter has been made by the White House (Tab D).

Recommendation:

That you sign the attached memorandum to the President (Tab A).

Concurrences:

AF	W	HR	E + HR	U/MSA	U/PP
<i>gB</i>				<i>RB</i>	<i>cel</i>
Mr. Palmer	Mr. Dillon	Mr. Mann		Mr. Barnes	Mr. Buchanan

*Approved letter
in draft*

Attachments:

1. Memorandum for the President (Tab A).
2. Proposed Presidential Reply (Tab B).
3. Action copy of telegraphic transmittal of Prime Minister Nkrumah's letter (Tab C).
4. Reply to Prime Minister Nkrumah's letter (Tab D).

MR
NEA:AFS:WRDuggan:mmcp

SECRET

SECRET

MEMORANDUM FOR THE PRESIDENT

**Subject: Proposed Reply to Letter of November 12
from Prime Minister Kwame Nkrumah of Ghana.**

I am sending you herewith a proposed reply to the above letter from Prime Minister Nkrumah which requested financial assistance from the United States Government for Ghana's Volta River Project.

Subject to your approval, I should like to suggest that your reply to Prime Minister Nkrumah be hand-carried by our Ambassador to Ghana, Wilson C. Flake, who is now in Washington on consultation.

In view of the importance which the Government of Ghana attaches to this matter, I believe it would help make the Ambassador more effective in Ghana if he were in a position to say he has discussed this matter with you personally. Moreover, since there was no opportunity for you to see Ambassador Flake following his appointment last May, I recommend that you receive the Ambassador for a few minutes prior to his return to Ghana.

CHRISTINE A. ...

Acting Secretary

Enclosure:

Proposed reply.

NEA:AFS:WRDuggan:it:cp 12/26/57 12/30/57

Retyped in S/S-RO
12/27/57 & 12/30/57

SECRET

SUGGESTED REPLY

Dear Prime Minister:

Since acknowledging the receipt of your letter of November 12, my advisers and I have given the most careful attention to the viewpoints and suggestions which you have advanced regarding the Volta River scheme. As I think you know, this Government has followed with deep interest since their inception the extensive studies which have been made of this challenging project.

I, of course, fully appreciate the importance which you and your Government attach to the need for economic development and diversification in Ghana, and I know that I need not assure you of the friendly and sympathetic interest of the American people and Government. I have had a number of conversations with the Vice President since his return from the Independence Ceremonies this year and he has described to me the hopes and aspirations which guide your Government and people under your leadership. It is obvious that these worthy aspirations can best be realized under the conditions

His Excellency
Kwame Nkrumah,
Prime Minister of Ghana.

SECRET

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conditions of a strong, prosperous and stable Ghana.

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In your letter of November 12, you have made specific reference to the possibility of obtaining a loan for the Volta River project from our newly-created Development Loan Fund. In so doing, you have suggested in effect that such an indication of willingness by the United States Government to make a loan might provide the necessary stimulus to bring the scheme to life.

There is no question as to the desire of this Government to be helpful in the economic development of Ghana. At the same time, there are definite limitations on our lending activities

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I hope that the foregoing suggestions may be helpful
to you

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DEC 30 1957

THIS DOCUMENT MUST BE RETURNED TO THE RM/R CENTRAL FILES

MEMORANDUM FOR THE PRESIDENT

Subject: Proposed Reply to Letter of November 12 from Prime Minister Kwame Nkrumah of Ghana

I am sending you herewith a proposed reply to the above letter from Prime Minister Nkrumah which requested financial assistance from the United States Government for Ghana's Volta River Project.

Subject to your approval, I should like to suggest that your reply to Prime Minister Nkrumah be hand-carried by our Ambassador to Ghana, Wilson C. Flake, who is now in Washington on consultation.

In view of the importance which the Government of Ghana attaches to this matter, I believe it would help make the Ambassador more effective in Ghana if he were in a position to say he has discussed this matter with you personally. Moreover, since there was no opportunity for you to see Ambassador Flake following his appointment last May, I recommend that you receive the Ambassador for a few minutes prior to his return to Ghana.

845J.2614/12-3057 CS/G

President seeing
Amb. Flake at 11:15 am 1/10
(per U/PR - Mrs. Newton)

CHRISTIAN A. HERTER

Lto Sec
1/3/58

S/S:ph 1/7 Acting Secretary

DC/R
Anal 39
Rev
Cat

Enclosure:
Proposed reply.

S/S-RO
DEC 30 1957
A true copy of
signed original.

NEA:AFS:WRDuggan:rmp 12/26/57 12/30/57

Retyped in S/S-RO
12/27/57 & 12/30/57

SECRET FILE

845J.2614/12-3057

8998

DECLASSIFIED

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John Foster Dulles

Enclosure:

Proposed reply.

NEA:ARS:WRDuggan:rmcp 12/26/57
Retyped in S/S-RO 12/26/57

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Enclosure:

Proposed reply.

MRD
NEA:AFS:WRDuggan:rmcp 12/26/57

DECLASSIFIED

8998

RECEIVED

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Acting Secretary

Enclosure:

Proposed reply.

NEA:AFS:WRD^{WRS}Duggan:rmcp
Retyped in S/S-RO

12/26/57
12/27/57 & 12/30/57

RECEIVED

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SUGGESTED REPLY

January 3, 1958

Dear Prime Minister:

Since acknowledging the receipt of your letter of November ^{twelfth} ~~23~~ my advisers and I have given the most careful attention to the viewpoints and suggestions which you have advanced regarding the Volta River scheme. As I think you know, this Government has followed with deep interest since their inception the extensive studies which have been made of this challenging project.

I, of course, fully appreciate the importance which you and your Government attach to the need for economic development and diversification in Ghana, and I know that I need not assure you of the friendly and sympathetic interest of the American people and Government. I have had a number of conversations with the Vice President since his return from the Independence Ceremonies ~~this year~~ and he has described to me the hopes and aspirations which guide your Government and people under your leadership. It is obvious that these worthy aspirations can best be realized under the conditions

His Excellency
Kwame Nkrumah,
Prime Minister of Ghana.

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conditions of a strong, prosperous and stable Ghana.

As you are aware, we are not only interested in this vital task of Ghana's economic development and diversification, but desire to help in such ways as are within the limitations of our resources and other heavy commitments throughout the world. It has been in this spirit that we have undertaken, at your request, to send a technical survey group to Ghana to examine several specific project fields of potential economic development, the outlines of which have already been suggested by your Government. It is my sincere hope that this team may be able to assist in drawing up practical projects capable of implementation in a manner which will contribute to the diversification which you seek.

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I hope that the foregoing suggestions may be helpful
to you

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to you in your further efforts to interest private enterprise in the feasibility of this project. Meanwhile, I wish again to emphasize our general desire to be of assistance in Ghana's economic development program. If there are other specific project fields of a more limited nature than the Volta Scheme which you believe might be useful for our Technical Survey Group to examine, or should you perceive advantage in a more general survey of Ghana's essential development needs, we would be glad to consider broadening the terms of reference of the Group to make this possible. I hope that you will feel free to discuss any further questions you may have on these matters with our Ambassador to Ghana who is thoroughly familiar with the consideration we have given them here.

Again let me say how gratified I am at the spirit of determination to progress which prompted you to raise this matter with me. You can always be assured that Ghana's aspirations to a peaceful, prosperous and stable development, which is of such importance to its people, to Africa and to the free world, will command the sympathetic attention of this Government.

Sincerely,

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AF:AFS:Palmer:Dolgin:

NEA:AFS:WRDuggan:rmcp 12/30/57

Clearances:

AF - Mr. Palmer *JP* W - Mr. Dillon *TM* E - Mr. Mann *TM*

cleared in secret

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Sincerely yours,

MD
AF:AFS:Palmer:Dolgin:Duggan:jl 12/26/57

Clearances:

AF - Mr. Palmer : : : W - Mr. Dillon : : : E - Mr. Mann
RVB : : : *cleared in draft*
 UMSA - Mr. Barnes : : : ICA - Mr. Van Dyke
cleared in draft



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