From: La Paz (Trahs/Santiago), Kitada.
To: Tokyo.
August 5, 1939.

#5. Part 1 of 3[a].

Re my #4[b].

Since then, England, France, and Italy have made proposals of barter trading. The U. S., after sending two State Department engineers to make a two months survey, has loaned vast sums of money to be used as capital, and machinery to develop all the mines which were thought to be hopeful. The mineral production, as a result has increased enormously and the U. S. now suggests that repayment of her investment be made with these minerals. (The motive for this is war time economic preparation, making herself self-sufficient in an emergency). Thus the competition is becoming exceedingly keen.

Germany, making use of the strong foundation she has built up and through - - - - - -, has entered into two types of agreements she proposed. According to the first agreement, Germany will supply 4,000,000 Reichmarks' worth of machinery, iron pipe, and other equipment. This is to be paid for in three or four years, 75% with oil and 25% with minerals. (Shipment of minerals will start eighteen months hence.)

a - 3 part msg; for pt. 2 of 3 see S.I.S. #4621; pt. 3 of 3 - not available.

b - Not available.

Trans. 8/23/39.

#4620.
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by Director, NSA/Chief, CSS
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