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DEPARTMENT OF STATE

Memorandum of Conversation

DATE: March 30, 1973

3/30/73

SUBJECT: Kra Canal Developments

PARTICIPANTS: Mr. Arthur Downey, Washington Attorney
Alf E. Bergesen, EA/TB

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SCI - Mr. Brewster
ACDA - Mr. Van Doren
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Amembassy Bangkok
NSC staff - Mr. Holdridge
ARA/SR/PAN - Mr. Sheffey

Art Downey, Washington attorney for Mr. K.Y. Chow, telephoned me on March 29 to bring me up to date on Kra Canal developments. He mentioned several times that Chow & Co. wanted to be sure that "we" (State, NSC staff, ACDA, etc.) were kept fully informed, and said that Embassy Bangkok had been briefed in detail before Chow's departure.

"Last week" (presumably beginning March 19) meetings of Mr. Chow's "Technical Advisory Group" chaired by Dr. Edward Teller were held, mostly in Oakland, California. The paticipants included two Dutch engineers, a Japanese professor-emeritus, a Thai official identified as the Chairman of the Thai Atomic Energy Authority (apparently Dr. Svasti Srisukh, Secretary-General of the Office of Atomic Energy for Peace), and the Minister for Universities, Dr. Boonrod Binson, as well as Chow, BG Ed Black (USA Ret.), from Bangkok, and Downey.

The group spent a day with the study teams which have been engaged to carry out the pre-feasibility study: TAMS, the Hudson

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Institute, and the Lawrence-Livermore lab people. Their preliminary reports were that from a technical point of view the Canal proposal was entirely feasible, and this optimistic view included the possible use of nuclear explosive devices. The soil in the area is "entirely suitable", the winds (if the season is chosen properly) pose no problem, etc.

The next day the group visited the Nevada test site and, according to Mr. Downey, were most favorably impressed by the experience which has been gained from earlier atomic blasts with respect both to the use of devices for excavation and the effectiveness of the safety precautions which have been developed. The group (less Dr. Teller) met again the following day in Oakland.

This past Monday (March 26) Chow & Co. met in New York with representatives of ten leading US banks (Chase Manhattan, Morgan Guaranty Trust, Irving Trust Co. etc.) for a briefing by Mr. Chow on the project. Mr. Chow emphasized that at the moment he was not making any request for funds, but Downey said that the bankers were very much interested.

The next step is a meeting, to be held April 8-9 in Paris, of Mr. Chow's Senior Review Group. Its blue-ribbon membership includes Pote Sarasin (Thailand), former Deputy Prime Minister, Robert B. Anderson (U.S.), former Secretary of the Navy and of the Treasury, and US Panama Canal negotiator, probably Dr. Watanabe (Japan), former President of the Asian Development Bank, and from Western Europe a M. Jeandet.

In the course of our conversation, Art Downey noted that:

-- the size of the ships the canal would handle has not yet been determined; it could be designed for 250,000 ton, 500,000 ton, or even million-ton vessels;

-- the southermost of the routes examined, generally Satun on the Andaman Sea side to Songkhla on the Gulf of Thailand, is the most likely;

-- the question of whether the canal will be two-way or one-way has not been decided;

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-- there is great interest, even enthusiasm, for the proposal for an industrial port at one end of the canal, an integral part of Mr. Chow's scheme.

-- the pre-feasibility study, which will include four annexes (by Hudson, TAMS, Robert R. Nathan Associates, and the Lawrence-Livermore lab) will be ready September 1. Hudson's contribution is practically completed.

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