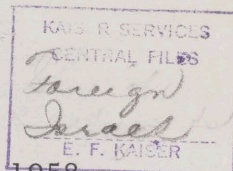


ISRAEL

294:4a

FOLDER	YEAR	ENTITY
1	1958	Foreign
E. F. K. ☒		E. E. T. ☐
KAISER SERVICES - CENTRAL FILES		



INTER-OFFICE MEMORANDUM

TO Mr. Edgar F. Kaiser
AT Oakland

DATE May 14, 1958

FROM Norm Nicholson

COPIES TO Hal Babbitt

AT Oakland

SUBJECT Israel Shipyards

REFERRING TO

Steve Girard's answer to Israel:

It seems apparent that the Israeli ministers who have been trying, through Steve Girard, to get Kaiser Engineers involved in their shipyard and repair facilities project, already understand why we are turning down their proposals -- even though Steve hasn't given them a formal answer.

Steve told us that the Israeli officials are perfectly aware their country neither has the raw materials nor the machinery-making equipment to make such a project successful. It is being pushed, they told Steve, to make work for that nation's fast-expanding population.

Mike Miller points out that Israel "just doesn't have the stuff to make ships from", and that practically all components and machinery would have to be imported. He says it would be a disservice to string Israel along on the economic validity of this admittedly work-making project.

Kaiser Engineers, in a November 7, 1957 review of a proposed shipyard at Casablanca, Morocco, came up with a similar answer for that country. With discretion, Steve might use this example in his further discussions with Israeli officials. It certainly should prove that Engineers are motivated in this matter not by political problems in that area but by realistic economic facts.

Attached are copies of the review on Casablanca which Steve may 11/7/57 find useful.

Norm Nicholson
Norm Nicholson
See: Foreign - Morocco - Casablanca Shipyard

NN:mlm

Attachment

X2 ✓

KAISER SERVICES CENTRAL FILES <i>Foreign</i> <i>Israel</i> E. F. KAISER

C O P Y

INTER-OFFICE MEMORANDUM

To Mr. E. E. Trefethen, Jr.

May 13, 1958

From J. F. Reis

CONFIDENTIAL

Attached for your information are copies of the following memos:

1. Memo dated May 7, 1958, from Gerry Heath to Ray Ware,
in re Suez Canal Widening Project. (Filed in Foreign - Egypt)
2. Memo dated May 9, 1958, from Gerry Heath to J. F. Reis,
in re Kaiser's Investment in Israel and Midec, S. A.
Vis-A-Vis Obtaining Work in Egypt.

The question of whether or not we are blacklisted in Egypt can
be checked out through any of the following sources:

- A.. Bank of America International Deaprtment.
- B. Chad Calhoun's office.
- C. Raymond Concrete Pile Company, if we propose
to bid this project with them.

I will not pursue this matter any further without your specific
instructions.

J.F. REIS

TELETYPE
1 Copy Required

- ☐ Hold for Next
Opening of Wire
☐ Do Not Hold
Later Than

☐ SEND AT ONCE

TELEGRAM
2 Copies Required

- ☐ Fast
☐ Serial
☐ Day Letter
☐ Longram
☐ Night Letter
☐ Long Serial

Company

Name: _____

WIRE MESSAGE

☐ PREPAID

☐ COLLECT

CABLE

- ☐ Ordinary
☐ Deferred
☐ Night Letter
☐ Code

SEND THIS TO
PROPER WIRE ROOM

Time Filed _____

By Operator _____

Message
Number _____

CHARGE TO:

Co.

AUTHORIZED BY:

EDGAR F. KAISER

This message can not be accepted for transmission unless ABOVE INFORMATION IS GIVEN

WIRE

OAKLAND

MAY 13, 1958

MR. HERBERT H. LEHMAN, GENERAL CHAIRMAN
AMERICAN COMMITTEE FOR ISRAEL'S TENTH
ANNIVERSARY CELEBRATION
120 EAST 56TH STREET
NEW YORK 22, NEW YORK



06344

IT IS ENTIRELY FITTING THAT ALL OF US IN THE
FREE WORLD HONOR THE NEW, BUT ALREADY GREAT

NATION OF ISRAEL ON ITS TENTH ANNIVERSARY.
WE AT WILLYS MOTORS, INC. ARE ESPECIALLY

PLEASED THAT THE WILLYS PLANT AT HAIFA IS
MAKING A CONTRIBUTION TOWARD MAINTAINING

THE ECONOMIC STRENGTH OF ISRAEL, WHICH
SHOULD BE PROUD INDEED TO CELEBRATE ITS

CREATION AND CONTINUING FREEDOM AFTER A HISTORY-
MAKING DECADE OF STRUGGLE AGAINST GREAT ODDS.

SINCERELY,

EDGAR F. KAISER

(This wire was sent by Mr. Girard's office in Toledo)

mp

PERMANENTE CEMENT COMPANY
INTER-OFFICE MEMORANDUM

KAISER SERVICES
CENTRAL FILES
Foreign
Israeli
E. F. KAISER

TO Edgar Kaiser

DATE May 12, 1958

FROM W. A. Marsh

10597

SUBJECT

Wally

COPIES TO E. E. Trefethen, Jr. Claude Harper
George Havas

This is in regard to Steve Girard's teletype about the Israeli government's interest in converting its gypsum by-product into a building material.

Kaiser Gypsum is as cold as you are in making any investment in Israel, due to the present civil strife that seems to prevail there.

We would like Steve to arrange to obtain a sample of about 5 pounds of this material and send it to me in care of Kaiser Gypsum Company. We will determine whether this product could be made into suitable stucco for the production of wallboard. In the event that it could be, we will advise you and Kaiser Engineers of our results.

It is quite possible that we could furnish the know-how along with Kaiser Engineers' ability to design and construct a plant which would perhaps be the motivating force for developing an engineering job for Kaiser Engineers.

WAM:CC

RECEIVED

MAY 13 1958

EDGAR F. KAISER
OAKLAND

0A008-T0012-OKL KS # TDO KF 1

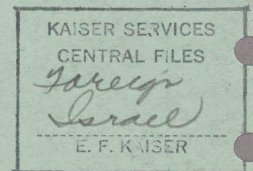
FOLLOWING RECEIVED HERE THIS MORNING

WUB032 NL PD NEWYORK NY MAY 9

EDGAR F KAISER

KAISER MTRS CORP TLDO

MAY 12 8 05 AM 1958



06345

ON MAY 19 COLMINATING EVENT IN NATIONAL PROGRAM OF
AMERICAN COMMITTEE FOR ISRAELS TENTH ANNIVERSARY
CELEBRATION WILL TAKE PLACE IN THE FORM OF DINNER AT
WALDORF ASTORIA HOTEL ADDRESSED TO FREEDOMS STAKE IN
THE MIDDLE EAST AND IN TRIBUTE TO ISRAELS HISTORIC
ACHIEVEMENTS AS ENCLAVE OF DEMOCRACY AND PILOT PLANT
FOR HUMAN REHABILITATION MORE THAN 1000 WILL ATTEND
DINNER WHICH WILL BE ADDRESSED BY JUSTICE FELIX
FRANKFURTER PROFESSOR HENRY STEELE COMMAGER AMBASSADOR
EBAN AMONG OTHERS / WOULD WELCOME FOR PRESENTATION AT
THIS TIME A MESSAGE FOR PUBLICATION IN OUR DINNER
PROGRAM IF THIS COULD REACH ME BY MAY 15 I WOULD BE
GRATEFUL

HERBERT H LEHMAN GENERAL CHAIRMAN AMERICAN
COMMITTEE FOR ISRAELS TENTH ANNIVERSARY
CLEBRATION 120 EAST 56 STREET NEWYORK 22 NY
WILLYYS MOTORS INC

50XXX 5-12-58

1002 AME

RECEIVED
KAISER SERVICES

MAR 10 3 37 PM

C1891

3/10/58

KAISER SERVICES CENTRAL FILES <i>Foreign</i> COMPANY <i>Israel</i> SUBJECT

ZG017-ON041-NYK KS # OKL KS 49

MR. E. E. TREFETHEN, JR.

FOLLOWING WIRE RECEIVED HERE THIS MORNING ADDRESSED TO YOU WITH COPIES TO MR. MARKS, MR. REIS, MR. WOODHEAD, MR. GIRARD, MR. HOLDEN:

WILLYS MOTORS, INC. BOARD OF DIRECTORS APPROVED ON MARCH 3, 1958,
A PROPOSAL FOR A \$500,000 LINE OF CREDIT TO KAISER-FRAZER OF ISRAEL,
AGAINST WHICH WILLYS MOTORS, INC. WAS TO GUARANTEE LAST 25 PERCENT
OF EACH DRAWDOWN. J. REIS WAS GIVEN INCORRECT INFO REGARDING
PREVIOUS \$200,000 LINE. OUR UNDERSTANDING HERE THAT LINE WAS FULLY
REPAID; HOWEVER, RECHECKING REVEALED THAT A BALANCE OF \$64,799.93
WILL STILL BE OUTSTANDING AS OF MARCH 15, 1958.

WE AND BANK OF AMERICA ARE CONFIDENT OF COMPLETE REPAYMENT BY
APRIL 12, 1958 AND BANK OF AMERICA IS WILLING PROCEED WITH ADDITIONAL
\$500,000 AND WE ARE ANXIOUS TO PROCEED WITH EQUAL AMOUNT OF SHIPMENTS
NOW ON NEW YORK DOCKS.

I WOULD APPRECIATE YOUR ASSISTANCE IN RECONFIRMING BOARD APPROVAL
AFTER CONSIDERATION OF THE ABOVE STATED FACT. REGARDS.

SIGNED PAUL STEIL.

B J SCHUBERT

3-10-58

12/08P

City 740 000 37 000
see also 500 000 - 25 000

✓
Foreign
Israel
E. F. KAISER

INTER-OFFICE MEMORANDUM

TO
ATMr. J. F. Reis
Oakland

DATE

May 9, 1958

FROM

G. Dolmage-Heath

10876

COPIES TO

AT

Oakland *Gum*

JOB NO

SUBJECT

KAISER'S INVESTMENT IN ISRAEL AND MIDEC, S.A.
VIS-A-VIS OBTAINING WORK IN EGYPT

Pursuant to our conversation on the subject matter, I think it would be advisable to review our present and future activities in Israel and Egypt in view of the conflicting situation between the two countries.

The latest booklet published by Willys Motors, Inc. "The World of Willys - 1958" contains certain detailed financial information covering our investments in Israel which should perhaps be deleted for distribution. Concerning the participation of Kaiser Industries Corporation in the newly formed Middle East Industrial Development Corporation (MIDEC, S.A.), I do not think there can be any unfavorable repercussions considering that the number of participants is very large and varied. I do believe, however, that MIDEC, as such, may encounter certain difficulties of a political nature later on, when considering investments in both Israel and Egypt.

These observations come to mind particularly because of the existing potentials for Kaiser Engineers to perform engineering and construction work in Egypt, especially in connection with the Suez Canal widening project. I do not know what specific course of action could be taken now in order to safeguard our position, except that this situation, in my opinion, should be properly analyzed before incurring any expenditures covering preliminary studies for prospective work in Egypt.

We know that Israel does not have the same emotional reaction prevalent in Egypt regarding foreign companies doing work in both countries. We do know, however, that Egypt does not favor the entrance of foreign companies which have any interest in Israel.

It would be of interest to know whether or not World Bank officials in their latest talks regarding credit assistance to Egypt, have clarified this point (e.g., that U.S. companies should be granted equal work-rights in Egypt despite interests which these companies might have in Israel). Perhaps our Washington office could inquire about this matter.

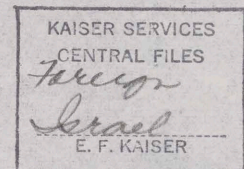
GD-H:jm

Foreign - Egypt
" Israel
" ME/DC

Mr. W. A. Marsh

May 7, 1958

Edgar F. Kaiser



05785

Attached is a teletype from Steve, which is self-explanatory.

I am sending it to you so that you can note the gypsum comment. I am cold on Israel because of the problems you get into with the Arab countries. On the other hand, it is conceivable that a joint operation in gypsum with the government could be worked out, and maybe there is a market. I don't know anything about that. My question to you is, do you think Gypsum has any interest?

There is no question but what these people are anxious for help. I wouldn't recommend this just because Engineers might get a job building a gypsum plant. On the other hand, if you think there is some merit looking into it, Kaiser Engineers certainly would want the job if you worked out anything.

Edgar F. Kaiser

EFK:m
Attach.

Mr. George Havas
Mr. John Hallett

May 7, 1958

Edgar F. Kaiser



05786

Attached is a copy of a teletype from Girard, which is self-explanatory.

I am cold, personally, on Israel, other than the Jeep business. My reason for being cold is that it presents such a problem in connection with the Arab countries. Therefore, I wonder if it is sound to become involved, particularly when it is obvious that they are after an investment.

I am forwarding a copy of the teletype to Wally for his comments on the gypsum side. However, I wish you and John would discuss this and then give me your thoughts on the matter.

Edgar F. Kaiser

EFK:m
Attach.

00020-TOB063-OKL KS H TDO KF 2

E F KAISER



REGARDING KAISER ENGINEERS IN ISRAEL, I MET WITH MR. PINCHAS SAPIR, WHO IS THE MINISTRE OF TRADE AND INDUSTRY, AND THE DIRECTOR GENERAL OF THAT MINISTRY, MR. P. GINSBERG, SEPARATELY, AND THEY ARRANGED FOR A MEETING WITH MR. NACHUM SHAMIR WHO IS THE MINISTRY MAN IN CHARGE OF THE PORT, DOCKS AND SHIPBUILDING PROGRAMS. ALL THREE OF THEM PRESSED HARD TO INTEREST KAISER ENGINEERS IN BECOMING INTERESTED IN ISRAEL'S INDUSTRIAL BUILD-UP, PARTICULARLY, AT THIS POINT, THE SHIPYARD AND REPAIR FACILITIES. THREE STUDIES HAVE BEEN MADE ON FACILITIES FOR REPAIR AND BUILDING, AND THEY ARE AWAITING WORD FROM US AS TO OUR INTEREST. THEY ARE DESIROUS OF OBTAINING AN ORGANIZATION'S HELP TO PREPARE A PROGRAM. BUILD FACILITIES

05787

MAR 6 10

AM 1958

AND OPERATE FOR AT LEAST A FIVE-YEAR PERIOD. THEY PRESENTLY HAVE 240,000 DEAD WEIGHT TONS OPERATING AND HAVE ON ORDER ANOTHER 600,000 THAT WILL BE DELIVERED BY 1962, WITH ONE FLOATING DRY DOCK. THEY HAVE ESTIMATES THAT THEY WANT BY 1965 A MILLION AND A HALF TONS TOTAL, IN RANGES FROM 1500 TO 7000 TONS EACH. THE ISRAELI GOVERNMENT IS PREPARED TO PUT UP \$10,000,000. THEY ARE ALSO INTERESTED IN HAVING OTHER PEOPLE OR COMPANIES INVEST IN THIS PROGRAM AND THEY HAVE \$300,000,000 WORTH OF ISRAELI BONDS THAT WERE SOLD. THE GOVERNMENT WILL PUT UP THE MONEY FOR IMMEDIATE USE IF THE HOLDERS ARE INTERESTED IN CONVERTING INTO EQUITY IN INDUSTRIES IN ISRAEL. THE MINISTER ALSO ADVISED THAT THEY ARE NOT FROZEN ON OWNERSHIP AND THEIR POLICY IS THAT THEY DO NOT WANT TO OWN AND OPERATE - - THEY WOULD MUCH RATHER LOAN THE MONEY TO A COMPANY OR A GROUP SO THAT OWNERSHIP WOULD BE PRIVATE. THEY ARE ALSO INTERESTED IN HAVING ENGINEERS LOOK AT ANOTHER PROBLEM. THEY HAVE A WEALTH OF GYPSUM THAT IS A BY-PRODUCT AND WITH THE TREMENDOUS AMOUNT OF BUILDING GOING ON THEY WOULD LIKE TO KNOW HOW THEY CAN TAKE THIS GYPSUM AND CONVERT IT INTO BUILDING MATERIALS. LASTLY, THEY HAVE A TERRIBLE WATER-SHORTAGE PROBLEM, FOR IRRIGATION. I PROMISED THE MINISTER THAT UPON MY RETURN I WOULD ACQUAINT ENGINEERS WITH THEIR REQUEST AND THAT HE WOULD GET AN ANSWER AS TO ENGINEERS' INTEREST. WOULD APPRECIATE TALKING WITH YOU ON THIS.

STEVE GIRARD

5/6/58

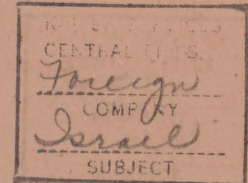
1136 AM

Mr. Paul J. Stell

February 26, 1958

J. F. Rele

Messrs. E. E. Trefethen, Jr.
J. H. Woodhead
Don Browne



Reference my two teletypes dated February 25, 1958, to E. E. Trefethen, Jr., with respect to Willlys Motors Australia and Kaiser-Frazer of Israel, copies of which were transmitted to you, I am verbally advised today by Mr. Trefethen that the two proposals were reviewed and jointly approved by Edgar F. Kalaer, Lloyd Cutler and himself and that you had been advised thereof.

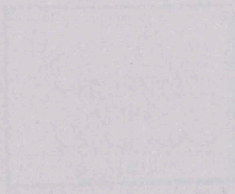
These two items are being put on the agenda for the next Board Meeting of Willlys Motors, Inc. and Willlys-Overland Export Corporation to be held here on Monday, March 3. I assume that you will by then have obtained final clearance from Steve Girard.

J. F. Rele

*related - signed
J. F. Rele*

February 26, 1952

J. F. Wells



Mr. J. F. Wells
1. B. Wells
J. F. Wells

Reference is made to the telephone call received on February 26, 1952, from Mr. J. F. Wells, 101, with regard to the proposed purchase of the Australian and New Guinea Railway. It was verbally agreed that the two proposals were referred to Mr. Wells for his approval. It was also agreed that the two proposals were referred to Mr. Wells for his approval. It was also agreed that the two proposals were referred to Mr. Wells for his approval.

There are two items to be noted on the agenda for the next Board Meeting of the New Guinea Railway. The first item is the proposed purchase of the Australian and New Guinea Railway. The second item is the proposed purchase of the Australian and New Guinea Railway.

J. F. Wells

Foreign - Australia
" Israel

COX, LANGFORD, STODDARD & CUTLER



February 26, 1958

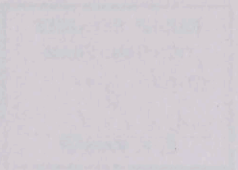
MEMORANDUM FOR MR. E. E. TREFETHEN, JR.
cc: Mr. Edgar P. Kaiser

Subject: Willys Australia; Willys Israel

I have reviewed Joe Reis' two teletypes to you dated February 25, outlining the proposed financing arrangements with Bank of America for shipments of components by Willys Export to Kaiser Fraser of Israel, Ltd and to Willys Motors (Australia) Pty. Limited.

Both proposals appear satisfactory to me from a legal standpoint. I will be talking to Paul Steil this afternoon and will advise him that Edgar and you approve.

with attached report
Israel



COX LANGFORD, STODDARD & CUTLER

February 25, 1952

MEMORANDUM FOR MR. E. E. TAPPEY, JR.
by Mr. Edgar F. Baker

Subject: Willis Knappell, Willis Knappell

I have reviewed the file, the telephone records dated February 25, outlining the proposed financial arrangements with Bank of America for assignment of accounts to Willis Knappell, and the letter from Mr. Knappell dated February 25, 1952, regarding the proposed assignment of accounts to Willis Knappell, Inc. (Incorporated) P.O. Limited.

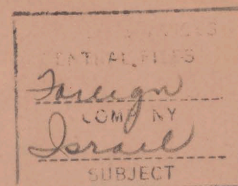
With proposals appear satisfactory to me from a legal standpoint. I will be talking to Earl Hall in a moment and will advise him that Edgar and you approve.

Foreign-Australia
" Israel

E. E. TREFETHEN, JR.

CARE OF CHAD F. CALHOUN

PLEASE DELIVER



x ✓ 2/26/58

CC.. PAUL STEIL - TOLEDO

REFERENCE TWO TELETYPES TO YOU YESTERDAY WITH RESPECT TO WILLYS MOTORS
AUSTRALIA AND KAISER-FRAZER OF ISRAEL BY MENTION OF KAISER-
FRAZER EXPORT CORPORATION /EXPORT/ SHOULD HAVE BEEN WILLYS-OVERLAND
EXPORT CORPORATION.

J. F. REIS OAKLAND CALIF

CHG XS CA PLS JS

TO 490 RECD ONE END

WA334 RECD ONE OKE SEC PLSE HAVE QUESTION

IS THERE A CODE OKL HC AND WHAT DOES THE HC STAND FOR RECD WIE
WITH CODE THIS AM AND SOMEONE DOWNSTAIRS QUESTIONING THE HC

YES IT IS HEAVY CONSTRUCTION CA PLS OR END

OKE TNX

126P END ED

MB BI BI CAL JS

0A033-NO078-OKL SC#WDC SVC RUSH RUSH RUSH 2/26/58

TELETYPE OPR

RE TWX 338 U JUST SENT TO WA334 AND TO490

I E TREFETHEN, JR IS LEAVING WASHINGTON DC ON THE 2:00PM FLIGHT FOR
OAKLAND, CALIF. SHUD BE OKL 9:00P PLSE PROTECT THE WIRE TO HIM IN
OKL ADVISE TNX

WDC OPR

142P

*understand - agreed
search*

URGENT-AMERICAN-ONE 124000Z JUL 68
TO DIRECTOR
FROM WASH DC
RE THE 1000 TO 1000 TO 1000
E. J. THOMPSON, JR. IS LEAVING WASHINGTON DC ON THE 1000 FLIGHT FOR
OAKLAND, CALIF. SHOD BE ON 1000 PLEASE PROTECT THE WIFE TO HIM IN
THE 1000

END
1000

Foreign - Australia
" Israel

G005-ON116-V0075-MX OKL KS 97-98

WDC KS TDO KF 2 COPIES

#

97 WDC KS

E. E. TREFETHEN, JR.

CARE OF CHAD F. CALHOUN

KAISER SERVICES
CENTRAL FILES

Foreign
COMPANY

Israel
SUBJECT

01974

EEK

2/25/58

WASHINGTON, D.C.

FEB 26 9 16 AM 1958

RECEIVED

CC: PAUL STEIL

SUBJECT: KAISER-FRAZER OF ISRAEL, LTD. FINANCIAL REQUIREMENTS PAUL STEIL BY MEMO DATED FEBRUARY 21, 1958 HAS REFERRED TO ME COMPLETE DETAILS WITH RESPECT TO THE SUBJECT MATTER AND REQUESTS MY CLEARANCE WITH YOU SUBJECT TO FINAL CLEARANCE BY HIM WITH STEVE GIRARD UPON HIS RETURN TO TOLEDO AND FOR APPROVAL AT THE NEXT MEETING OF THE BOARD OF DIRECTORS OF WILLYS MOTORS, INC. AND KAISER-FRAZER EXPORT CORPORATION.

HIGHLIGHTS ARE AS FOLLOWS:

1. IN JANUARY 1957 BANK OF AMERICA INTERNATIONAL EXTENDED \$200,900 CREDITLINE TO KF OF ISRAEL WITH 100 PERCENT GUARANTEE BY WILLYS MOTORS, INC. PAYMENTS WERE MADE ON SCHEDULE AND THE OBLIGATION WAS COMPLETELY PAID OFF.
2. IN SEPTEMBER 1957 BANK OF AMERICA INTERNATIONAL EXTENDED \$200,000 ~~CREDITLINE TO KF OF ISRAEL WITH 100 PERCENT GUARANTEE BY WILLYS~~ MOTORS, INC. PAYMENTS WERE MAZE ON SCHEDULE AND THE OBLIGATION WAS COMPLETELY PAID OFF.
3. EXPORT DIVISION NOW PROPOSES AFTER REVIEW OF FINANCIAL NEEDS OF KF OF ISRAEL WITH MR. ILIN, A \$500,000 REVOLVING CREDIT WITH BANK OF AMERICA INTERNATIONAL. DETAILS ARE AS FOLLOWS:
 - A/ CREDIT AVAILABLE FOR THE ISSUANCE OF LETTERS OF CREDIT UP TO 180 DAYS SIGHT, TO COVER JANUARY, FEBRUARY, MARCH SCHEDULED SHIPMENTS GROSS \$738,471. AMOUNT TO BE FINANCED UNDER NEW FACILITY \$500,000. WITHIN THE LINE \$175,000 AVAILABLE FOR FURTHER REFINANCING OF MATURING ACCEPTANCES FOR PERIODS UP TO 30 DAYS BY MEANS OF ADVANCES WITHIN WHICH \$100,000 IS AVAILABLE FOR ADVANCES UP TO 60 DAYS.
 - B/ EXPORT GUARANTEE FOR LAST 25 PERCENT OF EACH DRAWDOWN OR \$125,000 MAXIMUM GUARANTEE. WILLYS MOTORS TO GUARANTEE. WILLYS MOTORS TO GUARANTEE EXPORT OBLIRATION.
 - C/ UNLESS OTHERWISE EXTENDED BY EXPORT REVOLVING FEATURES OF CREDIT

TO EXPIRE SEPTEMBER 30, 1958, WHICH IS SIX MONTHS AFTER LAST SCHEDULED SHIPMENTS IN MARCH; THEREAFTER OUTSTANDINGS ARE ON A LIQUIDATING BASIS.

D/ BORROWER WILL BE WORLDWIDE COMMERCIAL CORPORATION WHICH OWNS 75 PERCENT OF KF OF ISRAEL STOCK. BORROWER TO DEPOSIT \$50,000 IN MARGIN ACCOUNT WITH BANK OF AMERICA INTERNATIONAL. BORROWER WILL GIVE A CONTINUING GUARANTEE OF MR. AND MRS. ILIN, BORROWER'S PRINCIPAL STOCKHOLDERS. BORROWER TO DEPOSIT WITH BOFA INTERNATIONAL AS COLLATERAL NOTES OF THE JEWISH AGENCY, INC., NEW YORK, ENDORSED TO BOFA TOTALING \$500,000 AND MATURING WITHIN TWELVE MONTHS, AND 1,000 SHARES OF BORROWER. KF OF ISRAEL WILL MAINTAIN WITH BOFA DOLLAR DEPOSITS EQUAL TO 10 PERCENT OF OUTSTANDING BALANCES.

E/ BOFA WILL REQUIRE EVIDENCE OF ISRAELI IMPORT LICENSE AND COMMITMENT OF ISRAELI TREASURY TO ALLOCATE FOREIGN EXCHANGE AT MATURITY.

~~BASED ON ABOVE INFORMATION I RECOMMEND YOUR APPROVAL.~~

J. F. REIS

2/25/58 4:19PM



ISRAEL

294:46

FOLDER	YEAR	ENTITY
1	1959	Foreign
E.F.K. ☒		E.E.T. ☐
Kaiser Services - Central Files		

INTER-OFFICE CORRESPONDENCE

FILE
REFERENCE

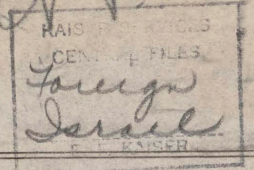
TO Mr. W. P. B. Marks

DATE December 23, 1959

FROM S. A. Girard

TITLE

SUBJECT Kaiser Ilin Industries Ltd.

PLANT
OR
OFFICE

12/12/59
With reference to John Sterritt's letter regarding the use of the word "Kaiser" in the name of his organization at Ashkelon, no authorization has been given to Ilin by Willys Motors to use the word "Kaiser" - which he apparently is doing, according to the stationery bearing the name "Kaiser Ilin Industries Ltd."

The Ashkelon project is a wholly-owned subsidiary of Kaiser-Frazer of Israel Ltd., and by our agreement with Ilin, he has the right to use the words "Kaiser-Frazer" in his company name until June of next year, when the contract expires.

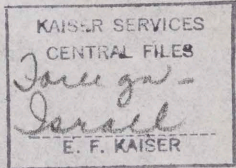
It has been our desire - and it remains so - to change the name when the contract expires. At that time we intend to take out the words "Kaiser-Frazer" and not allow the use of any Kaiser or Willys name, or combination thereof. We are hoping that he will name it "Ilin Industries"; however, Ilin could, under the agreement, name his Ashkelon project "Kaiser-Frazer of Israel Ltd."

We are writing him, advising that he has no authority to use the name "Kaiser" and are asking him to change the name of his firm immediately. We are hopeful that we can start the "Ilin Industries" route on this project, but I must restate that he can, under our present agreement, call it "Kaiser-Frazer of Israel Ltd."

SAG:b

cc: Messrs. Messrs. H. Babbitt
E. F. Kaiser ✓
J. Sterritt
L. K. Covelle
W. S. Pickett

DEC 23



KAISER EXECUTIVE OFFICE MEMORANDUM

TO: Mr. S. A. Girard
Copy to Mr. L. K. Covelle

FROM: Hal Babbitt

SUBJECT: "Kaiser Ilin Industries Ltd." DATE: 12/16/59

MESSAGE
In Mr. Kaiser's absence from the office, we forwarded a copy of
John Sterritt's letter of December 12^x to Mr. Marks, in addition to you
and Mr. Covelle. Mr. Kaiser still has not seen the letter, but Bill Marks
has commented per the attached copy of memo. ^{12/15/59} Would you please advise
your comments on this, so Mr. Kaiser will have them also.
Thanks and regards.

SIGNED: Hal Babbitt

REPLY TO: DATE:

REPLY

SIGNED:

INTER-OFFICE MEMORANDUM

TO Edgar F. Kaiser
AT

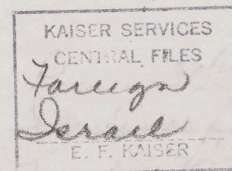
DATE December 15, 1959

FROM William Marks

COPIES TO

AT

SUBJECT



REFERRING TO

00778

12/12/59
Reference is made to the attached letter from John C. Sterritt pointing out the use being made of the name "Kaiser" in the firm name of Kaiser Ilin Industries Ltd.

I believe it is inadvisable to permit the continued use of the Kaiser name in any corporation in which we have no interest. Therefore, I suggest that Mr. Sterritt be authorized to check with Steve Girard and the head of the Export Department to be sure that no authorization has been issued to Mr. Ilin to use this name.

If not, Mr. Sterritt should be authorized to prepare a letter for Steve's signature, pointing out that Kaiser Ilin Industries Ltd. has not been authorized to use the name Kaiser and requesting that this use be discontinued. If this does not bring the desired result, we can then consider whether Mr. Sterritt should be authorized to take steps to require the elimination of the name Kaiser from the corporate name.

Bill

wm/lw

RECEIVED

DEC 16 1959

EDGAR F. KAISER
VICE PRES.

J. KING HARNES
ARTHUR W. DICKEY
PAUL F. SEIBOLD
CYRUS G. MINKLER
JOHN D. SCOFIELD
JOHN A. BLAIR
JOHN C. STERRITT
JOHN C. L. COWEN
DON K. HARNES
ROBERT L. BOYNTON
EDWARD R. CASSELMAN
JOHN V. SOBESKY
RICHARD E. DIBNER
NEAL A. WALDROP
MALCOLM R. MCKINNON
EVERETT R. CASEY

HUGH G. HARNES
JAMES E. STEPHENSON
JOSEPH M. LANE
CHARLES R. PENNINGER
JOSEPH R. PAPP

LYMAN R. LYON
PATENT SOLICITOR

HARNES, DICKEY & PIERCE

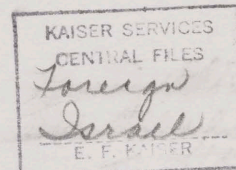
ATTORNEYS AND COUNSELORS

GENERAL MOTORS BUILDING

DETROIT

2

*Marks
cc: Sirard
Connelly*



HODGSON S. PIERCE
1927-1947

THOMAS J. NIENHAUS
1931-1948

TRINITY 5-2300
CABLE ADDRESS
"HARNES"

00779

December 12, 1959

Mr. Edgar Kaiser
Kaiser Industries Corporation
1924 Broadway
Oakland 12, California

Dear Edgar:

7/7/59
Attached hereto is a photo copy of a letter that one of the Export people picked up on a recent trip to Colombia. The contents of the letter are of no significance but please note the heading on the stationery "Kaiser Ilin Industries, Ltd.".

I know of no right that Mr. Ilin has to employ the Kaiser name, but perhaps he has been given permission to associate your name with his. In any event, our original agreement with the Israel people did not give any such rights, and I thought you may not know of their use of it. If you want me to take any follow-up on this, please let me know.

Best regards, and best wishes for the Christmas season and the New Year.

Sincerely yours,

John C. Sterritt

JCS:mc
Encl.

RECEIVED

DEC 14 1959

EDGAR F. KAISER

WILLIAM B. DICK & COMPANY

ATTORNEYS AND COUNSELLORS

GENERAL MOTORS BUILDING

DETROIT

December 13, 1933

Mr. Edgar Kaiser

Kaiser Industries Corporation

1834 Broadway

Oakland 12, California

Dear Sir:

Attached hereto is a photo copy of a letter that one of the Exports people picked up on a recent trip to Colombia. The contents of the letter are of no significance but please note the heading on the stationery, Kaiser Ltd Industries, Ltd.

I know of no right that Mr. Liu has to employ the Kaiser name, but perhaps he has been given permission to associate your name with his. In any event, our original agreement with the Exports people did not give any such right, and I thought you may not know of their use of it. If you want me to take any follow-up on this, please let me know.

Best regards, and best wishes for the Christmas season and the New Year.

Sincerely yours,

John C. Martin

JCM:mo
enc.

Foreign - Israel

Gen - K Cis Trade marks - Tradenames (see above)

KAISER ILIN INDUSTRIES LTD.

ASHKELON - ISRAEL

קייזר אילין תעשיות בע"מ

אשקלון - ישראל

HEAD OFFICE: משרד ראשי:

TEL-AVIV תל-אביב

Gibori Israel Street רחוב גבירי ישראל
P.O.B. 1757 T.A. טלפון 31206-7-8
Cables: KAPRIS TEL-AVIV מברקים: KAPRIS

OFFICES: משרדים:

ASHKELON אשקלון

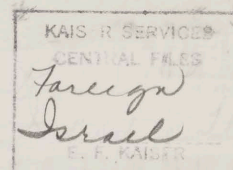
Afridar Business Centre מרכז מסחרי אפרידר
TEL. 206 טלפון

HAIFA חיפה

P.O.B. 35 T.A. טלפון 66527-8-9
Cables: KAPRIS HAIFA מברקים: KAPRIS

Mr. Luis Lara
Lara e Hijos, Ltda.

Bogotá (Columbia)
Carrena 13,
Calle 32



00780

at present Berlin, Hotel Windsor

July 7th, 1959

See Ltr of 12/12/59

Dear Mr. Lara,

Mr. Kuenzel, the general manager of the East-German air-plane industry, is making a visit to the Southamerican countries and I believe that the new engine jet-plane is most interesting also for Columbia. There is no doubt that the development in jet-planes is the movement of the future and that there will be no sufficient quantity of planes available to satisfy all demands. I would very much appreciate if you would give Mr. Kuenzel your co-operation.

May I add, that Mr. Kuenzel speaks English fluently and has been one of the fore-most pioneers in the missile field - together with Mr. Wernher von Braun - and has been a former school-colleague of this gentleman, who heads the missile - project in the United States.

I am quite sure, that, in talking with Mr. Kuenzel, you will find many points of interest. I shall inform you by cable where you can get in touch with Mr. Kuenzel in Brazil, to let him know whether it is suitable for you to give him some of your time. In this case, he would make a special trip to Columbia.

With best personal regards,

Yours sincerely,

Jacques J. Saunder



ISRAEL

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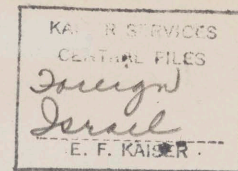
FOLDER	YEAR	ENTITY
1	1960	Foreign
E.F.K. ☒		E.E.T. ☐
Kaiser Services - Central Files		

To: MR. EDGAR F. KAISER

F.Y.I.
TO NOTEPAGES 4-5-6-7

Leonard KS

INTER-OFFICE MEMORANDUM



TO John Hallett
AT Oakland

DATE November 17, 1960

FROM J. E. Boyce

J. E. Boyce

AT Oakland

JOB NO. 4005

COPIES TO

E. R. Ordway Donald Browne
S. Kimball W. E. Gomes
R. Ware C. F. Calhoun
L. K. Schwartz ✓ M. F. Fillius, Jr.
L. H. Oppenheim

SUBJECT: Trip Report -- Israel

KAISER INDUSTRIES CORP.
OAKLAND

NOV 18 1960

LEONARD K. SCHWARTZ

1. General Background

A. Area and Population

Israel is a country with an area of approximately 8000 square miles (a little larger than the state of New Jersey), is approximately 260 miles long and varies from 12 to 60 miles in width.

It is bordered on the north by Lebanon and Syria, on the east by Jordan and on the south by Egypt. It has the unique distinction of having no economic or political relations with its bordering neighbors.

Population today is about 2 million people, of which 90% are Jews and the balance Moslems, Christians and Druses. One-half of this population represents immigrants to Israel since the establishment of the State. From 1952 to date the average immigration has been approximately 35,000 people per year. Approximately one-half of the immigrants have been coming from Asia and Africa, and the balance from Europe. Most of the immigrants are penniless upon their arrival and therefore become the responsibility of the State for food, clothing, lodging and employment.

As a result of this mass immigration Israel has become a truly multilingual nation and the visitor finds little difficulty in making himself understood in any of the modern European languages. English appears to be almost the standard commercial language of the country.

B. Potential Development

The outstanding limiting factor in the expansion of Israel as regards its livable area is water. Approximately one-half of the area of Israel is desert. The southern part of the country

contains 75% of the total area; however, it represents only one-half of the cultivable land and only one-third of the available water.

Israel has not been blessed with natural resources although iron ore and manganese ores have been found, but their quality is poor and it is not known whether or not they are commercially worth exploiting. Potash, salt, magnesium and bromine are found in large quantities in the area of the Dead Sea. Phosphates, clay, gypsum and fine sand are found in the Negev Desert in the south. Oil has been discovered and the present output is about 1 million barrels per year; this serves to fulfill about 8% of the country's total consumption.

C. Industry

Ownership in industry is generally broken down into three main categories:

- (1) State Industry, which owns approximately 15% of the industrial output, owns most of the industries which represent pioneering undertakings and are classified as "risk business".
- (2) Labor Undertakings, under the auspices of Histadrut (General Federation of Labor) which has in its membership approximately 90% of all wage earners and self-employed, owns approximately 15% of the total industrial output.
- (3) Private Investment This faction covers most of Israel's industrial plants and has control of approximately 70% of the total industrial output. Most of the private industry companies are under limited ownership, and it was noted that very few companies have issue shares which are sold on the stock market.

D. Personnel and Labor Conditions

Almost every wage earner is organized in a trade union. By far the greatest majority are members of Histadrut. It was learned that the basic principle controlling wage agreements is the determination of a fixed basic wage, supplemented by a cost of living allowance, which is subject to adjustment twice a year to the consumer's price index. The cost of living allowance apparently is adjusted only if the cost of living index has risen

more than 3%. (A check on the statistics revealed that increases were authorized only once a year in 1957 and 1958, and not at all in 1959.)

The social benefits include two weeks' annual vacation, one month sickness pay, participation by the employer in the cost of health insurance and national insurance, contribution by the employer to provident funds and severance pay funds. The closest check that could be made indicated that the social benefits amount to approximately 25% to 33% of the base pay.

The average basic daily wage for the skilled worker runs about the equivalent of \$6.00 per day. In general the employed wage earners work a 6-day, 47-hour work week.

Since the formation of the State there has been little or no history of strikes or labor disputes of a nature which has slowed down or stopped industry.

E. Financial

The Bank of Israel fulfills all functions of a central state bank. This bank was established in 1954.

The Bank of Israel controls the banking system, issues the currency, regulates the quantity of money, inspects the banks and determines the volume of credit in accordance with the needs of the economy. It also serves as the agent for all government loans in Israel and abroad.

Out of means of payment amounting to some IL700 million at the disposal of the public, only IL260 million are currency in circulation while the remainder, IL440 million (63%) are bank deposits. Bank credits amount to about IL500 million or approximately one-sixth of the national product.

It has been estimated that capital funds brought into the country for the period 1948 to 1958 represented the equivalent of approximately \$2,875 million. Of this amount approximately 20% represented private transfers, investments and loans. Approximately 18% represented U.S. government loans and grants and approximately 11% was derived from the sale of Independence and Development Bonds. The balance, which represents approximately 50%, was derived from reparations funds, restitution funds and contributions from Diaspora Jewry. This last amount could be considered as nonrecurring funds, or at least funds which will probably decrease in amounts rather than increase.

F. Trade

The balance of imports over exports for goods and services shows that during the period from 1949 to 1959 the value of imports doubled while exports increased seven-fold. Exports today represent about 50% of the value of the imports, hence there is a serious balance of trade problem.

The trade deficit per capita has, however, been reduced from the equivalent of \$200 in 1949 to \$142 in 1959.

Of the principal value of exports, citrus fruits and polished diamonds accounted for 52% of the equivalent dollar value of exports in 1959. This situation could be dangerous since it appears that more than one-half of the value of the exports are in the field of so-called "luxury" products. A world recession might seriously jeopardize the Israel balance of trade position.

2. Potential Business(1) Shipbuilding

The primary purpose of my visit to Israel was to follow up on the conversations Messrs. Schwartz, Fillius and I had with Mr. Levi Eshkol, Minister of Finance, in Los Angeles on October 4, 1960. At that time Mr. Eshkol had invited our consideration of participation in the development of a ship repair and ship building facility in Israel (Mr. L. K. Schwartz' letter of October 6, 1960 reports in detail on this meeting).

My first contacts were in Jerusalem with Mr. Amos Melamede, Director of Investment Services Department, Israel Investment Authority, and with Mr. Levi Eshkol, Minister of Finance, and at their request, proceeded to Tel Aviv to meet with Mr. Nachum Shamir, General Director of Shilumim Corporation (the reparations fund corporation), Mr. Israel Libertovsky, General Manager, Israel Shipyards, Ltd., and Col. M. Kashti, Deputy Director General, Ministry of Defense.

The meetings in Tel Aviv revealed that a shipyard company was in existence and plans were moving forward in cooperation with the DeSchelde Company of Holland for the design and construction of the shipyard.

November 17, 1960

The following appear to be the basic facts now known about Israel's plans for the development of their ship repairing and ship building facilities:

Israel Shipyards, Ltd. is now in existence and has a paid up capital to date the equivalent of \$3,500,000.

Deschelde have invested approximately the equivalent of U.S.\$400,000 and, it is stated, have an 8% interest in the shipyard. For this interest they have obtained the rights to design and supervise the construction of the shipyard and have a right of first refusal on the supply of all diesel power plants sold through the shipyard.

From the Dutch Government there has been received a loan of the equivalent of U.S.\$4 million, which is an 8-year loan at 5-3/4% interest with three years deferred payment on the principal, resulting in a five-year period in which to repay the principal amount. The loan was made by a Dutch bank with the assistance of the Dutch Government.

The Deschelde Company apparently have a 7-year contract with Israel Shipyards, Ltd. for the design, construction and management of the shipyards; however, the representatives of the Israel Government have suggested to Kaiser that we make a proposal to take over the management and operation of the shipyard and invest some equity capital in the yard. The first contract for approximately 500 meters of quay has now been let to an English firm believed to be Edwin Natal.

The Israeli Government visualizes that the ultimate size of the shipyard will involve a capitalization of the company in the amount of the equivalent of U.S.\$10 million investment.

The Israel Shipyards, Ltd. now have a Government-owned floating dry dock able to take 7500 ton dead weight ships. This floating dry dock was built in 1954 and it is alleged to be a modern self-docking dry dock consisting of three sections. They are now building a slipway capable of taking a ship of 10,000 tons dead weight. The shipyard also owns a lift dock capable of handling the Israel Navy's present submarines.

The Government has estimated that from the existing Israel merchant fleet there will be from the equivalent of U.S.\$7 to 8 million of work available to the yards each year,

November 17, 1960

and that this can be supplemented with the equivalent of U.S.\$ 2 to 3 million worth of work from the Israel Navy. The Government is also looking forward to doing work on ships flying foreign flags since about 65% of the traffic in Haifa is represented by foreign shipping. They also point out that the nearest ship repair and ship building facilities to Israel are located now at Genoa, in Italy, and at Athens, in Greece. Therefore, they feel that there is a need of another ship repair and ship building yard in this area.

At the present time the Israel merchant fleet, which is 33% owned by the Government and 33% owned by the General Federation of Labor, are planning to add 250,000 tons of new shipping within the next three years. It was inferred that this work would be directed to the Israel Shipyards, Ltd. They currently have under contract in Germany and Japan three ships of 7000 to 10,000 ton size.

Mr. Shamir advised us that the shipyards have already, through the offices of the Government, developed a labor agreement which is rather unique in that the wages are tied to production and therefore protect the shipyards in their estimates of labor costs.

The present merchant fleet in Israel represents a combination of cargo, passenger ships and tankers, totaling 750,000 tons. This fleet is almost all reasonably new, having been built and delivered within the past four or five years.

Mr. Shamir visited Kaiser Center on November 11, 1960, and in a meeting with Messrs. Hallett, Schwartz and Boyce, confirmed most of the foregoing and advised us that per our original request, the Government is preparing an economic feasibility report, which is being directed to our attention and should arrive within the next week or ten days. Mr. Hallett agreed that we would review this report and express our opinion as to whether or not we were interested in proceeding with this project any further.

|| It is appreciated that our company is not prone at this time to increase our investments in companies outside of the United States, and more particularly in Israel.

→ It may, however, be worthy of consideration to analyze the possibilities of selling our stock investment in Kaiser-Ilin and reinvesting this money in the shipyard project. The theory behind

November 17, 1960

this is that apparently the Kaiser-Ilin operation has supplied an excellent market for the sale of Willys parts and provided a source of income through royalties. However, there apparently has been little or no return from our investment from dividends during the past five years.

A review in Israel of operation of Kaiser-Ilin showed that production of trucks and passenger cars had been dropping to an output that jeopardized profitable operation. Within Israel this was attributed to a fall in exports after excess to the clearing markets of Turkey and Finland had been cut off. For example, during its peak year Kaiser-Ilin is reported to have exported the equivalent of U.S.\$5 million worth of goods. The year 1958 showed that this had dropped to a total of U.S.\$ 1.6 million.

Since the prospect for dividends in the immediate future to all outward appearances seems to be remote, and since the market for the export of Willys products to Israel appears to be secure, it was thought that a transfer of our investment from Kaiser-Ilin to the Israel Shipyards, Ltd. might be considered worth while. The advantages could be that we could at this time take advantage of the appreciated value of our Kaiser-Ilin stock and at the same time invest the money in a second enterprise which, if proven to be economically feasible, could result in added income to the Kaiser Organization.

3. Steel Mill

During my opening conversations with Mr. Eshkol, Minister of Finance, in Jerusalem, he advised me that there existed near Haifa a small steel-making plant which he felt required an analysis to determine whether it was being run as efficiently as possible and, further, whether or not they should plan on expanding this plant or should plan on dismantling it. The present steel plant is located at Acre Steel City, north of Haifa. The present consumption of steel per capita is about 330 pounds or a total of 330,000 tons per annum.

I advised Mr. Eshkol that Kaiser was capable of supplying this type of service, but that it was not the type of service which we solicited due primarily to the low percentage of profit involved compared to the skill which had to be applied.

November 17, 1960

On Friday, November 11, 1960, Mr. I. E. Streifler, President of Solcoor, Inc., 250 West 57th Street, New York, together with Mr. Nuessbaum and Mr. Yulish, visited Kaiser Center and presented to Mr. Hallett a general outline of their existing steel-making facilities.

These gentlemen requested that we review the data they presented to us, and upon completion of this review, determine what, if anything, could be done to improve the efficiency of their present plant and make a proposal to them covering Kaiser's participation in achieving such improvement.

They further advised us that while the present mill has a potential capacity of 100,000 ingot tons per year, they would like to consider increasing the plant size to 250,000 ingot tons capacity per year, and requested that our proposal contain information on how Kaiser would go about developing this increased capacity and the cost of our services for same.

At the present time the plant apparently is running at something less than 50% capacity and their steel-making is derived from smelting pig iron, domestic scrap and self-made scrap. The rolling mills produce primarily merchant bars.

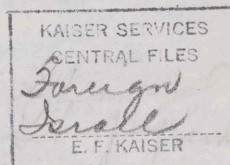
The data presented to us has been assigned to our steel engineering specialists and on or before December 1, 1960, we are scheduled to make our report to Mr. Streifler and Mr. Yulish.

4. Ashdod Harbor Facilities

In view of the fact that Mr. Kimball was personally visiting Israel for the purpose of reviewing the harbor site and discussing the details of bidding on this facility, I held no discussions on this subject. During our conversations on the ship repair and ship building project it was mentioned to me that the Government of Israel considered the development of the Ashdod Harbor facilities of prime importance since the development of their potash and magnesium finds in the Dead Sea area are of commercial export quality and quantity, and because the Government has an intense desire to develop the Negev area. The Ashdod Port is the only practical area where they can properly supply harbor facilities for these two important development projects.

JEB:sj

INTER-OFFICE MEMORANDUM



TO Mr. Edgar F. Kaiser
 AT Mr. E. E. Trefethen, Jr.

DATE October 6, 1960

FROM Leonard K. Schwartz

COPIES TO Messrs. John L. Hallett L. H. Oppenheim
 Chad F. Calhoun J. E. Boyce
 S. A. Girard M. F. Fillius, Jr. AT
 George D. Woods William S. Downing

SUBJECT

REFERRING TO

Subject: Dinner Meeting with Mr. L. Eshkol, Israel Minister of Finance
Los Angeles, October 4, 1960

1. Present at meeting

For Israel: Dr. S. Charles Lee, Chairman, Advisory Group
 Government of Israel Investment Authority, Los Angeles Branch
 (Dinner host)

Mr. L. Eshkol, Minister of Finance
 Mr. A. Manor, Economic Minister to Washington
 Mr. Z. Dinstein, Controller of Foreign Exchange
 and Director of the Investment Authority in Israel
 Mr. S. Horn, Director of the Investment Authority in New York
 Mr. Baruch Hadar, Western Representative, Investment Authority

For Kaiser: Mr. Milton F. Fillius, Jr., Executive Vice President
 National Steel and Shipbuilding Company
 Mr. James E. Boyce, Vice President, Kaiser Engineers
 International
 Mr. Leonard K. Schwartz, Kaiser Industries Corporation

2. The cocktails, dinner, wine and company were very pleasant, but since the Minister had to leave early to enplane for New York, Mr. Hadar, in a very pleasant way, introduced the subject of our meeting, namely, promotion of a shipbuilding company and plant in Israel while dinner was being served. He stated that the question of Kaiser's interest, which he assumed was favorable, was the subject to be discussed.
3. I explained the Kaiser position, namely, that we were quite experienced and familiar with shipbuilding as a business, that our engineering company was quite capable and experienced in the field of designing, engineering and constructing shipyards and that our affiliate, the National Steel and Shipbuilding Company in San Diego, was actively in the shipbuilding business under Kaiser management. Further, that within the scope of this experience and ability which was our business, we were most anxious to serve the Government of Israel in any constructive way that we could. I explained that there were instances in which the Kaiser companies had and were making investments in foreign developments

RECEIVED

OCT 6 1960

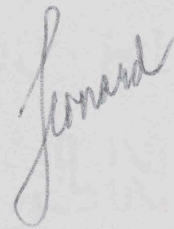
EDGAR F. KAISER

and that as a matter of fact we had heavy commitments in this regard at the present time in India, Pakistan, Ghana and other countries. Under the circumstances, Mr. Edgar Kaiser had asked me to make clear that while from a business standpoint our technical abilities were available to Israel, our other investment commitments, to paraphrase Mr. Edgar Kaiser, "for this five minutes" made it unfeasible for us to consider the Israel shipbuilding project from the point of view of investment of our funds.

4. While the early part of my statement was well received and there were some items of discussion and conversation thereon, as soon as I mentioned our negative position with regard to investment, there was a rather awkward silence.
5. Mr. Eshkol said he interpreted my use of the term "for this five minutes" as meaning for the present with respect to their desire for sponsorship of such a project as they had in mind. I confirmed that this was true, and reminded him of our investment in the Kaiser-Frazer Company of Israel. There followed some discussion of the extent of our investment and how it was going, and I mentioned that no dividends had been paid since 1955 but that expansion was taking place and that we considered the business sound.
6. In the discussion which followed, I felt that proper opportunity was presented for me to bring up the subject which Edgar had suggested that I do in a direct and frank manner, namely, the question of the fact that our investment and participation in Kaiser-Frazer of Israel had resulted in our being placed under certain pressures from Arab countries.
7. Mr. Eshkol took this matter in stride and said he understood fully that we were on the Arab black list. He also volunteered that if we were to invest in the shipbuilding company, he knew this would further complicate such situation but simply commented that "you are already black so you only get a little blacker." I did not press this subject any further.
8. Mr. Fillius, Mr. Boyce and I then explained, and what I felt was a good discussion took place, on how we could be of assistance in the shipbuilding project short of investing in same, and it developed that no feasibility study has been made of the project, and Mr. Dinstein explained to the Minister that he felt such a study by competent people would be necessary and helpful in securing financial participation in such a project.
9. It was explained that Mr. Boyce was planning to visit Israel in the near future and he made arrangements to contact Mr. Dinstein, at which time discussions along this line would take place.
10. After further discussion on shipbuilding in general, I also mentioned to the Minister that Kaiser Engineers would be a bidder in their new 50 million dollar harbor project in Israel, and some discussion on this subject took place.
11. Finally, the Minister summed up our discussions generally in the following manner:

- (a) The Government of Israel's main objective at the moment is to have private enterprise construct and operate a shipbuilding and ship repair plant rather than under Government auspices.
 - (b) They do not believe it will be difficult to finance such a project, but they need a sponsor with a well known name and reputation, such as Kaiser, and that if we were to sponsor same, the Government would provide the necessary support in securing other equity participants and the loan capital.
 - (c) He understands that at the present time the Kaisers are not in a position to so participate but that we will discuss with them possible ways of technical assistance and that perhaps (with a smile) if some time after the present five minutes, conditions would change for us from an investment standpoint and we would face up to the black listing problem, it might still be possible that we could become interested in the manner in which they hoped.
12. Since I felt we had made our position and points clear, I felt it was desirable to keep the door open and the relationship on a good basis and therefore accepted the Minister's summary of our discussion.
13. There was some discussion about the Government of Israel's commitments to a Dutch firm as engineering and technical consultants in the shipbuilding project but the Minister and others made clear that if these commitments caused us any problem, they could be cancelled.
14. We saw the Minister and his party again at the airport and they seemed to be cordial and friendly.

LKS:lh

A handwritten signature in cursive script, appearing to read "L. J. J. J.", is written in the lower right quadrant of the page.

(2) The Government of Israel's main objective at the time was to establish a strong and effective defense force to protect the Jewish people from external threats.

(3) The Government of Israel's main objective at the time was to establish a strong and effective defense force to protect the Jewish people from external threats.

(4) The Government of Israel's main objective at the time was to establish a strong and effective defense force to protect the Jewish people from external threats.

(5) The Government of Israel's main objective at the time was to establish a strong and effective defense force to protect the Jewish people from external threats.

(6) The Government of Israel's main objective at the time was to establish a strong and effective defense force to protect the Jewish people from external threats.

(7) The Government of Israel's main objective at the time was to establish a strong and effective defense force to protect the Jewish people from external threats.

Foreign-Israel
Gen-Visitors



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KAISER SERVICES

NYK KS
E F KAISER

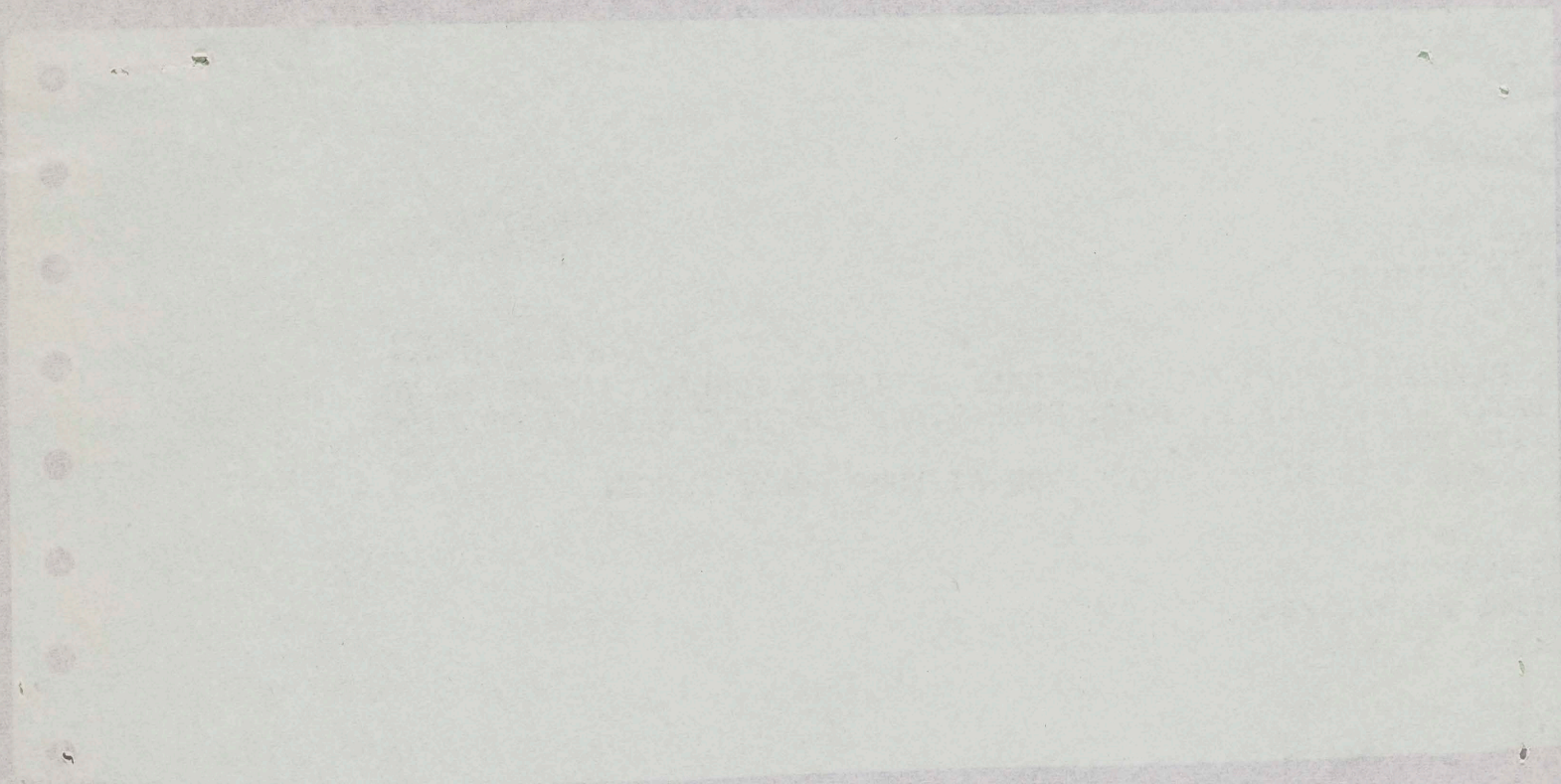
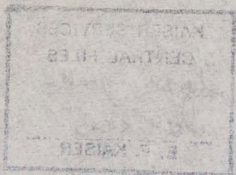
SEP 23 2 10 PM 1960

REFERENCE ISRAEL SHIPYARD HAVE REVIEWED SCHWARTZ' MEMO TO YOU
DATED SEPTEMBER 2, 1960. UNDERSTAND YOU HAVE BALANCE OF FILE
WITH YOU IN NEWYORK.
PREPARED TO DISCUSS WITH YOU AT YOUR CONVENIENCE.

OPPENHEIM
1102 AM 9/23/60

FOUR STAR
ONION SKIN

SOUTHWORTH CO. U.S.A.
25% COTTON FIBER



FOUR STAR
CATION SKIN

50% COTTON FIBER
SOUTHWORTH CO. USA

Gen - Shapir
Foreign-Isreal



KAISER SERVICES

MMARTIN

TELETYPE RUSH

SEPTEMBER 22, 1960

NINA HORNBY
NEW YORK OFFICE

FOLLOWING IS TEXT OF LEONARD SCHWARTZ MEMO TO MR KAISER
UNDER DATE OF SEPTEMBER 2, 1960 AS REQUESTED:

QUOTE

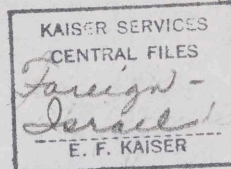
9

(Quote attached)

UNQUOTE

MARTY

INTER-OFFICE MEMORANDUM



To Mr. Edgar F. Kaiser
AT

DATE September 2, 1960

FROM Leonard K. Schwartz

COPIES TO Messrs. E. E. Trefethen, Jr.
Henry J. Kaiser, Jr.
Chad F. Calhoun
John L. Hallett
William S. Downing

AT

SUBJECT

REFERRING TO

Subject: Israel - Shipbuilding Project
Request of the Minister of Finance, Mr. L. Eshkol, of Israel
to meet with Mr. Edgar F. Kaiser in Oakland on October 3, 1960,
to discuss the above project.

1. Mr. Swig communicated with Mr. William Downing on this subject, and he requested me to brief it and bring it to your attention.
2. The matter was brought to Mr. Swig's attention by Mr. Baruch Hadar, Representative of the Western United States Region in Los Angeles for the Government of Israel Investment Authority.
3. Mr. Swig has particularly requested an appointment for October 3, since Mr. Eshkol will only be in San Francisco October 3 and 4, and Mr. Swig is leaving for Europe on October 4.
4. The Minister of Finance, Mr. Eshkol, specifically instructed Mr. Hadar to request the services of Mr. Swig in interesting the Kaiser group in the shipyard business in Israel.
5. The project in which the Israel Government is interested includes very briefly the following elements:
 - (a) The building of a shipyard capable of repair and construction of ships in three stages:
 - (i) Repairs only to be started in 1961 if possible. Estimated cost 6 - 7 million dollars.
 - (ii) Small scale construction of ships up to a maximum of 30,000 tons. Estimated cost 4 - 5 million dollars additional.
 - (iii) Repair of ships of a capacity of 800,000 T.D.W. per year and expanded ship construction. Estimated cost 3 - 4 million dollars additional.

RECEIVED
SEP 6 1960
E. F. KAISER

(b) The primary purpose of the project is to repair and maintain the present Israeli Merchant Fleet comprised of 60 vessels with approximately 700,000 T.D.W. by the middle of 1961, plus four passenger ships with a capacity of 40,000 B.R.T. and the Israel Navy comprised of some Corvettes, submarines and other small craft. It would be expected that after the shipyard is in operation, all new Israel ships would be built there and the Government feels that additional repair work and perhaps new shipbuilding could be obtained from other countries, including the large tonnage of foreign shipping which serves the Israel ports.

(c) The Government states that they do not wish Government-owned industry in Israel and wish to encourage American private investment in that country.

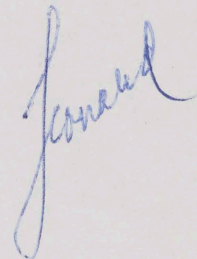
Government concessions and tax benefits offer inducements in this regard and the Israel Government is ready to extend a sizable long-period, low-interest loan to an American company for this purpose.

(d) The Government is also prepared to offer assured net earnings to the project during the first three years of operations by agreeing to provide the required amount of ship repair business or, if same is not sufficient, to provide the difference in cash payments.

(e) The Government would also be willing to accept as part of the equity investment Israel Government bonds more than two years old.

6. The above details are expanded upon in the outline which was provided by Mr. Swig.

LKS:lh



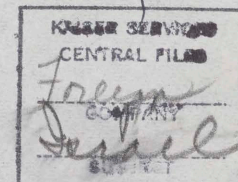
Mr. William Marks

September 22, 1960

A. S. Fernandez

AS Fernandez

Toledo



Steve Girard, as you may know, is out of the country and since he will not be back in Toledo for several weeks we have taken the liberty of compiling the information you have requested in your memorandum to Steve of September 2, ^x1960, concerning the Arab Boycott.

The comments in the latter part of the memorandum concerning this general problem represent in the main the views of Keith Covelle and his Export people who have been, of course, close to this matter.

There is enclosed with this memorandum one written on July 29, 1960, by Steve to John Hallett concerning the history of the negotiations, agreements, investments, etc. in the Israel plant.^x

1. The number of shares of the Israel company owned by Willys and the percentage of the total issued stock which this represents.

The number of shares of Kaiser-Frazer of Israel, Ltd. beneficially owned by Willys Motors, Inc. is 230,208, which represents approximately 17.9% of the total shares outstanding. (See attached letter).

Of these shares, 156,408 are still in the name of Kaiser-Frazer Corporation, and 73,800 are in the name of Willys Motors, Inc. The Kaiser-Frazer Corporation shares originally issued in 1950 and 1951 were sold to Willys Motors, Inc. on March 15, 1956, but the Certificates were not transferred to its name because of possible adverse effect under the Arab Boycott.

Willys Motors, Inc. shares were issued May 29, 1960, after determination had been made that WMI would enter into a Manufacturing License Agreement with Kaiser-Frazer of Israel, Ltd.

2. The cost to Willys of its stock interest and the book value of the investment as of a current date.

The cost to Willys of its stock interest is \$473,942. The book value of the investment as of December 31, 1959, (latest statement available) is as follows:

Prior to revaluation of fixed assets of K-F of Israel, \$329,395. After the revaluation of fixed assets, and on a consolidated basis, \$710,110.

3. The record of dividends received from the Israel company.

Dividends received from the Israeli company amount to \$109,485.60, less Israeli taxes of \$27,371.40. These dividends were declared on earnings through December 31, 1954. The financial statement at December 31, 1958, indicates a liability of 125,506 pounds for dividends payable. This dividend is on profits for 1955 and represents a 25% dividend on paid-up shares after deduction of income taxes. Willys' share of the 1955 dividend after 25% tax is \$16,278.75.

No dividends have been declared for 1956 or any subsequent year. Profits after 1955 have been reinvested in the business.

4. The principal terms of the license agreement, manufacturing agreement, part agreement, and any other existing agreements.

The principal terms of the Manufacturing License Agreement, dated May 6, 1960, between Willys Overseas S. A. (WOSA) and Kaiser-Frazer of Israel, Ltd. are:

- a. WOSA grants for term of agreement to licensee the exclusive right to manufacture or have manufactured for it all Licensed Products in the Licensed territory, and the exclusive right (except for sales made to U. S. Government) to sell in Israel and the non-exclusive right to sell such products outside of Israel with written approval of WOSA.

- b. WOSA is to receive royalties computed at seven percent (7%) of the net f.o.b. factory price of a full CKD unit unboxed of such type of vehicle charged by WOSA. Royalties are to be reduced by the percentage that the dollar selling price of assembly parts purchased by licensee from WOSA bears to the dollar selling price of WOSA of all assembly parts comprising a complete vehicle of similar design.
- c. WOSA is to receive 6% net invoice selling price for all spare parts sold by K-F of Israel.
- d. The License Agreement is for a ten (10) year period, expiring in May, 1970.

The principal terms of the Sales Agreement, dated May 6, 1960, between WOSA and K-F of Israel, Ltd. are:

- a. All sales of Willys Products made by WOSA to Israel will be at prices shown on the price list of WOSA in effect at time of shipment. Israel will pay, in addition to the purchase price shown on such price list, all transportation charges, demurrage, cost of insurance, taxes and other charges of whatsoever nature incurred or assessed subsequent to shipment from the factory of Willys at Toledo, Ohio.
- b. Nothing in Agreement shall be construed to preclude WOSA from making sales in Israel to fleet purchasers, to the Government of Israel, or to the U. S. Government.
- c. Agreement is in force for 10 years, expiring May, 1970.

The principal terms of Kaiser "Name" Agreement, dated May 6, 1960, are:

- a. Willys warrants, represents and guarantees that WOSA has, by virtue of a License Agreement between it and WOSA, the right to enter into the Manufacturing License Agreement with K-F of Israel and will continue to have all of the necessary rights essential to perform the Manufacturing License Agreement during the term of said agreement.

- b. Willys grants the right to K-F of Israel to use subsequent to June 30, 1960, the word "Kaiser" in its corporate name, which name shall be changed on such date or as soon as possible to "Kaiser Ilin Industries", upon the understanding that upon the termination of the Manufacturing License Agreement, if so requested by Willys, K-F of Israel will again change the corporate name to eliminate the word "Kaiser" therefrom.

Principal terms of the Trademark Agreement, dated May 7, 1960, are:

Terms are of the standard kind used for agreements of this type, relating to usage of trademarks, in this particular case to:

1. Jeep
2. Overland
3. Willys

5. The record of royalties received or accrued and the record of the volume of sales to the Israeli company.

Willys has earned royalties amounting to \$153,606 through July 31, 1960. Sales volume in units and dollars (calculated on unit average price) for the years 1953 through 1959 are as follows:

	<u>Units</u>	<u>Dollars</u>
1953	2,628	\$3,147,976
1954	3,624	4,341,045
1955	1,680	2,012,405
1956	2,694	3,227,035
1957	2,120	2,539,463
1958	1,104	1,322,437
1959	2,802	3,356,407

- 6 - 9. General comments pertaining to Willys relationship with the Israeli company, experience to date, the use of the Kaiser name, etc.

In our opinion, Mr. Woodhead is correct in that the ownership has little to do with the fact that we are on the Arab Boycott list. Over several years, we have had any number of meetings with the Boycott Committee or their representatives. As things stand today, we are very close to

the top of the list because we not only trade with Israel but also have been a major factor in contributing to the industrialization of Israel with the development of the automobile industry in Israel.

We feel that we could sell our stock, remove the name Kaiser, and yet would remain on the list. The only way we can be removed is to leave Israel completely, terminate our License Agreement, and put Kaiser-Ilin Industries out of business as far as our automotive products are concerned. We are not even certain that would suffice - witness Renault, who have terminated completely with Ilin (and they were far less involved than we are - with no ownership at all), and 12 months have gone by without a single sale made by them to the Arab League. The entire termination, including letters that were written, was handled by the UAR representatives, including hand-carrying the termination letter from the Renault offices to Lebanon for mailing. Even so, Renault still have not been able to sell a single unit - in Egypt in particular.

We have always argued the position with the Boycott Committee that the stock is held by Kaiser Industries and, therefore, there is no reason why they should not purchase vehicles from Willys; however, this argument has failed completely. Actually, the Committee has quite an extensive file on the Kaiser organization, as we have discovered from our conversations, and we cannot be very optimistic about convincing or deceiving them by stock ownership being held by another company.

The interesting thing, however, is that, from time to time, we have sold to the Egyptian Army and Government - 'Jeep' vehicles and spare parts - and we continue to sell several of the countries who claim to be participating in the Arab Boycott; namely, Sudan, Lebanon, Morocco, Kuwait, and Saudi Arabia. (See attached breakdown). Incidentally, this is a subject about which we do not wish to advertise. The Boycott Regulations permit a Government, where it so desires for its own best interest, such as military procurement, to ignore the Boycott.

It goes without saying that we would welcome any ideas as to how we might be removed from the list, but with the

September 22, 1960

Arab League countries being as unpredictable as they are, anything can happen. We just keep trying with various schemes, such as offering progressive manufacturing programs with technical assistance, etc. to Egypt and the rest of them, and our Distributors have spent large sums of money in trying to change the peoples' minds. None of these efforts have met with success as yet.

However, we continue to be hopeful that, at some date, the UAR will see the light and will find out that it will be far smarter to compete with Israel rather than try to boycott them out of business. Recently, there have been some indications that Egypt understands this but cannot find a way to change its public position after so many thousands of printed and spoken words.

Please advise if we can furnish you with additional information or details.

ASF:gp
enclosures

A. S. Fernandez

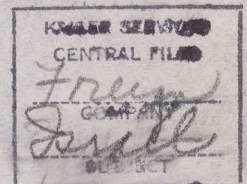
cc: Mr. Donald Browne
Mr. L. Keith Covelle
Mr. S. A. Girard
Mr. J. F. Holden
→ Mr. E. E. Trefethen, Jr.
Mr. J. H. Woodhead

S. A. Girard
Toledo

September 2, 1960

William Marks

E. E. Trefethen, Jr.
Donald Browne
James Woodhead



George Woods has come up with the thought that it might be possible to get Willys and the various Kaiser companies off Arab block black list if Willys were to contribute its stock in Kaiser-Frazer of Israel, Ltd. (being renamed Kaiser Ilin Industries) to The Henry J. Kaiser Family Foundation, of which none of the Kaisers are Trustees.

Jim Woodhead has apparently worked on this problem in the past and feels that perhaps it is not so much the stock ownership which has created the problem, but rather, the license agreement permitting the Israel company to manufacture or assemble Jeeps in Israel. Nevertheless, so this subject can be thoroughly explored, we would like the following information:

1. The number of shares of the Israel company owned by Willys and the percentage of the total issued stock which this represents.
2. The cost to Willys of its stock interest and the book value of the investment as of a current date.
3. The record of dividends received from the Israel company.
4. The principal terms of the license agreement, manufacturing agreement, parts agreement, and any other existing agreements.
5. The record of royalties received or accrued, and the record of the volume of sales to the Israel company.
6. Any other information or comments which may be pertinent concerning Willys' relationship with the Israel company.
7. Based on experience to date, any general comments which can be presented as to possible ways and means of getting Willys and our other companies removed from the black list.
8. Comments as to whether the removal of the name Kaiser from the Israel company might be helpful, and your opinion as to whether this could be worked out with Ilin.
9. Any other information which may be helpful in considering this overall problem.

Bill

wm/lw

BENJAMIN H. SWIG
Fairmont Hotel
SAN FRANCISCO

August 24, 1960



RECEIVED

AUG 25 1960

WILLIAM S. DOWNING

Mr. William Downing
Kaiser Center
Lakeside Drive
Oakland 12, California

Dear Bill:

I am enclosing herewith memorandum of the Preliminary Data on a Shipyard in Israel, which is self-explanatory.

I had occasion to bump into Henry, Jr. and I told him about it, so I am taking the liberty of sending him a copy of this letter.

I am also enclosing herewith copy of letter I received from Baruch Hadar and you will note that the Minister of Finance, Mr. Eshkol, is going to be in San Francisco October 3 and 4. I would like to try and arrange for an appointment between some of your higher echelon and Mr. Eshkol for October 3, as I am leaving for Europe on October 4. 8/23/60

I think this is a very interesting program and I think it should be of interest to your organization.

Very truly yours,

Benj. H. Swig

BHS:c
Enclosures

cc - Mr. Henry Kaiser, Jr.

PRELIMINARY DATA ON A SHIPYARD IN ISRAEL

The Israeli Merchant Fleet is comprised of sixty vessels with a capacity of 700,00 T.D.W., approximately (this figure will be attained at the middle of 1961) and four passenger ships with the capacity of 40,000 B.R.T. Israel's Navy is comprised of some Corvettes, U*Boats and other small crafts.

The Israeli Merchant Fleet is new and modern and is equipped with up-to-date facilities which help to maintain a profitable operation. The Government survey, made recently, has concluded that this profitable operation status will persist if we will take special care in maintaining our Fleet in its present up-to-date operation and for this purpose an erection of a shipyard in Israel, for repairs and renewal of equipment, was put forward.

Such a shipyard could serve, in addition to the Home Fleet, other vessels calling on Israeli ports which amounts to approximately 70 per cent of our naval traffic (30 per cent are the above mentioned Israeli ships).

The shipyard was planned to be erected in three stages:

- 1) Repairs - to be started in 1961, if possible.
- 2) Small scale construction of ships up to a maximum of 30,000 tons.
- 3) Repair of ships of a capacity of 800,000 T.D.W. per year and additional construction according to needs.

The area allocated for the shipyard, some 67 acres, is the Hakishon Port adjacent to the Haifa Port.

The estimated investment according to the stages is as follows:

- Stage 1- six to seven million dollars.
- Stage 2- four to five million dollars.
- Stage 3- Three to four million dollars.

The problem of establishing a shipyard was beyond our

PRELIMINARY DATA ON A SHIPYARD IN ISRAEL

- 2 -

technological ability in the Country and for this purpose, we have signed a contract with De - Schelde Shipyard in Holland to supply Israeli shipyard with some general and technical guidance and some foremen for a short period.

An Israeli company was incorporated in which the Government owns 93 per cent of the shares and De & Schelde holds 7 per cent which are to be invested mainly in technical help. It is worthwhile to point out that our agreement with De Schelde does not include the management of the business and financial administration.

De - Schelde's main interest was not much in getting us the trained workers (which it will have hard time to assemble) but to get the right of first refusal for supply of turbines for main propulsion.

In case, and when, an American company will take it upon itself to be the owners of the Israel shipyard, we would clear the way and leave it up to the American company to continue with the agreement with De - Schelde or cancel it.

Israel's interest in approaching Kaiser Shipbuilding is threefold:

- a) We do not want Government owned industries in Israel.
- b) We would like to have a existing large Americans company own and manage a shipyard of its own in Israel which will be, as I am told, the only American shipyard in the Mediterranean.
- c) We are very much interested in American private investments in Israel.

In order to attract private American investment in Israel, the Government of Israel has passed a special law called "the law for Encouragement of Capital Investment" and I am enclosing herewith a copy.

In addition to many tax benefits stated in the Law, the Government will be ready to extend a sizable long-period, low-investment loan to the American company.

The Government will be ready, if necessary to secure a minimum dividend payment to investors for the running-in years of the operation.

In order to attract private investments, the government would be ready to allow the use of Government of Israel Bonds, more than two years old, as part of the investment.

The Government of Israel has established a special agency in this Country called "Government of Israel Investment Authority" in

PERLIMINARY DATA ON A SHIPYARD IN ISRAEL

- 3 -

order to attract private companies to build plants in Israel. We have succeeded in getting to Israel companies such as the American - Israel Paper Mills, Rogosin Industries, Alliance and General Tires, the Sheraton Hotel Chain and Lately Miles Laboratories, Studebaker-Packard, and others.

We are going all out to get American Companies to build and invest in Israel and we would like very much to see Kaiser in Israel, Building in Haifa the first American Shipyard in The Mediterranean and we believe that this will be a profitable investment for the private investors and an important step in the industrialization of our Country.

Estimates and Terms:

- (1) Estimate of annual dollar volume for Israeli Naval repair work: The estimated figure is \$1,500,000
- (2) Estimate of annual dollar volume for all commercial repair work: The estimated figure for the Israeli Merchant Marine only is \$3,5 - 4,000,000.

70 Per cent of Israeli shipping for export and import is done abroad vessels not of Israeli Registry and that the amount of repair work for non Israeli boats will depend upon the quality and prices charged by the shipyards; we have not quoted an estimate for this part.

It is worthwhile to stress that these are estimates for the first three or four years which will increase proportionally with the growth of the Israeli Marine and Navy and the amount of repair work of foreign vessels.

- (3) With reference to a loan, what dollar amount, period of time and interest rate would the Government of Israel be willing to extend to us?

The loan will amount to 50 per cent of the fixed assets and will be for twelve years at 6.25 per cent interest.

- (4) Can a guarantee for reimbursement of loss arising from "start up" costs be obtained?

We shall be responsible to supply your company with the amount of repair work which will assure you a minimum return, to be agreed upon, on your investment during the first three years of operation of the shipyards.



GOVERNMENT OF ISRAEL INVESTMENT AUTHORITY

5720 WILSHIRE BOULEVARD • LOS ANGELES 30, CALIFORNIA • WEBSTER 3-5075

OFFICE OF THE REPRESENTATIVE
WESTERN REGION

CABLE ADDRESS:
MEMINVEST, LOS ANGELES

August 23, 1960

Mr. Benjamin H. Swig
Fairmont Hotel
San Francisco, California

Dear Mr. Swig:

Following our conversation of yesterday I would like to inform you that our Minister of Finance, Mr. L. Eshkol, has asked me (by cable) whether we can have your good services in order to interest Kaiser in entering the shipyard business in Israel.

If you believe that we can find a preliminary interest in their behalf, Mr. Eshkol would like to meet Mr. Kaiser during his visit here, that is to say, on October 3 and 4 while, in the meantime, we wish to supply Mr. Kaiser with the necessary information for the final decision.

I am attaching herewith a preliminary memo I prepared on the shipyard and, if you believe that it will be worthwhile for me to meet him with this regard, I will come to San Francisco immediately.

I would like to draw your attention to the fact that the investment will not only enjoy the benefits of the law for encouragement of foreign capital investment but that the Government is ready to supply the Company with the amount of repair work which will assure a minimum return, to be agreed upon, on its investment during the first three years of the operation of the shipyard.

On behalf of Mr. Eshkol and myself, I wish to thank you for your kind attention to this request.

Sincerely yours,

Baruch Hadar
BH:eg
enc.

Airmail-special del.

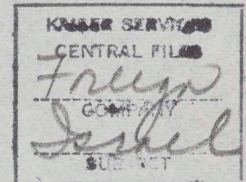
COPY

Mr. John Hallett, KEI

July 29, 1960

S. A. Girard

KAISER-FRAZER OF ISRAEL LTD.



Reference your teletype of 7-25-60 requesting information concerning the Israel Assembly Plant.

Following is a history of our negotiations, agreements, investment, etc. in the Israel plant:

MARCH 2, 1950 This is the date of the original agreement entered into between the Kaiser-Frazer Corporation and Messrs. Abraham Friedman and Ephraim Ilin with respect to the formation of Kaiser-Frazer of Israel Limited, for the purpose of assembling motor vehicles in Israel. There is on file, correspondence prior to March 2, 1950 relating to negotiations leading to the March 2 agreement.

AUGUST 23, 1950 Kaiser-Frazer of Israel Ltd. was organized under the terms of the March 2, 1950 agreement. Authorized capital stock was 900,000 ordinary shares having a one Israeli pound per share value. Kaiser-Frazer Corporation was to pay \$500,000 in U. S. currency as payment at par for 20% of the authorized capital stock.

Actual shares in the name of the Kaiser-Frazer Corporation were issued as follows:

10-19-50	Cert. No. 6	53,571
1-30-51	Cert. No. 11	37,649
7-25-51	Cert. No. 12	15,925
12-31-51	Cert. No. 14	49,263
		<u>156,408</u>

(17.4% of
authorized
capital)

July 29, 1960

JUNE 27, 1958

On this date a letter agreement was made whereby Kaiser-Frazer of Israel was to obtain the necessary approvals from the Israeli Government to increase the authorized capital of the company. The agreement provided further that after obtaining the necessary government approvals, Kaiser-Frazer of Israel would issue 73,800 shares in exchange for \$41,000 advanced to Kaiser-Frazer of Israel by Willys for this purpose on April 10, 1958. Additional shares were to be subscribed for at the same time by the Ilin family group. The increase in shares would give Willys Motors 17.9% of the total shares outstanding.

Willys Motors does not yet have official custody of the 73,800 shares although only a technicality remains to be cleared. The custody certificate has been returned to Kaiser-Frazer of Israel in the last few days for proper signature and dating (June 27, 1958).

MAY 6, 1960

On this date, agreements were signed between Willys Overseas S. A., Willys Motors, Inc. and Kaiser-Frazer of Israel Limited licensing the manufacture and sales of vehicles in Israel for a period ending May 5, 1970. Under terms of this agreement Kaiser-Frazer of Israel Limited was to change its name to Kaiser Ilin Industries promptly after June 30, 1960. We have not yet received official word of the actual date when the name change became or will become official.

For your information our representations with the Arab Boycott Committee is that Willys-Overland Export Corporation does not have a financial interest in the Israel Corporation as a fine technical point. The Arab Boycott Committee has shown its greatest concern in two areas:

1. Assistance given to Israel to build-up their industry.
2. Granting permission to re-export products manufactured under license.

If you desire any additional details, please advise.

vm

S. A. Girard

cc: Messrs. L. K. Covelle
C. P. Randall
J. F. Holden
A. S. Fernandez

Shipments of Willys Vehicles to Arab League Countries

[illegible]



10164

13 June 1960

Mr. Michael Doron
Government of Israel
Prime Minister's Office
1000 Fifth Avenue
New York 28, N. Y.

Dear Mr. Doron:

Your letter of 26 May 1960, addressed to our Chairman-Founder, Mr. Henry J. Kaiser, regarding the utilization of research talent in Israel, has been forwarded to me for consideration.

Recently the Kaiser interests have established a Kaiser Foundation Research Institute to function in conjunction with our various medical enterprises. This is in its formative period and our supportive efforts are devoted almost entirely to this undertaking.

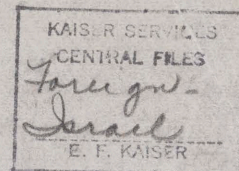
It does not seem likely that a meeting between us would lead to the results which you desire.

Yours sincerely,

Clifford H. Keene, M. D.
Director

CHK:wmk

bcc: ✓ N. Nicholson



January 7, 1960

00774

Dear John:

I'm finally catching up on some correspondence, and find your letter of December^x12, reference "Kaiser Ilin Industries Ltd."

Apparently, during my absence, this has been handled and Girard has advised Ilin accordingly. He takes every advantage.

Best wishes for the New Year.

Sincerely,

Edgar F. Kaiser

Mr. John C. Sterritt
Harness, Dickey & Pierce
General Motors Building
Detroit 2, Michigan

cc: Mr. W. P. B. Marks
Mr. S. A. Girard
Mr. L. K. Covelle
Mr. W. S. Pickett

Box 6686 (129)

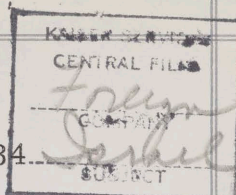


ISRAEL

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FOLDER	YEAR	ENTITY
1	1961	Foreign
E. F. K. ☒		E. E. T. ☐
KAISER SERVICES - CENTRAL FILES		

SUB 4-7



WMI - Exhibit 34

August 1961

EXPLANATION

Prior to arrangements in August 1961 for a line of credit with Bank of America (International), this Corporation's products were sold to Kaiser-Ilin Industries, Limited in Israel on the basis of 180 day promissory notes which were personally guaranteed by Mr. Ilin. In August, arrangements were made with Bank of America (International) to extend a non-revolving \$500,000 line of credit for the purchase of the 180 day drafts of Kaiser-Ilin Industries, Limited. A guarantee of 50 per cent of the line of credit is carried by Israeli Banks and the balance of the guarantee is carried by this Corporation as authorized by resolutions adopted by this Board on August 28, 1961.

In addition to the line of credit with Bank of America (International), arrangements have now been made with the National Bank of Toledo for a second \$500,000 line identical to that of Bank of America with the exception that the interest rate is 4-1/2 per cent while the Bank of America (International) interest rate is 5-1/4 per cent. The National Bank of Toledo has requested that this Corporation guarantee the performance by Willys Overseas, S.A., of its guarantee of repayment of monies which may become due under the line of credit up to the amount of 50 per cent of the credit line. Israeli banks will guarantee the additional 50 per cent of the credit.

PROPOSED RESOLUTION

WHEREAS, arrangements have been made with the National Bank of Toledo for a \$500,000 line of credit in favor of Kaiser-Ilin Industries, Limited, for use by that company in purchasing Willys products; and

WHEREAS, the National Bank of Toledo has requested that this Corporation guarantee the performance by Willys Overseas, S.A., pursuant to its guarantee of the repayment of the credits extended by the National Bank of Toledo under said line of credit; and

WHEREAS, it is in the best of this Corporation that said guarantee be made.

NOW, THEREFORE, be it

RESOLVED, that the officers of this Corporation be, and they hereby are, authorized to execute a guarantee of the performance by Willys Overseas, S.A., pursuant to its guarantee of 50 per cent of a line of credit totaling \$500,000.00 established by the National Bank of Toledo in favor of Kaiser-Ilin Industries Limited as described in the preambles to this resolution.

INTER-OFFICE MEMORANDUM



TO John Hallett
AT Oakland

DATE June 26, 1961

FROM S. Kimball
R. L. Lehman *RL*

COPIES TO Edgar F. Kaiser ✓
L. K. Schwartz
J. H. Bosche

AT Tel Aviv

JOB NO. 2059

SUBJECT

Ashdod Port Project - Israel

The following cable was received yesterday - June 25 - from Mr. Kimball:

"SUGGESTED PLAN OFFERED PARIS BY LOCALS FRIDAY. EXPECT MONDAY ANSWER. MY SCHEDULE PENDENTLY DELAYED TWO DAYS. WILL ADVISE.

KIMBALL"

JUN 26 1961

C
O
P
Y

hg/hsw

KAISER SERVICES
CENTRAL FILES
Foreign
COMPANY
Isid
SUBJECT

TELAVIV- ISRAEL

6-23-61 (FROM NEW YORK)

FOR STANLEY KIMBALL STOP RE YOUR CABLE TWENTY SECOND TO JOHN HALLETT
WHO IN INDIA STKOP SXX WE APPROVE YOUR PROCEEDING AS OUTLINED STOP
ONLY PROBLEM IS JOHNS INSISTENCE THAT IF FRENCH LEAVE PORT PROJECT
THEY DO SO AXX ON AMICABLE BASIS AND WANT TO BE SURE OUR FAVORABLE
RELATIONSHIP WITH THEM IS NOT ENDANGERED THEREBY. STOP GOOD LUCK
REGARDS

LEONARD SCHWARTZ

NEW YORK 1-4560

END ACK PLS

ACK A CK ACK ACK OCENM

PLS ACKNOLIC

T

ZD

KAISER INDUSTRIES CORP.
OAKLAND

JUN 26 1961

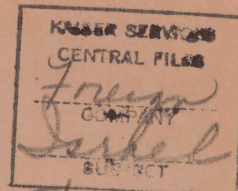
LEONARD SCHWARTZ

EXCERPTED WILL DELIVER WH

LJCV IMMM.....

Copies made and sent to:

Edgar F. Kaiser
E. E. Trefethen, Jr.
John Hallett
E. R. Ordway
J. E. Boyce
Don Browne



RECEIVED
KAISER SERVICES

MAY 29 4 44 PM 1961

OKL KS 5

NYK KS MR. E. E. TREFETHEN, JR

REGARDING TUESDAY NIGHT DINNER. JACK WALSH AND ELLIE, YOU AND KATIE, DICK DAVIS AND MRS. DAVIS, SUE AND ME, LEAVING TWO UNASSIGNED SEATS. SHERK AND HELENA REFUSED ACCOUNT HELENA STILL IN MOURNING. WOODS AND LOUIE ALSO REFUSED. YOU MAY HAVE SOME SUGGESTION. THE ONLY THOUGHT I HAVE IS GEORGE FERRIS AND WIFE. IF YOU AND KATIE CONCUR, PLEASE CALL FERRIS. INVITED BIRLA, BUT SINCE HE CAN'T SIT WITH THE PRESIDENT OR TALK TO HIM PERSONALLY HE HAS DECIDED TO REFUSE. ANOTHER ALTERNATE MIGHT BE GIRARD AND ILIN IF THEY REMAINING OVER AND WANT TO GO. SUGGEST MEETING 1603 WALDORF SIX O'CLOCK SHARP IN BLACK TIE, READY TO GO.

SUGGEST YOU ENDEAVOR TO SET UP MEETING WITH WOODS, YOURSELF, BIRLA AND ME -- PERHAPS LUNCHEON TOMORROW. ONLY DEFINITE COMMITMENTS I HAVE ARE ILIN AT NINE O'CLOCK, OUR OFFICE, WITH GIRARD, AND THEN ADAMJEE AND FARUQUE LATE TUESDAY AFTERNOON AFTER THEIR ARRIVAL, WHICH I WOULD ASSUME WOULD BE AROUND FOUR O'CLOCK. SO ABOUT THE ONLY TIME I SEE IS AFTER THE ILIN MEETING, LUNCH OR AFTER LUNCH.

EDGAR

5-29-61 115PM

NOTE TO MR. TREFETHEN:

THE ABOVE WAS DICTATED PRIOR TO MR. KAISER TALKING TO
YOU ON THE SAME SUBJECTS.

NINA

☐

Handwritten notes at bottom right:
See - Document - 3 -
St. Louis
F. T. - 1961
F. T. - 1961

3-25-61 11:30 PM

NOTE TO MR. THERPSON

THE ABOVE WAS DICTATED PRIOR TO MR. KAISER TALKING TO

YOU ON THE SAME SUBJECT.

WIM

Gen - Associates - E. Roosevelt Memorial Foundation
Honduras
Foreign - Israel
Foreign - Pakistan

RR
UN
NO
TELE
GRAM

14
WUX005 WUA413 PRA467 PR CDU277 IV360/HEC82

1036 23 PD INTL

CD HAIFA VIA MACKAY 16 1705

LT KAISENGS

OAKLAND (CALIF)

ATTENTION MR EDGAR KAISER GREATLY APPRECIATE YOUR INVITATION

WILL BE PLEASED MEET YOU NEWYORK TUESDAY MAY 30TH REGARDS

EPHRAIM ILIN.

842A PDT MAY 17 61

*Hallett
Schwartz
Binard
Concealer*

sent
MAY 17 9 02 AM '61

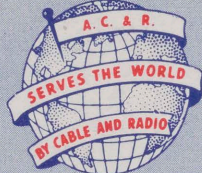
American Cable & Radio System

"Via All America"

"Via Commercial"

"Via Mackay Radio"

THE PARTY RECEIVING THIS
MESSAGE MAY ROUTE THEIR
REPLY WITH THE SAME VIA
NOTED BELOW



An IT&T Associate

MESSAGE
SENT

☒

FULL RATE

LETTER TELEGRAM
(LT)

OFFICE COPY

SENDER'S
NAME AND ADDRESS

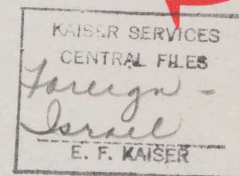
Kaiser Services, 300 Park Avenue,
New York

DATE May 15, 1961

PLEASE FILL IN ONE ROUTING
VIA ALL AMERICA or VIA COMMERCIAL or VIA MACKAY RADIO

To ILIN
KAFRIS
HAIFA

"Via ALL AMERICA"



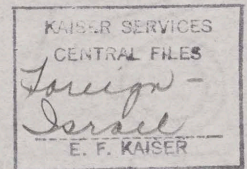
RE LETTER APRIL 26 SUGGEST MEETING OAKLAND CALIFORNIA
EITHER TUESDAY MAY 23 OR WEDNESDAY MAY 24 STOP ALTERNATE
NEW YORK TUESDAY MAY 30 STOP PLEASE ADVISE STOP REGARDS

EDGAR KAISER

cc Schwartz

Copies by mail to:
Keith Covelle
S. A. Girard
John Hallett

SEND THIS MESSAGE SUBJECT TO RULES AND REGULATIONS SET FORTH IN THE COMPANIES' TARIFF BOOK ON FILE WITH THE FEDERAL COMMUNICATIONS COMMISSION



KAISER-ILIN INDUSTRIES LTD.

By airmail

EPHRAIM ILIN L. S. C.
Chairman of the Board

Haifa, April 26th, 1961

Mr. Edgar F. Kaiser,
Kaiser Industries Corporation
300 Lakeside Drive
Oakland 12 - California
U. S. A.

Dear Mr. Kaiser,

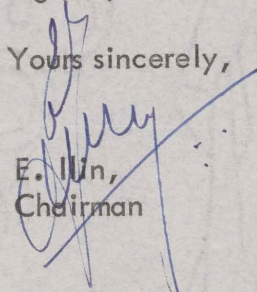
This is to thank you for your kind letter dated March 29th, which I received upon my return from a trip around the world the day before yesterday.

I know how busy you are in the United States and overseas and how difficult it is for you to plan ahead and fix a meeting for a specific date and place. However, I feel that to postpone indefinitely the meeting until an occasion arises, can cause damages and loss of business, since the time factor is very important and matters may be concluded without giving us a chance of taking an important part in them.

Therefore, I am applying to you to see whether you could kindly grant me an appointment in the United States or Europe, at any time after the 20th of May and I would be grateful your confirming me the date and place of the meeting.

Awaiting your kind reply, I am, with best personal regards,

Yours sincerely,


E. Ilin,
Chairman

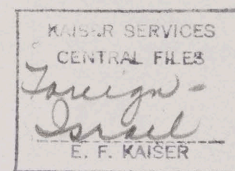
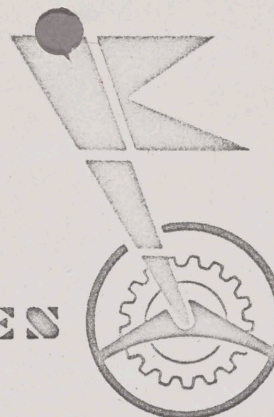
EI/mc

cc: Mr. John Hallet,
Mr. S.A. Girard
Mr. L.K. Covelle

MAY 1 1961

EDGAR F. KAISER
OAKLAND

NEW?
FILE
ISRAEL - KAISER-ILIN
(TOGETHER WITH COPY OF
MY LETTER TO MR. KAISER 3/24/61)
MS



KAISER-ILIN INDUSTRIES LTD.

By airmail

EPHRAIM ILIN L. S. C.
Chairman of the Board

Haifa, April 26th, 1961

File Ref: 216/61-1

Mr. Leonard K. Schwartz,
Vice President,
Henry J. Kaiser Company,
300 Lakeside Drive
Oakland 12, California
U. S. A.

OAKLAND
MAY 4 1961

Dear Leonard,

Thank you so much for your kind letter dated March 24th, which I received upon my return from my trip around the world a day before yesterday. I shall be delighted to hear from you, particularly your advice as to when you are planning to be in Israel again, in order to enable me to play host to you and show you our achievements which we made during the 10 years of our association with the Kaiser family.

The Willys Overland - Toledo people are visiting us from time to time and they are familiar with our type of operations. However, you have no idea how much encouraging it would be to show you what we are doing, knowing that you will be able to report your opinion to Mr. Kaiser when returning to the West Coast.

I was happy indeed to hear that you are still negotiating with Solel Boneh to find a way for your company to participate in the Ashdot project. Should you feel that we could be of any assistance to you in any way, by passing information or otherwise, please do not hesitate to call on us. Maybe knowing all the ropes locally, we could be of great assistance to you.

On the other hand, I am looking forward to be invited by Mr. Edgar Kaiser for a meeting in the nearest future, in order to find a way for closer cooperation between Kaiser-Engineering and myself. I am convinced that such a cooperation could be to the benefit of all parties concerned.

With warmest regards, I am,

EI/mc

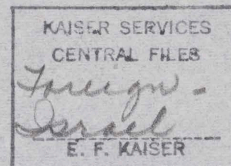
Yours sincerely,

E. Ilin,
Chairman

RECEIVED

MAY 5 1961

EDGAR F. KAISER
OAKLAND



March 29, 1961

Dear Ephraim:

Thank you very much for your letter of January 31. I have delayed my reply, hoping my schedule would be such that we could suggest a date and a place of meeting. Here it is already March. Ghana, Pakistan, and a number of domestic problems have been of paramount importance. Therefore, my travel plans are as yet indefinite.

I suggest we should leave our meeting to your letting me know should you be coming to the States. I will hope that we can work out a mutually convenient date. In the alternate, I will let you know my plans should I be going to Europe or the East, so that you can see if your plans could permit the arranging of a meeting.

In the meantime, all best regards.

Sincerely,

Edgar F. Kaiser

Mr. Ephraim Ilin
Kaiser-Ilin Industries Ltd.
P. O. B.35
Haifa, Israel

cc: Mr. John Hallett
Mr. S. A. Girard
Mr. L. K. Covelle

TELEGRAM

- ☐ Fast
☐ Day Letter
☐ Night Letter

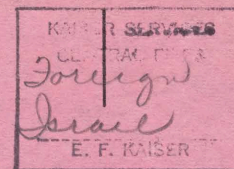
WIRE MESSAGE

☐ PREPAID☐ COLLECT

EFK - new meter

CABLE

- ☐ Ordinary
☐ Night Letter
☐ Code



- ☐ ORIGINAL—To Wire Room Only
☐ DUPLICATE—For File or Confirmation

Time Filed_____

By Operator_____

Message Number_____

Job No. _____
FORM KE P-62143

2059

Authorized by _____

JOHN HALLETT

Dept. KEI 1000

MARCH 28, 1961

FULL RATE

STANLEY KIMBALL
 GRANDE BRETAGNE HOTEL
 ATHENS (GREECE)

RECOMMEND YOU ADVISE SOLEL BONEH THAT WE SINCERELY APPRECIATE
 THE OPPORTUNITY TO EXPLORE WITH THEM POSSIBILITIES OF WORKING

WITH THEM ON THE ASHDOD JOB AND THAT WE HOPE THERE WILL BE
 FUTURE PROJECTS ON WHICH IT WOULD BE TO OUR MUTUAL ADVANTAGE

TO JOINT VENTURE STOP EYE FURTHER RECOMMEND THAT WE DO NOT
 EXPEND ANY FURTHER EFFORT TO WORK OUT AN ARRANGEMENT ON THE

ASHDOD PROJECT STOP MY BASIC REASON IS THAT EYE DO NOT BELIEVE
 WE SHOULD ENTER ANY AGREEMENT THAT PROVIDES UNEQUAL DISTRIBUTION

OF THE RISKS OR REWARDS STOP FURTHER DO NOT BELIEVE IT WOULD BE
 PRACTICAL TO WORK OUT A SEPARATE ROCK SUPPLY CONTRACT AT A

PRICE THAT WOULD YIELD THE MARKUP PRESENTLY ESTIMATED STOP
 LET US WRITE IT OFF AS A GOOD HARD TRY AND GO AFTER THE NEXT ONE
 REGARDS

HALLETT

JH/bb

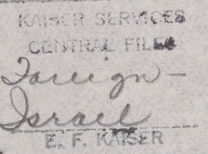
cc: Edgar F. Kaiser ✓
 John H. Bosche
 J. E. Boyce
 Leonard K. Schwartz
 R. P. Ware

RECEIVED

MAR 29 1961

EDGAR F. KAISER
 OAKLAND

INTER-OFFICE MEMORANDUM



TO John Hallett
AT Oakland

DATE March 24, 1961

RECEIVED

FROM Stanley Kimball

COPIES TO Edgar F. Kaiser ✓
John H. Bosche

MAR 28 1961

EDGAR F. KAISER
OAKLAND

AT Paris

ORIGINAL SIGNED BY
STANLEY KIMBALL

JOB NO. 2059

SUBJECT Ashdod (Israel) Port Development Negotiations

For reasons explained later, our Paris talks have ended with this uncommitted suggestion from me:

C
O
P
Y

'On the approval by the Government of Israel of a bonus arrangement wherein we could determine that we, for early completion of the Port Project, would ultimately receive the amount of our original tender figure and subject to the approval of the Kaiser Board of Directors we would consider joining the Solel Boneh-Societe Nationale de Travaux Publiques joint venture on the following basis:

1. Participation would be fifty-fifty.
2. Kaiser would have full management of the project.
3. All partners would share in the ultimate profits or losses in accordance with their participation, except that Kaiser would accept a penalty arrangement with the other partners for failure to complete the work in order to benefit from the bonus.

This penalty arrangement would provide that after establishing the completion date(s) required to make the maximum bonus, if Kaiser fails to complete on this date (or dates) we would be subject to paying a penalty to the other partners as follows:

1. Up to 3 months' delay -- no penalty.
2. Starting 3 months from the key date(s) we would pay at a per diem rate a penalty to our partners up to a maximum amount of \$1,000,000. The per diem rate would be established on a graduating scale; the more the delay, the higher the rate, but still subject to the agreed ceiling.'

I do not have too many problems with this arrangement. I have confidence in our estimate and in our ability to make the early schedule. I think that our major problem is 'can we do business with these people?' I feel that they are arrogant and sly and not too trustworthy. Should you

CONFIDENTIAL

approve and they accept (which I have confidence they will) this proviso, further negotiations could readily break down over "details." Because of our work on and our investment in this particular contract, I feel that we should follow through to the end; however, should we come to a final successful understanding, we should not proceed without an iron-clad Joint Venture Contract.

Our first meeting on Thursday all resolved around a discussion of how we could assure them that we could make the bonus if they took us into their joint venture. "They had lots of confidence in Kaiser, etc., but what if we failed to make a bonus, all they would do is give up half of their present small markup." I reiterated that if there was any question of that happening we would not be interested in the first place. They kept returning to the same subject, and none of us on our side could determine whether they were sincere or showing a certain amount of reluctant courtesy because they had been requested to by the Government of Israel.

Both to show our sincerity and confidence and as a test of their seriousness, I evolved the above outline for negotiation that evening and presented it to them this morning. They are to let me know Monday whether or not further discussions are in order.

My thinking in offering this suggestion was (1) we are always required to subject ourselves to a penalty clause in any contracts we undertake; (2) if the Government of Israel had awarded us the job at the higher figure because of our earlier completion, we undoubtedly would have had to provide a monetary guarantee; and (3) we have a secondary profit in the quarry which potentially would furnish the penalty funds if, by some unforeseen manner, we got into that kind of trouble. My initial ceiling was \$750,000, and then Karlin volunteered to risk \$250,000 of Hartuv's quarry potential profit to raise it to \$1,000,000.

We are still on the original basis of the Quarry Joint Venture, furnishing the Port Joint Venture all of the aggregate and stone at the fixed price we allowed in our original bid. Any reshuffling of the quarry or participation in the Port Joint Venture would be definitely out of order now and, subject to possible future negotiations with Solel Boneh, could be undesirable later.

I am attaching a tabulation showing estimated profit potential under various possible conditions. Karlin assures me that we will be able to bring in quarry equipment duty free, so I am considering cost allowed in estimate as additional profit.

Will you please cable me your comments at the Grande Bretagne Hotel in Athens as soon as possible.

SK/hg
Att.

CONFIDENTIAL

ASHDOD PROFIT STUDY

Quarry

Profit in Estimate \$ 826,493
 Duty Exemption 323,855
 \$1,150,348

Kaiser

Hartuv

65% 747,726 35% 402,622

Port

Bid Price \$ 30,300,000
 Our Est. Cost 27,467,500
 \$2,832,500

From Bonus 32,961,000
30,300,000
 2,661,000

\$5,493,500 50% 2,746,700

Total Kaiser Potential \$ 3,494,426

Equated Percentage Based on Cost 20.6

Maximum penalty condition assuming costs are made but no bonus:

Profit to Kaiser:

From Quarry 747,736
 From Port 1,416,250

Kaiser Share of Penalty \$ 2,163,986
750,000

Net Profit \$ 1,413,986

Equated percentage based on cost 8.3

If one half bonus made 40% penalty and costs hold:

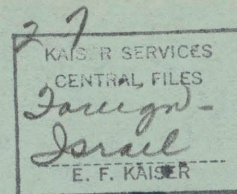
Quarry \$ 747,736
 Port 1,416,250
 Bonus 665,250

2,829,236
 Penalty 300,000

Kaiser Profit \$ 2,529,236

Equated Percentage 15.0

CONFIDENTIAL



MAR 2 11 29 AM '61

NYK KS 3/2/61 210 11
OKL KS MR EDGAR F KAISER ✓
CC MR JOHN HALLETT

PAGE ONE OF NINE PAGES

STATUS HERE

ONE: NO OFFICIAL INFORMATION ON BIDS

TWO: UNOFFICIAL ADVICE CROSSCHECKED SEVERAL SOURCES INDICATES FOLLOWING:

SOLEH BENEH & FRENCH	\$30,500,000
BRITISH GROUP	31,200,000 (DISQUALIFIED - NO BOND)
DUTCH GROUP	31,800,000
KAISER	32,700,000
ATKINSON	32,800,000 ? (APPROX.)
CANADIAN	35,000,000
IMPRESIT	38,000,000

THREE: ADVICE, ALSO UNOFFICIAL, THAT KAISER CONSTRUCTION SCHEDULE SHOWS COMPLETION JOB 1 YEAR EARLIER AND COMPLETION CITRUS DOCK ALMOST 2 YEARS EARLIER THAN OTHER BIDDERS.

CONTD ON PAGE TWO

27
MAR 2 11 37 AM '61

17
NYK KS 3/2/61 220 11
OKL KS MR EDGAR F KAISER ✓
CC JOHN HALLETT

FOUR: MINISTER FINANCE ESHKOL INVITED US VISIT HIM JERUSALEM LAST MONDAY. WE PREPARED SUMMARY ANALYSIS OF SITUATION AS WE KNEW IT (COPY ATTACHED) AND GAVE HIM AND OR. DINSTEIN (DIRECTOR FIN. DEPT. INVESTMANT CENTER) COPIES. ESHKOL DID NOT CONFIRM OR DENY OUR ANALYSIS BUT AGREED THE SHORTER PERIOD OF CONSTRUCTION COULD BE IMPORTANT AND HAD A MONEY VALUE TO THE GOVT. HE THEN ASKED US IF WE WOULD CONSIDER A COOPERATIVE ARRANGEMENT WITH DOLEH BENEH - IF SO HE WOULD ACT AS INTERMEDIARY. WE SAID THAT PROVIDING WE WERE THE SPONSOR AND UNDER OTHER MUTUALLY AGREEABLE ARRANGEMENTS WE WOULD BE WILLING TO DISCUSS SAME. HE INSTRUCTED DINSTEIN TO CALL GOLAN (HEAD OF SOLEH BENEH) AND TO TELL HIM ESHKOL WAS VERY DESIREOUS OF HAVING KAISERS IN ISRAEL AND WOULD LIKE TO SEE US COOPERATE. THIS MORNING (TUESDAY) DINSTEIN'S SECRETARY CALLED AND INFORMED US HE HAD TALKED TO GOLAN AND WE SHOULD PHONE HIM (GOLAN) AT HIS OFFICE IN HAIFA. GOLAN STATED HE WOULD BE WILLING TO TALK "IF THERE WAS ANYTHING TO TALK ABOUT" BUT COULD ONLY SEE US AT HIS OFFICE IN HAIFA WEDNESDAY OR FRIDAY. WE TOLD HIM WE'D LET HIM KNOW.

MEANWHILE WE LEARNED THAT THE RUMOR IS AROUND THAT THE SOLEH BENEH ORIGINAL BID WAS \$32,800,000 AND AFTER OTHER BIDS WERE IN THEY WERE TIPPED AND ADDED AN ADDITIONAL "ALTERNATE" AT THE LOWER FIGURE, BEFORE BID OPENING.

UNDER ALL THE CIRCUMSTANCES WE DECIDED THAT WE SHOULD NOT CALL ON GOLAN IN HIS OFFICE AND THAT WE WOULD ONLY MEET WITH HIM UNDER OFFICIAL AUSPICES WHEN WE WERE BOTH INVITED TO A NEUTRAL LOCATION.

PAGE TWO OF NINE PAGE

CONTD ON PAGE THREE

27
MAR 2 12 23 PM '61

19
NYK KS 3/2/61 235 11
OKL KS MR EDGAR F KAISER
CC MR JOHN HALLETT

PAGE THREE OF NINE PAGES

WE SO INFORMED DINSTEIN, ADDING THAT WE WOULD NOT BE INVOLVED IN ANY ARRANGEMENT WHICH COULD HAVE THE SLIGHTEST IMPLICATION OF UNETHICAL BEHAVIOR. WE FURTHER STATED THAT SINCE NO OFFICIAL INFORMATION WAS AVAILABLE ON THE BIDS WE WOULD STAND BY IN TELAVIU FOR A FEW DAYS AND WOULD BE AVAILABLE IF HE OR MR. ESHKOL WISHED TO CONTACT US. DINSTEIN STATED HE DID NOT FEEL OUR GOING TO SEE GOLAN AND TALKING ON A HYPOTHETICAL BASIS PENDING AWARD OF THE CONTRACT WOULD BE UNETHICAL, BUT ACCEPTED OUR POSITION .

OUR PRESENT POSITION IS TO SIT TIGHT, AVOID ANY POSSIBLE INVOLVEMENT IN LOCAL POLITICS OR SCANDAL AND ONLY MEET GOLAN IF A REPRESENTATIVE OF THE GOVERNMENT IS PRESENT. IF THE LATTER OCCURS WE WOULD EXPRESS OUR WILLINGNESS, IF THE CONTRACT IS AWARDED TO US, ON THE BASIS OF OUR SHORTER

--
COMPLETION SCHEDULE, IN ACCORDANCE WITH THE PRICE AND TERMS OF OUR BID,

TO TAKE SOLEH BENEH INTO OUR JOINT VENTURE AS A MINORITY PARTNER ON TERMS

AND CONDITIONS TO BE MUTUALLY AGREED UPON.

WE DO NOT BELIEVE THE ABOVE WILL HAPPEN, BUT ESHKOL IS POWERFUL (MAY BE PRIME-MINISTER SHORTLY) AND WANTS TO HELP US AND WE FELT IN VIEW OF INVESTMENT WE 'VE ALREADY MADE WE SHOULD BE HERE UNTIL AN OFFICIAL DECISION FOR OR AGAINST US IS MADE. OR CLEARLY INDICATED

REGARDS
KIMBALL & SCHWARTZ

CONTD ON PAGE FOUR

☐

SONWABCHER-FREY

9140

21

MAR 2 12 39 PM '61

NYK KS 3/2/61 243
OKL KS MR EDGAR F KAISER
CC MR JOHN HALLETT

PAGE FOUR OF NINE PAGES

FIRST MEMO

ANALYSIS OF KAISER-MACCO STATUS ON ASHDOD PORT
DEVELOPMENT TENDER, AS AT 26TH FEBRUARY 1961.

WE HAVE INFORMATION WHICH WE HAVE EVERY REASON TO BELIEVE IS AUTHENTIC, THAT WE DID NOT SUBMIT THE LOW TENDER FOR THE ASHDOD PORT PROJECT. IN FACT OUR INFORMATION INDICATES THAT WE WERE APPROXIMATELY \$2,700,000 HIGH. WHILE WE BELIEVE THAT THERE HAS BEEN A MISUNDERSTANDING IN INTERPRETING OUR BID BY ABOUT \$500,000, THIS LOWER FIGURE FAILS TO PLACE US IN EVEN SECOND OR THIRD POSITION.

THE PROBLEM THEN BECOMES, IS THERE ANY JUSTIFICATION FOR THE GOVERNMENT OF ISRAEL TO AWARD THIS CONTRACT TO KAISER-MACCO. WE THINK THAT THERE IS, AND THAT SUCH AN AWARD OF THE PORT CONTRACT CAN STAND ON ITS OWN MERITS.

ONE OF THE BASIC PREMISES WE ALL ABIDE BY IS "THAT WE USUALLY GET JUST WHAT WE PAY FOR". IT IS OFTEN EXTREMELY DIFFICULT TO EQUATE THIS PREMISE TO COMPETITIVE BID CONSTRUCTION WORK AS IN THEORY, WHEN ALL TENDERS ARE PRESUMABLY SUBMITTED TO COMPLY WITH A SINGLE SET OF PLANS AND SPECIFICATIONS, THE ULTIMATE PROJECT SHOULD BE EXACTLY THAT DESIRED, REGARDLES OF THE PRICE QUOTED. TOO OFTEN THIS IS NOT SO AS THE EXPERIENCE, ATTITUDE AND THE COMPETENCE OF THE CONTRACTOR PLAYS A MAJOR ROLE IN THE OWNERS SATISFACTION WITH THE COMPLETED PROJECT. THAT THIS IS SO IS EVIDENCED BY THE GREAT NUMBERS OF LOW BID PROJECTS WHERE THE OWNER IS HARRASSED FROM BEGINNING TO END BY THE CONTRACTOR FAILING TO MEET SCHEDULES, BY EXCESSIVE MONETARY CLAIMS, AND BY BORDER LINE ADHERENCE TO THE SPECIFICATIONS, THAT DOES NOT RESULT IN A PROJECT OF THE QUALITY EXPECTED.

A PROPER CONTRACTOR MAKES EVERY EFFORT TO AVOIL THESE NEGATIVE DISTURBANCES AND IN ADDITION ATTEMPTS TO GO BEYOND HIS CONTRACTUAL OBLIGATIONS IN GIVING HIS CLIENT HIS MONEY'S WORTH. IT IS A KAISER-MACCO FUNDAMENTAL POLICY TO BE A PROPER CONTRACTOR, AND BIDS ARE ALWAYS SUBMITTED ON THAT BASIS NAMELY., TO PERFORM THE WORK EXPEDITIOUSLY AND AHEAD OF SCHEDULE, TO COMPLY FULLY WITH THE PLANS AND SPECIFICATIONS, TO AVOID UNWARRANTED CLAIMS AND, IN THE INTEREST OF GOOD WILL, TO GIVE THE CLIENT A LITTLE MORE THAN EXPECTED.

CONTD ON PAGE FIVE

27

22

MAR 2 1 00 PM '61

NYK KS 3/2/61 310 11
OKL KS MR EDGAR F KAISER
CC MR JOHN HALLETT

PAGE FIVE OF NINE PAGES

IN THIS PARTICULAR CASE EXCLUSIVE OF THE COMPETENCE AND OWNER SATISFACTION THAT WE WILL BRING TO THE JOB, WE CAN OFFER ASSURANCES OF EXTRA BENEFITS ON WHICH DEFINITE MONETARY VALUE CAN BE PLACED. THESE CONSIST OF SPECIFIC SAVINGS OR ECONOMY INCREMENTS TO THE ISRAEL GOVERNMENT WHICH MORE THAN OFFSET THE DIFFERENCES IN OUR BID FIGURE.

SHOULD WE BE AWARDED THE ASHDOD PORT CONTRACT WE PLAN TO OPEN A NEW QUARRY AT HARTUV WHICH BY ALL INVESTIGATIONS WILL PRODUCE A STONE SUPERIOR TO ANY AVAILABLE IN THE AREA TODAY. OUR INVESTIGATIONS HAVE INCLUDED TEST BORINGS, EXPERIMENTAL BLASTS AND LABORATORY TESTING.

WE PLAN TO CONSTRUCT A HIGH SPEED HAUL ROAD FOR MOST OF THE DISTANCE FROM THE QUARRY TO THE PORT SITE AND WE INTEND TO PLACE THE BREAKWATER STONE BY DRY-LAND METHODS WHICH WILL ELIMINATE AS MUCH AS POSSIBLE ANY DELAYS DUE TO STORMY WEATHER.

BECAUSE WE HAVE ADOPTED THIS SCHEME, WE ARE IN A POSITION TO MAKE THE CITRUS WHARF READY FOR USE FOR THE 1962 SEASON, TWO YEARS AHEAD OF SPECIFIED SCHEDULE, AND PROVIDE ALL THE PORT FACILITIES ONE YEAR IN ADVANCE OF THE ENGINEERS ANTICIPATED COMPLETION. WE ARE SINCERE IN OUR BELIEF THAT WE ARE POSSIBLY THE ONLY CONTRACTORS ABLE TO MAKE THIS ASSURANCE. WE THINK THIS BECAUSE WE BELIEVE THAT THE USE OF THE HARTUV QUARRY IS THE ONLY ONE THAT LENDS ITSELF TO OUR CONTEMPLATED PROGRAM.

WE HAVE BASED OUR OPERATIONS ON A DELIVERY RATE APPROXIMATELY DOUBLE THAT WHICH CAN BE PROVIDED BY RAILROAD, EVEN AFTER THE RAILROAD HAS MADE A MAJOR CAPITAL INVESTMENT IN MOTIVE POWER, ROLLING STOCK, AND LOADING FACILITIES.

THE GOVERNMENT OF ISRAEL IS IN A BETTER POSITION TO EVALUATE THE CASH BENEFIT OF THIS EARLY COMPLETION THAN WE, BUT BASED ON OUR ANALYSIS, THIS ITEM ALONE COULD SAVE THE PEOPLE OF ISRAEL MANY TIMES THE APPARENT DIFFERENCE BETWEEN OUR BID PRICE AND OTHERS.

THE SAVINGS IN INTEREST DUE BY THE GOVERNMENT OF ISRAEL TO THE WORLD BANK DURING ONE YEAR OR MORE LESS CONSTRUCTION PERIOD, COULD ALONE SUBSTANTIALLY REDUCE THE APPARENT DIFFERENCE BETWEEN KAISER-MACCO AND OTHER BID PRICES.

OUR INVESTIGATIONS DISCLOSE THAT THE PRESENT EXPORT MARKET OF CITRUS FRUIT IS 10-MILLION CASES, 50 PER CENT OF WHICH COMES FROM THE ASHDOD AREA. THE PRESENT FACILITIES ARE HAIFA AND JAFFA ARE EXTENDED TO THEIR LIMIT, AND EVEN NOW WASTEFUL SPOILAGE AND EXPENSIVE REPACKING OCCURS AT JAFFA WHEN STORMS PREVENT LIGHTERING OF THE FRUIT TO THE SHIPS.

CONTD ON PAGE SIX

SCHWABACHER-FREY
301

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OKL KS MR EDGAR F KAISER ✓
CC MR JOHN HALLETT

PAGE SIX OF NINE PAGES

WE HAVE FURTHER LEARNED THAT BECAUSE OF ENCOURAGEMENT BY THE GOVERNMENT FOR INCREASED PRODUCTION AND THE IMPLEMENTATION OF ADDITIONAL PLANTATIONS, IT IS ANTICIPATED THAT THE EXPORTABLE FRUIT WILL RISE TO 11.5 OR 12 MILLION CASES DURING THE NEXT SEASON, WITH AN INCREASE OF ONE MILLION CASES PER YEAR THEREAFTER.

THAT WE COULD PROVIDE THE FACILITIES FOR EXPORTING CITRUS FRUIT FROM THE ASHDOD PORT PROJECT TWO YEARS AHEAD OF SCHEDULE, WOULD MEAN THAT THE ASSURED CAPACITY TO SHIP THE ANTICIPATED ADDITIONAL 6 MILLION CASES WOULD BE AVAILABLE. WITHOUT CONSIDERATION OF LOCAL TRANSPORTATION AND HANDLING COST SAVINGS, THE ADDITIONAL INCOME TO ISRAEL FROM THIS EXPORT WOULD BE APPROXIMATELY 24 MILLION DOLLARS.

WE PLAN TO CONSTRUCT APPROXIMATELY 33 KM. OF HIGH SPEED, MINIMUM GRADE ROAD WHICH IN ADDITION TO SHORTENING THE HAUL DISTANCE FROM THE QUARRY IMPORTANTLY REDUCES THE DISTANCE FROM JERUSALEM TO THE ASHDOD PORT. AS A SUBSTANTIAL PART OF THIS IS ON THE HIGHWAY MASTER PLAN AND THE REMAINDER COULD BE INCLUDED IN THE HIGHWAY SYSTEM AT THE COMPLETION OF THE PORT CONTRACT, THE SAVINGS TO THE ISRAEL GOVERNMENT FOR FUTURE HIGHWAY CONSTRUCTION WOULD BE APPROXIMATELY \$500,000.

OUR INFORMATION IS THAT IN ORDER TO MEET THE MAXIMUM DELIVERY THE RAILROAD IS CAPABLE OF, WHICH IS STILL ONLY HALF OF THAT WHICH WE CONTEMPLATE, THE ISRAEL GOVERNMENT PLANS AN INVESTMENT OF APPROXIMATELY \$750,000. UNDER OUR SCHEME, NO PART OF THIS INVESTMENT WILL BE REQUIRED. FURTHER THAN THIS, SHOULD IT BE DESIREABLE THAT THE RAILROAD GAINS SOME BENEFIT FROM THE PORT WORK, IT IS POSSIBLE THAT WE COULD AGREE ON AN ARRANGEMENT WITH THE RAILROAD FOR TRANSPORTING ONLY THAT QUANTITY WHICH THEY CAN HANDLE, WITHOUT ADDITIONAL INVESTMENT.

FOR THE TRANSPORTATION OF THE STONE FROM THE QUARRY TO THE PORT, WE CONTEMPLATE THE USE OF IN EXCESS OF \$2,000,000 WORTH OF NEW HIGHWAY TRUCKS AND TRAILER UNITS. AS THESE WILL HAVE APPROXIMATELY ONE HALF OF THEIR USEFUL LIFE LEFT AT THE END OF THE PROJECT THEY COULD IF LEFT IN ISRAEL BY MUTUAL AGREEMENT, WELL SUPPLEMENT THE GENERAL ECONOMY BY PROVIDING LONG DISTANCE HAULING UNITS FOR AREAS NOT SERVED BY THE RAILROAD.

CONTD ON PAGE SEVEN

27

16
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OKL KS MR EDGAR F KAISER ✓
CC MR JOHN HALLETT

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PAGE EIGHT OF NINE PAGES

MEMO TWO

ANALYSIS OF KAISER-MACCO STATUS ON ASHDOD
PORT DEVELOPMENT TENDER, AS AT 27TH FEBRUARY
1961

SUMMARY.

APPARENT BIDS:

LOW	\$30,500,000
2ND	\$31,200,000
3RD	\$31,800,000
KAISER-MACCO	\$32,700,000

CONSTRUCTION SCHEDULE:

SPECIFIED TIME:

CITRUS WHARF	43 MONTHS APPROX. 1 NOV., 1964
ALL WORK	44 MONTHS APPROX. 1 DEC., 1964

CONTRACTORS SCHEDULE:

KAISER-MACCO:

CITRUS WHARF	19 MONTHS 1 NOV. 1962
ALL WORK	32 MONTHS 1 DEC. 1963

INDICATED OTHER CONTRACTORS:

SAME AS SPECIFIED BY ENGINEERS

SAVINGS IN TIME UNDER KAISER-MACCO:

CITRUS WHARF	2 YEARS
COMPLETE FACILITY	1 YEAR

KAISER-MACCO CONSTRUCTION METHOD:

STONE FROM HARTUV QUARRY
TRUCK AND TRANSPORTATION OF STONE FROM QUARRY
PRIVATE HAUL ROAD FROM QUARRY TO PORT
DRY LAND METHOD OF PLACING

CONTD ON PAGE NINE

28

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OKL KS MR EDGAR F KAISER
CC MR JOHN HALLETT

PAGE NINE OF NINE PAGES

POSSIBLE SAVINGS BENEFITS FROM KAISER-MACCO:

DIRECT MONETARY GAIN FROM EXPEDITED SCHEDULE

SAVINGS ON WORLD BANK LOAN INTEREST DURING NON REVENUE
PRODUCING CONSTRUCTION PERIOD.

INCREASE IN ISRAEL REVENUE DUE TO CAPACITY TO EXPORT
COMPLETE CITRUS CORPS.

REVENUE FROM EARLIER USE OF COMPLETE PORT FACILITY.

GAINS IN ECONOMY:

\$500,000 HIGHWAY CONSTRUCTION
\$2,000,000 OF TRUCKS AND TRAILER HIGHWAY TRANSPORT.
\$1,500,000 FOREIGN INVESTMENT IN QUARRY

INTANGIBLE BENEFITS:

KAISER PARTICIPATION IN ISRAEL

BENEFITS TO LOCAL CONTRACTOR AND COMMUNITY

QUARRY CAPABLE OF FURNISHING SUPERIOR ROCK AND CONCRETE
AGGREGATE FOR FUTURE CONSTRUCTION.

END

0000000

CORR SECOND LINE FROM END FOURTH WORD SHLD BE FURNISHING

PLS FIX AND THANKS

☐

27

MAR 2 2 19 PM '61

SCHEIDT & BACHNER-FREY

9125

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OKL KS MR EDGAR F KAISER ✓
CC MR JOHN HALLETT

MAR 2 1 33 PM '61

PAGE SEVEN OF NINE PAGES

IN OPENING UP THE HARTUV QUARRY WE PLAN A FOREIGN INVESTMENT OF APPROXIMATELY \$1,500,000 IN MACHINERY AND EQUIPMENT. WHILE THE INVESTMENT ITSELF SHOULD BE OF SUBSTANTIAL BENEFIT TO THE ECONOMY, THE QUARRY OPERATION COULD BE OF MOST SUSTAINING BENEFIT, WE HAVE BEEN ADVISED BY INDEPENDENT ISRAEL ENGINEERS AND OTHER AUTHORITIES THAT THERE IS AN INTENSE NEED IN THIS DEVELOPMENT AREA FOR HIGH QUALITY STONE AND CONCRETE AGGREGATE FOR CONSTRUCTION PURPOSES.

WITH THE OPENED QUARRY, IT WOULD BE POSSIBLE FOR A QUARRY OPERATION TO BE CONDUCTED ON A COMMERCIAL BASIS AT THE COMPLETION OF THE PORT PROJECT, AT A VERY LOW COST.

A MAJOR BUT INTANGIBLE BENEFIT COULD ACCRUE TO BOTH ISRAEL AND OURSELVES AS THE RESULT OF OUR PLANNED AFFILIATION WITH AN INSRAEL CONTRACTOR. WHILE WE BID THIS WORK WITH ONLY INDIRECT LOCAL ASSOCIATION BECAUSE OF THE TIME ELEMENT AND OTHER FACTORS, WE HAVE PUBLICLY STATED THAT IT WAS OUR INTENT TO INCLUDE THE BEST ISRAEL CONTRACTOR POSSIBLE IN OUR GROUP AFTER-THE-FACT, SHOULD WE BE AWARDED THE PORT CONTRACT.

THIS ARRANGEMENT IS NOT NEW TO US AND WE HAVE FOUND IT ALWAYS TO BE OF MUTUAL BENEFIT. TO US IT BRINGS KNOWLEDGE OF LOCAL CONDITIONS AS WELL AS AN ACCEPTANCE IN THE COMMUNITY FOR THIS AND POSSIBLE FUTURE WORK NOT ORDINARILY ACCORDED A FOREIGN CONTRACTOR, AND TO THE LOCAL PEOPLE IT OFFERS AN ADVANCE IN THEIR CONSTRUCTION CAPACITY GAINED FROM ASSOCIATION WITH OUR METHODS AND EXPERIENCE LEARNED IN THE WORLD-WIDE FIELD.

CONTD ON PAGE 8

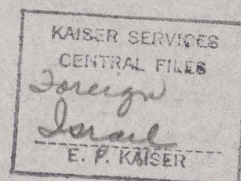
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KAISER ENGINEERS

AND CONSTRUCTORS, INC.

KAISER CENTER, OAKLAND 12, CALIFORNIA

CABLE ADDRESS
KAISENGS OAKLAND



ANALYSIS OF KAISER-MACCO STATUS ON ASHDOD PORT DEVELOPMENT TENDER, as at 27th February 1961.

SUMMARY.

APPARENT BIDS :

Low	\$30,500,000
2nd	\$31,200,000
3rd	\$31,800,000
Kaiser-Macco	\$32,700,000

CONSTRUCTION SCHEDULE :

Specified time :

Citrus wharf	43 months	approx. 1 Nov., 1964
All work	44 months	- approx. 1 Dec., 1964

Contractors Schedule :-

Kaiser-Macco :

Citrus wharf	19 months	1 Nov. 1962
All work	32 months	1 Dec. 1963

Indicated other contractors :

Same as specified by Engineers

SAVINGS IN TIME UNDER KAISER-MACCO :-

Citrus wharf	2 years
Complete Facility	1 year

KAISER-MACCO CONSTRUCTION METHOD :-

Stone from Hartuv Quarry,
Truck and transportation of stone from quarry
Private haul road from Quarry to Port
Dry land method of placing

-/2.



KAISER ENGINEERS

AND CONSTRUCTORS, INC.

KAISER CENTER, OAKLAND 12, CALIFORNIA

CABLE ADDRESS
KAISENGS OAKLAND

Page 2.

POSSIBLE SAVINGS BENEFITS FROM KAISER-MACCO :-

Direct monetary gain from Expedited Schedule

Savings on World Bank loan interest during non revenue producing construction period.

Increase in Israel revenue due to capacity to export complete citrus crops.

Revenue from earlier use of complete Port facility.

GAINS IN ECONOMY :-

\$500,000 Highway construction

\$2,000,000 of trucks and trailer highway transport.

\$1,500,000 foreign investment in quarry

INTANGIBLE BENEFITS :-

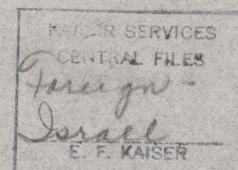
Kaiser participation in Israel

Benefits to local contractor and community,

Quarry capable of furnishing superior rock and concrete aggregate for future construction.

KAISER ENGINEERS INTERNATIONAL

DIVISION OF HENRY J. KAISER COMPANY



Kaiser Center • 300 Lakeside Drive
Oakland 12, California • CRestview 1-2211

JOHN HALLETT
VICE PRESIDENT & GENERAL MANAGER

February 9, 1961

RECEIVED

FEB 11 1961

EDGAR F. KAISER
OAKLAND

Dear Ephraim:

I have reviewed your letter of January ^X31 concerning the Israel shipyard. I believe that this is a matter that should be deferred until such time as Edgar Kaiser has had an opportunity to discuss with you the proposed Israeli activities. In this connection, I have forwarded to him a copy of your letter in which you request an early meeting at his convenience.

I will keep you advised as to any plans of Mr. Kaiser's in this regard.

Sincerely yours,

ORIGINAL SIGNED BY
JOHN HALLETT,

Mr. Ephraim Ilin
Chairman of the Board
Kaiser-Ilin Industries
P. O. Box 35
Haifa, Israel

cc: Mr. Edgar F. Kaiser ✓

INTER-OFFICE MEMORANDUM

KAISER SERVICES
CENTRAL FILES*Israel*
E. F. KAISER

TO John Hallett
AT Oakland

COPIES TO Edgar F. Kaiser ✓
M. Miller

DATE February 1, 1961

FROM Stanley Kimball
ORIGINAL SIGNED BY
STANLEY KIMBALL

AT Teheran *per 14*

JOB NO. 2059

SUBJECT Bid for Ashdod Port Development, Israel

C
O
P
Y

Tuesday, January 31, we submitted our bid in Joint Venture with Macco Corporation for the Ashdod Port Development in Israel in the amount of Thirty-two million Nine hundred and Sixty One thousand dollars (\$32,961,000). In addition, we bid on nine alternative schedules to conform to the specification requirements that all schedules must be bid, varying in amount from \$7,099,480 to \$33,169,270.

On Schedules A, E, F, and G, of which only G was for a complete job and which varied from \$26,202,790 to \$33,169,270, we bid our cost plus 20% as we believed these to be desirable contracts in themselves. On the remaining we arbitrarily raised our figure about 30% in addition to the 20% as we wished to exclude ourselves from accepting any one of these schedules alone.

Our final bid figure was arrived at as follows:

Agreed total cost Oakland pre-bid meeting with plugged-in price for stone and aggregate	\$29,067,000
Adjustments:	
Agreed reduction on stone and aggregate prices from our own quarry	\$ 1,094,500
Reduction in insurance premium based on quote received in Tel Aviv	<u>505,000</u>
Total Adjustment	<u>1,599,500</u>
New Total Cost	\$27,467,500
Markup 20%	<u>5,493,500</u>
BID FOR TOTAL WORK	\$32,961,000

RECEIVED

FEB 16 1961

SK/hg

EDGAR F. KAISER
OAKLAND



KAISER-ILIN INDUSTRIES LTD.

EPHRAIM ILIN L. S. C.
Chairman of the Board

New York, January 31, 1961

Mr. John Hallett
President, Kaiser International
Kaiser Center
Oakland, California

Re: Shipyard - Israel

Dear John,

Further regarding our conversation on the above subject during my visit in Oakland, I have investigated the conditions upon which the Israeli Government would possibly enter such a venture with us ... subject to detailed studies and calculations ... as follows:

1. The total investment required for the shipyard would amount to approximately 9 million dollars.
2. The Israeli Government would extend a 10-15 year credit, at maximum 6% per annum, for about 80% of the total investment. Consequently, our investment would be limited to approximately 1.8 million dollars.
3. The investment would be made over a 2-3 year period in the form of equipment and facilities, at appraised value. The equipment required could be bought from US Government surplus sales at 20-25% of appraised value.
4. The Israeli Government would further undertake to provide the major part of the working capital required, at a reasonable rate of interest.
5. The Israeli Government would further undertake to place firm orders for the shipyard, for a minimum annual tonnage, which would undoubtedly be sufficient to run the shipyard profitably and depreciate the annual repayment of the government loan.

KAISER-ILIN INDUSTRIES



LTD.

EPHRAIM ILIN L. S. C.
Chairman of the Board

-2-

Mr. John Hallett

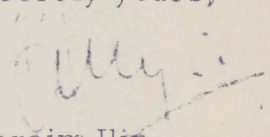
January 31, 1961

6. Based upon the above, I believe that within 7-10 years the profits from the shipyard would repay all the investments and provide for dividends as well.

The above is a general outline of the project, just to give you an idea of possibilities in such a deal.

I would appreciate your giving thought to the above.

Sincerely yours,


Ephraim Ilin



KAISER-ILIN INDUSTRIES LTD.

EPHRAIM ILIN L. S. C.
Chairman of the Board

New York, January 31, 1961

Mr. Edgar F. Kaiser
President, Kaiser Industries
Kaiser Center
Oakland, California

Dear Mr. Kaiser,

I am sorry I did not see you during my recent trip to Oakland.

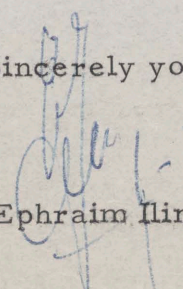
This was my first visit to the Kaiser Center and it left an unforgettable impression upon my wife and myself.

Our Haifa office just phoned and read me the contents of Mr. Hallett's letter, to which I replied as per copy attached, prior to leaving the United States. 1/20/61 1/31/61

I believe that the proposed business is sound and could work to the benefit of all parties concerned.

I am available for a meeting with you and Mr. Hallett, as suggested in his letter, at any time and place that is convenient for you.

Sincerely yours,


Ephraim Ilin

Att.

RECEIVED
FEB 3 1961
EDGAR F. KAISER
OAKLAND



KAISER-ILIN INDUSTRIES LTD.

EPHRAIM ILIN L. S. C.
Chairman of the Board

New York, January 31, 1961

Mr. John Hallett
President, Kaiser International
Kaiser Center
Oakland, California

Dear John,

I just had a phone call from Haifa and they read me your letter.

I was sorry to learn that Mr. Kaiser could not give a decision about the proposed deal on construction and engineering in Israel and that it was postponed until our next meeting to take place in Oakland, Europe or Israel.

Since the time element is of paramount importance, I would appreciate it if you could ask Mr. Kaiser for an early meeting date and place, at your convenience. I will arrange to adjust my schedule accordingly.

I am leaving for Paris and then to Haifa tomorrow.

Looking forward to hearing from you soon, with my best personal regards to Mrs. Hallett and yourself,

Sincerely yours,

Ephraim Ilin

KAISER ENGINEERS INTERNATIONAL

DIVISION OF HENRY J. KAISER COMPANY



Kaiser Center • 300 Lakeside Drive
Oakland 12, California • CRestview 1-2211

JOHN HALLETT
VICE PRESIDENT & GENERAL MANAGER

January 20, 1961

Dear Ephraim:

I have reviewed with Edgar Kaiser our discussion of last Monday concerning the potential for a jointly owned construction company operating in Israel. Edgar stated that he was not in a position to make a decision at the present time. He would prefer to personally discuss this subject with you at some mutually convenient time -- either when you are again on the West Coast or Edgar and I are in Europe, or possibly Israel.

I suggest that we keep each other advised of travel plans whereby such a meeting could be arranged.

Kindest personal regards.

Sincerely,

ORIGINAL SIGNED BY
JOHN HALLETT

Mr. Ephraim Ilin
Chairman of the Board
Kaiser-Ilin Industries
P. O. Box 35
Haifa, Israel

cc: Mr. Edgar F. Kaiser ✓

bc: Mr. S. A. Girard
Mr. Keith Covelle

RECEIVED

JAN 23 1961

EDGAR F. KAISER
OAKLAND



ISRAEL

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FOLDER	YEAR	ENTITY
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E. F. K. ☒	E. E. T. ☐	
KAISER SERVICES - CENTRAL FILES		



KAISER EXECUTIVE OFFICE MEMORANDUM

TO

Mr. Leonard Schwartz

FROM

E. E. Trefethen, Jr.

SUBJECT

Jerome Nathan Field's letter of 3/22/62

DATE

March 26, 1962

MESSAGE

Reference the attached. In view of the uncertainty of my time, could you call this man and make an appointment to see him?

SIGNED

REPLY TO

Mr. E. E. Trefethen, Jr.

DATE

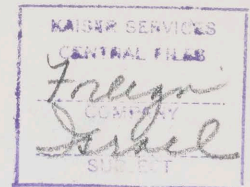
March 28, 1962

Re attached, Mr. Field visited me today. Dave Hardy sat in with me at the meeting. Mr. Field really had no specific business to discuss, but simply wished to make a contact for future possibilities. He will be working for the National Research and Development Council of the Israeli Government and will be charged with organizing a patent and cross licensing organization, charged with the orderly marketing of inventions and developed by the Government Research in Israel. It was with a view toward possible future interest of our companies in Israeli inventions that he wished to make this preliminary contact with us. He seemed pleased with the meeting and Hardy assures me we made no embarrassing commitments.

SIGNED

1

FRYER & TJENSVOLD
ATTORNEYS AND COUNSELORS AT LAW
1602 MILLS TOWER
SAN FRANCISCO, CALIFORNIA
GARFIELD 1-2674



March 22, 1962

E. E. Tresethen, Jr.,
Executive Vice-President
Kaiser Industries
Kaiser Center
300 Lakeside Drive
Oakland, California

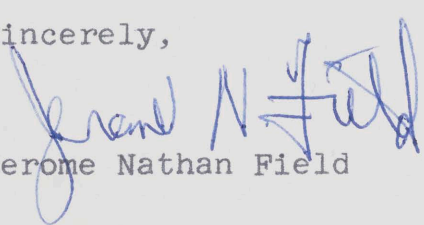
Dear Mr. Tresethen:

On April 1, I am leaving my law practice in San Francisco to assume a position as U. S. advisor to the Israeli government on patents and licensing.

In connection with this position I am informally speaking with appropriate members of U. S. management who have extended their corporate activities into Israel or are considering doing so in the future. To the extent that time permits I am also talking to members of the legal and industrial community who are interested in the Israeli industrial complex for future reference but are not presently extending their corporate activities into that country. The purpose of these discussions is to expedite the flow of information to interested U. S. management and supply in the future specifically requested information.

I would be pleased to have your own views on the now expanded international licensing program of the Israeli government. If you wish I can arrange to visit your offices before I leave the Bay Area to meet briefly with you and/or appropriate members of the Kaiser organization. If a meeting cannot be arranged but you feel I might be of some assistance in acquiring specific information about Israeli developments please inform me and I will arrange to have this information forwarded upon my arrival in Jerusalem. Since I am leaving San Francisco on April 1, an early reply would be appreciated.

Sincerely,


Jerome Nathan Field

JNF/vrm

TELEGRAM

- ☐ Fast
☐ Day Letter
☐ Night Letter

CABLE

- ☐ Ordinary
☐ Night Letter
☐ Code

WIRE MESSAGE

☐ PREPAID☐ COLLECT

KAISER SERVICES
 CENTRAL FILES
Edgar F. Kaiser
 E. F. KAISER

Message
 Number

- ☐ ORIGINAL—To Wire Room Only
☐ DUPLICATE—For File or Confirmation

Time Filed _____

By Operator _____

Job No. 2059

Authorized by

JOHN HALLETT

Dept. KEI 1000

FORM KE P-70884

MARCH 13, 1962

TELEX

NOAH KARLIN
 DANOTEL
 TELAVIV (ISRAEL)

TEAM ARRIVES MARCH FIFTEENTH FIVE FIFTEEN PM VIA TWA FLIGHT
 EIGHTHUNDRED APPRECIATE ASSISTANCE RESERVATIONS FOUR ROOMS

DAN HOTEL STOP PLEASE ADVISE GOLAN STOP WOULD BE HELPFUL IF
 SOLELBONEH COULD PREPARE COMPLETE LIST OF ALL PLANT AND

EQUIPMENT PURCHASED AND COMMITTED FOR INCLUDING PRICE ALSO
 LIST OF COMPLETED BID ITEM QUANTITIES AS OF THIS DATE REGARDS

HALLETT

cc: Edgar F. Kaiser
 M. Miller
 Frank Cornwall
 A. M. Shelton/David Hardy
 Stanley Kimball

RECEIVED

MAR 14 1962

EDGAR F. KAISER
 OAKLAND

TELEGRAM

- ☐ Day Letter
- ☐ Day Letter
- ☐ Night Letter

WIRE MESSAGE

☐ PREPAID ☐ COLLECT

CABLE

Operator	
Station	
Code	
Time	

From	
To	
Subject	

☐ ORIGINAL - To Wire Room Only
☐ DUPLICATE - For File or Confirmation

Time Filed _____ By Operator _____

Job No. _____

Authorized by _____

Dep't _____

MAR 14 1965

RECEIVED

RECEIVED

TEAM ARRIVES MARCH 14 1965 WITH EIGHTEEN PM VISA FLIGHT
 EIGHT HOURS AND APPROPRIATE ASSISTANCE RESERVATIONS YOUR ROOM
 CAN BE STOP PLEASE ADVISE COLLECT STOP WOULD BE HELD IN
 SO LATER ON GOING PLEASE COMPLETE LIST OF ALL PLANT AND
 EQUIPMENT PURCHASED AND COMMITTED FOR INCLUDING PRICE ALSO
 LIST OF COMPLETED AND ITEM QUANTITIES AS OF THIS DATE RECORDS

RECEIVED

cc: Edgar E. Kaiser
 M. Miller
 Frank Corwell
 E. M. Shelton/David Wray
 Stanley Kimball

RECEIVED

MAR 14 1965

EDGAR E. KAISER
OAKLAND

Foreign. Israel
 Gen. Transportation
 " Hotels

MARCH 12, 8:00 am, 1962



MESSAGE FOR MR. JOHN HALLETT:

Below
HAD VERY LENGTHY DISCUSSIONS WITH SIMCHA, HAIM AND OFFICIAL
QUARTERS TO WHOM I HAVE SHOWN OUR RECENT TELEX EXCHANGES.

UNDERSTAND SIMCHA INTENDS CABLING YOU TODAY AND MY PRESENT
MESSAGE IS INTENDED AS PERSONAL AND CONFIDENTIAL FOR YOUR
GUIDANCE:

1. QUESTION OF EXPENSES OF YOUR TEAM IS NOT THE DIFFICULTY.
VITAL FACTOR IS NOW TIME ELEMENT IN FACE OF UNCERTAINTY

HERE WHETHER YOU WILL FINALLY AGREE TO ENTER THE
PROJECT.

2. POSITION IS THAT FRENCH OPTION EXPIRES MARCH 25TH AND
AS SOLEL BONEH CANNOT EVEN CONSIDER MAKING A REQUEST

FOR ANY EXTENSION IT IS MANDATORY FOR THEM TO MAKE A
FINAL DECISION WELL BEFORE THAT DATE.

3. OUR DISCUSSIONS IN ROME WERE REPORTED ON THE HIGHEST
LEVEL HERE AND IT WAS HOPED THAT AFTER YOU HAD THE

OPPORTUNITY OF CONSULTING MR. KAISER YOU WOULD BE
ABLE TO CONFIRM YOUR WILLINGNESS IN PRINCIPLE TO ENTER

A NEW ^{JOINT} VENTURE ON THE BASIS OF YOUR ORIGINAL BID AND FOR
COMPLETION WITHIN THE PRESENT CONTRACT TIME LIMIT.

4. SUCH CONFIRMATION WOULD NATURALLY BE MADE SUBJECT TO
GOVERNMENTS ACCEPTANCE OF CHANGES IN INTERMEDIATE

COMPLETION DATES AS REQUIRED BY YOU (ON WHICH I HAVE
BEEN INFORMED THERE SHOULD BE NO DIFFICULTY) AND TO

YOUR SATISFYING YOURSELVES THAT THE NEW JOINT VENTURE
WOULD START ON A FRESH CLEAR BASIS FREE OF ANY LOSS

OR BURDEN ARISING OUT OF ANY PAST ACTIVITIES OR
COMMITMENTS.

MR. MILLER WOULD BE GIVEN THE FULLEST OPPORTUNITY TO
EXAMINE AND ASSESS THESE FACTORS AND DOUBTLESS AT

SAME TIME AN UNDERSTANDING ON LINES DISCUSSED IN ROME
COULD BE REACHED AS TO DOLLAR CONTENT REQUIREMENTS.

YOU HAVE ALREADY BEEN INFORMED BY SOLEL BONEH THAT
NO DIFFICULTIES ARE EXPECTED ON ANY OF THESE POINTS.

5. HOPE YOU WILL APPRECIATE THAT MAXIMUM EFFORT HAS
BEEN MADE BY BOTH GOVERNMENT AND SOLEL BONEH TO MEET

YOUR REQUIREMENTS AND IN FACT THEY HAVE GONE MUCH
BEYOND WHAT EVER WAS ORIGINALLY CONTEMPLATED.

NEVERTHELESS, HOWEVER GREAT THEIR GOODWILL AND
DESIRE TO REACH AN AGREEMENT WITH YOU THEY CAN NO

LONGER POSTPONE FINAL DECISIONS WITHOUT RISKING FALLING
BETWEEN THE ALTERNATIVES. AM SURE YOU WOULD BE THE

LAST TO WISH TO SEE THEM RUN THIS RISK WITH THE
INEVITABLE FURTHER DISRUPTION OF WORK AND OTHER GRAVE

CONSEQUENCES THAT IT WOULD ENTAIL.

6. CONFIDENT YOU WILL APPRECIATE POSITION AND TRUST THAT
YOU WILL BE ABLE TO COOPERATE. MYSELF EXPECT RETURN

LONDON TUESDAY OR WEDNESDAY BUT WOULD BE GLAD
REMAIN LONGER IF CAN BE HELPFUL IN ANY WAY. ANYWAY

GRATEFUL YOUR EARLY REPLY CARE DAN HOTEL REGARDS

NOAH KARLIN

cc: Edgar F. Kaiser ✓

Frank Cornwall

M. Miller

A. M. Shelton/David Hardy

Stanley Kimball

THE STANDARD REGISTER CO. - PACIFIC DIVISION - OAKLAND - LOS ANGELES - U. S. A.

THE STANDARD REGISTER CO. - PACIFIC DIVISION - OAKLAND - LOS ANGELES - U. S. A.

WESTERN UNION TELEGRAM

WUA013 0 CBU035 JN338/HEC303/4087 99/97 PD INTL
TCD HAIFA VIA WUCABLES 11 1416
LT KAISENGS
OAKLAND (CALIF)

KAISER SERVICES
CENTRAL FILES
John Hallett
E. F. KAISER

19

JOHN HALLET FRECARB AND TELEX TO KARLAIN OUR POSITION FOLLOWING
STOP BASIS OF NEGOTIATIONS AS OUR UNDERSTANDING YOU ARE
PREPARED ABIDE BY YOUR TENDER AS CONFIRMED IN SUBSEQUENT
LETTERS TO GOVERNMENT AND WHICH WAS HIGHER OR APPROXIMATELY
EQUAL MOST OTHER BIDS STOP AS TIME NOW AVAILABLE COMPLETION
IS WELL IN EXCESS OF THAT INDICATED BY KAISERS AT ANY
TIME CONDITIONS IN FACT MORE FAVOURABLE NOW ISTIO IF YOU
CONFIRM THAT OUR SOME CONCLUSIONS WOULD FORM BASIS FOR
AGREEMENT WE WOULD SEE PURPOSE IN SENDING YOUR TEAM STOP
SHALL APPRECIATE EARLY REPLY

NSICHCA GLAN

JOHN FRECARB ISTIO NSICHCA GLAN.
47A PST MAR 12 62

MAR 12 9 12 AM '62

RECEIVED
MAR 12 1962
JOHN HALLETT

TELEGRAM

- ☐ Fast
☐ Day Letter
☐ Night Letter

CABLE

- ☐ Ordinary
☐ Night Letter
☐ Code

WIRE MESSAGE

☐ PREPAID ☐ COLLECT

KAISER SERVICES
CENTRAL FILES
<i>Israel</i>
E. F. KAISER

- ☐ ORIGINAL—To Wire Room Only
☐ DUPLICATE—For File or Confirmation

Time Filed _____

By Operator _____

Message
Number _____

Job No. 2059

Authorized by

JOHN HALLETT

Dept. KEI 1000

FORM KE P-70884

MARCH 12, 1962

TELEX

NOAH KARLIN
DANOTEL
TELAVIV (ISRAEL)

FOLLOWING CABLE SENT GOLAN TODAY QUOTE REURTEL OUR POSITION
CLEARLY STATED IN OUR LAST CABLE TO KARLIN DATED MARCH NINTH

STOP OUR TEAM PREPARED TO LEAVE IMMEDIATELY UPON RECEIPT OF
YOUR CABLED ACCEPTANCE OF PROPOSAL OUTLINED IN MARCH TENTH

CABLE TO KARLIN AND TO USE BEST EFFORTS TO REACH UNDERSTANDING
WITH YOU BEFORE MARCH 25 STOP HOWEVER OUR MANAGEMENT NOT

WILLING TO TAKE OVER JOB AT ORIGINAL BID PRICE BEFORE VISITING
SITE AND REVIEWING CONDITIONS AS THEY EXIST TODAY UNQUOTE

PLEASE ADVISE GOLAN THAT MISTER MILLER WILL BE FULLY AUTHORIZED
TO MAKE FINAL DECISION FOR COMPANY IN ISRAEL AFTER HE HAS

COMPLETED REASSESSMENT OF PROJECT

JOHN HALLETT

cc: Edgar F. Kaiser ✓
Frank Cornwall
M. Miller
A. M. Shelton/David Hardy
Stanley Kimball

RECEIVED

MAR 13 1962

EDGAR F. KAISER
OAKLAND

TELEGRAM

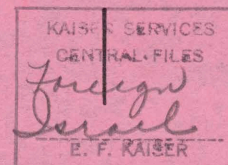
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By Operator _____

Message
Number _____

Job No. 2059

Authorized by JOHN HALLETT

Dept. KEI 1000

FORM KE P-70884

MARCH 12, 1962

LT
SIMCHA GOLAN
SOLELBONEH
HAIFA (ISRAEL)

REURTEL OUR POSITION CLEARLY STATED IN OUR LAST CABLE TO
KARLIN DATED MARCH NINTH STOP OUR TEAM PREPARED TO LE AVE

IMMEDIATELY UPON RECEIPT OF YOUR/CABLED ACCEPTANCE OF
PROPOSAL OUTLINED IN MARCH TENTH CABLE TO KARLIN AND TO

USE BEST EFFORTS TO REACH UNDERSTANDING WITH YOU BEFORE
MARCH 25 STOP HOWEVER OUR MANAGEMENT NOT WILLING TO TAKE

OVER JOB AT ORIGINAL BID PRICE BEFORE VISITING SITE AND
REVIEWING CONDITIONS AS THEY EXIST TODAY

JOHN HALLETT

cc: Edgar F. Kaiser ✓
Frank Cornwall
M. Miller
A. M. Shelton/David Hardy
Stanley Kimball

TELEGRAM

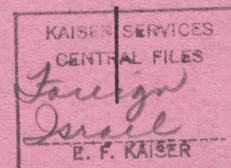
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By Operator _____

Message
Number _____

Job No. 2059

Authorized by _____

JOHN HALLETT

Dept. _____

KEI 1000

FORM KE P-70884

MARCH 9, 1962

TELEX

NOAH KARLIN
DANOTEL
TELAVIV (ISRAEL)

REURTEL CONFIRM THAT OUR POSITION IS COLON ONE WE ARE WILLING TO
ASSUME COST OF STUDY IF OUR PROPOSAL EXCEEDS OUR ORIGINAL BID

PRICE PROVIDED THAT AS STATED IN YOUR CABLE THIS WILL BE A NEW
JOINT VENTURE ON A FRESH CLEAR BASIS NO LOSS HAVING BEEN

SUFFERED OR ADDITIONAL BURDEN HAVING BEEN IMPOSED AS A RESULT
OF ANY MOBILIZATION OR WORK OR COMMITMENTS OF ANY KIND INCURRED

SO FAR STOP TWO HOWEVER WE MUST POINT OUT THAT WE WILL HAVE TO
HAVE MORE DOLLARS THAN INCLUDED IN THE PRESENT CONTRACT STOP

THREE FURTHERMORE IN VIEW OF THE TIME WHICH HAS ALREADY
ELAPSED WE BELIEVE IT WILL BE NECESSARY TO READJUST SOME OF THE

INTERMEDIATE COMPLETION DATES STOP FOR EXAMPLE PRESENT
CONTRACT CALLS FOR THE SHALLOW WATER WHARF TO BE COMPLETED

WITHIN TWENTYFOUR MONTHS AND WITH APPROXIMATELY HALF OF THE
TIME ELAPSED AND NO WORK HAVING BEEN STARTED ON THIS STRUCTURE

WE BELIEVE MORE TIME WILL BE REQUIRED STOP HOWEVER WE WOULD
BE WILLING TO AGREE THAT NEW JOINT VENTURE ACCEPT THE FINAL

COMPLETION DATE SHOWN IN THE CONTRACT SUBJECT TO THE PENALTY
STATED IN THE CONTRACT STOP FOUR TO SUM UP WE ARE WILLING TO

UNDERTAKE THE STUDY WITH THE UNDERSTANDING THAT IF OUR PROPOSAL
AS OUTLINED IN ONE EXCEEDS OUR ORIGINAL BID THE STUDY WILL BE FOR

OUR ACCOUNT BUT IF OUR PROPOSAL IS WITHIN THE ORIGINAL BID AND WE
ARE UNABLE TO CONCLUDE AN ARRANGEMENT BECAUSE OF UNSATISFACTORY

CONDITIONS AS TO DOLLARS AVAILABLE AND INTERMEDIATE TIME
ADJUSTMENTS OR FOR ANY OTHER REASON WE WILL EXPECT TO BE

☒ TELEGRAM

- ☐ Fast
☐ Day Letter
☐ Night Letter

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☐ Night Letter
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By Operator _____

Message
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Job No. _____

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Dept. _____

FORM KE P-70884

- 2 -

REIMBURSED FOR OUR STUDY AS OUTLINED IN OUR FIRST CABLE STOP
PLEASE ADVISE SIMCHA STOP YOUR EARLY ATTENTION WOULD BE

APPRECIATED AS WE HAVE SOME CRITICAL SCHEDULING PROBLEMS ON
ON PERSONNEL STOP REGARDS

JOHN HALLETT

cc: Edgar F. Kaiser ✓
Frank Cornwall
M. Miller
A. M. Shelton/David Hardy
Stanley Kimball

WHAT ARE YOU ASKING

DANOTEL SPEAK UP YOU ARE CONNECTED TO OAKLAND 198



R DANOTEL TV

MESSAGE FOR MR JOHN HALLETT

THANKS YOUR MESSAGE WHICH CLARIFIES POSITION FOR ME STOP I BELIEVE

THAT ALL PARTIES APPRECIATE THE DESIREABILITY OF ESTABLISHING -
IN

EFFECT A NEW JOINT VENTURE ON A FRESH CLEAR BASIS STOP HOWEVER -
MY

FEELINGS ^{IS} THAT YOU ^{WR} CABLE TO SOLEL BONEH ^{CREATED A DIFFERENT} CREATEAT DIFFEREENMI - 3/6/62

IPRESSION ^{IMPRESSION}

TO WHAT YOU INTEND STOP IF YOU COULD MAKE IT CLEAR TO THEM THAT -
YOUR

ORIGINAL BID REMAINS THE BASIC FACTOR IN YOUR THINKING SUBJECT -
TO

NO LOSS HAVING BEEN SUFFERED OR ADDITIONAL BURDEN HAVING BEEN -
IMPOSED

AS A RESULT OF ANY MOBILISATION OR WORK OR COMMITMENTS OF ANY K-
IND

INCURRED SO FAR I THINK THE SUGGESOTIN IN YOUR CBLE WOULD BE B-
ETTER

UNDERSTOOD AND EASIER TO IMPLEMENT REGARDS

NOAH KARLIN

SCHWABACHER-FREY

1962

TELEGRAM

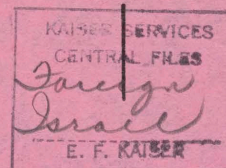
- ☐ Fast
☐ Day Letter
☐ Night Letter

WIRE MESSAGE

☒ PREPAID☐ COLLECT

CABLE

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☐ Night Letter
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Time Filed _____

By Operator _____

Message
Number _____

Job No. 2059

Authorized by JOHN HALLETT

Dept. KEI 1000

FORM KE P-70884

TELEX
 NOAH KARLIN
 DANOTEL
 TEL AVIV ISRAEL

RECEIVED

MARCH 7, 1962

MAR 7 1962

EDGAR F. KAISER
 OAKLAND

REURTEL STOP REGARDING POINT NUMBER ONE WE CANNOT ACCEPT
 YOUR SUGGESTION FOR THE FOLLOWING REASONS STOP THE QUESTION

OF WHETHER OUR PROPOSAL WOULD BE WITHIN LIMITS OF OUR
 ORIGINAL BID IS DEPENDENT ON THE EXTENT OF LOSS IF ANY WHICH

THE PRESENT CONTRACTORS HAVE INCURRED TODATE STOP THIS CANNOT
 BE DETERMINED UNTIL INVESTIGATION IS MADE ON THE GROUND STOP

FURTHERMORE WE HAVE TO DETERMINE THE EXTENT OF EXPENDITURES
 MADE BY THE PRESENT CONTRACTORS FOR PLANT AND MOBILIZATION

WHICH MAY NOT FIT IN WITH OUR PLAN OF OPERATIONS AND THEREFORE
 WOULD BE A FURTHER CHARGE TO THE JOB STOP ANOTHER UNKNOWN

IS THE COST OF TERMINATING THE PRESENT ARRANGEMENT WITH THE
 FRENCH CONTRACTORS STOP YOU CAN APPRECIATE FROM THE

FOREGOING THAT THE PROBLEM IS NOT SIMPLY THE COST OF
 PERFORMING THE WORK BUT ALSO TO EVALUATE THESE OTHER FACTORS

TO SEE WHAT EFFECT THEY WILL HAVE ON THE TOTAL COST OF THE
 JOB STOP WITH RESPECT TO YOUR POINT NUMBER TWO WE

RECOGNIZE IT IS TO EVERYBODY'S ADVANTAGE TO COMPLETE THIS
 STUDY AS SOON AS POSSIBLE AND MISTER MILLER WILL HAVE

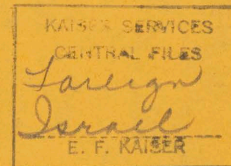
SUFFICIENT ASSISTANCE TO DO THE JOB PROMPTLY BUT WE CANNOT
 COMMIT THAT WE WILL DO IT WITHIN TWO WEEKS REGARDS

JOHN HALLETT

cc: Edgar F. Kaiser ✓
 Mike Miller
 S. Kimball
 A. M. Shelton/ D. Hardy

Edgar F. Kaiser ✓
Mike Miller
S. Kimball
A. M. Shelton/D. Hardy

MAR 7 11 07 AM '62



9

R DANOTEL TV

OAKLAND CALIFORNIA OA 198

MESSAGE FOR MR JOHN HALLETT

CONTENTS YOUR CABLE HAVE BEEN COMMUNICATED TO ME BUT WITHOUT OFFICIAL COMMENT SO FAR STOP HOWEVER MY OWN IMPRESSION IS THAT YOUR SUGGESTION MUST PROVE A VERY DISAPPOINTING FOR PSYCHOLOGICAL EVEN MORE THAN PRACTICAL REASONS AS IT GOES LESS FAR THAN YOU WENT IN ROME WHEN YOU INDICATED THAT IF YOUR ORIGINAL BID WERE TAKEN AS A BASIS YOU WOULD CONSIDER EXPENSE OF SENDING YOUR TEAM TO BE JUSTIFIED STOP CONSEQUENTLY URGE YOU CONSIDER SENDING FURTHER CLATIFYING CABLE COVERING FOLLOWIN

G

FOLLOWING POINTS

1. YOUR REQUEST FOR REPAYMENT EXPENSES SHOULD BE UNDERSTOOD AS APPLYING ONLY IF YOUR PROPOSAL WILL BE WITHIN LIMITS OF YOUR ORIGINAL BID AND WILL NEVERTHELESS NOT BE ACCEPTED.

2 SPECIFY TIME REQUIRED FOR YOUR TEAM TO COMPLETE THEIR ASSESSMENT AND TO PRESENT PROPOSAL . MY IMPRESSION THAT FOR OBJECTIVE REASONS MAXIMUM TIME WHICH WOULD BE PRACTICAL FOR OUR FRIENDS TO ACCEPT WOULD BE TWO WEEKS

TRUST YOU WILL APPRECIATE THAT PURPOSE MY ABOVE MESSAGE IS SOLELY TO EXPLORE EVERY POSSIBILITY CREATE FORMULA WHICH COULD BE ACCEPTABLE TO ALL CONCERNED AND WHICH WOULD IMPLEMENT THE GENUINE GOODWILL WHICH I AM CONVINCED EXISTS ON BOTH SIDES AND IN OFFICIAL QUARTERS AND THUS CREATE A SOUND BASIS FOR SUCCESSFUL AND MUTUALLY BENEFICIAL COOPERATION

TELEGRAM

- ☐ Fast
☐ Day Letter
☐ Night Letter

WIRE MESSAGE

☐ PREPAID ☐ COLLECT

CABLE

- ☐ Ordinary
☐ Night Letter

☐ Code
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 Message Number
 F. KAISER

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☐ DUPLICATE—For File or Confirmation

Time Filed

By Operator

Job No. 2059 Authorized by JOHN HALLETT Dept. KEI 1000
 FORM KE P-70884

RECEIVED

MARCH 6, 1962

MAR 7 1962

EDGAR F. KAISER
 OAKLAND

LT
 SIMCHA GOLAN
 SOLELBONEH
 HAIFA (ISRAEL)

HAVE HAD LENGTHY DISCUSSION WITH MISTER EDGAR KAISER AND OTHERS
 OF OUR TOP MANAGEMENT GROUP REGARDING OUR MEETINGS IN ISRAEL

AND ROME STOP WE ARE PREPARED TO SEND TO ISRAEL A TEAM HEADED
 BY MISTER MICHAEL MILLER ONE OF OUR SENIOR VICE PRESIDENTS WHO

REPORTS DIRECTLY TO MISTER KAISER STOP THIS TEAM WOULD MAKE AN
 INDEPENDENT RE-EVALUATION OF THE JOB WITH RESPECT TO COST AND

TIME OF PERFORMANCE STOP FOLLOWING THIS RE-EVALUATION WE ARE
 PREPARED TO SUBMIT A DEFINITE PROPOSAL STOP IF WE CONCLUDE A

WORKING ARRANGEMENT AND TAKE OVER THE JOB WE WILL ASSUME THE
 TOTAL COST OF THIS STUDY STOP IF HOWEVER WE ARE NOT ABLE TO

REACH SUCH AN AGREEMENT WE WOULD EXPECT TO BE REIMBURSED BY
 YOU FOR ALL OUT OF POCKET COSTS BUT NOT TO EXCEED TWENTY

THOUSAND DOLLARS STOP SUCH COSTS WOULD INCLUDE SALARIES AND
 EXPENSES FOR ALL PERSONNEL EXCEPTING ONLY THE SALARY OF

MISTER MILLER STOP IF WE CONCLUDE AN ARRANGEMENT WE WILL TAKE
 INTO OUR SHARE THE MACCO CORPORATION THE PARTNER WITH WHOM

WE ORIGINALLY BID THIS JOB STOP REGARDS

JOHN HALLETT

cc: Edgar F. Kaiser ✓
 M. Miller
 A. M. Shelton
 Stanley Kimball

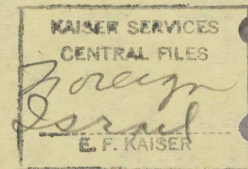
3
ON
TELEGRAM

27-208 0 CDU509 CCT1369 00B82 169

MD INTL FR

CD LONDON VIA COMMERCIAL 2 1702

cc: LK Schwartz
GR Ordway



MAR 2 1 07 PM

EDGAR KAISER KAISENGS

OAKLAND (CALIF)

ON THEIR INITIATIVE MET GOLAN GUERON AND KARLIN

IN ROME STOP OFFER NOW UP TO OUR ORIGINAL BID

PRICE FOR COMPLETION BY ORIGINAL CONTRACT DATE

OF DECEMBER 15 1964 STOP WHAT HAPPENS IF

WE MISS THAT DATE UNRESOLVED AND SUBJECT TO TRADE

STOP ADDITIONAL REVENUE TO BE IN FOREIGN CURRENCY

AND IF MORE FOREIGN CURRENCY REQUIRED OPEN TO CONVERTING

PART OF POUND REVENUE TO DOLLARS AT OLD RATE

OF ONE POINT EIGHT STOP THEY WERE IN CONTACT

WITH ESHKOL WHO WAS IN ROME AND

ASSUME DEAL HAS GOVERNMENT BLESSING STOP EYE ASKED

IF GOVERNMENT WAS WILLING CONFIRM IN WRITING AND REPLY

WAS GOVERNMENT NOT WILLING PENDING FINALIZING DETAILS

JOINT VENTURE AGREEMENT STOP EYE LEFT IT THAT

EYE WOULD DISCUSS WITH YOU AND ADVISE THEM FOREPART

NEXT WEEK WHETHER WE HAD ANY INTEREST IN SPENDING

THE MONEY NECESSARY TO MAKE NEW EVALUATION STOP THIS

WAS ENTIRELY SATISFACTORY TO THEM AND THEY INDICATED

THEY WERE WILLING TO COME TO OAKLAND IF WE

SO DESIRED SHALOM

JOHN

15 1964 .

1247P PST MAR 2 62

762

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To JOHN HALLETT

TO OBTAIN FAST AND
ACCURATE SERVICE
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2/16/64 19

via W.U. Cables

DANOTEL
TELAVIV (ISRAEL) via WUC

PLEASE CABLE BEACH LUXURY HOTEL KARACHI BRIEF
REPORT AS TO YOUR IMPRESSIONS STOP ~~MY SCHEDULE~~
~~LEAVE NEW YORK SATURDAY SEVENTEENTH WITH NASS~~
~~AND PERLIK VIA PAKISTAN AIRLINES~~ ARRIVE KARACHI TWO
TWENTY-FIVE MORNING OF MONDAY NINETEENTH STOP HAVE
TO BE BACK IN NEWYORK FOR STEEL COMMITTEE MEETINGS
STARTING TUESDAY TWENTY-SEVENTH STOP AM HOPING
MEET SAM BANKS AND WAPDA OFFICIALS ALSO
BIRDSEYE VIEW JOB IF TIME PERMITS STOP

Sender's address
for reference

could page 2

Sender's telephone
number

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Punta Arenas
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THE WESTERN UNION TELEGRAPH COMPANY
INTERNATIONAL COMMUNICATIONS
60 HUDSON STREET
NEW YORK, N. Y.

KAISER SERVICES
CENTRAL FILES
*Foreign
Israel*
E. F. KAISER

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INTERNATIONAL COMMUNICATIONS

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TO OBTAIN FAST AND
ACCURATE SERVICE
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19 _____

To JOHN HALLETT*via W.U. Cables*Page 2 *via*

IF IT WERE POSSIBLE FOR YOU TO JOIN ME KARACHI
FOR ONE OR TWO DAYS EYE WOULD APPRECIATE IT
HOWEVER DO NOT BELIEVE IT IS OF SUFFICIENT
IMPORTANCE TO INTERFERE WITH YOUR CURRENT
NEGOTATIONS IF YOUR CONTINUED PRESENCE ~~THERE~~ ^{THERE}
ADVISED STOP PURPOSE MY SUGGESTING MEETING
KARACHI TWOFOLD ONE REVIEW LINK CANAL TOGETHER
TWO POSSIBILITY DISCUSSION ISRAEL WOULD BE
APPROPRIATE AND GIVE YOU REQUIRED SPACE FOR

Sender's address
for reference*cont'd page 3*Sender's telephone
number

MARK ALL YOUR MESSAGES "VIA WESTERN UNION"

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Sao Paulo
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VIRGIN ISLANDS

Charlotte Amalie
(St. Thomas)
Christiansted (St. Croix)

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THE WESTERN UNION TELEGRAPH COMPANY

INTERNATIONAL COMMUNICATIONS

60 HUDSON STREET

NEW YORK, N. Y.

Charge to the account of _____

\$ _____

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FULL RATE	
CABLE LETTER	
PRESS	

Patrons should check class of service desired; otherwise the cablegram will be transmitted at full rates.

WESTERN UNION

INTERNATIONAL COMMUNICATIONS

CABLEGRAM

W. P. MARSHALL PRESIDENT

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ACCOUNTING INFORMATION
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Send the following message subject to the conditions, rules and regulations of The Western Union Telegraph Company set forth in its tariffs on file with the Federal Communications Commission:

To JOHN HARLETT

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THE WESTERN UNION TELEGRAPH COMPANY
INTERNATIONAL COMMUNICATIONS
60 HUDSON STREET
NEW YORK, N. Y.

INTER-OFFICE MEMORANDUM

TO
ATJohn Hallett
Oakland

DATE

February 12, 1962

COPIES TO

Edgar F. Kaiser

RECEIVED

FROM

Stanley Kimball

FEB 13 1962

AT

ORIGINAL SIGNED BY
STANLEY KIMBALL
OaklandEDGAR F. KAISER
OAKLAND

JOB NO.

4005

SUBJECT

Ashdod Port Project - Israel

I am attaching hereto a revised summary in which I have attempted to express in figures some of the tangible benefits which I anticipate we could obtain should we enter the Ashdod Port Project with Solel-Boneh.

C
O
P
Y
As you recall, when we initially bid this work we ignored salvage value of equipment entirely on the quarry and only allowed a nominal amount of \$280,000 for the Port Project. Both considerations were unrealistic as the equipment will have definite and substantial salvage value. We have re-appraised this, based on hours of usage, and then deducted from the estimated salvage value the cost of rehabilitation, reconditioning, sales, and in the case of the quarry equipment, moving it to a port ready for shipment. In none of our calculations did we contemplate being able to sell the equipment in Israel.

I am attaching a revised Summary for Schedule "G", which incorporates the anticipated savings in rock and transportation included on the attached copy of the Hartuv Quarry Study. You will note that the revised summary for Schedule "G", assuming that we can complete the Port Project in accordance with our initial cost estimate, shows a profit margin of 25.2%. If we consider that we are satisfied with the 20% markup on cost, it gives us a contingency figure to cover over-expenditures or misspent funds in the amount of \$1,337,000.

The figures for the Port consider that no duty will be paid for construction equipment. Walter Treumann obtained a ruling to that effect when he was in Israel; however, the present contractors are paying duty on equipment under protest. They do have a tentative arrangement whereby they only pay 20% of the duty per year, and so they would not pay full duty unless the job lasted five years. On the quarry equipment we have allowed full duty of \$361,000 in our costs. In the event of full exemption, this amount could be added to the contingency figure.

2/12/62
Page 2.

It would be my recommendation that in connection with the Hartuv Quarry we let the quarry be a part of the Port Project, that we pay Hartuv the 650,000 equivalent dollars which they desire to cover their exploration expenses and the value of the rock, and, in addition, offer to sell them the quarry equipment at the completion of the Port Project for the estimated salvage value which the equipment would have for us, namely \$426,000. Based on hours of use, this equipment would have a real value to Hartuv Quarries of approximately \$911,000 so that they would literally gain capital assets of \$500,000 under this arrangement. I would also extend to them a 3-year payoff period after the conclusion of the Port.

SK/hg
Atts.

ASHDOD PORT PROJECT

REVISED SUMMARY SCHEDULE "G"

Original Estimate - Adjusted

Direct Cost	\$ 23,603,356	
Indirect Expense	1,610,000	
Plant & Equipment	<u>2,800,000</u>	
		28,013,356
Escalation		285,000
Less		
Duties		(598,000)
Salvage		
Total based on hrs.		
of usage	1,310,099	
Recondition &		
dismantle, 5% of		
2,202,263	110,113	
Sales expense, 5%		
of 2,202,263	<u>110,113</u>	
		220,226
		<u>(1,089,873)</u>
Total Estimated Cost		
based on Realistic Salvage		\$ 26,610,483
Adjustment for recommended		
revised rock & aggregate		
procedure		<u>(847,605)</u>
Adjusted Revised Cost		\$ 25,762,878
Solel-Boneh contract amt.	30,252,653	
Equivalent agreed Govt. bonus	<u>2,000,000</u>	
Adjusted equivalent contract amt.		<u>32,252,653</u>
Profit & Contingency	\$ 6,489,775	25.2%
20% Markup on revised cost		<u>5,152,575</u>
Contingency	\$ 1,337,200	

HARTUV QUARRY STUDY

Based on

Coarse rock	1,266,000
Port aggregate	244,500
Commercial aggreg.	<u>800,000</u>
Total	2,310,500 T.

Estimated Cost

Direct		
Labor	467,822	
Supplies	<u>824,502</u>	
Total Direct	1,292,324	
Indirect Expense	210,205	
Plant & Equipment	1,716,008	
Govt. Royalty	<u>46,210</u>	
Total Est. Cost		3,264,747
Less Equipment Salvage		
Total salvage/hrs. use	911,300	
Reduce duty	360,718	
Recondition, dismantle		
5% of 1,082,153	54,108	
Sales exp. 5% of		
1,082,153	54,108	
Shipping exp. (from original)	<u>16,279</u>	
	485,213	
Net Salvage		<u>(426,087)</u>
Total Estimated Cost	\$ 2,838,660	
Hartuv License	<u>650,000</u>	
Cost to Port Project		\$ 3,488,660

Rock at Quarry

Original Estimate

Allowance for rocks
& aggregate:

Aggregate 489,000	\$ 2.13	1,041,570
Rock 2,532,000	1.563	<u>3,958,430</u>

\$ 5,000,000

Revised Cost

Solel-Boneh portion

1,266,000 tons	1.88	2,380,080
----------------	------	-----------

Aggregate 244,500 T.	2.50	611,250
Less 10%		<u>61,125</u>

550,125

Less sp. discount

13,583

536,542

Hartuv Portion:

Total Estimated Cost	3,488,660
----------------------	-----------

Less cost chargeable
to comm. aggregate

1,500,000

1,988,660

\$ 4,905,282

Difference

\$ 94,718

Transportation

1. Original estimate

Haul 3,021,000	1.39	\$ 4,199,190
Haul Road Maintenance		249,522
Construction		333,710
Maint. Equip.		<u>112,550</u>

Total Estimate

\$ 4,894,972

2. Revised estimate

Solel-Boneh portion

877,500 T.	1.02	895,050
633,000 T.	1.18	<u>746,940</u>

\$ 1,641,990

Hartuv portion

1,266,000	1.39	1,759,740
244,500	1.30	317,850
Haul Road Maintenance		124,761
Construction		241,469
Maint. Equip.		<u>112,550</u>

\$ 2,556,370

Less salvage on equip. 50%

56,275

2,500,095

\$ 4,142,085

Difference

752,887

TOTAL ROCK & TRANSPORTATION

\$ 847,605

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Authorized by _____

JOHN HALLETT

Dept. _____

KEI 1000

FORM KE P-70884

FEBRUARY 8, 1962

Info
EPK
Talked to
Hallett

EDGAR F. KAISER
 NEW YORK OFFICE

THE FOLLOWING CABLE RECEIVED FROM TELAVIV LATE THIS AFTERNOON:
 QUOTE. RECEIVED YOUR CABLE SEVENTH STOP APPRECIATE READINESS

TO PROCEED JOINT ASHDOD PARTICIPATION STOP FIRMLY BELIEVE
 NEGOTIATIONS SHOULD BE HELD HERE OWING TO FACT THAT SEVERAL

GOVERNMENTAL AGENCIES CONCERNED IN THE MATTER CAN BE
 AVAILABLE ON THE SPOT AS AND WHEN REQUIRED FOR IMMEDIATE

CONSULTATIONS STOP ALSO POSSIBILITIES CHECKING DOCUMENTS ACCOUNTS
 AND ESTIMATE BREAKDOWNS EASIER HERE STOP SUGGEST THEREFORE YOUR

REPRESENTATIVES ARRIVE HERE SOONEST AND AM HOPEFUL SATISFACTORY
 SOLUTION CAN BE REACHED WITHIN SHORT TIME ON ALL LEGAL FINANCIAL

AND TECHNICAL QUESTIONS STOP IF THIS REQUEST MEETS WITH DIFFICULTIES
 ON YOUR PART WE ARE PREPARED TO COME OAKLAND STOP PLEASE ADVISE
 SIGNED SIMCHA GOLAN UNQUOTE.

IN VIEW OF LAST SENTENCE FOREGOING CABLE WE BELIEVE THAT SOLEL
 BONEH IS SINCERELY INTERESTED IN WORKING OUT A SATISFACTORY

ARRANGEMENT WITH US. THEREFORE WE RECOMMEND THAT WE SHOULD
 TRY TO WORK OUT A DEAL AND WE BELIEVE THAT THE FASTEST AND BEST

WAY TO DO THIS IS ON THE GROUND. THIS PERMITS THE NECESSARY
 PHYSICAL EVALUATION OF THE PROJECT AND DISCUSSIONS ON POLICY LEVEL
 WITH THE GOVERNMENT. IF YOU CONCUR WE PROPOSE THAT A NEW TEAM

CONSISTING OF HALLETT, HARDY, OUR CHIEF ACCOUNTANT BILOTTI AND
 ESTIMATORS SHOULD TAKE ON THIS ASSIGNMENT IN ISRAEL.

JOHN

cc: ~~David Hardy~~
~~Stanley Kimball~~
~~Leonard R. Schwartz~~
 Edgar F. Kaiser, Oakland

CABLE

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- ☐ Night Letter

- ☐ Ordinary
- ☐ Night Letter
- ☐ Code

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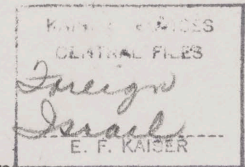
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FEB 10 1962

EDGAR F. KAISER
OAKLAND

DATA REQUIRED FOR EVALUATION
OF POSSIBLE ASHDOD PROPOSALS



1. Examination of the Solel-Boneh bid and cost estimates and comparison of unit prices (both in Israel currency and foreign currency components).
2. Review of financial statements and accounts of the existing joint venture.
3. Preparation of revised construction schedule.

REQUIRED LEGAL CHANGES IN
EXISTING AND PROPOSED CONTRACTS

1. Construction Contract
 - a. Eliminate liquidated damages for interim stages of completion.
 - b. Add strikes and labor disputes for force majeure clause (also possibly add weather and storms).
 - c. Consider modification of insurance and indemnity provisions.
 - d. Increase contract price in consideration of shortening final completion date.
 - e. Free currency conversion privileges and elimination of customs duties.
 - f. Bonus for citrus wharf.
2. Joint Venture Agreement
 - a. Buy out old joint venture rather than substitute partners.
 - b. Eliminate rock and quarry restrictions.
 - c. Eliminate management restrictions and guarantee of performance.
3. Hartuv Quarry
 - a. Lease to joint venture and joint venture operates.
 - b. Karlin to be reimbursed royalties payable to Government and share of joint venture profits, if any.
 - c. Highway right-of-way and reimbursement of highway costs by Government.

PORT FACILITIES - ASHDOD, ISRAEL

BID COMPARISON

Kaiser Bid (revised)	\$32,854,657	(\$33,169,270)
Kaiser Cost Estimate	<u>27,378,880</u>	
Mark-up	\$ 5,475,777	20%
Solel-Boneh Bid	\$30,252,650	
Kaiser Cost Estimate	<u>27,378,880</u>	
Mark-up	\$ 2,873,770	10.5%
Add \$1,500,000 Bonus	\$ 2,000,000	Equivalent
Mark-up	\$ 4,873,770	17.8%

ROCK REQUIREMENTS

	<u>Kilos</u>	
1,400,000 M. Tons	1-500	2-1100 pounds
50,000 " "	50-500	110-1100 pounds
550,000 " "	500-2000	.5-2 tons
253,000 " "	2000-4000	2-4 "
96,000 " "	4000-6000	4-6 "
22,000 " "	6000-9000	6-9 "
108,000 " "	9000-12000	9-12 "
<u>2,479,000</u> " "		
45,000 " "	RipRap 50-200	110-440 pounds
76,000 " "	Filter Blanket-1"	
6,000 " "	Revetment 50-500	
<u>488,000</u> " "	Concrete Aggregate	
3,094,000 M. Tons		

EQUIPMENT

Kaiser Estimate - Port Equipment	\$1,922,000
Kaiser Estimate - Quarry Equipment	<u>1,716,000</u>
Total	<u>\$3,638,000</u>

Solel-Boneh has spent for Equipment:

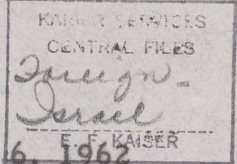
\$1,078,004
125,741
73,477
33,340

Total \$1,310,562

EXPENDITURES AND CONTRACT REVENUE

Expenditures	\$1,580,000	
	<u>2,083,000</u>	(IL 3,750,000)
Total	\$3,663,000	
Revenue	\$1,500,000	(Equivalent)

INTER-OFFICE MEMORANDUM



TO
AT

John Hallett
Oakland

DATE

February 6, 1962

COPIES TO

Edgar F. Kaiser ✓
L. K. Schwartz

RECEIVED FROM

FEB 7 1962

AT

EDGAR F. KAISER
OAKLAND JOB NO.

Stanley Kimball
**ORIGINAL SIGNED BY
STANLEY KIMBALL**
Oakland

4005

SUBJECT

Ashdod Port Project - Israel

C
O
P
Y

I think that we owe it to ourselves and to the Government of Israel to carry through and give a more definitive answer on the Ashdod Port Project. It would be my recommendation that we cable Solel-Boneh that we are sending a team to investigate the project in detail, and if we find that circumstances are comparatively similar to my appraisal of the work, we would indicate our willingness to assume responsibility for the project along the lines of the agreement dated January 25, 1962.

The analysis of the project made from January 22-25 inclusive indicated strongly that our acceptance of the responsibility for the completion of this work would be well within the limits set forth by our management when we bid the job and in subsequent negotiations. Our adjusted revised cost based on the same schedule as the Solel-Boneh contract is \$27,195,066. A 20% markup on this would be \$5,439,013. Subsequent negotiations in Paris and in Israel were premised on the willingness of the Kaiser-Macco Joint Venture to take a 50% interest if we could still recover, through bonus and profit, the 20% desired, or \$2,719,500 to us. As, at that time, Macco had a 20% interest in our share, the estimated profit returnable to Kaiser would have been \$2,175,600.

In the negotiations culminating in the agreement of January 25, 17¢ a ton over that which we used in the original estimate was added to the rock price from Hartuv Quarries for the reason that while on the Port project our participation would be 50%, on the quarry we would have a minimum of 65%. This made added cost to the project of \$421,000. A tabulation of the indicated return is as follows:

Solel-Boneh contract price		\$ 30,252,653
Kaiser original estimate	\$ 27,195,062	
Added rock cost	<u>421,430</u>	
Revised Total Estimated Cost		<u>27,616,492</u>
Estimated Profit		\$ 2,636,161

Kaiser profit study	
50% of job profit	\$ 1,318,080
Bonus to Kaiser	1,000,000
65% of extra profit Hartuv	<u>273,930</u>
Total Return	\$ 2,592,010
Anticipated Return	<u>2,175,600</u>
Excess	\$ 416,410

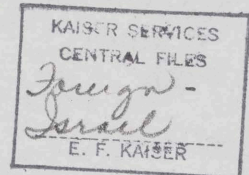
The \$416,000 excess appeared to be a cushion for covering contingencies or possible mis-spent funds by the present contractors.

There are other savings to be accomplished as a result of the agreement, primarily in being furnished the right-of-way for the road at no cost to us. Our original estimate allowed \$92,000 for this cost; subsequently, we have learned that our information was in error and the actual cost would have been \$255,000. It appears that assuming responsibility for completion of this job would give us an indicated profit well within our requirements.

While the proviso in the agreement allowing only ten days for acceptance by the Board of Directors appears to be the discordant factor and the reason therefor not readily explainable, the circumstances under which this was incorporated did not, at the time, lend themselves to another alternative.

SK/hg

INTER-OFFICE MEMORANDUM



TO FILE MEMORANDUM
AT

DATE February 6, 1962

FROM Edgar F. Kaiser

COPIES TO Mr. John Hallett
Mr. Stan Kimball

AT

SUBJECT

Draft a cable in the morning which acknowledges cables and telephone calls to Kimball, and states that we are willing to review this matter, provided we have additional time and can reconsider any points previously discussed as a result of our additional studies, but which in no event changes our position from that in our previous letter and cable, which denied any responsibility or any commitment to go ahead or any further consideration. You might want to include that in the process of this consideration, we would like to have Solel-Boneh's man and a lawyer from Solel-Boneh that understands the circumstances, and also our lawyer.

Edgar F. Kaiser

~~XXXX~~

INTER-OFFICE MEMORANDUM

TO Mr. Edgar F. Kaiser
AT

DATE February 2, 1962

FROM John Hallett

COPIES TO

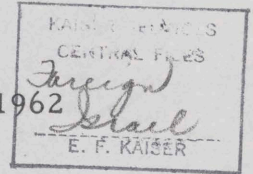
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FEB 3 1962

AT Oakland

EDGAR F. KAISER
OAKLAND

JOB NO.



SUBJECT

The following cable was received today in Stan Kimball's office from Noah Karlin in Tel Aviv:

"Following cable sent yesterday to Mr. Kimball to Kaisengs Sydney:

Attention Kimball. Simha and Diron returned tonight from Paris having satisfactorily completed mission stop Formalities required for confirmation Government acceptance your conditions nearly completed stop Meanwhile understand Haifa today received most surprising cable from Oakland which beyond our understanding stop Prepared meet you anywhere with strong mission empowered negotiate explain and dissipate any misunderstanding stop Position here highly critical Please cable most urgently. //

"Please also advise Mr. Hallett of our above message and add following:

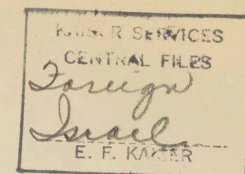
"When we cabled Kimball we had not yet had opportunity full discussion with contractors who only returned from Paris late last night stop If your reluctance is only due to ten days specified in contract being insufficient for full technical and financial analysis including visit of the engineer and accountant whom Kimball intended sending here then time limit could be extended to enable you satisfy yourselves on technical and financial position and if necessary to renegotiate any matters arising therefrom stop Such time extension would naturally retain right your Board to approve or veto agreement stop Trust you will appreciate that local contractors have burned their boats with present partners and their position most difficult stop During Kimball's visit every possible effort was made to meet your requirements and we are absolutely confident any difficulties or problems can be satisfactorily resolved with mutual goodwill which now firmly established with contractors and with Government stop Prepared meet you and/or Kimball together with contractors executives wherever necessary but feel that best solution could be arrived at here on the spot Urgently request you reconsider your decision in light of above not lose opportunity first class arrangement and future possibilities arising therefrom Kindest regards".

JH/b

Carlin

TELEX

February 2, 1962
Rec. 8:29 a.m.



Message for Mrs. Groschke, Secretary to Mr. Stanley Kimball:

Kaiser Engineers International:

Following cable sent yesterday to Mr. Kimball to KAISENGS Sydney:

"Attention Kimball. Simha and Giron returned tonight from Paris having satisfactorily completed mission stop Formalities required for confirmation government acceptance your conditions nearly completed stop Meanwhile understand Haifa today received most surprising cable from Oakland which beyond our understanding stop Prepared meet you anywhere with strong mission empowered negotiate explain and dissipate any misunderstanding stop Position here highly critical Please cable most urgently.

If he already left Sydney kindly ensure cable communicated to him and telex us his present address and itinerary stop Please also advise Mr. Hallett of our above message and add following:

When we cabled Kimball we had not yet had opportunity full discussion with contractors who only returned from Paris late last night stop If your reluctance is only due to ten days specified in contract being insufficient for full technical and financial analysis including visit of the engineer and accountant whom Kimball intended sending here then time limit could be extended to enable you satisfy yourselves on technical and financial position and if necessary to renegotiate any matters arising therefrom stop Such time extension would naturally retain right your Board to approve or veto agreement stop Trust you will appreciate that local contractors have burned their boats with present partners and their position most difficult stop During Kimball's visit every possible effort was made to meet your requirements and we are absolutely confident any difficulties or problems can be satisfactorily resolved with mutual goodwill which now firmly established with contractors and with Government stop Prepared meet you and/or Kimball together with contractors executives wherever necessary but feel that best solution could be arrived at here on the spot stop Urgently request you reconsider your decision in light of above not lose opportunity first class arrangement and future possibilities arising therefrom Kindest regards

Signed: KARLINSKI KARLIN
Cable address PALCEMENT Tel Aviv, Israel

As soon as you have received the above message please do your utmost to telex back to us in Tel Aviv that it has been received clearly and in time. It is most urgent and important for us to know this Thank you very much Our telex number is Tel Aviv 033 844

COPY

INTL FR CD TELAVIVJAFFA
VIA MACKAY 4 0010

BALLKIM (Stanley Kimball)
1051 WOODSIDE
BERKELEY (CALIF)

CABLED YOU YESTERDAY CHEVRON HILTON QUOTING MESSAGE
TELEXED TO HALLETT VIA HELEN GROSCHKE STOP IF YOU LEFT
SYDNEY BEFORE RECEIVING CABLE IMPORTANT YOU SHOULD ENQUIRE
CONTENTS FROM GROSCHKE STOP WE FEEL THAT SUGGESTIONS MADE IN
MESSAGE TO HALLETT ARE FULLY COMPATIBLE WITH EXPLANATION
GIVEN IN HIS OFFICIAL TO HAIFA STOP ALL PARTIES HERE STILL MOST
ANXIOUS COOPERATION WITH YOU AND GOVERNMENT COOPERATION
MORE THAN EVER ASSURED STOP FOR YOUR INFORMATION ARRANGEMENT
WITH FRENCH PARTNERS WAS MOST AMIABLE STOP LOCAL CONTRACTORS
SIMPLY REACQUIRE HUNDRED PERCENT OF VENTURE THUS LEAVING
THEM FREE CONCLUDE NEW JOINT VENTURE WITH YOU WITHOUT ANY
IMPLICATION THAT YOU TAKING OVER ANYONE ELSE'S INTERESTS STOP
WE APPRECIATE THAT HAVING ONLY JUST ARRIVED YOU MAY NOT YET
HAVE CLARIFICATION YOUR POSITION BUT MOST HELPFUL IF WE COULD
HAVE YOUR COMMENTS AND GUIDANCE REGARDING OUR SUGGESTION
FOR RENEWED NEGOTIATIONS HERE OR IN OAKLAND STOP ASSURE YOU
NO COMMITMENT WHATEVER YOUR PART BUT YOUR GUIDANCE NEEDED
AS OUR POSITION MOST DELICATE AND EMBARRASSING AND TIME
ELEMENT VERY IMPORTANT STOP AM READY TRAVEL IMMEDIATELY
ALONE OR WITH OTHERS IF YOU THINK DESIRABLE STOP STILL TRYING
TELEPHONE YOU BUT PLEASE CABLE URGENTLY REGARDS

NOAH
(KARLIN)

2059

KAISER ENGINEERS
CENTRAL FILES
Foreign
Israel
E. F. KAISER

1962, THIS AGREEMENT IS MADE THIS 25th day of January,

1/25/62

between

KAISER ENGINEERS AND CONSTRUCTORS INC., a Corporation existing under the Laws of the State of Nevada, U.S.A., having its main office at Kaiser Centre, Oakland, California (hereinafter referred to as "KAISER"), of the one part,

and

SOLEL BONEH'S OVERSEAS & HARBOUR WORKS CO. LTD., a Company registered under the Laws of the State of Israel, having its registered office at Solel Boneh Building, Solel Boneh Square, Haifa (hereinafter referred to as "SOLEL BONEH"), of the other part.

WHEREAS :

A. SOLEL BONEH have on the 11th day of January, 1961, entered into an Agreement for a Joint Venture with SOCIETE NATIONALE DE TRAVAUX PUBLICS and ENTERPRISE DE GRANDS TRAVAUX HYDRAULIQUES and UNION DE TRAVAUX ET D'ENTERPRISE (hereinafter referred to as "THE FRENCH ASSOCIATES") for the purpose of jointly tendering and contracting with the Government of Israel for the construction of a deep Port at Ashdod (hereinafter referred to as "THE JOINT VENTURE");

B. The Contract for the construction of the deep Port at Ashdod (hereinafter referred to as "THE PROJECT") has been awarded to THE JOINT VENTURE and THE JOINT VENTURE has entered into an Agreement with Government on the 30th day of March, 1961 (hereinafter referred to as "THE GOVERNMENT CONTRACT");

C. SOLEL BONEH have had discussions with THE FRENCH ASSOCIATES and have been verbally informed by them that THE FRENCH ASSOCIATES are prepared to withdraw from THE JOINT VENTURE against repayment to THE FRENCH ASSOCIATES of all the net investments which they will have made in THE PROJECT up to the date of their withdrawal therefrom, and their release from their share of the Performance Bond given by THE JOINT VENTURE to Government under THE GOVERNMENT CONTRACT;

D. KAISER have studied the present position of THE PROJECT and are satisfied that they are able to complete THE PROJECT on or before the 1st of September, 1964;

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E. SOLEL BONEH are desirous that KAISER shall, simultaneously with the withdrawal of THE FRENCH ASSOCIATES, enter as a Joint Venturer with SOLEL BONEH replacing THE FRENCH ASSOCIATES for the execution of THE PROJECT and that KAISER be substituted for THE FRENCH ASSOCIATES as a party in THE GOVERNMENT CONTRACT, and KAISER have agreed thereto PROVIDED THAT certain modifications be made in the conditions of THE GOVERNMENT CONTRACT and THE JOINT VENTURE Agreement of the 11th January, 1961, as hereinafter in this Agreement appearing,

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NOW THEREFORE IN PURSUANCE OF THE PREMISES AND IN CONSIDERATION OF THE MUTUAL OBLIGATIONS AND UNDERTAKINGS OF THE PARTIES HERETO, IT IS HEREBY DECLARED AND AGREED as follows:-

1. This Agreement shall come into effect on the fulfilment of all the following conditions, namely:

- (a) That KAISER be substituted for THE FRENCH ASSOCIATES as a party in THE GOVERNMENT CONTRACT;
- (b) That Government will agree to increase the present Government Contract Price by at least \$1,500,000 (One Million Five Hundred Thousand Dollars of the U.S.A.), as a bonus for completion of THE PROJECT by the 1st September 1964;
- (c) That Government will agree that any amount in Israeli currency which will accrue to KAISER as a result of their participation in THE PROJECT shall be repatriable and that the consent of the Controller of Foreign Exchange to that effect shall have been given together with his undertaking to allocate foreign currency at the official rate of exchange for the Israeli currency in the hands of KAISER;
- (d) That Government shall approve the construction of a road from Hartuv to Ashdod and procure for THE JOINT VENTURE the lands or rights to the lands for the construction of the road thereon without THE JOINT VENTURE being required to pay for such lands or rights to lands;
- (e) That Government shall allow the importation of the equipment and materials necessary for the operation of the Hartuv Quarry as if such equipment and materials were part of the equipment and materials for the purposes of THE PROJECT under THE GOVERNMENT CONTRACT;
- (f) That THE FRENCH ASSOCIATES will confirm in writing their agreement to withdraw from THE JOINT VENTURE on repayment to them of the net amount invested by them in THE PROJECT up to the date of the withdrawal, and their being released from the Performance Bond;
- (g) That the General Manager of the Israeli Railways will agree to reduce the quantity of rock and aggregates to be carried by rail as may be required, to the extent that rock and aggregate will be transported for THE PROJECT by road transport from Hartuv, at such rates as together with the cost of the stone and aggregates delivered to the Port of Ashdod shall not exceed the costs (including transport by road) of stone and aggregates delivered to the Port of Ashdod from Hartuv.

2. SOLEL BONEH hereby declares that:

- (a) the Financial Statement in respect of THE PROJECT as at the 31st December, 1961, attached hereto and marked

Schedule "A" is substantially true and correct and that the total costs and commitments to the date hereof are approximately IL.3,750,000 (Three Million Seven Hundred and Fifty Thousand Israel Pounds) and \$1,580,000 (One Million Five Hundred and Eighty Thousand Dollars of the U.S.A.), and that all such costs and commitments are all directly appertaining to THE PROJECT, and that the Contract Revenue to date is approximately \$1,500,000 (One Million Five Hundred Thousand Dollars of the U.S.A.) or the equivalent thereof in Israeli currency, and that KAISER shall have the unrestricted right to audit the accounts in respect of THE PROJECT up to the date of this Agreement coming into force;

\$2,042,500

(b) THE JOINT VENTURE has entered into the following Agreements:-

- (i) With Israel America Aggregates Ltd. for the supply of stone and aggregates, deliveries under which have not kept up with the quantities specified therein;
- (ii) With the General Manager of the Israeli Railways regarding the transport by rail of stone and aggregates;

(iii) With Underwriters covering all contractors' risks,

and that it has not entered into any other major Agreements.

3. KAISER confirm that they are well-acquainted with THE GOVERNMENT CONTRACT and all specifications, drawings, and plans connected therewith and with the present position of THE PROJECT, and declare that they will be able to complete THE PROJECT within the time limit fixed in THE GOVERNMENT CONTRACT.

4. On the withdrawal of THE FRENCH ASSOCIATES from THE JOINT VENTURE, KAISER will enter THE JOINT VENTURE, and a new Agreement governing the relations between the parties will be entered into on the following principles:

- (a) The parties hereto will participate in all rights and liabilities and all profits and losses of THE JOINT VENTURE in equal shares in all respects, and all contributions towards THE PROJECT shall be made by the parties pari passu;
- (b) All works shall be performed in the spirit of complete cooperation between the parties but KAISER will have the ultimate management responsibility for the operation of THE PROJECT. KAISER will nominate the Project Manager who will be in complete charge of the works in THE PROJECT and will be assisted by a Deputy Project Manager who will be nominated by SOLEL BONCH and who will be under the Project Manager's direction and will be conversant with all JOINT VENTURE dealings and activities.

5. KAISER will pay to THE JOINT VENTURE a sum equivalent to 50% (fifty per cent,) of the net investments made and to be made in THE PROJECT up to the date of the withdrawal of THE FRENCH ASSOCIATES from THE PROJECT, and THE JOINT VENTURE shall repay THE FRENCH ASSOCIATES their net investment in THE PROJECT.

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6. KAISER will replace the Performance Bond provided by THE FRENCH ASSOCIATES to an extent of 50% (fifty per cent.) of the total amount of the Performance Bond required - to the satisfaction of Government.

7. The parties agree that rock and aggregates necessary for THE PROJECT may be obtained from Hartuv Quarries and from Bareket and Binyamina Quarries, PROVIDED HOWEVER THAT the supply from Bareket and Binyamina Quarries shall be taken if:

- (a) SOLEL BONEH shall so request, and
- (b) Bareket and Binyamina Quarries shall deliver the rock and aggregates according to the working schedule required by THE JOINT VENTURE, and
- (c) the quantity taken shall in no event exceed 50% (fifty per cent.) of the total supply required for THE PROJECT, and
- (d) the price of the rock and aggregates from Bareket and Binyamina together with the cost of transport by rail to the Port of Ashdod shall not exceed the costs (including transport by road) of stone and aggregates delivered to the Port of Ashdod from Hartuv.

8. KAISER undertakes that Hartuv Quarries will supply THE JOINT VENTURE with rock at an average price of IL.3.15 per ton loaded on trucks at the Quarries and that the quantities to be supplied by Hartuv Quarries shall be as required by THE JOINT VENTURE up to 8,000 tons per day.

KAISER further undertakes that, if Bareket and Binyamina will not supply the rock and aggregates required, Hartuv Quarries will supply to THE JOINT VENTURE all the quantities of rock and aggregates required and that the stoppage of the supply of rock and aggregates from Bareket and Binyamina will not prevent the completion of THE PROJECT within the time fixed in THE GOVERNMENT CONTRACT.

9. Notwithstanding that the parties share equally in THE JOINT VENTURE, the amount to be received from Government by THE JOINT VENTURE, as an increase to the contract price as in Clause 1 (b) of this Agreement provided, shall be divided between the parties as to \$1,000,000 (One Million Dollars of the U.S.A.) to KAISER, and as to \$500,000 (Five Hundred Thousand Dollars of the U.S.A.) to SOLEL BONEH.

10. The parties will do their utmost to procure -

- (a) that the Government agrees to grant THE JOINT VENTURE an additional bonus for completion of the Citrus Wharf included in THE PROJECT prior to December 1st, 1963, and a reduced bonus, on a sliding scale, for such completion prior to May 1st, 1964, and such bonus shall be shared equally between the parties;
- (b) that the proposed road to be built by THE JOINT VENTURE from Hartuv to Ashdod will be absorbed, after the completion of THE PROJECT, into the highway system of Israel, and that Government will reimburse THE JOINT VENTURE for the cost of the construction of the said road.

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11. This Agreement shall come into force and effect if all the conditions specified in Clause 1 hereof shall be fulfilled not later than the 28th of February, 1962, PROVIDED THAT within 10 days from the date hereof neither of the parties hereto shall receive written notice from the other party that its Board of Directors has not ratified this Agreement, in which case this Agreement shall be null and void and of no effect.

12. This Agreement is subject to the consent of the Controller of Foreign Exchange having been obtained.

13. The parties hereto hereby waive and agree to dispense with the necessity of any notarial notice or protest in respect of any breach or non-performance of any of the terms hereof.

14. The address of the parties for the purposes of this Agreement shall be:

KAISER at:

C/O S. Horowitz & Co.,
20, Yehuda Halevi Street,
Tel-Aviv

SOLEL BONEH at:

Solel Boneh Building,
Solel Boneh Square,
Haifa

and any notice sent by registered mail by one party to the other shall be considered as having been received by the other party after 48 hours from its being handed over to the Post Office.

IN WITNESS WHEREOF the parties hereto have hereunto signed this Agreement on the day and year hereinbefore first written.

KAISER ENGINEERS AND CONSTRUCTORS
INC.

Alister L. L. Hall
Chairman

SOLEL BONEH OVERSEAS &
HARBOUR WORKS CO. LTD.

Solel Boneh

Schedule "A"

Joint Venture for the Construction of Ashdod Port
Tentative financial statement as on
31 st December 1961

<u>Assets</u>	<u>I.L.</u>	<u>\$</u>
Heavy Equipment	123.259	1.078.004
Transport Equipment	60.013	125.741
Office Furniture and Equipment	21.017	
Deposits - Port Authorities, Transport of Imported Equipment & Telephone Deposit (IL 21.500)	74.662	
Stock of Spare Parts & Materials at Book Value	134.499	
Materials on site (Plastiment & Sheet Piles)	85.052	57.629
Ministry of Transport - our invoices less payment	732.319	312.048
- do - retention money	175.690	45.047
Sundry Debtors: Staff 11.468.-		
Others 2.550.-	13.998	
Israel America Aggregates - Suspense account	28.186	
Work Executed and not billed	130.000	35.000
<u>Adjustment accounts</u>		
Insurance - balance not invoiced	568.295	87.079
Freight & Clearing charges	94.469	
Customs Duties	145.800	
Ceremony Expenses	35.000	
Prepaid expenses (detailed in app.5)	45.669	31.260
Expenses inst. skips on wagons	20.000	
Sundries (to be checked)	44.861	
Alternative quay		26.009
Cash in hand & at banks	94.084	93.375
<u>Loss account</u>		
Exploitation expenses 2,263,338		
Billing 1756.899		
Short billed		
Temp. Harbour 80.000		
Roads & Railways 30.000		
Rock 25-31/12/61 20.000	1.886.899	
	376.439	
Total Debtor	3.003,312	1.891,192
<u>Liabilities</u>		
Supplies & Subcontractors	437.434	325.079
Solel Boneh	2,466.581 v	117.854
Wages & Salaries Payable	39.006	
Reserves & Supplies not yet invoiced	60.238	72.911
S.N.T.P.		1.066.188
Profit Account (in \$)		
Exploitation expenses 176.311		
Billing 450.471		
Short billed		
Temp. Harbour 25.000		
Road & Railway 7.500		
Rock 15-31/12/61 2.500	485.471	
Services rendered	53	309.160
Total Creditor	3.003,312	1.891,192

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INTER-OFFICE CORRESPONDENCE

FILE
REFERENCE

TO Mr. J. Rucinski

DATE January 19, 1962

FROM S. A. Girard

TITLE

PLANT
OR
OFFICE

KAISER SERVICES CENTRAL FILES <i>Foreign</i> <i>Israel</i> E. F. KAISER

SUBJECT Arab League Boycott

As I told you today on the telephone, Cruse Moss will be in Israel next week and when he returns we will have all information together as requested on the Arab League business and will be prepared to give you our thoughts regarding your proposal on the possibility of getting Industries off the boycott list - when you return from your South American trip.

SAG:b

cc: Messrs. E. F. Kaiser ✓
E. E. Trefethen, Jr.

RECEIVED

JAN 24 1962

EDGAR F. KAISER
OAKLAND

