

## INCOMING TELEGRAM Department of State

INCO-IRON-BRAZ

LIMITED OFFICIAL USE *IN INCO-15 BRAZ*81  
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LIMITED OFFICIAL USE MAY 20.

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SUBJ: ANTUNES-HANNA AND ALCOA IN BRAZIL

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1. JACK BUFORD IN EMBASSY MAY 19 REVIEWED CURRENT STATUS ANTUNES-HANNA MERGER AND ALCOA PROJECT, AND IN GENERAL STATED THAT PLANS FOR MERGER GOING BETTER THAN EXPECTED AND THAT ALCOA PROJECT WILL MOVE FORWARD.

2. A DESPATCH SIGNED BY PRESIDENT BRANCO HAS BEEN SENT TO THE MINISTERIAL COMMISSION ON IRON ORE FOR SUTDY AND FINAL REPORT AT COMMISSION MEETING SCHEDULED JUNE 9. A WORKING

GROUP OF COMMISSION ALREADY HAS STARTED REVIEW. BUFORD HOPED THAT FAVORABLE RESULT OF STUDY WOULD BE KNOWN IN TIME TO ANNOUNCE AT JUNE 8 ANNUAL MEETING ST. JOHN DEL REY STOCKHOLDERS IN CLEVELAND WHEN MERGER WOULD BE PRESENTED FOR VOTE.

3. UNDER PRESENT PLAN HANNA WOULD HANDLE OPERATIONAL AND TECHNICAL END OF MERGED INTERESTS UNDERNEW COMPANY, MINERACAO BRASILEIROS REUNICAS (MBR), AND ADMINISTRATIVE CONTROL WOULD BE UNDER ANTUNES AS 51 PERCENT SHAREHOLDER OF OCOMI WHICH WILL HOLD 51 PERCENT MBR ASSETS WITH ST. JOHN 49 PERCENT. HANNA NOW HOLDS 52 PERCENT ST. JOHN. BETHLEHEM STEEL WILL BE SILENT PARTNER WITH ITS 49 PERCENT INTEREST ICOMI. ACCORDING BUFORD FINAL DIVISION INTEREST WILL BE ABOUT ONE THIRD EACH ANTUNES-BETHLEHEM-HANNA.

4. ELIEZER BATISTA NOW PRESIDENT MBR, WITH BOB WALLACE OF NGRALIMENSE IN BELO HORIZONTE TO MOVE TO RIO AS HANNA REPRESENTATIVE ON MBR STAFF.

5. FIRST STAGE CONSTRUCTION CALLS FOR SEPETIBA BAY ORE TERMINAL

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