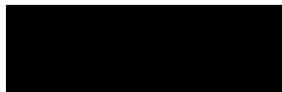


TOP SECRET FROTH

Chief, D/S

1 October 1954

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Chairman, China Committee

D/S Contributions to Project 10.590

1. On the basis of D/S contributions to Project 10.590 it appears that a common ground of agreement by the China Committee on the reliability of the Chou En-lai figures has not been reached. In brief S/TR feels that the figures give support to its previous estimates; S/CST feels that its previous estimates are still valid in spite of the Chou En-lai figures; and the other Branches, none of which had estimates which required reconsideration by the terms of reference of the Project Action Memorandum, with varying degrees of caution regard the figures as optimistic but possibly correct.

2. With regard to S/CST's estimate, I am informed that this is based on all sources. [Redacted] gives no evidence to support a belief that imports of cement manufacturing equipment of the scale necessary to support the expansion of facilities indicated by the Chou figures have been received from the USSR or a belief that new plants have been built beyond those observed. A run has been requested from [Redacted] and if any different judgment is reached on the basis thereof it should be available early next week.

3. It is the opinion of the undersigned that until it has been possible to analyze the speeches of subordinate officials, which are expected to provide greater detail in fields of direct concern to the several Branches, that the Committee should not attempt to present an overall appraisal of the reliability of the figures presented in Chou En-lai's speech or of Chinese production figures in general. Discussion of this subject will receive priority at subsequent Committee meetings.

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