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EDIC/M-2
Control No. 2095
6 December 1954

ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

Minutes of 2nd Meeting

10:00 - 12:00, 1 December 1954

PRESENT

25X1A9a



Lt. Col. Brown, OSD
Mr. Whitt, AFOIN
Mr. Wood, G-2
Miss Worthing, OIR/State
Mrs. Young, EDS/State
Miss Baldwin, FOA
Mr. Reiss, Commerce

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Mr. Knoll, FOA/MDAC

1. REPORT ON EDO CONFERENCE

Discussion - Mr. Knoll reported on the Economic Defense Officers Conference held in Paris during the period 15 - 19 November 1954. He indicated that detailed accounts of these proceedings would be forthcoming in the ECAC document series, but reported in general terms the principal accomplishments of the Conference. Special attention was devoted to enforcement and strengthening of existing controls, to the problem of differential China controls, and to Soviet trade trends and tactics. Of special interest to EDIC, Mr. Knoll and Miss Worthing explained that the individual EDO's are heavily pressed by a variety of assignments and can devote relatively little time to economic defense work. Because of heavy work-load and inadequate briefing on the needs and objectives of the economic defense program they are limited in their ability to put forward effective arguments to the governments to which accredited. In this connection, for example, they had generally not had an opportunity to review the Schelling paper on East-West trade. Accordingly, its

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implications for the economic defense program are not fully appreciated.

In response to the Acting Chairman's question as to how enforcement can be made more effective, Mr. Knoll declared that delay in adoption of the TAC system would appear to be the principal hindrance to effective enforcement of existing controls. He added that it is doubtful if COCOM is the forum in which enforcement measures should be developed.

Although it was the consensus of the Conference that East-West trade in nonstrategic items should be stimulated, [REDACTED] pointed out that one EDO (stationed in a bloc country) had expressed opposition to such Western shipments to the Soviet bloc. This EDO argued that the arrival of, for example, shoes from the U.S. would tend to undermine the resistance hopes of sections of the labor force (shoe factory workers) who are engaged in slow-down campaigns for the purpose of upsetting scheduled production of consumer goods. 25X1A9a

Action - The Acting Chairman suggested the tabling in EDIC of substantive intelligence problems raised at the Conference, declaring that the principal role of EDIC is to serve as a forum for exchange of view and coordination of intelligence effort. Through the EDIC mechanism member agencies can be kept aware of developments in the economic defense field and can assist in finding solutions to pending intelligence problems.

He informed the members of the ad hoc committee review of the Schelling paper and instructed the Executive Secretary to furnish copies of the ORR-OIR evaluation of this report to Lt. Col. Brown for review by the military agencies.

2. PROGRESS REPORT ON EDIC CASE NO. 1 - PRODUCTION AND USES OF INDIUM

Discussion - The Acting Chairman reviewed the FOA/MDAC request of 29 October for information on Soviet bloc and western European production and uses of indium. [REDACTED] reported that intelligence research by CIA, OIR, and AFOIN had disclosed no critical situation existing in bloc supply of this commodity. She stated that the bloc, from indigenous production, can meet its relatively small requirements, and that there are substitutes for the item. 25X1A9a

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Action [REDACTED] was requested to assume responsibility for preparation of a joint CIA-OIR-AFOIN paper to constitute an agreed statement of the indium situation. An advance copy is to be furnished MDAC with distribution in the EDIC/ID series to be made subsequently.

3. REPORT OF ACTION AGENCIES ON RECEIPT OF ECONOMIC DEFENSE INFORMATION FROM MILITARY INTELLIGENCE AGENCIES

Discussion - This subject had been discussed in detail at the 4 November meeting at which time it had been agreed that representatives of FOA/MDAC, Commerce and EDS/State would check the adequacy of their respective agency requirements for information from the military services, working directly with G-2, ONI and AFOIN. It had been also concluded at that meeting "that distribution of intelligence from CIA and State to action agencies was already being handled adequately." (Note: the Commerce member declined to concur in this statement from the Minutes of the last meeting until he had checked with appropriate individuals in Commerce.)

Lt. Col. Brown reported that his investigation on this subject had turned up several intelligence items which had not received action agency distribution. He indicated further that OSD has been given discretionary power by G-2 in the distribution to action agencies of special categories of G-2 intelligence.

Following an extended discussion and a reiteration by the Acting Chairman that CIA had no responsibility to forward to action agencies information received from the military services, it was concluded that some system of screening out relevant pieces of military intelligence for use by action agencies should be considered. The Acting Chairman emphasized the serious nature of this problem, pointing out EDIC's responsibility for finding ways and means to insure adequate intelligence support in this field to action and policy agencies.

Action - This subject is to be re-considered at the next EDIC meeting at which time members are to report the results of further inquiry thereon within their respective agencies.

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4. COMMERCE REQUEST FOR INFORMATION ON SOVIET PRODUCTION OF JEEPS

Discussion - Intelligence Request No. 2, Soviet Production of Jeeps, was distributed for consideration. This paper outlines a BFC request of 24 November for an EDIC intelligence study to produce evidence of Soviet exports of jeeps and estimates of Soviet production. Intelligence developed is to be used in re-evaluating the strategic rating of jeeps, presently covered by Security List items 1450 and 2450. Commerce indicates that this re-evaluation is required in order to answer inquiries from the Willys-Overland Company which has encountered some Russian competition in sale of jeeps.

Action - The Acting Chairman assigned responsibility for production of this intelligence study to ORR/CIA, with assistance from G-2 and AFOIN.

5. DOWNGRADING OF COCOM DOCUMENTS

25X1A9a Discussion - [redacted] outlined the problem which has been laid on EDIC in POLTO 861 from Paris of 11 November 1954. This telegram indicates early COCOM discussion of the question of downgrading a series of COCOM documents from SECRET to CONFIDENTIAL, and suggests IWG (now EDIC) examination. This Paris request was made in the context of EDAC ED/EC M-134 which considered the classification of EXCON communications. He cited as additional references: ED/EC M-60; ED/EC D-43; ED/EC D-43/1; COCOM Document No. 1754; HICOG Bonn, FSD 725 of 24 October 1954; and an unnumbered TOPOL of 25 November.

25X1A9a [redacted] reported on action already taken by the several agencies in this matter. Problems of specific interest to EDIC are: incorporation in COCOM documents of intelligence and technical data which cannot be downgraded without jeopardizing sources; downgrading from SECRET to CONFIDENTIAL of the Battle Act and other security control lists; bilateral secrecy agreements and NATO considerations.

25X1A9a [redacted] tabled for EDIC consideration a draft TOPOL in answer to POLTO 861. This draft outline suggests action by the USDEL in supporting the downgrading proposal which, it is claimed, will result in greater speed of transmission and ease of storage and handling in overseas missions. This project will involve the examination of some 1800 COCOM documents to determine whether they in-

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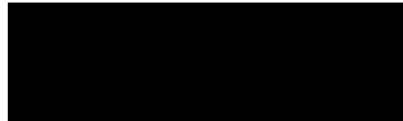
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corporate any intelligence and/or technical data which cannot be downgraded from SECRET classification.

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Action - The Acting Chairman pointed out that EDIC as a group has no authority to approve security matters of this kind but requested members to assist [REDACTED] by reporting to him by 1000 hours, 2 December, the reaction of their respective agencies to the draft TOPOL.

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