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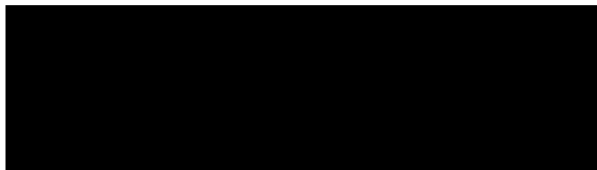
EDIC/M-3
Control No.
13 December 1954

ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

Minutes of 3rd Meeting

10:30 - 12:30, 9 December 1954

PRESENT



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Lt. Col. Brown, OSD
Mr. Wood, G-2
Mr. Hamilton, AFOIN
Miss Worthing, State/OIR
Mrs. Young, State/EDS
Mr. Taft, State/MC
Miss Baldwin, FOA

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Mr. Gutman, Commerce
Miss Hanes, State/OIR

1. RECEIPT BY ACTION AGENCIES OF INFORMATION FROM MILITARY INTELLIGENCE AGENCIES

Discussion: Continuing the discussion of this subject from the last meeting, the Acting Chairman requested OSD comments on the status of requirements placed on the military intelligence agencies by action agencies. Lt. Col. Brown reported that the three services have received requirements from Commerce and State and that, in addition, a State reader scans and selects incoming material in G-2, AFOIN, and ONI. None

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of the services has received reading requirements from MDAC. He reported further that an Intelligence Collection Guide (ICG) has been issued by G-2 and that the need for similar AFOIN and ONI guides, pointing up needs of the economic defense program, has been brought to the attention of those two services.

Mr. Taft pointed out the delay encountered by his office in receipt of information relating to clandestine arms shipments, indicating that some three-quarters of material of this nature received from the military services is so outdated as to be useful only as background. He stated also that certain CIA information is not routed to his office. The Acting Chairman expressed concern over this reported delay and declared that an effort should be made to determine the seriousness of such delay in relation to enforcement.

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Action: The Acting Chairman requested [REDACTED] to inquire into the status of MDAC requirements for intelligence from the military intelligence agencies; requested Mr. Gutman to obtain a Commerce statement on the subject under review for presentation at the next meeting; and assured Mr. Taft that there would be consultation between the Acting Chairman and the Executive Secretary on the reported failure to receive certain CIA information. The Executive Secretary was asked to summarize in a paper for EDIC the status of distribution to action agencies of economic defense information from the military intelligence agencies.

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2. DEVELOPMENTS REGARDING DOWNGRADING OF COCOM DOCUMENTS

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Discussion: [REDACTED] reported that a TOPOL in reply to POLTO 861 had been drafted, taking into account comments of the several cognizant agencies. This draft instruction to the USDEL in COCOM points out the benefits which are expected to result from lower classification of CG/COCOM/CHINCOM documents and related messages.

The Acting Chairman declared that on this subject EDIC is simply a forum for discussion, with each agency retaining responsibility for security protection of its own intelligence. The Executive Secretary pointed out the difficulty of identifying and listing those specific CG/COCOM/CHINCOM documents which must be certified by each intelligence agency as not containing intelligence of higher than Confidential classification.

Action: The Acting Chairman stated that the outgoing TOPOL should explain clearly the position of the intelligence community in this matter and should make explicit the need for safeguarding intelligence in CG/COCOM/CHINCOM documents and related messages. He acknowledged the merit in Mr. Wood's suggested change in language which would instruct the USDEL to take the position that Confidential information will be handled by COCOM in accordance with standards now in force for US Confidential material. This thought is to be incorporated in the TOPOL instruction as paragraph (e).

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3. DISTRIBUTION AND/OR DISCUSSION OF INFORMATION DOCUMENTS

Discussion: The following papers in the EDIC/ID series were distributed for information and/or discussion: EDIC/ID-7, ONI Contribution on Arms Shipment to Communist China; EDIC/ID-8, Transmittal of Comments on Security Trade Controls and Conditions in Soviet Satellites; and EDIC/ID-9, Strategic Significance of Indium to the Soviet Bloc. The Acting Chairman spoke to the subject of EDIC distribution of this type of information document (specifically, EDIC/ID-7 and EDIC/ID-8), indicating serious doubts about the advisability or benefit of such disseminations. It was his opinion that when there is an element of urgency, such information should be transmitted directly by the originating intelligence agency to appropriate action agencies. He declared that neither CIA nor EDIC has any responsibility for insuring that such material reaches the proper action elements; such EDIC channeling could be justified only when an intelligence collation was involved. It is the responsibility of each agency to inquire into failure to receive such material.

Action: Members were asked to comment at the next meeting on the usefulness and/or need for such EDIC disseminations, such reactions to be used in determining whether the service should be terminated. Comments on EDIC/ID-9 are to be furnished to the Executive Secretary by 15 December.

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4. CONSIDERATION OF PENDING INTELLIGENCE PROBLEMS

a) EDIC Case No. 2 - Soviet Production of Jeeps

Discussion: The Executive Secretary distributed EDIC Case No. 2 (considered as an Intelligence Request at the preceding meeting) and reported that preliminary exploration for information on the subject has been undertaken in CIA. He made the point that aggressive Soviet exports of jeeps should not be interpreted, without further substantiation, to necessarily reflect a surplus of these vehicles in the Soviet bloc.

Action: The Executive Secretary was directed to speed the production of this study in CIA and to determine the deadline for its receipt in the Bureau of Foreign Commerce.

b) EDIC Intelligence Request No. 3 - Soviet Trade Trends and Tactics: Soviet Bloc Exportation of Petroleum

Discussion: The Executive Secretary explained the purpose of this EDIC request for information to be used by the USDEL in COCOM in connection with that Committee's consideration of the problem of Soviet Trade Trends and Tactics. At the July meeting of the Consultative Group the USDEL had indicated his intention to submit additional sample papers on this subject. In connection with this anticipated action in COCOM, an OIR paper on "Soviet Bloc Trade Trends and Tactics in Petroleum" (Intelligence Report No. 6714 of 26 November 1954) has been prepared. EDIC is requested to review the OIR paper, insuring that the paper

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provided MDAC is a current version of earlier referenced documents on the subject. The paper is to be focused on the Soviet trade policy and tactics aspects of petroleum sales and offers and is to have clearance appropriate for submission to COCOM. It should specifically include estimates of future Soviet capabilities for production and export of petroleum and petroleum products.

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██████████ remarked on informal discussions which had been held between CIA/ONR and OIR in production of the OIR paper.

Action: The Acting Chairman requested that comments on the OIR paper be furnished the Executive Secretary (no deadline established), such comments to be forwarded to MDAC. Production of the final paper in accordance with criteria provided in INQ/AM-23, Progress Report on Soviet Trade Trends and Tactics Program, will be the responsibility of MDAC.

5. EDIC REVIEW OF OIR COPPER PAPER

Discussion: EDIC/ID-6, OIR Intelligence Report on "West European Exports of Copper Wire and Cable to the Soviet Bloc" had been distributed earlier for EDIC review and comment. The Acting Chairman explained that this intelligence study (IR 6709, dated 9 November 1954) is intended to compare the recent trend in West European orders from the bloc for copper wire and cable with exports prior to embargo. Together with EDIC comments, it will be forwarded to JOC for use as background

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in preparation of the U.S. case in COCOM. He added that the Operations Coordinating Board had recently discussed the method of negotiating the copper problem.

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[REDACTED] reported that CIA/ORR concurs in the substance and conclusions of the OIR paper, but has additional relevant information.

Action: It was agreed that a supplemental paper, incorporating the CIA information, would be prepared by Miss Hanes and sent to JOC.

6. OTHER INTELLIGENCE MATTERS

a) Evaluation of the Schelling Report:

The Acting Chairman reported on discussions on this subject with Mr. Wright, EDS/State, Chairman of the ad hoc interagency committee responsible for evaluating the Schelling report. Meaningful research requirements, formulated on the basis of this report and its evaluation, are to be submitted to the EDIC for appropriate action.

b) NIE-100-5-54

The Acting Chairman informed the members that NIE-100-5-54, "Consequences of Various Possible Courses of Action with Respect to Non-Communist Controls over Trade with Communist China" was underway within the intelligence community. He requested the intelligence members to keep in touch with their respective IAC representatives on this topic.

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c) External Financial Operations of the Soviet Bloc

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[REDACTED] reported that MDAC had tabled in the Executive Committee a draft memorandum from the Chairman of that Committee to the Chairman of EDIC, concurring in the majority recommendations contained in IWG/R-16.

d) Correction of Minutes

At the request of Mr. Knoll, MDAC, paragraph 1, page 2 of the Minutes of the 2nd Meeting (EDIC/M-2 of 6 December 1954) is changed to read as follows:

"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 and the press of list review problems appeared to be the principal hindrances to the increased use of COCOM as a forum for enforcement discussions. He added that the extent to which COCOM could and would be used for enforcement problems cannot be judged until the TAC scheme has been implemented."

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[REDACTED]
Executive Secretary

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