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Control No. 487074
3 June 1958

MEMORANDUM FOR: EIC Secretariat

FROM: Chairman, EIC Subcommittee on Chemicals

SUBJECT: Annual Report for Fiscal Year 1958

2. Activities of the Subcommittee During Fiscal Year

The EIC Subcommittee on Chemicals held 4 meetings during fiscal year 1958. These meetings were concerned with redrafting the existing statements on priority deficiencies in research and collection of intelligence on the chemical industries of the Sino-Soviet Bloc; with consideration of the "net gain aspects" of several proposed exchanges of chemical delegations with the Bloc; and with consideration of an Air Force proposal for an external research project on the Soviet chemical industry.

a. Research and Collection Deficiencies

A new, coordinated statement of priority chemical research deficiencies (EIC-3-1/2 - revised) was prepared by the subcommittee and submitted by the Secretariat to the EIC for approval on 13 May 1958. The new statement supercedes EIC-3-1/2, 11 February 1954. Some progress has already been made in eliminating the stated research deficiencies. CIA/ORB/W-CH has recently completed research on lithium, calcium, and fluorine compounds and Army/CIA expects to publish a report on the antibiotics situation in the Satellites by about 1 January 1959.

The Subcommittee also identified priority collection deficiencies in the fields of missile propellants, nuclear energy chemicals, synthetic rubbers, plastics, CW agents, and allied chemicals. No statement of these collection deficiencies has been prepared because the Officers of the Subcommittee have doubts regarding the practical value of a general statement of this nature. Collection requirements of both a general and specific nature on these subjects have already been served on the appropriate collection components and the purpose that will be served by repetition of these requirements through the EIC is questioned. The Officers of

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the Subcommittee intend to consult with the Secretariat in the near future for clarification of this question.

b. Review of Proposals for External Research

In October 1957, the Subcommittee, at the request of the IIC, reviewed an Air Force proposal for an external research project on "Process Analysis of the USSR Chemical Industry." The opinions and recommendations of the Subcommittee regarding this proposal were stated in a memorandum to the Executive Secretary, IIC, dated 30 October 1957. No other proposals for external research projects were reviewed during the fiscal year.

c. Special Coordination Functions

The Subcommittee rendered advice to the IAC Ad Hoc Committee on Exchanges in connection with several proposals for exchange of chemical delegations with the Bloc countries. In particular, a coordinated statement was prepared in September on the "net gain" aspects of a Soviet proposal for long-term exchanges of chemical industry delegations. Likewise, the Subcommittee rendered an opinion in December on a Polish proposal for the exchange of chemical delegations and prepared a proposed itinerary for the US delegation in Poland. In addition, the Officers of the Subcommittee confirmed a previous Subcommittee opinion on the "net gain" aspects of a proposed exchange of plastics delegations with the USSR and prepared a proposed itinerary for the US delegation in the USSR.

d. Maintenance of Agreed Basic Statistics

As pointed out in the annual report of last year there is very little identity of interests on the part of the IAC agencies with regard to chemical intelligence. CIA is the only agency broadly concerned with the economic aspects of the chemical industries of the Sino-Soviet Bloc. The chemical interests of the Army (CCIA), are restricted primarily to CW agents and material; those of State to East-West trade; those of Air Force and Navy to the chemicals directly related to products of Air and Naval interest. As a result of these circumstances, during fiscal year 1958 there was no need for coordination of estimates. The need for some limited coordination, however, may arise in the future, for example, when Air Force or CIA would produce estimates on guided missile propellants; when Army (CCIA) or CIA would produce

estimates on antibiotics; or when Air Force, Navy or CIA would produce estimates, say, on plastics.

2. Evaluation of the Role of the Subcommittee

As indicated in the previous paragraphs, the Subcommittee on Chemicals has performed several useful functions during 1958, particularly with regard to consideration of proposals for exchange of delegations and for external research projects. In addition, it is felt that the personal contacts and coordination effected through the Subcommittee are useful to all the participating agencies in expediting economic intelligence research on the chemical and allied industries of the Bloc and in avoiding duplications of effort. On balance, despite the lack of identical interests on the part of the agencies represented, it is felt that considerable success has been achieved in stimulating renewed interest in the work of the Subcommittee, after a long period of inactivity during fiscal year 1957, and that the Subcommittee is now serving and will continue to serve in a useful capacity.

3. Future Program of the Subcommittee

The active state of affairs regarding exchange of technical delegations with the USSR and other Bloc countries, and the recent prominence given to expansion of the chemical industries of certain of the Bloc countries indicate that consideration of proposals for such exchanges probably will be the major activity of the Subcommittee during fiscal year 1959. In addition, it is planned to resolve the previously cited question regarding priority collection requirements, to continue coordinating the research programs of the various agencies, and, in general, to provide Ad Hoc advice and assistance when required in the resolution of any problems within the responsibilities of the Subcommittee.

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