

The Director of Central Intelligence  
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National Intelligence Council

MEMORANDUM FOR: Mr. Richard Levine  
NSC Staff

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SUBJECT: Stockpile Review Task 9 - Reliability of Key US Suppliers

1. The objective of Task 9 is to obtain an Intelligence Community assessment of the reliability of foreign suppliers of strategic materials to the US in a wartime scenario. This assessment covers 26 key US metal and mineral suppliers during a three year conventional war with the Soviet Union. The projected reliability of each country is judged by two criteria:

- Intentions, i.e., would a country withhold supplies from the US for political reasons.
- Capabilities, i.e., would terrorist/insurgent activity significantly disrupt production and exports for a sustained period of time.

These are the only criteria used; other potentially determining factors, such as oil availability, are not considered under Task 9. In accordance with the agreed war scenario, the following assumptions are made:

- The military reach of the USSR and ground combat is confined to areas of Western Europe, the Persian Gulf, and South Korea, eliminating these countries as exporters. The military and subversive capabilities of Cuba and Vietnam are not a factor.
- Civilian air and sea transportation are readily available, international shipping is fundamentally secure.
- The international financial system is functioning.
- Sufficient oil, technicians, machinery and spare parts are available in the countries evaluated to maintain or even increase production.

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2. Under these assumptions, a review of the political and economic dynamics in each of the 26 countries concluded that all but two would be willing to sell minerals and metals to the US or the world market during the war. It was agreed that political ideologies, systems, and orientation would, in the assumed war scenario, have little bearing on the willingness of countries to sell their products. Economic/financial factors would dictate continuation of exports unless desired imports could not be obtained with the export proceeds.

3. China and India, however, neither of which is a major US supplier, were considered to be exceptions to this general rule. In both of these countries exports of strategic materials are very minor sources of foreign exchange, so that the economic incentive to export these products would be small. Moreover, both countries would probably go out of their way to take a neutral position in the conflict and avoid antagonizing either side. Although it is possible that China and India would continue to sell strategic materials to both sides, they might also withhold them. It is, therefore, prudent not to count on their supplies being available in wartime.

4. Even though a supplier of strategic materials may be willing to export, it may be unable to do so for at least a significant period of time because of terrorist or insurgent activity. During a prolonged conventional war, it is reasonable to expect a major upsurge in this sort of activity, with increased Soviet instigation and support, if not under direct Soviet control. Where well organized insurgent or guerrilla groups already exist, as in Central America and Southern Africa, the potential for effective disruptions of production and transportation facilities will be high. In many countries these facilities are highly vulnerable to disruption.

5. The potential for effective disruption of exports of strategic commodities by insurgent or guerrilla groups, or by terrorists, is considered especially high in three countries--Zaire, Zambia, and Zimbabwe. Some of the main export transport routes from these countries are already effectively denied. In wartime, the possibilities for disrupting exports become vast indeed. Moreover, substantial insurgent groups already exist in the area and it would not take much to improve their effectiveness. It would not be prudent for the US or the West to count on the availability of any strategic minerals from these countries during a protracted war, although interruptions may turn out to be temporary and partial.

6. In eight other countries--Botswana, South Africa, Sri Lanka, Bolivia, Chile, Guyana, Peru, and Suriname--there is judged to be a substantial risk of interruptions of exports of strategic minerals during the war period. The degree of risk is sufficiently large that these nations should not be relied on for defense material needs, however, they are probably sufficiently reliable to be used for the needs of the civilian sector.

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7. In the case of South Africa, the degree of risk depends on the extent to which Moscow had been able to build up its insurgent and terrorist assets in neighboring countries before the conflict started. Under present circumstances, the South African government would probably be able to control any terrorist activity with little damage to its facilities, because the insurgents are neither strong nor well organized. The situation could change substantially, however, if Moscow made a major effort prior to the war, although the build-up would take time. Consequently, South Africa, and probably also Botswana, can be considered reliable suppliers at present, but could become unreliable if circumstances changed. The reliability rating of these countries reflects a compromise between these two scenarios, based on the assumption that the growing expectation of war would in any case motivate Moscow to take at least some steps to improve its assets in that area.

8. In Sri Lanka, Bolivia, Chile, Guyanna, Peru, and Suriname, there is clearly a potential for disruption of exports, as indicated by a history of racial or religious antagonisms, class conflict, and in some cases guerrilla movements. These conflicts, however, are not easily exploited for long by the USSR for its own national purposes and are unlikely to do sustained damage to production or export facilities.

9. The remaining 13 countries are considered to be reliable sources of supplies for strategic minerals for all defense and civilian needs. This does not preclude brief interruptions because of strikes or other problems, but indicates that the chances of lengthy shutdowns or transport interruptions are considered very low.

10. Table 1 presents the rankings of each of the 26 countries with respect to reliability of supply, and provides supporting information concerning their importance to US imports and to world productive capacity and remarks concerning the vulnerability of their production and transport systems.

11. The rankings are as follows:

Category 1 (highly reliable): Gabon, Guinea, Australia, Indonesia, Japan, Malaysia, New Caledonia, Philippines, Thailand, Canada, Brazil, Jamaica, Mexico

Category 2 (fairly reliable): Botswana, South Africa, Sri Lanka, Bolivia, Chile, Guayana, Peru, Suriname

Category 3 (unreliable): Zaire, Zambia, Zimbabwe, India, China.

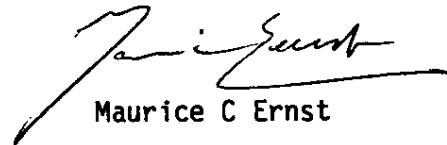
12. Table 2 -- derived from Table 1 -- shows US mineral and metal imports and estimated Free World productive capacity which fall in each category. In the unreliable category (3), cobalt and industrial diamonds are noteworthy with a 64 and 22 percent share of US imports,

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respectively. In Category 2 there are four imports with over a 50 percent share of the US market (platinum group metals, vanadium, ferrochrome, and industrial diamonds), and two (chromite and ferro-manganese) with about a 40 percent share. In the case of diamonds, 83 percent of US imports fall in Category 2 and 3.

13. The large majority of the more abundant metals and minerals, however, including all the major metals, fall in Category 1. Moreover, it appears that many supplying countries have substantial reserves as well as the capacity to supply increased amounts demanded by the US under the given scenario.



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