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20 July 1960

MEMORANDUM FOR: EIC Secretariat

THROUGH: Chief, Economic Research, ORR

THROUGH: Chief, Industrial Division, ORR

FROM: Chairman, EIC Subcommittee on Industrial Machinery and Equipment

SUBJECT: Annual Review of Activities and Accomplishments (FY 1960)

A. Activities of the Subcommittee During the Fiscal Year

1. Review of the Intelligence Product in the Subcommittee's Field of Competence

During FY 1960 the Subcommittee on Industrial Machinery and Equipment was less active in reviewing the intelligence product in its field of competence than in the past. Our Subcommittee intended to revise its research deficiencies, devote increased attention to the preparation of priority research deficiencies, and to review several substantive research papers. However, this program has been handicapped by frequent personnel changes within the Subcommittee. During the past year four of the six agency representatives on the Subcommittee attended Subcommittee meetings for the first time. Only the Subcommittee member representing the Office of the Secretary of Defense and the CIA Chairman have served on the Subcommittee more than 12 months. It is hoped that the membership of the Subcommittee will soon become stabilized so that members can develop the background which is prerequisite for effective operation of the committee.

2. Research and Collection Deficiencies

a. Research Deficiencies

As a result of substantial research progress and revision of the Priority National Economic Intelligence Objectives our list of significant research and collection deficiencies is outdated and needs general revision. The Subcommittee will discuss the revision of its gaps in intelligence at an early meeting.

b. Collection Deficiencies

A number of Priority Deficiency Statements prepared by ORR are presently being reviewed by the other agencies represented on the Subcommittee in order to combine the collection deficiencies for the entire intelligence community.

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3. Review of Substantive Paper

No research reports were reviewed during the past year.

4. Review of Proposals for External Research

No proposals for external research were considered.

5. Maintenance of Agreed Basic Statistics

As pointed out in our annual report of last year the great bulk of the community's research on the machinery industries of the Sino-Soviet Bloc is being done by ORR and as a result there has been much less emphasis than formerly on agreed basic statistics. The emphasis in this Subcommittee has been on attempting to reconcile disagreements resulting from different opinions as to the level of technology in the Sino-Soviet Bloc.

6. Projects Undertaken at the Request of the EIC or Proposed to the EIC

None

7. Intelligence Research Techniques

During the past year a number of Subcommittee discussions have centered on the Soviet machine tool industry. The Subcommittee intends to devote a full meeting in the near future to this subject to discuss the availability of sources, the interpretation of Soviet statistics, and other methodological problems.

8. Special Coordination Functions of the Subcommittee

During this last year, as in previous years, a substantial portion of the Subcommittee's work was in support of the USIB Committee on Exchanges. Soviet proposals for exchanges of delegations in the fields of a machine tool, automobile, oil field machinery, and electric transformer production were assessed by the Subcommittee for probable net intelligence gain to the US and detailed itineraries were prepared for the use of the US delegations.

9. Evaluation of the Role of the Subcommittee

The Subcommittee continues to believe that in spite of the major role played by ORR in research on the machinery industries of the Bloc, inter-Agency discussion can still perform a useful function for the intelligence community by reviewing completed intelligence research, recognizing differences in interpretation and attempting to reconcile such differences. As a result of

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the addition of the Department of Commerce to the Subcommittee, the Subcommittee should be in an improved position to evaluate and compare trends in technological growth in the industrialized West and the Sino-Soviet Bloc.

B. Future Program of the Subcommittee

The Subcommittee intends to continue the work presently underway in supporting industrial exchanges and preparing priority research deficiencies. It also plans to undertake during the course of the year additional review of finished intelligence and discussion of intelligence research techniques.

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CIA No. 494288  
14 July 1960

MEMORANDUM FOR: Subcommittee Members  
FROM : Executive Secretary, IMES  
SUBJECT : Transmittal of Correspondence and Working Group Minutes

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1. I am enclosing a draft version of the Subcommittee Chairman's report on the activities and accomplishments of the Subcommittee during FY 1960. [REDACTED] has asked me to invite your comments.

2. I am also enclosing the minutes of the 17 June 1960 meeting of the working group formed at the last meeting of the Subcommittee. You will possibly find some of the working group's recommendations and observations to be at variance with the position of the Subcommittee, as evidenced at its last meeting. These differences, however, can be resolved at our next meeting.

3. During the month one member of the Subcommittee submitted revisions for the various Priority Deficiency Statements prepared by ORR. It is hoped that other members who wish to submit revisions will do so before the end of the month.

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[REDACTED]  
Executive Secretary  
Industrial Machinery and Equipment  
Subcommittee of the EIC

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Minutes of the 17 June 1960 meeting of the  
IMES working group for discussion of the itinerary  
proposed by the Soviets for the Automobile Exchange, 1960-61

Present:

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[REDACTED] CIA  
Warren Eitler, OTIA  
Charles L. Johnson, OTIA  
Clyde Turpin, Library of Congress  
George Davis, BDSA, Commerce

1. Mr. Davis suggested that the list of US plants to be visited by the Soviets could be expanded to cover the three car makers not on the list: American Motors, Studebaker, and Chrysler. The suggested itinerary would then include the Studebaker plant at South Bend, Ind.; American Motors Plant at Kenosha, Wis.; and Chrysler plants at Detroit (the new stamping plant and the old Dodge plant). According to Mr. Davis, the plants listed by the Soviets for the visit to the US were the technological leaders 5 or 6 years ago. Visits to these plants would add considerably to Soviet technological knowledge, but would not reveal the latest achievements of the US automotive industry. The Chrysler stamping plant, however, represents a very new technique.

2. As for the list of Soviet plants, the members felt that at least three could be stricken from the list with no loss: the Minsk Motorcycle Plant, ENIMS, and the Krasniy Proletariy Plant. There was also little interest expressed in keeping the State Bearings Plant No. 1 (GZP-L) on the list, except that US engineers might be curious about Soviet production of bearings. From an intelligence point of view, there is little interest in such a visit, and no interest at all in the three installations mentioned at the beginning of this paragraph. It was suggested by the members that the following plants be added to the list of suggested Soviet plants:

- a. Urals Motor Vehicle Plant at Miass (Chelyabinsk Oblast') a closed city in a closed area. The plant produces 30,000 medium trucks for agriculture annually, and is developing a new 6 x 6 truck of 5 to 7 ton load capacity.
- b. Mytishchi Machine Building Plant in Mytishchi, (Moscow Oblast'), an open city in an open area. This plant makes semi-trailers, dump trucks, and other vehicles, based on ZIL truck chassis. Prod. 30,000 annually.
- c. Ul'yanovsk Motor Vehicle Plant at Ul'yanovsk on the Volga in an open area. Like the above two plants, this has not been visited by a Western observer since the war. The plant produces jeeps, and small cab-over-engine trucks, and is to be retooled with considerable automated equipment in 1960-65.

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d. Yaroslavl' Motor Plant in Yaroslavl' on the upper Volga River. No visitors to this plant, either. The plant produces diesel engines for trucks (the only such plant in the USSR) and is producing 3-4,000 heavy diesel trucks a year.

e. Kremenchug Motor Vehicle Plant, at Kremenchug in the Ukraine. This is a new plant which began production in 1959 of heavy diesel trucks of the Yaroslavl' types. By 1965 it will have taken over all production of this type of truck, leaving the Yaroslavl' plant as an engine plant.

f. Zavolzh'ye Engine Plant at Zavolzh'ye in Gor'kiy Oblast', closed area. This is a new engine plant under construction, which is in partial production. The plant is to be fully automated with computer programming of production.

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3. [REDACTED] noted that research components of CIA are particularly interested in the Urals, Mytishchi, and Gor'kiy Motor Vehicle Plants.

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[REDACTED]  
Acting Chairman of the  
Working Group

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