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PANEL LINKS C.I.A. TO ARMS SHIPMENT

Consultant With Tie to Agency Said to Have Helped Plan Sale to South Africa

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Special to The New York Times

WASHINGTON, March 24 — The staff of a House subcommittee asserted in a report today that an individual working under the supervision of a Central Intelligence Agency officer had helped plan an illicit shipment of arms to South Africa between 1976 and 1978.

The 46-page report by the staff of the Subcommittee on Africa of the House Foreign Affairs Committee recommended several measures aimed at improving and tightening enforcement of a policy adopted in 1963 that forbids the export of lethal military equipment to the white-minority Government of South Africa.

The report also recommended that the Select Intelligence Committees of the House and the Senate investigate "the possible roles of employees, agents and contacts of the C.I.A. in efforts to evade the U.S. embargo against South Africa during the Angolan civil war of 1975-78" and in the development of contacts between the South African Government and a now defunct American corporation that supplied the shells and artillery.

Hearings on Arms Embargo

The subcommittee said it would hold hearings on the effectiveness of the South African arms embargo next Tuesday and that it had invited officials of the State Department to testify. A spokesman for the State Department had no comment today.

The subcommittee report quoted the C.I.A. as having told the Congressional investigators that the agency "did not directly or indirectly give, sell, or otherwise transfer to the Republic of South Africa any such equipment, did not encourage or facilitate others to do so and did not have any advance knowledge of such matters."

However, the staff report said that the office of the general counsel of the C.I.A. "acknowledged" that the intelligence agency has not made a "complete investigation."

The report said that John J. Frost, a "defense consultant" with offices in Belgium and the United States, had said the C.I.A. enlisted him to try to procure surplus American weapons in Thailand and Taiwan in 1975 to be forwarded to non-Communist forces in Angola, which the United States covertly assisted until forced to desist by Congressional legislation.

Source for Arms and Ammunition

The report added that Mr. Frost, who was working with a C.I.A. official now stationed abroad, "strongly recommended" to officials of the South African Government arms procurement agency that the Space Research Corporation of North Troy, Vt., would be best source for 155-millimeter artillery weapons and ammunition sought by the South Africans for their own armed forces, which had penetrated deep into Angola. The C.I.A. officer was not identified in today's Congressional report but was given false initials of "A. B."

The case investigated over a two-year period by the subcommittee staff involved the sale and shipment to South Africa by Space Research Corporation of approximately 60,000 155-millimeter extended-range artillery shells, and at least four 155-millimeter guns, including three advanced prototypes and what the subcommittee asserts was technology and technical assistance that permitted South Africa to establish its own facilities for manufacturing and testing such equipment.

Two officers of the Space Research Corporation, which has since gone out of business, pleaded guilty to a single count of illegally exporting such equipment and served prison terms of four and four and a half months.