

MEMORANDUM

NATIONAL SECURITY COUNCIL

REFER TO DOS

DOS REVIEWED 18-Mar-2011: NO OBJECTION TO DECLASSIFICATION.

INFORMATION

July 16, 1973

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MEMORANDUM FOR GENERAL SCOWCROFT

FROM: Phil Odeen *PO*

SUBJECT: OSD/JCS Review of Stockpile Disposal

The attached memorandum from Deputy Secretary Clements reports the results of an OSD/JCS review of the effect on Defense requirements resulting from the proposed changes in the strategic stockpile. The primary conclusion is that "the changes projected for the stockpile do not constitute an unacceptable risk in terms of meeting Defense requirements for the first year of a war."

The summary of the JCS study forwarded by Clements indicates only one potential problem area; a shortfall in industrial diamond stones. However, it dismisses this by saying that this shortfall "does not represent an unacceptable dependence on foreign sources because the first year requirements of 234,000 carats equates to approximately 100 pounds of net transportation requirement."

While the JCS paper is supportive of the President's policy of reducing the stockpile, the Clements memorandum appears to raise a problem. It notes that the JCS staff has pointed out that successful interdiction at sea could have a significant impact on civilian production and then on defense production. However, the problem is stated to be with "such non-stockpiled items as energy materails" (i. e., oil). This JCS view is therefore irrelevant to the matter at hand. In any case, we are currently addressing oil stockpiling as part of a study on OECD import sharing. The Oil Policy Committee is also studying this issue.

We are working with OMB and DOD to try to get House Armed Services Committee hearings on the stockpile reduction started soon.

OSD REVIEWED 15-Mar-2011: NO OBJECTION TO DECLASSIFICATION.

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Classified by Philip A. Odeen

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THE DEPUTY SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

6 JUL 1973

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MEMORANDUM FOR ASSISTANT TO THE PRESIDENT
(National Security Affairs)

SUBJECT: Stockpile (U)

As I stated in my memorandum to you of 3 May, the Office of the Secretary of Defense and the Joint Chiefs of Staff have been engaged in a review and evaluation of the projected changes to the stockpile of strategic and critical materials which were proposed by the President. That study has now been completed. It covers all stockpile commodities as they relate to Defense requirements for these materials for the first year of a war.

The Defense requirements and other statistical data used in the review were those provided by the Department of Commerce and the Office of Emergency Preparedness.

The review has revealed that, given the validity of the application of substitute materials, the data provided by other Government agencies, and assurances that restrictions would be imposed on the private sector to protect Defense consumption, the changes projected for the stockpile do not constitute an unacceptable risk in terms of meeting Defense requirements for the first year of a war. The Joint Chiefs of Staff have pointed out, however, that successful interdiction of sea lines of communication could have a significant impact on the civilian sector with a corresponding impact on Defense production needs, regarding such non-stockpiled items as energy materials.

A summary of the findings of the review as prepared by the Office of the Joint Chiefs of Staff is attached for your information.

H. P. Olenchak

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Attachment
As stated

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SUBJECT TO GENERAL DECLASSIFICATION SCHEDULE
EXECUTIVE ORDER 11652. AUTOMATICALLY DOWNGRADE
AND AT REGULAR INTERVALS DECLASSIFIED ON 11/12/00

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APPENDIX

EVALUATION OF PROJECTED CHANGES FOR THE NATIONAL STOCKPILE OF STRATEGIC AND CRITICAL MATERIALS (U)

- 1. (U) On 30 April 1973, a review was forwarded to the Secretary of Defense as an Appendix to CM-2674-73, subject as above, which provided an evaluation of 20 commodities specifically listed for disposal in H.R. 7153. 1
- 2. (C) The basic methodology emphasized in that review was continued in the evaluation of the remaining commodities. Statistical data were provided by the Office of Emergency Preparedness which included inputs that it received from the Departments of Commerce, Agriculture, Defense, and Interior. The Department of Commerce develops Defense requirements by applying an adjusted 20-year consumption trend to a base year consumption figure and extrapolating to the first war year. This evaluation has assumed the validity of data provided by the Office of Emergency Preparedness on substitutibility, inputs from other governmental agencies, total Defense requirements produced therefrom, and the basic guidance of NSDM-203 that Defense requirements would be given priority over the private sector. Further, Stockpile Action 369, dated 30 May 1973, changed the objectives for five types of mica. The new objectives were used in this evaluation. Knowing the Defense requirement, the sources of supply that would satisfy the commodity requirements were placed in the following priority: 2

 - a. National Stockpile 3
 - b. US Production 4
 - c. Canada/Mexico Imports 5
 - d. Western Hemisphere Imports 6
 - e. Other Overseas Sources. 7

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SUBJECT TO GENERAL DECLASSIFICATION
SCHEDULE OF EXECUTIVE ORDER 11652
AUTOMATICALLY DOWNGRADED AT TWO
YEAR INTERVALS
DECLASSIFIED ON DECEMBER 31 1979.

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SCSM-259-73

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Appendix

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3. (U) Using that approach, the distribution of resources		1
availability indicates the following grouping:		2
National Stockpile	46	3
US Production	31	4
Canada/Mexico Imports	.3	5
Western Hemisphere Imports	4	6
Other Overseas Sources	<u>7</u>	7
TOTAL	91	8

The 80 materials available from the national stockpile and US production and by import from Canada or Mexico are not considered further. The remaining 11 materials are addressed independently, since they require import from countries without a contiguous border or require special consideration for substitution to prevent dependence upon import from sources without a contiguous border.

a. Overseas Imports

(1) Chromite, Chemical Grade. Proposed stockpile objective is 8,400 short dry tons (SDT). Existing disposal authority for 318,900 SDT and proposed disposal authority for 241,600 SDT will reduce quantities to the new objective level. The first war year Defense requirement is 8,900 SDT, resulting in a shortfall of 500 SDT. This would be met with imports from the Republic of South Africa. However, the chromite metallurgical grade material which was previously addressed in CM-2674-73 may be substituted for Defense requirements for both chromite materials.

(2) Cordage Fibers, Abaca. Proposed stockpile objective is zero. Existing disposal authority for 3,388,100 pounds and the proposed disposal authority for 25,000,000 pounds would dispose of the entire inventory. The Defense requirement of 788,600 pounds would be met by increased

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substitute product, primarily nylon and polypropolene. 1
 These substitutes are now being utilized at a very high 2
 rate and are available within domestic production. 3

(3) Industrial Diamond Stones. Proposed stockpile 4
 objective is zero. Existing disposal authority for 5
 3,401,600 carats and proposed disposal authority for 6
 20,000,000 carats would dispose of the entire inventory. 7
 The Defense requirement of 234,247 carats would be met by 8
 overseas imports from 12 nations. Although only 55,000 9
 carats are available from Western Hemisphere sources, the 10
 first year requirement represents only about 100 pounds 11
 of net transportation requirement. 12

(4) Opium. Proposed stockpile objective is zero. 13
 Defense requirements are presently 74,687 pounds. Total 14
 Defense requirements may be fulfilled by locally available 15
 substitution of synthetic analgesics. 16

(5) Rubber. Proposed stockpile objective is zero. 17
 Existing disposal authority for 117,600 long tons (LT) 18
 and proposed disposal authority for 130,000 LT would 19
 dispose of the entire inventory. The Defense requirement 20
 of 18,900 LT would require overseas imports from Southeast 21
 Asia or substitution of synthetic rubber. US production 22
 of fully substitutable synthetic rubber is estimated at 23
 100,000 LT annually. Additionally, there is a "float" of 24
 120,000 LT of natural rubber which could be channeled 25
 to Defense production requirements. 26

(6) Shellac. Proposed stockpile objective is zero. 27
 The proposed disposal authority for 1,000,000 pounds would 28
 dispose of the entire inventory. The Defense requirement 29
 of 27,600 pounds would be met through substitution of 30
 available domestic synthetic resins. 31

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(7) Talc, Steatite Block and Lump. Proposed objective is zero. The existing disposal authority for 1,000 short tons (ST) and the proposed disposal authority for 200 ST would dispose of the entire inventory. The Defense requirement of 10.4 ST would be met through substitution of a domestic pressed talc that is currently in use and available in ample quantity.

b. Western Hemisphere

(1) Pyrethrum. Proposed objective is zero. There is no current inventory. The 4,169 pound Defense requirement is available by import from Ecuador or Peru within this hemisphere and from Africa without. Current usage is for insecticides, with almost complete substitution possible through the use of materials such as malathion developed from synthetic base products in adequate supply locally.

(2) Vegetable Tannin, Quebracho. Proposed objective is zero. Existing disposal authority for 132,800 LT and the proposed disposal authority for 50,600 LT would dispose of the entire inventory. The Defense requirement of 162.5 LT would be met by synthetic tanning materials or from 10 percent of Western Hemisphere imports.

(3) Vegetable Tannin, Wattle. Proposed stockpile is zero. Existing disposal authority for 21,600 LT and the proposed disposal authority for 9,500 LT would dispose of the entire inventory. The Defense requirement of 30.7 LT would be met by extensive synthetic substitutes.

(4) Cordage Fibers, Sisal. Proposed objective is zero. The existing disposal authority for 9,798,900 pounds and the proposed disposal authority for 100,000,000 pounds would dispose of the entire inventory. The Defense

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requirement of 935,300 pounds would be met by substitutes 1
of polypropolene or nylon and polyester or by import from 2
the Dominican Republic or Brazil. 3

4. (C) Staff liaison with members of the Department of 4
Commerce confirms substitution for 10 of the 11 materials in 5
paragraph 3 above to meet Defense requirements during the first 6
war year. The remaining material, industrial diamond stones, 7
although not available from sources within the United States or 8
countries with contiguous borders, does not represent an 9
unacceptable dependence on foreign sources because the first 10
year Defense requirement of 234,000 carats equates to approximately 11
100 pounds of net transportation requirement. Further, while 12
1972 import quantities came from 12 nations, almost 4,000,000 13
carats were imported from Australia, United Kingdom, Ireland, 14
Belgium, the Netherlands, and Israel. 15

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