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CIA HISTORICAL REVIEW PROGRAM
RELEASE AS SANITIZED
1995

SOVMAT STAFF PROGRESS REPORT
CALENDAR YEAR 1954, FISCAL YEAR 1955

I. Summary of Progress for the Report Period

A. Considerable progress in stimulation of collection was made during calendar 1954 and fiscal 1955. This stimulation has been a major factor in bringing about a 20% increase in the number of Sovmat items collected in FY 1955 over the preceding year. Accomplishments with important bearing on this increase were as follows:

1. A revision of Sovmat Guide Requirements has established two categories of priorities and provided more background information for the guidance of field personnel.
2. The forwarding of a greater number of ad hoc requirements to the field for the collection of Sovmat items not specified in current guide requirements.
3. The arranging, in cooperation with headquarters personnel of FI, for assignment of higher priorities in the field to Sovmat collection.
4. Greatly increased briefing of outgoing Foreign Service personnel, attaches, and CIA personnel on the requirements of the Sovmat program, their importance, and procedures for their fulfillment. A total of 2,430 field personnel of the U.S. intelligence community were briefed on Sovmat procedures and requirements during FY 1955.
5. Much improved coordination of requirements for the collection of Soviet and Satellite products between the military departments (especially G-2) and Sovmat.
6. Greater collection activity by [REDACTED]

B. Progress was observed also in connection with the following developments:

1. An increase in support action, mainly in support of TSS/DDP, and also the initiation of activity in support of the Office of Training which now makes effective use of selected Sovmat items after those items have been exploited for intelligence.

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2. The broadening of the segment of U.S. industry utilized to provide technical analyses of Sovmat items. Corporations employed thus during the report period included:

[REDACTED]

3. An improvement in coordination through briefing of field personnel with resulting increase in the number and quality of Sovmat items obtained through their efforts. During FY 55 emphasis was placed on group briefings as opposed to briefing individuals separately. Thus, while only 25 individual briefings were conducted, groups of 25 or more field personnel were briefed on Sovmat procedures, requirements, and collection problems in four sessions of the CIA Clandestine Review Course, three sessions of the Strategic Intelligence School, two sessions of the OO/C basic intelligence course, and eleven OTR intelligence exhibits.

II. Sovmat Staff Operations (Statistical Report appended)

A. Collection and exploitation of Sovmat items

1. Collection of Sovmat items in FY 55 increased 20% over FY 54; the increase in calendar 1954 over calendar 1953 was one third.

a. Revised Sovmat Guide Requirements were distributed to Foreign Service posts, FI stations, and selected overseas military installations in April 1955. In addition to bringing up to date the standing collection requirements, this guide somewhat improved their quality by providing additional background information and by establishing two categories of priority for fulfillment.

b. An increase in the number of ad hoc requirements for the collection of items not specified in the guide was registered. The TSS/DDP in particular submitted many more ad hoc requirements than in previous years.

c. Collection was reinforced during FY 55 by the development of several clandestine sources with potential for ordering needed products from Soviet-bloc suppliers.

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d. Dissemination of information resulting from the technical exploitation of the items collected was accomplished through the issuance of 124 OO-T reports and 55 memoranda during 1954, an increase of 28% over calendar 1953.

2. Exploitation of Sovmat items collected was accomplished in fulfillment of specific exploitation requirements requested for each item from the U.S. intelligence community.

a. Laboratory facilities of the U.S. Government were employed to perform 40% of this technical exploitation in calendar 1954 and 46% in fiscal 1955, appropriate industrial sources being utilized for the remainder of the work. The increasing employment of U.S. Government facilities for technical exploitation within their scope of activities has resulted in a considerable saving of time and money and has enabled Contact Division to devote more time and effort to arranging exploitation which can only be obtained from appropriate sources in U.S. industry.

b. Priorities for the exploitation of selected Sovmat items were established by Sovmat customers in less than one percent of the exploitation projects undertaken.

B. Support activities of the Sovmat Staff totaled 717 actions in calendar 1954 and 656 actions in FY 1955.

1. Most of these actions were in support of TSS/DDP. Three types of support were provided to TSS:

a. Provision of technical information on foreign products by inclusion of TSS requirements in the plans for exploitation of Sovmat items.

b. Transfer of Sovmat items after their technical analysis to TSS custody. These items are used by TSS to support clandestine operations of the DD/P.

c. Specific collection of Soviet-bloc products not available through TSS channels, but obtainable through Sovmat contacts. These items were used in support of current or impending clandestine operations.

2. Additional support was provided in FY 1955 to the Office of Training through providing Soviet machinery and products previously exploited for intelligence for use in operational training.

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C. Coordination and liaison have continued to improve throughout the report period. Because the Sovmat Staff must utilize the service of many organizational entities of the CIA DD/I, DD/P, and DD/S components to select, acquire, transport, test, and dispose of foreign items, liaison activities are great.

1. A major clarification of responsibility and authority in the arranging of contracts for the intelligence exploitation of Russian-bloc products was achieved through the granting of authority for Sovmat to use Agency sterile contracts in negotiating for technical exploitation. This authority safeguards the security of exploitation activities more adequately.

a. Only cleared personnel of the exploiting facility can become witting of CIA interest in the exploitation activities.

b. Various conspicuous indicators of classified U.S. Government work in the exploiters facilities are now avoided, i.e., posting of fair employment posters, notification of worker groups of U.S. Government minimum wage standards, and standard Government cost accounting procedures.

2. Direct, informal liaison with requestors in some CIA divisions, notably in OSI and TSS have improved the quality of Sovmat requirements and the responsiveness of Sovmat reports to requestor's needs.

3. Continuing improvement in coordination of activities of the U.S. intelligence community through the Joint Technical Intelligence Subcommittee (JTIS) has provided CIA with opportunity to participate in the intelligence exploitation of 1,039 foreign objects in addition to those acquired for CIA in calendar 1954, and 1,369 such items in fiscal 1955.

a. Collateral liaison fostered through JTIS procedures has permitted Sovmat to obtain the informal advice of Army, Navy, Air, and State personnel with respect to improvements in Sovmat collection requirements.

b. Representatives of G-2 and ATIC have permitted Sovmat to examine and comment on their requirements for the collection of foreign materiel, in order to insure full coverage and to avoid unwarranted duplication.

D. Overall consumer reaction to the Sovmat product has continued favorable.

1. In calendar 1954 a questionnaire asking all members of the U.S. intelligence community for an informal estimate of the value of the program was circulated. This information was sought primarily

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for use in planning for expanded collection support from the DD/P organization and for guidance of [redacted] who desired such information for consideration in connection with a planned [redacted] expansion of activities similar to the Sovmat program.

a. Responses to the questionnaire indicated that all recipients found the program and its products to be of value, many of great value.

b. All respondents wrote that information derived from the Sovmat program is useful and should be continued.

2. Formal evaluations of OO-T reports received in calendar 1954 were as follows:

A1 through A6 - 32%
 B1 through B6 - 58%
 C1 through C6 - 9%
 D1 through D4 - 1%

3. Formal evaluations received in fiscal 1955 for OO-T reports were as follows:

A1 through A6 - 31%
 B1 through B6 - 62%
 C1 through C6 - 7%

III. Management activities for the report period are summarized as follows:

1a. Activity	Calendar 1954	Fiscal 1955
T/O	7	7
Ceiling	5	5
On Duty	5	5
Resigned	1	0
Promoted	2	2
Entered on Duty	3	2
Transferred	1 (DD/P)	2 (FDD)
Attended Training	1	1 (Comptroller)

1b. Fiscal information for FY 1955 is summarized as follows:

	Allocation	Encumbrance	Unencumbered Balance
V	--	\$49,637	\$6,107
UV	--	\$111,676	\$8,594
Total	\$176,014	\$161,313	\$14,701

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2. Two special problems of the Sovmat Staff are worthy of note.

a. As described above, Sovmat has, with the assistance of personnel of the DD/S, been able to solve a troublesome security problem of protecting U.S. Government interests in contractual agreements for the technical examinations of Soviet-bloc products for intelligence purposes without revealing CIA and U.S. Government interest in these projects to unwitting personnel through the procedures required for standard-form U.S. Government contracts and documentations.

b. The decline in the number of Soviet exhibits at [REDACTED] [REDACTED] has posed a serious threat to our acquisition of Sovmat items.

(1) This trend is illustrated by sudden cancellations of Soviet [REDACTED] [REDACTED] [REDACTED]. The cancellations may be evidence of desire to avoid comparison with scheduled U.S.A. exhibits, or they may be occasioned by changing Soviet policy with respect to foreign trade.

(2) Anticipating this development, the Sovmat Staff has, through the activity of DD/P and U.S. military personnel, obtained access to several sources with the ability to order Sovmat items directly from suppliers behind the Iron Curtain. Initial success in this effort supports our hope that we may ultimately abandon [REDACTED] in favor of more efficient methods of collecting Sovmat items.

IV. Deficiencies of importance affecting Sovmat operations are as follows:

1. The average time after receipt of a Sovmat item required to complete a Sovmat exploitation project and issue a report last year was 180 days. Some projects were completed much more rapidly, of course, and a few took even longer. Two avenues of attack promise to reduce this time.

a. The maximum possible number of exploitation projects are being channeled into U.S. Government facilities which are under annual contract with Sovmat. The effect of this is to save the time required for security clearance, since we use the same cleared personnel over and over again; and to save time required to negotiate agreements, since individual projects can simply be billed after informal discussion against the annual contract. Incidentally, there appears to be a considerable saving of money in this method of operation.

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b. As described above, use of Government-sterile contracts with industrial facilities permits Sovmat to greatly reduce the number of people to be security cleared in connection with each contract, with consequent saving of time. Further time saving results from the more flexible negotiations permitted when standard-form Government contracts are not required. Here too, a saving of money is anticipated because the contractor is relieved of the requirement for special accounting procedures required under many Government contracts for which, of course, Sovmat would have to pay the overhead cost.

2. There has been considerable friction over Sovmat operations, especially with specific requestors in ORR and, to a lesser extent, in OSI. Believing that this friction can be reduced by better mutual understanding of the problems involved, Sovmat is seeking at every opportunity to discuss such problems directly and informally with the individual requestors, rather than through intermediary requirement specialists.

3. Requirements served on Sovmat are still sufficiently imperfect at to present operating problems. Among deficiencies in requirements that Sovmat is trying to help correct are the following:

a. Requestors are not aware of the high cost of many items and tests requested.

b. The technical exploitation of an item is sometimes insufficiently planned at the time that this item is requested. In consequence, expensive items or items whose acquisition places great demands on the clandestine services may be subjected only to superficial examination when they have been obtained.

c. There is a growing trend for requestors to ask for Soviet items like military aircraft, radar, automatic pilots, aerial cameras, ejection seats, air to air refueling systems, guided missiles and componets, infrared detection devices, naval ordnance, and ground-force equipment. Because Soviet security procedures make these items unattainable, efforts must be increased to persuade requestors to provide extremely good justification for acquisitions of this kind to permit establishment of complex operations and the offering of substantial financial inducements necessary to try to get the desired items. It is hoped, also, that requestors can plan ways to derive information from the technical exploitation of more obtainable items that will shed light on the characteristics of items that currently cannot be acquired.

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V. Objectives for FY 1956 are as follows:

A. Short and long term objectives are the same.

1. To continue efforts to simplify administrative and security procedures, in order to reduce the time necessary to complete the intelligence exploitation of Sovmat items.

2. To seek closer and less formal liaison with CIA requestors.

a. To inform them of general and specific limitations on what the U.S. Government can and cannot do in the way of acquiring Soviet-bloc materiel.

b. To point out the cost involved in purchasing, transporting, and exploiting Soviet-bloc products.

c. To assist in formulating requirements for the collection and exploitation of Sovmat items which are capable of fulfillment within the capabilities and budget available to Sovmat.

3. To continue the development of new techniques and resources for the acquisition and exploitation of Soviet-bloc products at minimum cost in money, time, and risk of clandestine assets.

Enclosure:
Statistical Annex

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Statistical Annex

1. Sovmat production:

	<u>Calendar 1954</u>	<u>Fiscal 1955</u>
OO-T Reports	124	117
Intelligence Information Memos	55	38
Operational Support Activities	717	656

2. Soviet-bloc items acquired by Sovmat and by the U.S. intelligence community (and coordinated through JTIS):

	<u>Calendar 1954</u>	<u>Fiscal 1955</u>
Items received by Sovmat	918	940
Items received by other U.S. intelligence agencies:		
U.S. Army	<u>356</u>	<u>682</u>
Engineers Corps	55	41
Chemical Corps	34	51
Medical Corps	6	0
Ordnance Corps	118	172
Quartermaster	124	136
Signal Corps	19	276
Transportation	0	6
U.S. Air Force	<u>633</u>	<u>572</u>
U.S. Navy	<u>50</u>	<u>105</u>
Total	<u>1,039</u>	<u>1,359</u>
Total, U.S. intelligence community	1,957	2,299

3. Soviet-bloc items exploited by Sovmat:

<u>Calendar 1954</u>	<u>Fiscal 1955</u>
516	406

4. Facilities employed for technical exploitation by the Sovmat Staff:

	<u>Calendar 1954</u>	<u>Fiscal 1955</u>
U.S. Government facilities	208	192
Private facilities	<u>308</u>	<u>214</u>
Total	516	406
Percent of items in U.S. Gov't facilities	40%	47%



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