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NATIONAL SECURITY COUNCIL

PROGRESS REPORT

by

THE UNDER SECRETARY OF STATE



on the implementation of

SECURITY OF STRATEGICALLY IMPORTANT
INDUSTRIAL OPERATIONS IN FOREIGN COUNTRIES
(NSC 29)

June 8, 1953

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SUMMARY

Tenth Progress Report on the Implementation of NSC-29
"Security of Strategically Important Industrial Operations
in Foreign Countries"

Considerable progress is noted in the implementation of NSC-29 during the past six months, particularly with respect to targets more recently brought under the program. In the case of such industrial operations as Nicaro nickel in Cuba, The Brighton Terminal refinery in the British West Indies, Northern Rhodesian copper, Canadian aluminum and iron ore, and Borneo and Japanese petroleum, assurances have been received from the foreign governments and/or companies concerned that adequate security measures are in operation or are being planned. A U. S. sponsored physical security survey now is being made of Portugal's oil facilities. A team is being recruited to conduct a similar survey of Italy's petroleum industry. Certain security deficiencies which have been noted in the Belgian Congo cobalt processing facilities are being brought to the attention of the Belgian authorities.

The report notes only minor developments in the case of other targets. Some improvement in the security conditions of the Surinam bauxite and Venezuelan oil industries is described. On the other hand, the internal political situation continues to preclude efforts to improve security conditions in the Chilean copper and Bolivian tin and tungsten industries.

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DEPARTMENT OF STATE

Washington



June 8, 1953

MEMORANDUM FOR MR. JAMES S. LAY, JR.,
EXECUTIVE SECRETARY, NATIONAL SECURITY COUNCIL

Subject: Tenth Progress Report on the Implementation of
NSC-29, "Security of Strategically Important
Industrial Operations in Foreign Countries"

NSC-29 was approved as governmental policy on September 4, 1948. It is requested that this progress report, dated May 15, 1953 be circulated to the members of the Council for their information.

1. Target Changes

Since the June 5, 1952, meeting of the Special Interagency Committee on Foreign Sources of Critical Materials, the following targets were added to the list of strategically important foreign industrial operations:

British West Indies - Brighton Terminal Oil Refinery
Cuba - Nicaro Nickel Processing Facilities

The complete list of targets now subject to NSC-29 action is appended.

2. Summary

Considerable progress has been made during the past six months in implementing NSC-29. In the case of most of the industrial operations recently added to the target list, assurances have been received from the foreign governments and/or the private companies concerned that adequate security measures are in effect or are being planned. This applies to such installations as the Nicaro nickel processing facilities in Cuba, the Brighton Terminal oil refinery in the British West Indies, Northern Rhodesian copper, Canadian aluminum and iron ore, Japanese and Borneo petroleum facilities, etc. A U.S. sponsored physical security survey of Portugal's petroleum industry is now under way and a team is being

recruited to do a similar survey for Italy. Where investigations have revealed inadequate security arrangements, as with the Belgian Congo cobalt refinery facilities, steps are being taken to see if the situation can be improved.

In the case of the older targets the situation remains essentially unchanged. Most of these facilities as noted in earlier progress reports are protected by reasonably satisfactory security systems. Some which were deficient such as Surinam bauxite and Venezuelan petroleum have shown gradual improvement. For still others like Chilean copper and Bolivian tin and tungsten, the Department has been unable to press for better security conditions because of the continuing unfriendly attitude of the respective foreign governments. The security of all foreign industrial installations identified for NSC-29 is the continuous concern of U.S. foreign missions and wherever practicable the Department is acting to remedy reported unfavorable situations.

Developments which have occurred since the preparation of the last progress report on NSC-29 are described in some detail below.

3. Latin America and Canada

a) Bolivia - tin and tungsten

In the period since the Ninth Progress Report, the Bolivian Government nationalized the three largest groups of tin and tungsten companies. The United States has been in constant negotiation with the Bolivian Government over problems arising from nationalization. Until these problems are solved any approach to the question of security of these properties is precluded by the attitude of the Bolivian authorities.

b) Chile - copper

Since the election of the Ibanez Government in May 1952, unsatisfactory relations between the copper companies and Chilean officials have prevented the Department from pressing for correction of unsatisfactory security conditions at the large copper mines. Since cooperation of government and company officials is a necessary precondition to constructive action on security, no progress on this problem can be expected until the bases of a new modus vivendi have been established.

c) Brazil - manganese ore at Amapa and Urucum

The Department is preparing for initial discussions with Bethlehem Steel concerning security planning at Amapa, where construction is proceeding. U.S. Steel's project at Urucum still awaits settlement of the basic contract.

d) Mexico - petroleum

As pointed out in the Ninth Progress Report direct U.S. participation in any program to promote the security of Mexican oil fields is not possible. However, the Department is studying the possibility of using the meetings of the US-Mexican Joint Defense Commission for recurrent discussion of the vulnerability of the oil fields. Such discussions if practicable could at least have useful educational effects.

e) Venezuela - petroleum and iron ore

While Embassy Caracas reports some additional progress in the implementation of the Central Intelligence Agency security recommendations covering the oil fields, the overall situation remains spotty. Of the major producers, the Creole Company has a complete security system, under which regulations are enforced and adequate equipment is maintained. The Mene Grande Company has taken relatively complete measures in its Western Venezuelan fields, and at its vital installations in Eastern Venezuela, equipment and services are well advanced and are consistently kept up to standard. The Shell Group of companies has made progress in the acquisition and training of guards but its program is still lacking in adequate effectiveness. Among the smaller companies Socony-Vacuum and Texas have instituted some positive though limited measures which they consider adequate. In general the smaller companies do not feel the need for an active security program, on the grounds that their production is not high, installations are small and relatively spread out, and where their crude oil enters a vital security zone, it is already moving in conjunction with the production of larger companies with more elaborate security arrangements. Excluding Socony-Vacuum and Texas however, the small companies account for only about 7 percent of Venezuelan production.

A number of factors account for the limited implementation of the Central Intelligence Agency security recommendations. The complete absence of any concerted acts of sabotage over a period of years; the effective determination of the Venezuelan Government through its Army



and National Guard to maintain order in the oil fields and to rid these areas of undesirable elements; the Government's campaign against Communists and its severance of diplomatic relations with the USSR and Czechoslovakia, which eliminated two probable nerve-centers of foreign agitation and sabotage; the general easing of apprehension over an outbreak of war: all of these circumstances contribute to a sense of optimism and relative security on the part of the companies. Action on security programs, which require the time of company officials as well as expenditure of money, accordingly runs against the feeling that everything necessary under present conditions has been done and that only a substantial change in those conditions would justify further action.

The Department believes some additional improvement might be attained if, as recommended by Embassy Caracas, a qualified person attached to the Embassy were to devote his full time to inspecting and advising upon security in the oil fields, in continuous consultation with both company executives and local supervisors. Budget difficulties have so far prevented the appointment of such a person.

Arrangements are being made to discuss with Bethlehem Steel the question of security at El Pao, and with U.S. Steel, the problem at Cerro Bolivar, where production is expected to begin in 1954.

f) Cuba - nickel

General Services Administration has reported to the Department that responsibility for security and protection of the Nicaro Nickel Processing facilities rests with the Department of the Navy. This includes responsibility for making inspections and for recommending corrective actions deemed necessary to adequate security. The initial inspection was made shortly after the rehabilitation project was started. A comprehensive plan of security, fire protection and guard service was developed and placed in operation. Recommendations were made for the elimination of hazards and for improvements on all three phases. Most of these have been put into effect. A resurvey of the plant facilities is planned in the near future by the Navy in conjunction with the General Services Administration.

g) Surinam - bauxite

Considerable advances have been made in the security of these installations since the approval of NSC-29. The United States security survey team which inspected physical security conditions at the bauxite



installations in Surinam during April of 1951 found that a number of measures should be taken by the Alcoa Mining Company, the Billiton Mining Company (Dutch) and the Surinam Government in order to render these installations reasonably secure against sabotage. The Department is now informed that the Alcoa Mining Company has implemented a number of the recommendations, including those related to identification badges for workmen, fencing, and flood lighting. The Company believes that the guard system should be the responsibility of the Surinam Government. The Billiton Company has also implemented some of the recommendations. Both companies have been temporarily handicapped in this connection by their current program of expansion of some of their facilities.

The Department has been informed by the Dutch Government that the Governor of Surinam has established a Bauxite Security Commission, which includes the managing directors of the two bauxite companies, the local manager of the Alcoa Shipping Company and representatives of the police. It is also understood that the Surinam Government has appointed one of its inspectors of police as security officer with whom the companies work directly. One of the first tasks of the Security Commission will be to prepare a report on the practical steps that should be taken to improve the security of the installations immediately, and on those measures which should be implemented only under extraordinary circumstances. The Commission has agreed, however, that, for financial and psychological reasons, it is not practical to institute far reaching security measures at this time. The activities of the Surinam Security Commission are being followed closely.

h) British West Indies - petroleum

The Consul General, Port-of-Spain reports that steps are being taken or are planned to correct the unsatisfactory security situation at the Brighton Terminal oil refinery. Implementation of the measures outlined by the company should assure reasonably adequate security conditions at the facilities.

i) Canada - aluminum facilities and Labrador iron ore

According to the Government of Canada, all power and aluminum production plants operating in Canada now have limited counter-sabotage protection measures in effect. The Royal Canadian Mounted Police consider these measures adequate under present conditions. In the event of a war they will be increased to the extent necessary for complete security.



In the case of the Labrador Iron ore facilities it was reported that since major construction still is in progress it is difficult to enforce greater security measures than are needed under ordinary circumstances. As construction goes forward it is planned to take measures to protect completed parts of the project where necessary.

4. Western Europe

a) Petroleum

Progress made to safeguard important oil producing facilities in Western Europe continues to be slow because of the special difficulties described in earlier reports. Previous hopes for a multilateral approach to the problem through NATO have not been realized. The United States has stressed in the NATO Petroleum Planning Committee the importance of each NATO member taking all possible advance measures to protect petroleum facilities against sabotage. However, direct NATO action on the problem has been precluded because of the view that the measures required are a national responsibility.



As an alternative to the multilateral approach, the Department is considering the possibility of action through the three principal American oil companies operating in Europe--Caltex, Standard Oil Company of New Jersey and Socony-Vacuum. The Department has asked the company about their security organizations and believes that they will cooperate with the U.S. Government in improving the security of their European facilities. The Department will attempt to develop in cooperation with the companies a concrete program of action.

The U.S. security expert surveying the petroleum industry at the request of the Portuguese Government has consulted with oil company and government officials and has submitted a detailed questionnaire to the Minister of National Defense. He has arranged with the Minister for a physical inspection of the petroleum facilities as soon as the questionnaire has been answered.

The Italian Government has requested the assistance of the U.S. Government to conduct a survey of the petroleum industry. Arrangements now are being made to send two plant security experts to Italy for the purpose.

b) United Kingdom - nickel refinery

The British Government has reported to the Department that the Mond Nickel Refinery at Clydach, Wales has been classified as a Category 1A key point. As such it has been included by the Key Points Sub-Committee in the fairly short list of industrial premises which in an emergency will be given a very high degree of internal protection against sabotage. The program of protection includes:

- 1) Establishment of a company security organization
- 2) Physical plant security
- 3) Provision of spare equipment and stand-by power plant
- 4) Guards and patrols
- 5) Fire protection

In addition provisions have been made to protect such essential utilities as water, electricity, gas and communications.

5. Near East and Africa

a) Northern Rhodesia - copper

The British Foreign Office has informed the Department that the security of production and transportation of copper is accorded first priority under the Northern Rhodesia Defense Scheme. It is recognized that the Copperbelt is a prime strategic area, and the mines, the plant and important bridges are Category A points. In the event of an emergency a 24-hour guard would be maintained at these points and a check imposed on all persons entering or leaving the area.

All male natives of taxable age in the mining areas are required by law to carry identity certificates issued by the Northern Rhodesian authorities.

Reliability checks are made of all mineworkers. Police security officers inform the mine management of any unreliable persons employed at vulnerable points. Such persons are either moved or their employment is terminated. The mine and rail managements also have been informed of the importance of providing adequate stand-by facilities and spare parts.



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The Defense Scheme also provides for mobilization of military forces to support the civil power in case of emergency and the police reserve would be mobilized at the precautionary stage. A trained force of special constables has been raised at all centers on the railroad for security duties. In the event of riots or civil disturbances involving Europeans for which reinforcements of European police are required, arrangements have been made to send a detachment of British South African Police to the area involved.

b) Belgian Congo - cobalt

Consulate General Leopoldville reports that very limited security measures are in effect at the cobalt concentrating and refining facilities at Jadotville, Haut Katanga province. Physical security measures consist for the most part of anchor fencing. Native watchmen are unarmed in recognition of the Geneva convention forbidding the presence of armed guards in private installations in time of peace; however, ammunition is kept nearby under the control of white officers. Embassy Brussels has been requested to take up the security problem with the proper Belgian authorities (Union Miniere and public officials) in order that the unsatisfactory security conditions may be corrected.

A recent survey revealed that the Congo Surete has as yet uncovered no trace of Soviet clandestine activity in the Katanga. The possibility of sabotage by employees is somewhat reduced by the requirement that all European staff and employees of the Union Miniere du Haut Katanga be cleared by the Belgian Surete. In addition, all new native employees have a six-week period of "acclimatization" in special camps, during which time trouble-makers and unsuitable employees are weeded out. Because of the Union Miniere's program of health, education, and welfare for the workers and the present prosperity of the Katanga, the native population is relatively stable and contented.

The most vital installations in the Katanga are the hydroelectric stations at Mwadingusha, Koni, and N'Zilo, which provide power for the mines and refineries in the Katanga. These dams and power stations, although effectively defended against sabotage, continue to be the most important industrial targets in Central Africa. The conclusion of a survey officer was that these dams, and not the individual mines or refineries, are the key to the security problem and that the present guard force at the power stations represents a thorough and efficient preventive effort against sabotage. He reported that nothing short of a large group of determined and well-armed men could force an entrance and effect a permanently damaging act of sabotage to the power stations.



6. Far East

a) Indonesia - tin and petroleum

The Department still believes it to be politically inadvisable to approach the Indonesian Government regarding the security of petroleum and tin producing facilities. However, the Department is instructing the Consul at Medan to make a routine visit to the installations in order to investigate and report on current security conditions.

b) British Borneo - petroleum

An officer of the Consulate General at Singapore recently visited Seria Oil Fields in British Borneo. He reports that the area recently was surveyed by British officials from Singapore with a view to establishing anti-sabotage procedures. An officer of the company revealed that there existed a security plan which would go into effect when conditions warrant. The Consulate General at Singapore is attempting to obtain a copy of the report.

Since the company and British authorities apparently are alive to the problem of sabotage in the area and have prepared full anti-sabotage plans in addition to taking other security measures, the Department will not pursue the question any further at this time.

c) Japan - petroleum

A report of the Headquarters, Far East Command, entitled Protection of Japanese Vital Installations in Event of Disaster, was received in the Department in November 1952. According to this report G-2 and G-3 of the Far East Command, and the Japanese Police are jointly developing plans to provide adequate protection for all key installations in the event of an emergency. Included among the 1224 vital installations for which such protection is to be provided are 64 petroleum refining and storage facilities.

/s/ W.B. SMITH

W.B. Smith
Under Secretary



APPENDIX

INDUSTRIAL OPERATIONS SUBJECT TO NSC-29 ACTION

1. Venezuela - petroleum and iron ore (Cerro Bolivar and El Pao)
2. Chile - copper
3. Brazil - manganese ore (Amapa and Urucum)
4. Bolivia - tin and tungsten
5. Surinam - bauxite
6. Trinidad - bauxite transshipment facilities
7. British Guiana - bauxite
8. British West Indies - petroleum
9. Cuba - Nicaro nickel processing plant
10. Jamaica - bauxite transportation and loading facilities
11. Aruba and Curacao - petroleum
12. Mexico - petroleum
13. Canada - nickel, platinum, aluminum and Labrador iron ore
14. Nigeria - columbite and tantalite
15. Gold Coast - all grades of manganese
16. Southern Rhodesia - chromite
17. Union of South Africa - metallurgical manganese and metallurgical and chemical chromite
18. Belgian Congo - cobalt concentrating and refining facilities and copper
19. Northern Rhodesia - copper
20. New Caledonia - nickel



APPENDIX (Continued)

21. Indonesia - tin and petroleum
22. British Borneo - petroleum
23. Japan - petroleum
24. United Kingdom - nickel refinery Clydach Wales
25. Belgium/Luxembourg - petroleum
26. France - petroleum
27. Italy- petroleum
28. Spain/Portugal - petroleum
29. The Netherlands - petroleum

