

FOREIGN SERVICE DESPATCH

FROM : US HICOG BONN

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DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

17 November 1954

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	REC'D <i>11/22</i>	OTHER <i>CIA-5, FGA-10, ARMU-3</i>		

SUBJECT: Decisions Taken at the Meeting of the Commissioners of the Military Security Board on November 9, 1954.

1. Application by Sartorius-Werke AG, Goettingen to Manufacture Three Gas Centrifuges for Brazil - MSB Serial No. 54/3/5

Ref: (a) Deptal 1257 of 4 Nove. 1954; (b) HICOG Despatch No. 923 of 29 Oct. 1954 Item 1

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The U.S. Commissioner as Chairman opened the discussion by stating that the U.S. Government was of the opinion that the gas centrifuges, subject of the application by Sartorius-Werke, are prohibited under AHC Law No. 22 (Amended) since they have a capacity to produce more than 1 milligram of U235 in 24 hours. The U.S. Commissioner stated further that there would appear to be no way to authorize the manufacture of the centrifuges without amending Law No. 22 (Amended) and that he was not proposing such a course if his colleagues were prepared to deny the application. The French Commissioner expressed his thanks at receiving the U.S. view and agreed that the application should be denied. The U.K. Commissioner concurred, but expressed the wish that the Brazilian Embassy be informed of the decision with an explanation as to why the denial was issued on the grounds that the Board might be open to criticism, considering the long delay in reaching a decision.

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It was decided finally that the usual denial form would be sent to Sartorius-Werke and that the Secretary would send a letter to the Allied General Secretariat with the understanding that any communication to the Brazilians would originate at the High Commission level. Since the U.S. Secretary is responsible for Allied General Secretariat activities this month, it will be possible to exercise care in drafting the letter to the Brazilian Embassy in order to avoid any possible indication of the U.S. position.

2. Radar for Use in Civil Defense

Ref: HICOG Despatch No. 851, Item No. 4

By interim action the Board had ~~been asked~~ to inform the Special Security Committee that the Military Security Board would take final responsibility in respect to the import by the German Federal authorities of three radar sets to be used for tests in preparation for a proposed Passive Air Defense radar network. At the meeting on November 9, the Commissioners considered a reply from the Special Security Committee in which that body agreed that the Military Security Board should have final jurisdiction but should make certain that the use by the Germans of ~~the~~ equipment be coordinated with the three national

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military commanders in Germany, and not with the NATO Civilian Defense Committee as had been suggested by the Germans.

The U.K. Commissioner suggested that this admonition could be ignored since by the time the Germans would have acquired a radar network they too would have their own national army commander. On the other hand, the U. S. Commissioner suggested that the instruction of the Special Security Committee could be read to include testing activities and therefore that the Military Security Board should inform the three Allied commanders that the Germans had been authorized to import three radar sets for testing purposes. The French Commissioner insisted that the Board explain its position clearly to the commanders in order to avoid a misunderstanding. Accordingly he suggested that in any letter that is written, the Board should avoid any comments concerning the ultimate deployment of a radar screen by the Germans.

It was finally agreed to adopt the U.S. suggestion that a letter be written to each of the commanding generals in Germany advising them that the Board had authorized the import of radar sets for testing purposes only.

3. ACA Law 43 - Application by C. Lorenz AG to Manufacture 177 Terminal Sets and 161 Relay Sets for the U.S. Army

Ref: (a) Bonn Tel No. Dill of 12 Nov. 1954; (b) HICOG Despatch No. 923 of 29 Oct. 1954, Item No. 3

As reported in the referenced despatch, the Commissioners charged the Industrial Division on October 27 with studying the above mentioned application and reporting their findings back to the Commission as soon as possible. After several lengthy meetings in the Industrial Division, it became evident that all three Elements had a different approach to the problem. The U.S. Element was prepared to admit that the equipment manufactured according to Army specifications could be considered to be specially designed, and therefore subject to licensing in Berlin, but that this license should be granted forthwith.

The U.K. Commissioner stated that in addition to being specially designed, the equipment was "demonstrably war material" and that the manufacture could not be permitted under HICOM/M(52)10, and accordingly the application must be denied.

The French Commissioner indicated that he agreed that the equipment was "demonstrably war material" but in view of the fact that Telefunken Berlin is currently producing 1620 similar sets, it would not be feasible to deny the same right to Lorenz.

It was in connection with this case that the U.S. Commissioner put forth his suggestion to reach an agreement on some procedure whereby Berlin could have more authority in handling cases of this type which brought forth the British reaction which is the subject of reference (a). The U.S. Commissioner observed that most of the applications from Berlin involve radio equipment as a result of the industry's importance in that city. He further explained that because the Kommandatura does not have jurisdiction in these matters it is difficult for the Berlin radio industry to operate efficiently since the controls are in effect exercised by persons removed from the scene. The U.S.

Commissioner recommended that Berlin be granted complete discretion in handling all reasonably normal radio equipment.

It was in reply to this proposal that the U.K. Commissioner outlined his Government's plan for dealing with the problem, which included giving Berlin complete discretion for all radio equipment for all destinations, and in addition a program for a complete revision of the Berlin controls with the purpose of modifying them in advance of the ratification of the Paris Protocols. The French Commissioner immediately protested that the High Commission did not have authority to grant Berlin discretion on this equipment for non-NATO destinations. He referred to the London Agreement (London 1951) as prohibiting the High Commission from authorizing production for non-NATO destinations without the approval of the three Governments.

The U.K. Commissioner expressed the desire to eliminate ACA Law No. 43, but he indicated for political reasons it would probably be necessary to maintain the law in effect; therefore, it was important that agreement be reached on the relaxations necessary to bring the law into line with the controls existing in Western Germany. It was not clear whether he meant the controls existing now or the controls which will remain upon the coming into effect of the Paris Protocols. It is believed that he meant the former.

The U.S. Commissioner agreed that these recommendations should be made to the General Committee and suggested that a draft of the proposed instructions to the Kommandants be sent forward in order to save time. The U. S. Element of the Military Security Board favors in principle any discussions with a view toward the relaxation of controls in Berlin. It is believed, however, that there is some possibility the British may feel that by giving up certain controls now by way of a gesture, they may wind up with stronger controls in post-ratification Berlin than would be the case if they throw the Berlin problem into a radical year-end review.

4. Application by Siemens and Halske to Export 20 Shortwave Transmitters to Egypt

Ref: HICOG Despatch No. 189 of July 26, 1954, Item No. 6

This application has been under study in the Board since May, at which time the British were opposed to the shipment of the transmitters to Egypt. The British are no longer desirous of withholding this equipment from the Egyptian Army, and are now willing to license the application. However, the French are now adamant against the shipment to Egypt. This stems from a recent French policy which calls for the embargo of all military equipment to Egypt which is suitable for guerrilla warfare. The French believe that the recent guerrilla outbreaks in Tunisia and Algiers are directed by the Arab League in Cairo, and that the equipment (including radios) that the Arab rebels are using has been obtained in Cairo. The French, on the other hand, are prepared to permit shipment of heavy weapons such as artillery pieces which do not lend themselves to guerrilla activities. The U.S. Commissioner, at the behest of the Berlin Element, intends to make a test case of this application on the grounds that the equipment is not specially designed for war purposes, and therefore, is not covered by Group III (b) of ACA Law No. 43. The firm of Siemens is not pushing with the application, and there will be no great harm done if a

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Decision is not reached in the near future. The U.S. Commissioner pointed out to his British colleague that the U.K. Element in Berlin had issued no objection letters (which indicated that the equipment does not fall under the law) for the production and export of these radio sets, even as recently as last March. The U.S. Commissioner noted that the U.K. Element in Berlin had never taken the position that these sets fell under the law, until they received an application to send them to Egypt, which at that time was embargoed by the British. When the U. S. Commissioner suggested that his colleagues explain just which technical characteristic proved in their views that the sets were specially designed for war purposes, the U.K. Commissioner declined to become embroiled in "a technical" argument.

It was agreed to hold this item on the agenda for further discussion since no decision could be reached. The U.S. Element believes that it has an unassailable case on which to base its argument that these sets do not fall under the law.

#### 5. Applications Received from Berlin

The following papers were noted by the Commission and referred to the Industrial Division for study and report:

- (a) ACA Law No. 43 - Application by Askania-Werke to Modify 6 Cinetheodolites and Manufacture 10 Lenses for Australia - BK/AHC(54)53
- (b) ACA Law No. 43 - Application by Lorenz to Manufacture and Transport Mobile and Fixed Stations for Stock - BK/AHC(54)54
- (c) ACA Law No. 43 - Application by Askania-Werke to Manufacture, Transport and Export One Reading Device for Cinetheodolites to the Royal Swedish Air Board - BK/AHC(54)55
- (d) ACA Law No. 43 - Application by Askania to Manufacture and Store One Reading Device for Cinetheodolites - BK/AHC(54)56
- (e) ACA Law No. 43 - Applications to Export Transmitters to Non-NATO and EDC Countries - BK/AHC(54)57
- (f) ACA Law No. 43 - Application by Lorenz to Manufacture and Transport Transmitters for Stock - BK/AHC(54)58
- (g) ACA Law No. 43 - Applications to Manufacture Transmitters for Stock - BK/AHC(54)59

  
Ray W. Smith  
U. S. Commissioner  
Military Security Board

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