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Serial: N 1180

12 APR 1961

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Mr. Lee W. Parke
 Special Assistant to the Assistant
 Secretary for Administration
 Department of State
 2201 C Street, N. W.
 Washington 25, D. C.

Dear Mr. Parke:

Reference is made to your letter dated 21 March 1961 requesting information concerning procurement of cryptographic equipment with U.S. Government funds for Viet-Nam.

The matter of providing U.S. funds to another nation for off-shore procurement of COMSEC equipment is not a new problem. It was recognized several years ago in our review of the Grant Aid Program administered by the Department of Defense. At that time, the Secretary of Defense determined that such requests did constitute requests for COMSEC assistance and promulgated guidance within the Defense Department to insure that the provisions of COMSEC 2-/24, revised 12 September 1960, were followed in such cases.

The following extract of the Defense policy on this subject is quoted for your information:

"In view of the USCSB policy and the U.S. interest in assuring the suitability of COMSEC equipment used by friendly foreign nations, it is necessary that arrangements be made to insure the proper technical review of the equipment involved. It is, therefore, requested that you arrange for all requests for COMSEC assistance under the Grant Aid Programs, including requests for Mutual Assistance Program funds for off-shore procurement of COMSEC equipment, to be referred through this office to the Director, National Security Agency for review and comment. NSA is not, of course, interested in the financial aspects of such requests for funds; but a technical review should be accomplished by that agency to determine the adequacy of the equipment to be purchased, its compatibility with other equipment used in collective defense effort, and whether the request meets the criteria established by the USCSB."

Declassified and approved for release by NSA on 10-10-2013 pursuant to E.O. 13526

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It is requested that the International Cooperation Administration (ICA) be informed that requests to procure cryptographic equipment as a commodity for use by foreign governments must be handled in the same manner as requests for U.S. equipments. In this connection, we consider it extremely doubtful that ICA funds would ever be used for off-shore procurement of cryptographic equipment. If an ICA-sponsored request receives national approval, it would in all probability be satisfied with U.S. produced equipment rather than with ICA funds.

With respect to the question of the necessity of cryptographic support to Viet-Nam, this request will be considered in relation to similar requests which are anticipated from military sources. When the entire problem is studied by this Agency, it may be necessary to obtain additional information from your Department.

Sincerely,

L. H. FROST
Vice Admiral, USN
Director

Copy Furnished:

General G. B. Erskine, USMC-Ret,
Asst to SecDef, Sp Opns

Executive Secretary, USCSB

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 Reading File
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M/R: State has requested guidance concerning the use of ICA funds for the procurement of cryptographic equipment by foreign nations. ICA has the responsibility for the conduct of mutual security programs, except those which provide military assistance. The programs provide the economic assistance required, in addition to military assistance, in order to secure a specific contribution to the common defense by another country in which the U.S. military aid is helping support significant military forces. This request is for assistance to the combine police service and apparently does not fall in the category of military assistance. This reply advises State that a previous policy decision has been made in this matter and recommends that ICA be informed that U.S. funds may not be used for this purpose without consideration by the national COMSEC authority. State is also informed that the specific request will be handled in conjunction with a military request which is forthcoming from CINCPAC.

Mr.G.E.Fralley/CSEC-04/2129/mk/5 Apr 61
 rewritten 6 Apr 61

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