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REPORT  
of the  
ATTORNEY GENERAL

Pursuant to Section 708(e) of the  
Defense Production Act of 1950,  
as amended

REVIEW OF  
VOLUNTARY AGREEMENTS AND PROGRAMS

as of

August 9, 1968

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Report No. 16-6

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REVIEW OF VOLUNTARY AGREEMENTS AND PROGRAMS

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REPORT OF THE ATTORNEY GENERAL PURSUANT TO SECTION 708(e)  
OF THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

As of August 9, 1968

TO THE PRESIDENT OF THE UNITED STATES OF AMERICA AND THE SENATE AND  
HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA IN CONGRESS  
assembled:

I have the honor to submit a report in compliance with section 708(e) of the Defense Production Act of 1950, as amended. That provision directs the Attorney General to make studies of the voluntary agreements and programs authorized by section 708 and to report the results of these studies to the Congress and the President annually.

In response to that direction, this report presents the current status of the fourteen outstanding voluntary agreements and programs which have been entered into under section 708 of the Defense Production Act. Ten are now in a stand-by or inactive status.

Set forth below are our review and conclusions with respect to (a) the Foreign Petroleum Supply Agreement (active); (b) Army Integration Committees (three active; nine stand-by); and (c) the Contribution of the Tanker Capacity Agreement (inactive).

A. Voluntary Agreement Relating to Foreign Petroleum Supply

Substantial activity has taken place pursuant to this Agreement following the outbreak of the six day Arab-Israeli War in June 1967. The closing of the Suez Canal and the refusal of many Arab countries

to supply crude oil to the United States and to certain European countries which previously had obtained most of their fuel from this source placed extraordinary strains on the tanker transportation system. Not only did substitute oil supplies have to be provided but with the Canal closed the available Middle East oil had to be transported around the Cape of Good Hope. The emergency procedures of the Foreign Petroleum Supply Agreement were resorted to as protection of the United States' defense mobilization interests. A Plan of Action was adopted on June 20, 1967. The text of the Plan and a list of companies which are participants was set out in Appendix A of the 1967 report.

Action by the Emergency Petroleum Supply Committee established by the Plan was aimed at the establishment of a current base of information on world petroleum supply, requirements, and tanker movements. There have been several meetings of the two Subcommittees established under the Plan - one on Supply and Distribution and one on Transportation - which have been devoted to assembly of this basic data and to working out the operational problems inherent in any committee procedure. The disruption of former oil supply patterns has been met by companies of the Free World's petroleum industry without the need for any schedule of joint action. This circumstance has, in large part, stemmed from the availability of substantial stocks in producing areas and consuming countries, as well as a prompt increase of production.

Production of oil was resumed by most of the Arab nations in the latter half of 1967, destination restrictions were lifted and the Trans-Arabian oil pipeline was reopened. Tanker rates, which rose, imposed cost disadvantages to consuming countries, but had the effect of reactivating a large number of tankers that had been diverted to other trades or laid up. As an outgrowth of renewed concern regarding security of supply, there was a surge in the supertanker building program. It is expected that these giant tankers will be able to haul oil around the Cape of Good Hope at a lower cost than that of smaller tankers using the Canal.

B. Army Integration Committees

There are three Army Integration Committees which are in active status and nine which are in stand-by status. The active committees, which were sponsored by the U. S. Army Munitions Command, are: the Committee on Ammunition Loading (Except Small Arms Ammunition); the Committee on Propellants and Explosives; and the Committee on Small Arms Ammunition.

The Committee on Ammunition Loading (Except Small Arms Ammunition) held no meetings during the year under review. A meeting is scheduled during the week of 23 September 1968. It is planned to utilize the Committee to provide for an interchange of data on processes and plant modernization, to introduce new concepts in ammunition manufacture, and to disseminate information on the latest improvements in the manufacture of ammunition which will assist in meeting ammunition delivery requirements.

The Committee on Propellants and Explosives held no meetings during the last fiscal year. There will be a meeting of the Committee during the week of 21 October 1968. The Committee will be utilized to exchange data on process and plant modernization and to disseminate information on the latest improvements in the manufacture of propellants and explosives to meet delivery requirements.

The Committee on Small Arms Ammunition held a meeting at the Frankford Arsenal in Philadelphia, Pennsylvania the 13th and 14th of December 1967. The Committee's activities are funneled through four sub-committees: the Sub-Committee on Engineering and Inspection, the Sub-Committee on Process Engineering, the Sub-Committee on Expendable Tooling, and the Sub-Committee on Machinery and Spare Parts. These sub-committees held numerous meetings during the year. The Sub-Committee on Engineering and Inspection reviewed and evaluated proposals for the modification and improvement of ammunition design; the performance of the cartridge and its components and the inspection requirements contained in applicable specifications; and, also, the test equipment and test procedures described in specifications, manuals and Inspection Equipment Lists. The Sub-Committee on Process Engineering standardized materiel equipment and procedures for the production of the 7.62 mm case. It reviewed and evaluated a half-hundred projects on which annual savings of millions may be realized. The Sub-Committee on Expendable Tooling engaged in the standardization of tooling in a number of operations involving the 7.62 mm case, and the steels and heat treatment used for tooling. This Sub-Committee actively assisted

in establishing standards for tool control and the mortality rate at all facilities. It also participated in standardizing carbides and methods of chromeplating. The Sub-Committee on Machinery and Spare Parts standardized hundreds of spare parts drawings used on thirty-one items of equipment. This will result in greater flexibility and a lower inventory at all facilities. It is planned that the parent Committee will be used to effect further improvements in product quality and reliability of Small Arms Ammunition and on those problems which arise in the production of such ammunition.

The following Integration Committees sponsored by the U. S. Army Munitions Command are in stand-by status: Committee on Artillery Mechanical Time Fuses; Committee on Cartridge Cases; Committee on Military Pyrotechnics; Committee on Bursting Casings; Committee on Fin Stabilized Artillery Ammunition and M-31 (T-37) Rifle Grenade; and Committee on Conventional Artillery and Mortar Shell.

The three Integration Committees sponsored by the U. S. Army Tank Automotive Command are now in stand-by status. These three are: Committee on Heavy Tactical Trucks; Committee on Light and Medium Tactical Trucks; and Committee on Cast Armor for Track-laying Type Vehicles. No anticompetitive effects of the active integration committees have come to our attention and it, therefore, continues to be my view that the contributions of these committees warrant their continuation. With respect to those integration committees which were inactive during the year or were in a stand-by status,

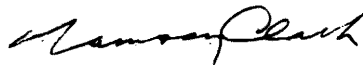
their inactivity evidently minimizes any possible anticompetitive effects, and it is my belief that their potential contributions to the national defense warrant approval of their continuation.

C. Contribution of Tanker Capacity Agreement

The Committee contemplated by this Agreement is in an inactive status absent a determination of the need to supplement the tanker capacity available to the Military Sea Transportation Service. Without such a determination, joint activities or meetings of the Committee are prohibited by the terms of the Agreement.

Inasmuch as the Agreement remains in an inactive status, no anticompetitive effects are discernible.

Respectfully submitted,



Ramsey Clark  
Attorney General