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NATIONAL SECURITY DECISION
DIRECTIVE NUMBER 174

June 10, 1985

U.S. NATIONAL DEFENSE STOCKPILE GOALS, MOBILIZATION
PLANNING FACTORS AND IMPLEMENTATION MEASURES (X)

Statement of Policy

The NSC 1984 study will be the basis for future Administration stockpile policy and actions. It replaces the 1979 stockpile study in this function. (X)

It is the policy of the United States to maintain a broadly based deterrent against different types of conflict. It is essential that the United States have appropriate mobilization capabilities including available supplies of strategic and critical materials to support the conduct of a protracted conventional war, both in terms of direct defense production and essential civilian requirements. (X)

The National Defense stockpile goals are to be sufficient to meet all wartime military, industrial and essential civilian material requirements that cannot be satisfied through total domestic production and reliable imports. (X)

Study Process

In June 1983, the Assistant to the President for National Security Affairs established an interagency group to develop appropriate stockpile goals and mobilization planning factors. On July 13, 1984, I approved the first seven mobilization planning reports (war scenario, defense expenditures, GNP planning levels, energy supply and demand, domestic and international material supplies, sealane attrition factors, and country wartime reliability ratings). This NSDD implements the complete 1984 NSC study and recommendations. (X)

Study Findings

The NSC 1984 stockpile and mobilization study has concluded that there are isolated shortages of minerals used extensively in defense applications and imported from unreliable sources. On the basis of the stockpile study's results, the National Defense Stockpile Goals will contain, for the forty-two materials investigated, those materials in the quantities noted in the list at Tab 1. (X)

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To help ensure that the disposal of excess stockpile materials does not cause undue disruption to the markets for materials consumers, processors and producers, and to provide an additional reserve for U.S. emergency needs, the United States will maintain a Strategic and Critical Materials Supplemental Reserve for the materials noted at Tab 2. These materials are to have a current value of about \$6 billion. ~~NSI~~

Surplus materials will be disposed of at the rate of up to \$500 million a year for a 5-year period. Funds from the stockpile sales not used to purchase materials needed for the stockpile under the 1984 goals, will accrue to the Treasury General Fund. To permit flexibility in material sales, the Administration will seek authorization to sell approximately \$800 million a year in materials, but will cap the actual annual sales at the \$500 million level. ~~NSI~~

National Defense stockpile acquisition and disposal plans and policy will be decided through the NSC system. An NSC-chaired interagency stockpile group will be established to consider the potential for undue market disruption (Tab 3) and to provide objective criteria governing disposals on a material-by-material basis so that they do not cause undue market disruption. Market impact assessments will be prepared by interagency mineral commodity committees by August 1985 for stockpile materials scheduled for disposal in fiscal year 1986. ~~NSI~~

The 1984 stockpile study shall be used as the basis for follow-on work by the NSC interagency group to: finalize exact quantities of the materials (Tab 2) to be maintained in the Supplemental Reserve; analyze new commodities for possible inclusion to the stockpile inventory using guidance from the Department of Defense on high-technology materials requirements for the production of modern weapons systems (i.e., these would be those new materials not covered in the 1984 study--the Department of Defense, where possible, should develop weapons system specific materials requirements for such new materials); and, address other issues as necessary, such as materials' forms. In addition, agencies will undertake follow-on studies, based on the 1984 study's parameters, to complete the tasks noted at Tab 4. Completed reports will be submitted to the NSC interagency group for evaluation. ~~NSI~~

The NSC study base case reports on war scenario, wartime DOD expenditures, worldwide petroleum supply/demand and prices, GNP and investment levels, industrial sector output levels adjusted for austerity, wartime reliability of exporting nations, and sealane attrition factors shall be adopted, where appropriate, on a case-by-case basis for related mobilization planning activities. ~~NSI~~

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An NSC interagency group will prepare necessary changes in existing Presidential policy documents, Executive orders and laws required to fulfill the provisions of this NSDD. (X)

Attachments

TAB 1	National Defense Stockpile Goals
TAB 2	Supplemental Reserve Materials Quantities
TAB 3	Working Group Procedures for Avoiding Market Disruptions
TAB 4	Additional study tasks

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1984 STOCKPILE GOALS

<u>Commodity</u>	<u>Goal (\$)</u>	<u>Quantity</u>
Antimony	15.7	4,580 (st)
Chromium	80.9	200 (1000 st)
Cobalt	252.8	23 (million lbs)
Germanium	154.8	146,038 (kilograms)
Graphite, Ceylon	9.9	5,077 (st)
Graphite, Malagasy	42.0	14,000 (st)
Graphite, Other	1.6	2,286 (st)
Mica, Muscovite Block	1.0	250 (1000 lbs)
Mica, Muscovite Film	0.2	16.7 (1000 lbs)
Mica, Muscovite Split	21.6	14,400 (1000 lbs)
Mica, Phlogopite Block	0.4	80 (1000 lbs)
Mica, Phlogopite Split	1.0	500 (1000 lbs)
Quartz Crystal, Natural	0.2	33 (1000 lbs)
Tantalum	74.3	1900 (1000 lbs)
Titanium	39.3	3.93 (1000 lbs)

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Strategic and Critical Materials Supplemental Reserve

Bauxite, abrasive grade, refractory, and metal grade

Beryllium

Copper

Chromium

Cobalt

Columbium

Diamonds, Industrial

Graphite, Ceylon

Iodine

Lead

Maganese

Mica, Muscovite Block

Rubber

Silver

Tantalum

Tin

Titanium

Tungsten

Quartz, Natural

Note: The Supplemental Reserve is to have a total value of \$6 billion at current materials prices. Exact quantities of each listed material to be kept in the Supplemental Reserve are to be determined by the NSC Interagency Group.

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FOLLOW-ON STUDY TASKS TO BE BASED ON THE 1984 NSC STUDY

I. Detailed Weapon System Exotic Material Content Analysis

The Departments of Defense, Interior and Commerce shall conduct a study to produce exotic defense material requirement data for each weapon system used by the services in the projected scenario.

This study will attempt to quantify actual exotic weapon system "material by material" content, including the quantities of materials used in the infrastructure to support weapons production--taking into account scrap factors.

II. Defense Production Capability

The Departments of Defense and Commerce, using the NSC study's defense expenditure patterns, shall evaluate whether existing Defense contractors can achieve the rates of production noted in the Defense expenditure patterns on a "weapons system by weapons systems" basis. This analysis shall be completed for the mobilization year and each war year, to determine mobilization bottlenecks.

III. Soviet Block Activity

CIA shall complete an analysis of the impact of Soviet Bloc activity in minerals markets during the projected war scenario, either for its direct war-related requirements or because of preemptive buying.

V. Other Tasks

Other follow-on agency studies may be undertaken as recommended by the NSC interagency group and approved through the NSC process.

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