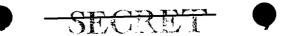
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EO 3.3(h)(2) PL 86-36/50 USC 3605

- 2. The NSA deliberations concentrated on those areas where it appeared that CCHQ was better equipped due to superior skills and experience to do a specific job than the U.S. eryptologic community. The proposed program will enhance the skills GCHQ should possess by the conclusion of the period covered in this agreement to enable a quick response in times of emergency with a major machine program.
- 3. The National Security Agency placed primary emphasis on the research and development activities inherent in the proposed CCHQ program, procurement of equipment as a betterment of capability being a secondary consideration. The preceding agreements, and stressed more the supplying of items of badly needed equipment rather than the longer term aspects of a U. S./U. K. integrated research and development program. Now that these necessary items of equipment are at hand, it is believed that the present and future agreements should place emphasis on using funds in the U. K. primarily for R/D and to a leaser degree for the procurement of equipments to improve the U. K.'s facilities.
- 4. In consonance with the above philosophy, the details of the current were discussed with CCRQ officials. Minor revisions of the proposal were negotiated and have already been executed by the CCRQ officials. NEA concurs in the program

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as outlined in the agreement. In fact, if it were	possible to
increase the funds allocated to some of the areas,	
ciuting the effort allocated to the others, NEA w	ruld consur in
	area and the
analytic modular techniques development area.	\

chaired by Dr. W. O. Baker, to DERAK on 27 January 1961, also received unqualified endorsement of this group. Only in a combined effort of both the National Security Agency and its sister agency, CCHQ, is there hope to continue significant progress in common objectives against target nations. The interworking and exchange between MEA and CCHQ throughout the past years have greatly enriched the amount and value of information available to the respective intelligence communities. Many specific instances are directly attributable to the close working relationship existing between personnel of NEA and CCHQ in the attack on specific problems. NEA strongly urges the allocation of U. S. funds consistent with the requirements as outlined in the

L. H. FROST Vice Admiral, USN Director

PL 86-36/50 USC 3605 EO 3.3(h)(2)

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

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