

Special reviews and approvals of "new starts" will be made.

The inventory of commercial and industrial-type activities in the DoD is nearly complete. There are 3,343 of these activities in the Army, Air Force and the DSA. The Navy will soon complete its inventory.

A review of all of these activities will be completed within the next 3 years. We now have over 200 studies underway.

COMMON AGENCIES

In your letter of April 27, 1967 to Secretary McNamara, you requested that we discuss the progress and effectiveness of common Defense Agencies and any other common programs planned under Project 81. I will discuss some of the common-type agencies other than the DSA. Admiral Lyle, the Director of DSA, will discuss the progress within that agency. With respect to DSA, I would like to say that it has made significant progress and has performed in a highly efficient manner in providing common-type supply support to the forces in Vietnam.

DEFENSE COMMUNICATIONS AGENCY (DCA)

In arriving at the ultimate goal of a single integrated worldwide communications system, the DCA is progressing in a satisfactory manner. However, much remains to be done in managing the manpower and money associated with the five major switching systems comprising the backbone of the system.

In order to strengthen the management of these large systems, the DCA underwent an internal reorganization in November 1966. This reorganization established under a general officer a number of program management offices to permit management overview of the implementation of the major systems comprising the worldwide communications network. These management offices work directly with their counterparts in the military departments to insure that each of the major programs is properly implemented.

MILITARY SEA TRANSPORTATION SERVICES (MSTS)

The effectiveness of the Navy's MSTS can best be illustrated by its performance in support of our operations in Southeast Asia.

In mid-1965, when the buildup began, 176,000 tons were being shipped each month by sea to South Vietnam. In March 1967, over 796,000 tons of materiel were shipped to South Vietnam. To meet its worldwide needs, greatly increased as a result of Southeast Asia operations, MSTS now controls or operates 560 ships compared to 201 in June 1965.

One indication of MSTS' efficiency is the fact that its shore-based personnel have increased by only 6 percent while the ships sailing under MSTS control have increased almost 300 percent. MSTS is charged with getting the ships in and out of port in the most expeditious manner and handling all phases of liaison, supply, repairs and routing of its own ships as well as the chartered freighters and the 160 ships we have withdrawn from the National Defense Reserve Fleet.

During the past year MSTS instituted a competitive form of procurement for ocean transportation of military cargoes with the berth