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The Director of Central Intelligence

Washington, D.C. 20505

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The Honorable Lionel H. Olmer
 The Under Secretary for International Trade
 Department of Commerce
 Washington, D.C. 20230

Dear Lionel:

As you know, the idea of pressing for competitive analysis of important intelligence issues has long seemed desirable to me and I continue to believe that such analysis should be encouraged in areas that would benefit from a wider range of viewpoints and approaches. It is not at all clear to me, however, that East-West economic issues -- and particularly the strategic trade and technology area that you highlight in your June 3 letter -- could benefit significantly from much more analytic competition than it's already getting.

The fact is that this set of issues is now being worked by quite a number of disparate groups both in the intelligence and policy communities. They include, among others, the DIA/S&T Technological Capabilities Branch, the CIA's Technology Transfer Analysis Center, the USDR & E Technology Trade Directorate in Defense and State/PM's Technology Transfer Assessment Staff. Indeed, one of my earliest actions as the new DCI last year was to streamline and re-energize the Intelligence Community's activities in support of strategic trade and technology export controls. I reported on the progress of this effort to the Chairman of the Senate Select Committee last October, as per the attached submission, which you may find of interest.

There are, however, other aspects of the role of the United States in the world economy that may offer better opportunities for competitive analysis and that may well be areas where the Commerce Department enjoys a comparative advantage. Specifically, I have long been concerned that the US Government's understanding of the US competitive position in technology and in key industries has been grossly inadequate. The loss of US technological dominance in an increasing number of areas may or may not be symptomatic of a reduced US economic lead, but it certainly has national security implications. These implications include both the reduced US control over exports of technology to unfriendly nations and the likely growing dependence of foreign sources of supply for US military procurement. There may be other national security implications that we have not yet thought of.

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Although I have launched a modest research program at CIA to examine some of these foreign industry/technology issues, our effort in this area can only be peripheral. I would certainly encourage the Department of Commerce to develop further its in-depth expertise on key industries, especially, but not exclusively, the high technology industries. A substantial analytic effort on such industries would enhance the US Government's and private sector's understanding of technological developments abroad; monitor changes in the competitive position of US industries; explore potential foreign sources of procurement for US military programs; and provide deeper expertise on foreign availability of technologies in support of the export control effort.

Yours,

/s/ William J. Casey

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