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DIRECTOR OF CENTRAL INTELLIGENCE
Technology Transfer Intelligence Committee

TTIC-C-085

5 November 1982

MEMORANDUM FOR: Executive Secretary
National Foreign Intelligence Board

SUBJECT: TTIC Monthly Report--October 1982
Highlights/Work in Progress

1. TTIC held two meetings in October. On 14 October, the Committee heard various brief status reports and received a comprehensive report of progress on the ongoing study of "Soviet Acquisition of Strategic Technology [redacted]". On 27 October, TTIC held a brief meeting in conjunction with an all-day visit to the Army's Foreign Science and Technology Center (FSTC). Officials from the center provided orientation briefings, outlined the substance of several technology transfer studies, and commented on technology transfer from the collector's perspective. The highlight of the TTIC business meeting was a report from the chairperson of the Collection Guidance Working Group (discussed in Section II below). [redacted]

2. In lieu of its October meeting, COMEX (a group of around 20) spent the week of 18 October in the Chicago area. The Department of Energy invited COMEX to visit the Argonne National Laboratory (ANL) and the Fermi National Accelerator Laboratory (Fermilab). [redacted]

[redacted] arranged visits to three industrial concerns--Sciaky Brothers, Inc. (manufacturers of high technology automatic welders), the Technical Center of Naleo Chemical Co. (the use of water chemistry in solving industrial problems) and Motorola, Inc. (communication technologies). The Committee received laboratory overviews, technology presentations and facility tours, and interacted with US persons who had participated in East-West exchanges as either travelers or hosts. In two extraordinary evening sessions, the group heard the story of an ex-employee of the Yugoslavian Intelligence Service who had defected some years ago, and interacted with the Chancellor of the Kansas City campus of the University of Missouri who had strong feelings about the sad state of S&T education in the United States and the impact of government controls over scientific exchanges with certain foreign nationals. [redacted]

3. There were a number of other Highlights during the month. [redacted] met with the Chairman of WSSIC, STIC, and JAEIC and they agreed to help identify some significant examples of Soviet Bloc use of Western technology in Soviet weapons, military systems, and defense-related R&D and manufacturing facilities. In-depth studies may later be sponsored or cosponsored by the Committees to explore more fully some of the examples. A

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sensitive COMEX case is described in Section II below, as is the extraordinary effort invested by EXCON in providing support to policymakers struggling with the issue of the possible export of a particular digital telephone exchange system to China. Following up on the NAS Corson Panel report on Scientific Communication and National Security, TTIC is prepared to sponsor the formation of an academic advisory panel for COMEX and preliminary work to accomplish this is underway. [redacted]

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II. Work in Progress

B. China Study. The TTIC-initiated study will deal with China's efforts to acquire advanced US and Western technologies in the United States and abroad. Several meetings of the large DIA-chaired working group have been held, and final terms of reference were distributed on 22 October. The study is scheduled to be provided to TTIC in April 1983. [redacted]

D. Yugoslavia Study. Deputy Assistant Secretary of Defense Bryen recently asked that the Export Control Subcommittee of TTIC conduct an all-source study of possible trade and other technology diversions via Yugoslavia to the Warsaw Pact countries and China. [redacted] CIA, is chairing this interagency effort. DAS Bryen asked for the study within sixty days (i.e., by the end of November). [redacted]

E. Training Survey. At the request of the SIG/TT, a survey recently was taken concerning present and future training in various TTIC agencies regarding various aspects of the technology transfer problem. The completed survey was provided the SIG/TT staff in early October (TTIC-C-074 and 075). [redacted]

F. TTIC Resources Survey. The completed TTIC Survey of Intelligence Community resources devoted to technology transfer was sent to the DDCI early in September. Subsequently, the DDCI referred the study separately to the Director of the Intelligence Community Staff and to the CIA Executive

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Director. Chairman TTIC now has been asked to prepare a paper which provides prioritized options, and their costs, for consideration by the DDCI (and by the SSCI). A paper has been drafted. The response to the DDCI will be coordinated with the CIA Comptroller and with the Director, IC Staff. [REDACTED]

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G. Computer Data Base Security. Several meetings have been held to begin a study of "Soviet Exploitation of Computer Data Bases." This interagency effort is chaired by Commerce, endorsed by the NSC, and supported by TTIC staff. [REDACTED]

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H. COMEX Intelligence Opinion. The October Summary is being prepared and will be provided to all COMEX members. Seven new formal Opinion Requests were initiated in October. Also, Intelligence Opinions were provided to State and other interested agencies on seven cases. Given technology transfer concerns, COMEX recommended that one program be approved with restrictions and that six be denied. As usual, a number of informal cases were dealt with, the great majority of which concerned East European visitors. [REDACTED]

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I. COMEX Developments. In addition to the COMEX trip to Chicago, the following is of special interest:

--The SIG/TT group continues to study the prospects for visa controls when there are significant technology transfer concerns. COMEX will be briefed on the status of that study in November.

--Responses are being received to some of the letters sent in early September to the hosts of Chinese scholars where possible technology transfer concerns had been identified. The additional information provided often has satisfied COMEX concerns, but in a number of cases requests for formal interagency Intelligence Opinions have been initiated.

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--The proposed program of an East German to study parallel image processing and the use of computers to analyze pictures was assessed by COMEX as presenting a significant potential for loss of critical US technology. COMEX observed that the research seems directly relevant to the preparation of on-line image processing and recommended that the program not be approved. Because the proposed visit is privately sponsored and procedures for assertive visa control action are not yet established, the alternatives for denying the trip are limited. State Department asked the host to withdraw visa support, but the host refused and has said that he would go to the press if the government interferes with the visit. The next step is to have a technical expert talk directly with the host to obtain more detailed program information. It is possible that with this information, COMEX can recommend restrictions that are acceptable to the host. [REDACTED]

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J. EXCON Intelligence Opinions. In October, the Trade Review Working Group, EXCON, received 38 export license cases to review from the Department of Commerce. During the month, 39 intelligence reports (TR reports) primarily dealing with end users and end use were completed and forwarded to Commerce. In addition, EXCON has begun receiving COCOM cases from State (the Economic Defense Advisory Committee--mechanism). End users checks are conducted on many of these. For example, of the total of 89 COCOM cases discussed by the EDAC Working Group I during the month, 29 involved questions for the EXCON representative or EXCON reports regarding end users. Similarly, EXCON provided input to seven of the 26 cases discussed in the EDAC Executive Committee meeting in October. [REDACTED]

K. EXCON Developments. At the 13 October EXCON meeting, Mr. Joseph Tafe, Department of Justice, briefed on the use of intelligence by the export enforcement community. Dr. Gus Weiss, Chairman NSC Coordinating Committee on Technology Transfer, also spoke briefly at the meeting, mentioning in particular the need for additional Intelligence Community resources to support policymakers dealing with technology transfer concerns. The Yugoslavian study is mentioned above. Other developments of particular interest include the following:

--Due to the high-level of interest in the Advisory Committee on Export Policy mechanisms, special emphasis has been given to checking on two Hungarian end users--VIDEOTON and Radio Engineering Plant, Budapest. These firms are extensively involved in the production of radio and communications equipment for both civilian and military use.

--The Chairman, EDAC Executive Committee, asked for an EXCON opinion on the proposed export to the Chinese Ministry of Posts and Telecommunications of the components for an ITT-1241 digital telephone exchange system. TR-30-82 concluded that such export would not be in keeping with national security interests as imparted in NSDD-11 relating to one of the five special mission areas and would seriously impact on intelligence gathering. Subsequently, at the request of State DAS Halper, a report was prepared providing background information in support of interagency policy deliberations regarding the proposed sale. See EXCON-C-010. [REDACTED]

L. Collection Guidance. The Collection Guidance Working Group (CGWG) continues to be very active. [REDACTED] chairperson, briefed TTIC at a special meeting at FSTC on 27 October regarding the activities and the progress of the group. Her formal presentation highlighted in particular the work of the group in identifying, collating, and characterizing various kinds of general collection requirements dealing with technology transfer. Preparations also are underway to hold an all-source assessment seminar on 15 November. Chaired by Chairman, TTIC, seminar participants will discuss the adequacy and usefulness of reporting from particular all-source collection

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mechanisms regarding several aspects of technology transfer to the Soviet Union and Eastern Europe. [redacted]

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M. Data Bases. The Data Base Working Group met again in October. Efforts to develop an inventory of technology transfer-related data bases are proceeding. Loading of the COMEX ADP System continues with the aid of a sizeable overtime crew. [redacted]

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Communist visitors now is in the files. The TTIC staff data base specialist also is working on the development of an automated data base to include information about export licensing cases that EXCON reviews. [redacted]

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