



UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity,
Technology and Innovation

Washington, D.C. 20230

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Executive Registry

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CORRECTED COPY

Honorable William J. Casey
 Director
 Central Intelligence Agency
 Washington, D.C. 20505

Dear Mr. Casey:

I had the pleasure of meeting with Mr. Jan Herring, NIO for Science and Technology on May 9, 1983. At that time, he explained his role in this newly established position and his responsibility to you in areas of science and technology. I also had the opportunity to discuss with him my own efforts in establishing a program of research and analysis focusing on U.S. industrial competitiveness in certain foreign targeted advanced technologies. These technology areas include electronics, advanced materials, advanced manufacturing engineering, genetic engineering, satellite communication, and transportation. Western Europe and particularly Japan are primary areas of national concern in this effort. I am encouraged by what Jan has told me of your efforts to raise the sensitivity of the Intelligence Community to critical problems in science and technology by the creation of an NIO for Science and Technology, and I look forward to working with you in this area for our mutual benefit.

I described to Jan the methods we use in developing a competitive analysis and the difficulties in bringing about Government regulatory changes to aid our high technology industries to compete with those foreign industries who are supported in some form by their governments. I have been working with the Department of Justice to effect revision of our antitrust laws and with the Department of the Treasury to bring about changes that will allow our industries to compete on equal footing.

In our effort at Commerce, we have completed a critical assessment analysis on the petrochemical industry and are just about to complete one on the aircraft industry. This will be followed by an assessment of the communication satellite industry. I would like to invite members of your analytical staff to work with my staff to better learn our needs and the methods used in developing our assessments.

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As I told Jan, I can see the Intelligence Community supporting my efforts in at least two ways. The first, by supplying input data, not openly available, to support our investment and sensitivity analysis model that is necessary for our development of a critical assessment; and secondly, to identify foreign, particularly Japanese, efforts to acquire U.S. high technology at the critical stages of the innovation cycle of these emerging technical developments, the methods by which they are doing this, and how they disseminate this technology to their industrial base. Also, examples of the ways foreign governments and industrial companies are accomplishing this, the particular phase in the cycle on which they are concentrating their efforts, recent acquisitions that have been accomplished from U.S. laboratories and private research centers, and how they have utilized this technology to support their industrial base would be very useful to me in developing ways to deal with this problem.

In addition to Jan, I have had the opportunity to brief the Office of Global Issues' Deputy, [redacted] and select members of his staff, meet and discuss my needs with [redacted] Chief, Civil Technology Industry Division, and be briefed by [redacted] on the Biotechnology Center you will establish in October.

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After talking to Jan and others from the Intelligence Community, I believe that my efforts to bring about a more competitively effective U.S. high technology industrial base can be enhanced by close intelligence support and I look forward to working with you and your representative.

I promised Jan that I would forward him a copy of our Petrochemical Critical Assessment, as well as other background documents, and am passing it to him through you so you can become aware of the work we are doing here at my Office in the Department of Commerce.

Sincerely,

D. Bruce Merrifield

Enclosure