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**Collection:** deGraffenreid, Kenneth E: Files  
**Folder Title:** Technology Transfer -  
Miscellaneous (10/01/1981-12/15/1981)  
**Box:** RAC Box 28

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# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection Name** DEGRAFFENREID, KENNETH: FILES

**Withdrawer**

LOJ 8/31/2016

**File Folder** TECHNOLOGY TRANSFER-MISCELLANEOUS 10/01/1981-  
12/15/1981

**FOIA**

F02-0083/01

**Box Number** 28

PRADOS

2817

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
179893	FOLDER	CABLES RE TECH TRANSFER	28	10/13/1981	B1

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

RECEIVED 19 OCT 81 16

TO PRES

FROM STENHOLM, CHARLES W

DOCDATE 05 OCT 81

*Handwritten signature*

KEYWORDS: TECHNOLOGY TRANSFERS

USSR

HAZLEWOOD, HUGH

SUBJECT: FWDS LTR FM CONSTITUENT RE SHARING OF US TECHNOLOGY W/ USSR

ACTION: DIRECT REPLY FURNISH INFO COPY DUE: 26 OCT 81 STATUS C FILES WH

FOR ACTION  
STATE

FOR CONCURRENCE

FOR INFO

WEISS

SCHWEITZER

BERTA

DEGRAFFENREID

LENZ

*Pipes  
Stearman*

COMMENTS

REF# 042200

LOG

NSCIFID

( C / C )

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO

DISPATCH \_\_\_\_\_ W/ATTCH FILE \_\_\_\_\_ (C)

REFERRAL

DATE: 19 OCT 81

MEMORANDUM FOR: STATE SECRETARIAT

DEPARTMENT OF STATE

DOCUMENT DESCRIPTION: TO: PRES

SOURCE: STENHOLM, CHARLES W

DATE: 05 OCT 81

KEYWORDS: TECHNOLOGY TRANSFERS USSR

HAZLEWOOD, HUGH

SUBJ: FWDS LTR FM CONSTITUENT RE SHARING TECHONOLGY W/ USSR

REQUIRED ACTION: DIRECT REPLY FURNISH INFO COPY

DUE DATE: 26 OCT 81

COMMENTS:

*Cathy Millison*

FOR ALLEN J LENZ

STAFF DIRECTOR

FOR NSC USE ONLY

FOR INFO WEISS

SCHWEITZER

BERTA

F WH

O CM C CM

DEGRAFFENREID

LENZ

PIPES

16  
October 15, 1981

Dear Charlie:

I want to thank you for your October 5 letter enclosing a copy of correspondence from your constituent, Hugh Hazlewood, regarding the sharing of U.S. technology with the Soviet Union.

Please know that I appreciated your advising me of Mr. Hazlewood's concerns regarding this matter. You may be assured that I have transmitted your correspondence to the appropriate advisory staff within the Administration for further review and consideration.

Again, thank you for your interest in writing, and please do not hesitate to contact me whenever I can be of further assistance to you.

With cordial regard, I am

Sincerely,

Max L. Friedersdorf  
Assistant to the President

The Honorable Charles W. Stenholm  
House of Representatives  
Washington, D.C. 20515

MLF/CMP/ASR/las --

cc: w/copy of inc, NSC Secretariat - for DIRECT response, with copy to MLFriedersdorf.

5  
MF  
CHARLES W. STENHOLM  
17TH DISTRICT  
TEXAS

WASHINGTON OFFICE:  
1232 LONGWORTH HOUSE OFFICE BUILDING  
WASHINGTON, D.C. 20515  
(202) 225-6605

COMMITTEES:  
AGRICULTURE  
SMALL BUSINESS

Congress of the United States  
House of Representatives  
Washington, D.C. 20515

October 5, 1981

DISTRICT OFFICES:  
P.O. Box 1237  
STAMFORD, TEXAS 79383  
(915) 773-3623

P.O. Box 1101  
ARLENE, TEXAS 79604  
(915) 673-7221

042200

Honorable Max Friedersdorf  
Assistant to the President for  
Congressional Affairs  
The White House Office  
1600 Pennsylvania Avenue, NW  
Washington, D.C. 20500

Dear Max:

This is in reference to a constituent of mine, Hugh Hazlewood, Penray Advertising, P.O. Box 817, Weatherford, Texas 76086. Your consideration and assistance would be appreciated.

I am enclosing a copy of his letter. As you can see, he is concerned about the drain of vital military secrets to the Soviet Union. It has come to his attention that the State Department has granted 450 visas to Russian scientists since January of 1980. These scientists have been allowed to study and attend conferences on lasers and optics, high energy physics and other technical information. It is his understanding that this practice is continuing under the Reagan Administration.

Again, I appreciate your continued cooperation and any additional comments you might have regarding this matter would be appreciated. With warm regards, I remain

Sincerely yours,



Charles W. Stenholm  
Member of Congress

CWS:rpp



# PENRAY Advertising Company

P. O. BOX 817 — WEATHERFORD, TEXAS 76086

PHONE (817) 441-9328

18 September 1981

President Ronald Reagan  
% The White House  
Washington, D.C.

Dear President Reagan:

I am enclosing a xerox copy of an article from the September 6, 1981 issue of the Parade Magazine, and I wanted to express to you my utmost concern about it. I know that as an independent businessman, I do not have all the facts concerning international matters, but, I feel that the Soviet Union, for a number of years, has been making great strides in their avowed steps to conquer the world. I am particularly concerned about the part of the article that is entitled "How We Give Away Our Secrets" in which I have underlined the fact that we have opened up our industrial plants, research laboratories and universities to the Soviet scholars, scientists and spies, and that the process is continuing under the Reagan administration.

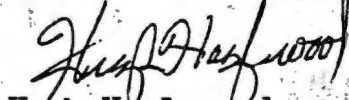
Why are we assisting the Soviets in their desire to steal every bit of advanced technology that our scientists are able to produce? I am particularly insensed with one part of the article in which it states that the Soviets were admitted to the Boeing Aircraft factory in Seattle, Washington, while at the same time, I am sure that I could not enter the Boeing factory, or any other defense related installation. I know that to gain entrance to the General Dynamics factory in Fort Worth, Texas is a near impossibility for the average loyal patriotic American citizen, so, why should we not put the same restrictions on avowed enemies of our country?

I am very concerned with the state of international affairs, and I know that you feel the same way. If we cannot control the espionage apparatus operated by the Soviet Union against us, possibly you should consider breaking all diplomatic relations with the Soviet Union would be in order. At least it would make it more difficult for the Soviets to operate in our country.

Page 2.

Mr. President, I know that you have many problems with the economy, and all the other problems that face our nation. I am only one citizen that desires to express my feelings to you and my concern, and I want you to know that you have our prayers, and our support, in leading our country to a safe and secure future for ourselves and our children. There are a number of other thoughts that I have, but I have cut them short to give brevity to this letter.

Yours very truly,



Hugh Hazlewood

HH/lm

Enclosures: as





# PENRAY Advertising Company

P. O. BOX 817 — WEATHERFORD, TEXAS 76086  
PHONE (817) 441-9328

23 September 1981

Honorable Charles Stenholm  
Member of Congress  
House Office Bldg  
17th District of Texas  
Washington, D.C.

Dear Congressman Stenholm:

The attached letter is self-explanatory. Is there not something we can do to stop the drain of vital military secrets from our country?

I applaud your efforts in our behalf.

Sincerely,

A handwritten signature in cursive script, which appears to read 'Hugh Hazlewood', is written over a horizontal line.

Hugh Hazlewood

HH/lm

Enclosure: as

# WITHDRAWAL SHEET

Ronald Reagan Library

*Collection Name*

DEGRAFFENREID, KENNETH: FILES

*Withdrawer*

LOJ 8/31/2016

*File Folder*

TECHNOLOGY TRANSFER-MISCELLANEOUS 10/01/1981-  
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*FOIA*

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PRADOS

*Box Number*

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C. Closed in accordance with restrictions contained in donor's deed of gift.

add on 11

UNCLASSIFIED  
(Classification)

S/S# 8130441

Date November 4, 1981

DEPARTMENT OF STATE  
EXECUTIVE SECRETARIAT  
TRANSMITTAL FORM

*Weiss*  
*Shornoben*  
*Busta*  
*DeGoffena*  
*Werk*  
*Ripes*  
*Starnal*

TO: Mr. Richard V. Allen  
National Security Council  
The White House

REFERENCE:

TO: President Reagan FROM: Hugh Hazlewood  
DATE: September 18, 1981 SUBJECT: Sharing technology  
with USSR

WHITE HOUSE REFERRAL DATED: October 19, 1981 NSC# 8106124  
(if any)

THE ATTACHED ITEM WAS SENT DIRECTLY  
TO THE DEPARTMENT OF STATE

ACTION TAKEN:

- A draft reply is attached.
- A draft reply will be forwarded.
- A translation is attached.
- An information copy of a direct reply is attached.
- We believe no response is necessary for the reason cited below.
- Other.

REMARKS:

*for* *William Montz*  
L. Paul Bremer III  
Executive Secretary

UNCLASSIFIED  
(Classification)

5/5  
12

NOVEMBER 3 - 1981

Dear Mr. Stenholm:

I refer to your letter of October 5 regarding the concerns of your constituent, Hugh Hazlewood of Weatherford, Texas, about the loss of vital military secrets to the Soviet Union.

In reference to visas issued to Soviet scientists for the purpose of attending private conferences in the US, it should be noted that these are open conferences, the proceedings of which are later published in freely-available literature. These involve no discussion or presentation of classified information or of information subject to export controls. The Department of State, in conjunction with technical experts from other agencies, subjects such visits to a prior review to ensure that the technology involved meets these criteria. Additionally, the Department closely monitors the visits to ensure that the Soviets do not depart from their planned itineraries.

With respect to visiting Soviet scholars and businessmen, I draw your attention to the enclosed copy of our reply to Mr. Hazlewood's inquiry to the President about these matters.

I hope this information is useful to you in replying to Mr. Hazlewood. If we can be of assistance in the future, please do not hesitate to contact us.

Sincerely,

Richard Fairbanks  
Assistant Secretary  
for Congressional Relations

Enclosures:

- 1. Reply to Mr. Hazlewood's inquiry to the President
- 2. Correspondence returned

The Honorable  
Charles Stenholm,  
House of Representatives.

Drafted: EUR/SOV/SOEX:JGJatras:gh  
10/26/81 ext. 28957

Clearance: EUR/SOV:TWS  
EUR:JDScanlan  
H. M. Towell

*Handwritten initials/signature*

13  
October 26, 1981

Dear Mr. Hazlewood:

This is in answer to your letter to President Reagan of September 18, in which you expressed concern regarding Soviet acquisition of advanced American technology as described in the September 6 issue of Parade magazine.

Visits by Soviet scientists and scholars to American universities and research institutions are thoroughly reviewed and evaluated by an interagency panel of technical consultants. Visas are not issued where the proposed visit is believed to involve a significant transfer of militarily useful technology to the USSR.

There are two classes of Soviet businessmen who may be invited to visit a U.S. company: those who reside in the U.S. as representatives of Soviet businesses or trade associations and those who make short trips here for the purpose of conducting business with U.S. companies. The first group is subject to strict travel controls. There are large parts of the country that they are forbidden to enter without obtaining the prior approval of the Department of State. The second group are issued visas only after the Department of State has verified that they were invited by a U.S. company and after the purpose of their visit has been scrutinized.

Businesses that have contact with either type of Soviet businessmen are reminded before the visit of the applicability of the Export Control regulations administered by the Department of Commerce. Therefore Soviets who visit U.S. companies are not gaining access to critical technology.

I hope that this information is sufficient to answer to your concerns.

Sincerely,

Edward Hurwitz  
Deputy Director  
Office of Soviet Union Affairs

REFERRAL

DATE: 19 OCT 81

MEMORANDUM FOR: STATE SECRETARIAT

DEPARTMENT OF STATE

8130441

DOCUMENT DESCRIPTION:

TO: PRES

SOURCE: STENHOLM, CHARLES W

DATE: 05 OCT 81

KEYWORDS: TECHNOLOGY TRANSFERS USSR

HAZLEWOOD, HUGH

SUBJ: FWDS LTR FM CONSTITUENT RE SHARING TECHONOLGY W/ USSR

REQUIRED ACTION: DIRECT REPLY FURNISH INFO COPY

DUE DATE: 26 OCT 81

COMMENTS:

*Cathy Millison*

FOR ALLEN J LENZ

STAFF DIRECTOR

FOR NSC USE ONLY

FOR INFO WEISS

SCHWEITZER

BERTA

F WH

O CM C CM

DEGRAFFENREID

LENZ

PIPES

81 OCT 20 A9:56

Received in s/s-1  
on Oct 20, 1981

October 15, 1981

15  
8130441

Dear Charlie:

I want to thank you for your October 5 letter enclosing a copy of correspondence from your constituent, Hugh Hazlewood, regarding the sharing of U.S. technology with the Soviet Union.

Please know that I appreciated your advising me of Mr. Hazlewood's concerns regarding this matter. You may be assured that I have transmitted your correspondence to the appropriate advisory staff within the Administration for further review and consideration.

Again, thank you for your interest in writing, and please do not hesitate to contact me whenever I can be of further assistance to you.

With cordial regard, I am

Sincerely,

Max L. Friedersdorf  
Assistant to the President

The Honorable Charles W. Stenholm  
House of Representatives  
Washington, D.C. 20515

MLF/CMP/ASR/las —

cc: w/copy of inc, NSC Secretariat - for DIRECT response, with copy to MLFriedersdorf.

CHARLES W. STENHOLM  
17TH DISTRICT  
TEXAS

WASHINGTON OFFICE:  
1232 LONGWORTH HOUSE OFFICE BUILDING  
WASHINGTON, D.C. 20515  
(202) 225-6906

COMMITTEES:  
AGRICULTURE  
SMALL BUSINESS

Congress of the United States  
House of Representatives

Washington, D.C. 20515

October 5, 1981

DISTRICT OFFICE:  
P.O. Box 1237  
STAMFORD, TEXAS 79083  
(815) 773-3823

P.O. Box 1101  
ARLINGTON, TEXAS 79004  
(815) 673-7221

8130441

042200

Honorable Max Friedersdorf  
Assistant to the President for  
Congressional Affairs  
The White House Office  
1600 Pennsylvania Avenue, NW  
Washington, D.C. 20500


Dear Max:

This is in reference to a constituent of mine, Hugh Hazlewood, Penray Advertising, P.O. Box 817, Weatherford, Texas 76086. Your consideration and assistance would be appreciated.

I am enclosing a copy of his letter. As you can see, he is concerned about the drain of vital military secrets to the Soviet Union. It has come to his attention that the State Department has granted 450 visas to Russian scientists since January of 1980. These scientists have been allowed to study and attend conferences on lasers and optics, high energy physics and other technical information. It is his understanding that this practice is continuing under the Reagan Administration.

Again, I appreciate your continued cooperation and any additional comments you might have regarding this matter would be appreciated. With warm regards, I remain

Sincerely yours,



Charles W. Stenholm  
Member of Congress

CWS: rpp



RECEIVED 14 NOV 81 10

17

TO ALLEN

FROM LORD

DOCDATE 12 NOV 81

*Feed Transfer*

KEYWORDS: TECHNOLOGY TRANSFERS ECONOMICS

SUBJECT: FUTURE COMPETITIVENESS OF OUR HIGH TECHNOLOGY INDUSTRIES

ACTION: FOR RECORD PURPOSES DUE: STATUS C FILES WH

FOR ACTION

FOR CONCURRENCE

FOR INFO

BAILEY

DEGRAFFENREID

LENZ

WEISS

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COMMENTS

REF# LOG NSCIFID ( M / M )

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DISPATCH \_\_\_\_\_ W/ATTCH FILE \_\_\_\_\_ (C)



UNITED STATES DEPARTMENT OF COMMERCE  
The Under Secretary for International Trade  
Washington, D.C. 20230

6638

November 12, 1981

Honorable Robert Hormats  
Assistant Secretary for Economic  
and Business Affairs  
U.S. Department of State  
Washington, D.C. 20520

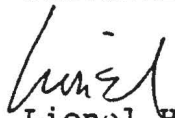
Dear Bob:

Over the past several months a number of persons have been kicking around the idea of a USG study on the future competitiveness of our high technology industries. In an effort to structure this idea, I have sent to Dennis Kass a draft paper outlining the scope and organization for such a study directed by the Cabinet Council on Commerce and Trade (copy attached). The concept of the study had earlier received approval in the Office of Policy Development.

My present thinking, as reflected in the paper, is that the study would be managed by a small working group of high caliber experts on high technology. These persons would be detailed from various agencies within the Government to work full time on the project for a period of 3-4 months. I am anxious to avoid creating a blue ribbon panel of big names lest the study drag on interminably and become bogged down in the bureaucracy, although a subcabinet level review group is probably necessary.

The key to my notion of how the study might be organized is, of course, finding the right people for the task. I would like to believe that within this Government, across several relevant agencies, there exist four to five people who could devote full time as a team to this effort. I would ask your attention to finding someone from State who might work on this study within the general framework suggested in the attached paper.

Sincerely,

  
Lionel H. Olmer

Attachment

c.c.   
William Casey



## CCCT High Technology Study

Subject: Outline of the background, objectives, scope, and organization of the proposed CCCT high technology study.

### I. BACKGROUND

U.S. high technology industries contribute significantly and disproportionately to U.S. export performance and to growth in productivity and the domestic economy. It is conservatively estimated that 23 percent of the domestic production of high technology industries was exported in 1980. Moreover, high technology industries provide critical support to our national defense.

Many foreign governments recognize the importance of high technology industries to their plans for economic growth and to their national security. Accordingly, they have sought to foster development of such industries by interfering with the operation of normal market forces to ensure special treatment of high technology industries through preferential tax policies and intervention in capital markets. Foreign trade and investment policies have also been adjusted to accommodate these efforts.

There is growing concern that U.S. high technology industries will be at an unfair competitive disadvantage as a result of these policies and that they may suffer substantial injury and loss of international markets over the next several years.

To better understand the competitive position and probable future course of these industries we propose that the CCCT direct a study on the outlook for U.S. high technology industries in the world economy.

The following outlines the objectives, scope, and organization of the study.

### II. OBJECTIVES

To determine the capability of U.S. high technology industries to maintain a leading position in the face of increasingly strong foreign competition.

To identify the probable economic and national security consequences from any projected loss of preeminence in the high technology area.

To evaluate possible U.S. Government policy responses if the study results in conclusions that one or more high technology industries faces a significant threat.

### III. SCOPE

The study will be an assessment of the ability of key U.S. high technology industries to maintain competitive viability in the current and projected international economic environment. The core of the analysis will be a comparison of the technological state of the art between U.S. industries and their foreign competitors, an assessment of the importance of high technology industries to overall U.S. economic performance, and the effect of macroeconomic and technological factors and government policies on the future competitive viability of the U.S. high technology industries.

The industries studied would be chosen on the basis of their significance to the economy as a whole, the advanced state of the technology involved, and their importance to our national security. These industries will include semiconductors, aerospace, computers, telecommunications, industrial control systems, robotics, and other appropriate industry segments.

The technological origin of the industries will be studied, with particular emphasis on the role of government intervention. The government/high technology sector relationship will be analyzed both generally and as it applies to specific industries in Japan, Germany, the United States and other key countries. Factors to be studied will include government financial support, including R&D funding, the effect of regulation and tax policies on performance, the influence of antitrust policies, and the government role in regulating market access. The study will also compare formal and informal trade barriers, implementation of the MTN codes, the effect of foreign subsidization on third market penetration, and U.S. export disincentives.

The study will also cover industry structures and trends, including capital formation, costs, strengths, and profitability, the degree of integration and concentration of industries, and R&D programs. The U.S. labor situation in high technology industries will be compared to those abroad. The study will look at future influence of key skills in the labor force, labor force motivation, comparative productivity, and management techniques.

The study will draw conclusions on the consequences to our national security and to the U.S. economy as a whole from any projected loss of competitiveness in key high technology areas. The extent to which U.S. military procurement may become dependent upon foreign sources for critical supplies and technology is an area of particular concern. Surge capacity of U.S. industry, industrial mobilization, and diversion of technology will also be covered.

If the study determines that one or more segments of our high technology sector face a significant threat, possible U.S. policy responses, both domestic and international, will be evaluated.

IV. STUDY ORGANIZATION

The study will be organized to ensure quality results, speed of completion, and ease of gaining acceptance by the CCCT. These criteria can best be met by assembling a small working group (3 to 5 persons) of the highest caliber experts on high technology industries and the economy chosen from among the various agencies within the U.S. Government. The staff of the working group will be detailed from their agencies to work full time on the project.

The working group will take its mandate from the CCCT and report directly to it. Central staff direction will be provided by a single person designated by the CCCT, with proven expertise in the area and the ability to devote almost full time to the project.

Agencies with interest and responsibility in the areas covered by the study will be asked to participate by making available to the working group, as needed, their data, resources, analyses of issues and full cooperation. These agencies will be requested to appoint a contact person who can coordinate assistance from the agency to the working group. The staff director may convene interagency groups to provide guidance on policy issues affecting the study. The report will be circulated in draft form to each member of the CCCT for comment prior to its formal presentation to the CCCT. The study will be completed within 120 days after its commencement.

UNCLASSIFIED

NATIONAL SECURITY COUNCIL  
MESSAGE CENTER

*Trans-Transfer* *NA*

PAGE 01 OF 02 SECSTATE WASHDC 7925 DTG: 011604Z DEC 81 PSN: 032481  
EOB477 AN006321 TOR: 335/1718Z CSN: HCE336

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FM SECSTATE WASHDC

TO AMEMBASSY MOSCOW 0000

UNCLAS STATE 317925

E.O. 12065: N/A

TAGS: EFIN, UR

SUBJECT: NEW YORK TIMES ARTICLE: HARVESTER'S PLANT  
TECHNOLOGY APPROVED FOR SALE TO RUSSIANS

1. THE FOLLOWING IS TEXT OF DECEMBER 1, 1981 NEW YORK TIMES ARTICLE.

2. BEGIN TEXT:

WASHINGTON, NOV 30 -- THE REAGAN ADMINISTRATION ANNOUNCED TODAY THAT IT WOULD PERMIT THE AILING INTERNATIONAL HARVESTER COMPANY TO SELL TECHNOLOGICAL EXPERTISE FOR A COMBINE PRODUCTION PLANT TO THE SOVIET UNION.

- THE COMMERCE DEPARTMENT SAID IN A STATEMENT THAT IT HAD APPROVED THE COMPANY'S APPLICATION FOR AN EXPORT LICENSE TO SELL TECHNICAL DATA AND PLANT SPECIFICATIONS OVER THE NEXT FIVE YEARS, PERMITTING THE RUSSIANS TO BUILD A FACTORY TO PRODUCE COMBINES AND OTHER HARVESTING EQUIPMENT IN TAGANROG, IN THE SOUTHERN PART OF THE COUNTRY.

- THE \$300 MILLION SALE BY THE NATION'S LARGEST MANUFACTURER OF FARM AND CONSTRUCTION EQUIPMENT WAS APPROVED LAST WEEK DESPITE INITIAL OBJECTIONS BY SECRETARY

OF DEFENSE CASPAR W. WEINBERGER, ACCORDING TO DEFENSE DEPARTMENT OFFICIALS.

- MR. WEINBERGER CONTENDED THAT THE TRANSACTION WOULD ENABLE THE RUSSIANS TO FREE UP INDUSTRIAL RESOURCES FOR THE PRODUCTION OF WEAPONS. BUT HE DECLINED TO BLOCK THE TRANSFER IN VIEW OF STRONG SUPPORT FOR THE SALE FROM THE DEPARTMENTS OF STATE AND COMMERCE.

- IN HIS ANNOUNCEMENT, SECRETARY OF COMMERCE MALCOLM BALDRIGE SAID THAT THE DECISION DID NOT CONFLICT WITH THE ADMINISTRATION'S GOAL OF RESTRICTING THE SALE OF GOODS AND TECHNOLOGY THAT MIGHT ENHANCE SOVIET MILITARY CAPABILITIES.

- "THE UNITED STATES DOES NOT CONSIDER THE MANUFACTURE OF COMBINES ONE OF THE SOVIET DEFENSE PRIORITY INDUSTRIES," MR. BALDRIGE SAID.

- ADMINISTRATION APPROVAL OF THE PROPOSED TECHNOLOGY

TRANSFER COMES AT A CRUCIAL TIME FOR INTERNATIONAL HARVESTER. THE COMPANY REPORTED LAST FRIDAY THAT IT LOST \$635.7 MILLION FROM CONTINUING OPERATIONS IN ITS FISCAL YEAR ENDED OCT. 31, A LARGER-THAN-EXPECTED LOSS THAT WAS NEARLY 70 PERCENT MORE THAN THE COMPANY'S 1980 DEFICIT.

- SINCE LAST MARCH, HARVESTER HAS BEEN NEGOTIATING WITH ITS BANKS TO REPLACE \$4.1 BILLION OF SHORT-TERM DEBT WITH A LONG-TERM REVOLVING CREDIT ARRANGEMENT. SUCH A RESTRUCTURING PACKAGE WOULD ALLEVIATE THE CHICAGO-BASED COMPANY'S BURDENSOME DEBT COSTS.

- COMBINES, THE MOST EXPENSIVE AND MOST SOPHISTICATED OF FARM IMPLEMENTS, ARE USED TO HARVEST WHEAT, COARSE GRAINS OR COTTON. THEY CONTAIN COMPLEX ELECTRONIC EQUIPMENT, SUCH AS COMPUTERIZED COUNTING DEVICES FOR MEASURING THE AMOUNT OF HARVESTED GRAIN.

- AT A NOV. 11 MEETING OF THE EXPORT ADMINISTRATION, MR. WEINBERGER REQUESTED AND OBTAINED A POSTPONEMENT OF THE DECISION SO THAT THE DEFENSE DEPARTMENT COULD STUDY THE ISSUE FURTHER.

- LAST WEEK, COMMERCE SECRETARY BALDRIGE DECIDED TO ISSUE A LICENSE FOR THE TECHNOLOGY TRANSFER AFTER CONFERRING WITH MR. WEINBERGER, WITHOUT REFERRING THE TRANSACTION TO THE NATIONAL SECURITY COUNCIL, ACCORDING TO A DEFENSE DEPARTMENT OFFICIAL FAMILIAR WITH THE DEBATE.

HOWEVER, THE OFFICIAL ADDED THAT MR. BALDRIGE HAD AGREED WITH MR. WEINBERGER THAT THE BROADER ISSUE OF TECHNOLOGY TRANSFERS TO THE SOVIET UNION SHOULD BE RAISED AT A FUTURE MEETING OF THE NATIONAL SECURITY COUNCIL.

- COMMERCE DEPARTMENT REGULATIONS ISSUED UNDER THE EXPORT ADMINISTRATION ACT OF 1979 REQUIRE THAT GOVERNMENT LICENSES BE ISSUED FOR TECHNOLOGY TRANSFERS TO THE SOVIET UNION AND OTHER COMMUNIST COUNTRIES.

- A COMMERCE DEPARTMENT OFFICIAL SAID TODAY THAT THE COMPANY'S FINANCIAL PLIGHT WAS NOT A FACTOR IN THE ADMINISTRATION'S DELIBERATIONS OVER THE BENEFITS AND POTENTIAL DISADVANTAGES OF THE SALE.

'ON A FAST TRACK'

- "THE COMPANY'S FINANCIAL PREDICAMENT AFFECTED ONLY THE TIMING OF OUR ACTION, NOT THE MERITS," SAID THE COMMERCE OFFICIAL, WHO ASKED NOT TO BE IDENTIFIED. "WE SIMPLY PUT CONSIDERATION OF THIS ISSUE ON A FAST TRACK," THE OFFICIAL ADDED.

- INTERNATIONAL HARVESTER HAS BEEN TROUBLED BY DECREASED DEMAND FOR FARM AND CONSTRUCTION MACHINERY, TWO OF THE COMPANY'S THREE MAIN PRODUCT LINES. THE COMPANY ALSO MAKES TRUCKS.

- LESS THAN A MONTH AGO, THE COMPANY ANNOUNCED A TEMPORARY SUSPENSION OF MAJOR MANUFACTURING OPERATIONS AT 16 PLANTS IN THE UNITED STATES AND THREE IN CANADA. THE CUTBACKS WILL AFFECT 20,000 OF THE COMPANY'S 50,000 WORKERS FROM DEC. 14 TO JAN. 4, WHEN THE CONCERN EXPECTS TO REOPEN MOST OF THE PLANTS.

- INTERNATIONAL HARVESTER REPORTED THAT CONTINUING SOFT MARKET CONDITIONS WOULD HURT OPERATING RESULTS IN THE FIRST QUARTER OF THE FISCAL YEAR 1982. PROFITABILITY IS NOT PREDICTED UNTIL AT LEAST THE SECOND QUARTER OF THE FISCAL YEAR.

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