

U.S. Gaining in Efforts to Stem Loss of High-Technology Industrial Secrets

By ROBERT LINDSEY Special to The New York Times

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SAN JOSE, Calif., April 29 — A year-old program to restrict the export of sophisticated American technology has begun to cut into the loss of industrial secrets to foreign countries, Federal officials say.

But attempts by the Soviet Union, France, Japan, China, Israel and other countries to obtain American technology are so pervasive and safeguards for protecting industrial secrets are so porous that the United States is losing its technological edge through espionage, legitimate sales and American greed, Federal investigators say.

The Government is concerned over reports that militarily important electronic gear, sophisticated microcircuit manufacturing equipment, programs to direct computer operation, or software, and other advanced products and expertise were being exported illegally and has concentrated its enforcement efforts here in California's "high tech" Silicon Valley industrial complex.

"What is happening regarding our national security is ominous," said John D. Shea, president of Technology Analysis Group Inc., a consultant to industries and the intelligence community. Mr. Shea said some foreign countries are already "raiding" American electronic companies for their current technology, and are now in a race to fer-

ret out secret data about a new generation of superfast microcircuits that, he said, would make possible new kinds of military and commercial computers "with awesome potential."

Center for Advanced Research

The Silicon Valley, which is home to more than 900 high-technology companies, got its nickname from the substance used to make the tiny computer chips that drive a wide range of modern products, from missile guidance systems to the newest data processing systems. The valley has long been regarded as the nation's most fertile region for the development of high-technology devices.

According to interviews with industry representatives and law enforcement officials, a coordinated effort here in the past year by the Justice and Commerce Departments, aided by the Central Intelligence Agency, has for the first time begun to impede the unauthorized export of technology.

The Reagan Administration has taken two principal initiatives in the past year to deal with the marketing of products and information whose export is prohibited by Federal laws.

The Customs Service, in a program called Operation Exodus, is monitoring selected shipments of technical and military equipment from this country and is seizing those that do not have the required Federal export licenses, a step taken only rarely in the past. And the Commerce Department has established enforcement units in New York, Los Angeles, San Francisco and Washington to investigate illicit shipments of high-technology products abroad.

Maze of Regulations

The problem is complicated by a maze of Government restrictions that make it legal to ship a certain product to one country, but illegal to ship it to another. For example, Canada may receive virtually any type of advanced technological shipment without an export license, except those involving nuclear weapons, while rigid controls are imposed on shipments to the Soviet Union and other Communist countries.

Investigators say intelligence officers for the Soviet Union, France, Israel and other countries, some of them posing as businessmen or exchange students, are procuring some of the technical information and equipment. But the investigators say much of the technology is being passed along by profit-motivated Americans, who ship prohibited equipment to Communist bloc countries, to dummy corporations and to "front companies" in West Germany, Switzerland, or other countries, knowing that it is in fact destined for a Communist country.

"It's American greed," said Brooks Ohlson, a member of a year-old investigative unit established by the Commerce Department.

Mr. Ohlson said he had recently eavesdropped electronically on a con-

versation between a Government informant and a Silicon Valley businessman. "I heard this guy say, 'Yeah, I know it's going over there to a Communist bloc country, but I don't care,'" Mr. Ohlson said. "He was going to get a lot of money. It astounds you that Americans will do that."

Technology Rerouted Overseas

Other methods used by foreign countries to obtain American technology, the investigators say, include investing in American companies, planting agents in freight shipping companies here to conceal the destination of shipments; stealing advanced equipment at trade shows, and, in the case of Communist countries, buying restricted products that have been exported legally to friendly countries.

"The Japanese are only exceeded by West Germany in their open and indirect trading with the Soviet Union," Mr.

Shea said.

As an example, Charles MacLeod, a Customs Service official who helped develop "Operation Exodus," cited military equipment shipped legally to South Korea that was later resold to Iran.

Speaking at an industry seminar on the export laws here recently, Robert Gast 2d, who is in charge of the San Francisco office of the Federal Bureau of Investigation, said the Soviet Union had planted many intelligence agents in the Silicon Valley. "I'd be surprised if there wasn't one here today," he said, looking over the audience. "They're everywhere."

Anstruther Davidson, an official of the Commerce Department's Office of Export Enforcement, said some of the cases his organization investigated involved foreign companies seeking to circumvent export laws for commercial gain, not espionage. But, he added, "as a general rule, we see foreign intelli-

gence agencies involved" in most cases involving sophisticated equipment.

Investigators say foreign countries barred from receiving American technology often use a string of brokers, middle men and intermediate handlers, often in two or more countries, to obtain the products, making it nearly impossible to establish a direct link to them.

According to Government sources, a Federal grand jury is hearing evidence that Chipex Inc., a San Jose company that is listed as a subsidiary of Hong Kong electronics company, is in fact a "front" for China established here to collect data on how to make integrated circuits.

Although the expanded enforcement efforts appear to be causing some electronic companies to be more scrupulous about following the Export Administration Act, many specialists in the field concede that it remains relatively easy for foreign countries to get what they

want, sometimes by simply buying equipment on the open market and taking it home on an airliner.

At the recent seminar on export laws, one executive stood and asked skeptically: "Who's going to check every ship leaving a U.S. port? I could charter a yacht, load it chock full of chips and not get an export license, and sail it away and nobody would ever look at it."

Robert Simko, a senior vice president of Technology Analysis Group Inc., said it would take more than the establishment of enforcement operations to halt the flow of technology to foreign countries. He said Japan, France and other countries regard their technology as a national strength and do not share it with others.

"What is lacking in this country regarding the high tech industries is the commitment, the defined policy, that we want to preserve our industrial position worldwide," Mr. Simko said.