

Ronald Reagan Presidential Library

Digital Library Collections

This is a PDF of a folder from our textual collections.

Collection: Dobriansky, Paula J.: Files
Folder Title: Romania-Landsat (7 of 8)
Box: RAC Box 5

To see more digitized collections visit:

<https://www.reaganlibrary.gov/archives/digitized-textual-material>

To see all Ronald Reagan Presidential Library Inventories, visit:

<https://www.reaganlibrary.gov/archives/white-house-inventories>

Contact a reference archivist at: **reagan.library@nara.gov**

Citation Guidelines: <https://reaganlibrary.gov/archives/research-support/citation-guide>

National Archives Catalogue: <https://catalog.archives.gov/>

Last Updated: 12/10/2024

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name DOBRIANSKY, PAULA: FILES

Withdrawer

CAS 5/8/2012

File Folder ROMANIA-LANDSAT (7)

FOIA

M11-438

Box Number 5

DAVID

14

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
135886	MEMO	ROBERT MCFARLANE TO THE PRESIDENT RE TECHNOLOGY TRANSFER TO ROMANIA R 9/12/2017 M438/1	2	ND	B1
135887	MEMO	TO SEC SHULTZ ET AL RE ROMANIA R 1/22/2013 M438/1	1	ND	B1
135888	MEMO	STEPHEN ROSEN TO MCFARLANE RE WEINBERGER REACTION R 4/18/2013 M438/1	1	8/22/1984	B1
135889	MEMO	DIANE DORNAN TO MCFARLANE RE ROMANIA (SAME AS 135585)	1	8/21/1984	B1
135890	MEMO	ROSENT TO MCFARLANE RE TECHNOLOGY FOR ROMANIA	3	8/17/1984	B1
135892	PAPER	DIANE DORNAN - COMMENTS	2	ND	B1
135895	MEMO	MCFARLANE TO THE PRESIDENT RE TECHNOLOGY TRANSFER TO ROMANIA R 4/18/2013 M438/1	1	ND	B1
135896	MEMO	SAME AS 135887 R 9/12/2017 M438/1	1	ND	B1
135897	MEMO	SEC OF COMMERCE TO MCFARLANE RE ROMANIA	1	8/14/1984	B1

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]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

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.

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name DOBRIANSKY, PAULA: FILES

Withdrawer

CAS 5/8/2012

File Folder ROMANIA-LANDSAT (7)

FOIA

M11-438

Box Number 5

DAVID

14

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
135898	MEMO	SEC OF COMMERCE TO MCFARLANE RE ROMANIA (INCLUDES ATTACHED LIST) R 1/22/2013 M438/1	4	8/14/1984	B1
135899	LETTER	STEPHEN BRYEN TO WILLIAM ARCHEY RE ROMANIA	2	8/10/1984	B1
135900	NSC PROFILE SHEET	R 1/22/2013 M438/1	1	8/14/1984	B1
135901	MEMO	SAME AS 135897	1	8/14/1984	B1
135902	MEMO	SAME AS 135898 R 1/22/2013 M438/1	4	8/14/1984	B1
135903	LETTER	SAME AS 135899	2	8/10/1984	B1
135905	MEMO	SAME AS 135889 AND 135585	1	8/21/1984	B1

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]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

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.

~~SECRET~~
THE WHITE HOUSE
WASHINGTON

ROMANUA
CAWDSAT

SUSPENSE

sent to p on

9/4.

135886

~~SECRET~~

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT C. MCFARLANE

SUBJECT: Technology Transfer to Romania

Issue

Should we license the assembly of Control Data Corporation 200 megabyte disk drive memory units in Romania?

Facts

On 3 August 1984 you directed the Department of Commerce to prepare a safeguards plan to reduce the risk that the Control Data disk drives (used to store data for computers) assembled in Romania could be diverted to the Soviet Union or other East bloc countries. Commerce has prepared a plan in response. It contains several useful provisions but still leaves the Romanians to police themselves, with quarterly visits by the company's representatives to check on possible diversions.

We have recently persuaded our allies in COCOM not to export this kind of technology to the East bloc. We would need to obtain a general exception from COCOM for this export. Seeking a general exception is not by itself unusual, though we will -- as Cap argues -- pay a larger price this time around as a result of our having just persuaded others to take this category of items more seriously.

Discussion

In order to avoid having the Romanians police themselves, I believe we should amend the plan to require that Control Data assign responsible Western representatives to be at the facility to ensure constant control and monitoring of the assembled and unassembled disk drives to assure that they are not diverted, and to report on whether the other safeguard provisions are being lived up to. It is important to understand, however, that no safeguard system we can devise will be risk-free. If the Soviets want to pressure the Romanians to grant them clandestine access to the technology, or if -- as seems increasingly evident -- the Romanians want to make it available to secure other favors from

DECLASSIFIED

~~SECRET~~
Declassify OADR

NLRR M438 #135886

BY RW NARA DATE 9/12/17

~~SECRET~~

~~SECRET~~

~~SECRET~~

the Soviets, there is little we can do. The real question then turns on whether you feel this unavoidable risk is worth taking in order to encourage Romanian efforts to display greater independence from the Soviet Union. Secretary Shultz strongly believes that we should.

2

I have discussed this issue with Cap many times. He is still opposed to the transfer. If you were to approve it in the face of his formal opposition, notification of this fact would have to go to the Congress. Accordingly, if you decide to approve the transfer, I recommend that you authorize me to go back to Cap to explain your position before formalizing the directive.

Recommendation

OK

NO

That you approve the amended safeguard plan, and authorize me to discuss this decision with Cap before formally approving the assembly of Control Data 200 megabyte disk drives in Romania.

Prepared by:
Stephen P. Rosen
Donald R. Fortier

~~SECRET~~

~~SECRET~~

~~SECRET~~

245887

THE WHITE HOUSE

6170

WASHINGTON

~~SECRET~~

MEMORANDUM FOR THE HONORABLE GEORGE P. SHULTZ
The Secretary of State

3

THE HONORABLE DONALD T. REGAN
The Secretary of the Treasury

THE HONORABLE CASPAR W. WEINBERGER
The Secretary of Defense

THE HONORABLE MALCOLM BALDRIGE
The Secretary of Commerce

THE HONORABLE DONALD P. HODEL
The Secretary of Energy

THE HONORABLE WILLIAM J. CASEY
Director of Central Intelligence

THE HONORABLE GEORGE A. KEYWORTH, II
The Science Advisor to the President and
Director, Office of Science and Technology Policy

SUBJECT: Control Data Disk Drives for Assembly in Romania
(S)

In the matter of the Control Data Corporation proposal to assemble 200 megabyte disk drives in Romania, the President has approved the safeguards plan as prepared by the Department of Commerce with the following amendment:

"In addition to the ten other enumerated safeguard provisions, responsible Western representatives of Control Data will be assigned to be at the facility to ensure constant control and monitoring of the assembled and unassembled 9780 disk drive units. They will submit written reports every month to OEA concerning the fulfillment of all of the safeguard provisions."
(S)

With this amendment, the safeguards plan and the license for the Control Data transaction are approved. This approval does not constitute approval of the sale of the assembled disk drives to Romania. (S)

FOR THE PRESIDENT:

DECLASSIFIED

NLRRM438 #135887

BY KML NARA DATE 1/22/13

~~SECRET~~

Declassify OADR

~~SECRET~~

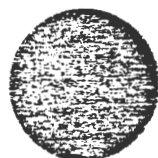
MEMORANDUM

~~SECRET~~
NATIONAL SECURITY COUNCIL

6170 add on

135888

4



~~SECRET~~

INFORMATION

August 22, 1984

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: STEPHEN P. ROSEN *SR*

SUBJECT: Weinberger Reaction to Assembly of Control Data
Disk Drives in Romania

Our latest information is that Cap still opposes the assembly of the Control Data 200 megabyte disk drives in Romania. Under the terms of the Export Administration Act, if the license is approved over the opposition of the Secretary of Defense, the whole transaction must be submitted to Congress, and the disagreement made public.

Cap will be advised by his staff to talk to you down in Dallas. Under the circumstances, it might be better for you to contact him about this matter first.

DECLASSIFIED

NLRR M438 # 135888

BY KML NARA DATE 4/18/13

~~SECRET~~

Declassify OADR

~~SECRET~~

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

DOBRIANSKY, PAULA: FILES

Withdrawer

CAS 5/8/2012

File Folder

ROMANIA-LANDSAT (7)

FOIA

M11-438

DAVID

Box Number

5

14

<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restric-</i> <i>tions</i>
135889	MEMO DIANE DORNAN TO MCFARLANE RE ROMANIA (SAME AS 135585)	1	8/21/1984	B1

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]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

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.

JPRS-EPS-84-008-L

19 July 1984

RECEIVED
1 COPY
LY/SW/ALC

East Europe Report

POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

FOR OFFICIAL USE ONLY

CAS 5/8/12

INDUSTRIAL ESPIONAGE ACTIVITIES OF SOVIET BLOC

Paris L'EXPRESS in French 6 Jul 84 pp 22-28

[Article by Ion Pacepa: "The Big Reaping"]

[Text] How do the Eastern European countries carry on industrial espionage?

Senior fellow at the Center for International And Strategic Studies at Georgetown University in Washington, Michael Ledeen has collected the testimony of Ion Pacepa, deputy director of Romanian counterespionage and personal counsellor of President Ceausescu until his defection to the West in 1978.

In 1952, Lavrenti Beria, chief of Soviet State Security, gave the order to the Romanian secret services to engage in industrial espionage. "Ever since WW II, he told them, technological intelligence has proven to be essential for our defense and for our economy. Such a department would give effective support to our revolutionary Marxist-Leninist-Stalinist struggle."

Sergei Petrovich, a Soviet general, supervised the organization of our industrial espionage services. He gave us an interesting report on the activity of his country. According to him, the "work" of the Rosenbergs in the United States "was no less important than the victory over Germany. They brought about the end of the atomic monopoly of the United States and since they did not confess, their death paved the way for anti-American and anti-imperialist propaganda and for anti-atomic bomb peace movements. They inaugurated an era in which technology became the main support of politics."

At the beginning of the 1950's the Soviets set up a vast organization--Evaluation, Verification and Naturalization--which employed more than a thousand engineers, translators and designers. It continues to draw up the list of needs of the KGB and the secret services of the other countries of the Warsaw Pact. It receives technological and technical-military information and transforms what it considers to be useful into "Soviet projects."

Over the years, the Ministry of the Interior created its own industry in Bucharest. In all the hotels in Bucharest, the telephones can have listening devices activated by pressing a button. Microphones are carefully hidden in each room, a closed-circuit television permits the constant surveillance of the restaurant rooms, the corridors and the bathrooms. Cameras installed outside

hotels such as the Athenae Palace, the Intercontinental, the Lido and the Nord monitor the movements of foreigners. In the very best restaurants, agents act as maitres d'hotel or waiters, providing them with the opportunity to hide microphones under the tables, in the ashtrays, or in the ice buckets. Prostitutes, on the payroll of the counterespionage service, stroll around in the bars, in the hotel corridors, the restaurants, the theaters, the Opera House, the concert halls, the amphitheaters, the movie houses, the streets and the parks. The results of this work are distributed as follows: compromising information on foreigners goes to the security services and the money, the clothing and the gifts go to the agents.

About 1970-1975, Colonel Christian Scornea was watching a possible informer on chemical weapons, Horst von Hajek, a professor of engineering. Hajek was born in Germany. During WWII he served as a commander officer in the area of chemical weapons. After the fall of the Third Reich, in order to hide his past he went to Portugal where he became a military adviser and an armaments engineer. Later, he returned to West Germany and he became a technical advisor for NATO.

The Romanian investigation revealed that Hajek was rich but that he had family problems and that women were his weak point. He was invited to Bucharest and was introduced to Adriana Ors, a beautiful young lady who was the answer to his dreams. Adriana was only 21 years old, she worked as a prostitute in a night club in a large hotel. Obviously, she was collaborating with our intelligence services, Hajek fell in love with her. Their liaison was recorded on film and magnetic tape. Hajek spent \$40,000 for a house for Adriana and her mother. He could not get along without this young woman, and he used to spend 1 week each month in Bucharest. In 1977 he was recruited as an agent. Hajek contributed greatly to the modernization of our chemical industry. Thanks to him, an enormous napalm plant was built in Bucharest, under the cover of a detergent manufacturing factory. Napalm bombs were manufactured on the basis of plans transmitted illegally, via Africa, from Portugal to Romania. A secret exhibit and experiments were organized for the president.

Cultural and Scientific Agreements

In 1978, more than 98 percent of the engineers, physicians, economists and professors who went abroad were secret agents. Some of them were even intelligence officers. When the secret service (the CIE) was reorganized in 1972, President Ceausescu decreed that each citizen who would be going abroad, as a diplomat or on the basis of a bilateral agreement, must be an intelligence officer or a CIE collaborator. "Only those individuals deserve to work abroad," he said.

An old case illustrates very well the dimensions of this espionage enterprise. A little before 1960, Alexandru Moghioros, at that time minister of agriculture, was crazy about an American hybrid corn which was characterized by its resistance to climate changes and by its productivity. After 5 years of drought, hybridization was the only hope of Romanian agriculture; it did not have any credits for the import of genetic materials.

Moghioros turned to the intelligence services. They took the project in hand and, during the next 5 years, several dozen agronomists left for the United States. They were all intelligence officers or agents. They visited federal research institutes, private organizations, agricultural facilities. In 5 years, they collected the genetic materials necessary for the development of the hybrid corn in Romania. A special diplomatic pouch was prepared for transporting them to Bucharest without damage. The Romanians recruited several talented American specialists, including one at the research center of the Department of Agriculture in Beltsville, Maryland. He alone provided them with a collection of American hybrids. After 7 years of intensive reproduction, Romania is becoming a significant producer of genetic materials and one of the largest producers of hybrid corn in Europe. In 1978, the operation made it possible for Romania to save about \$300 billion.

In 1978, about 70 percent of the Romanians assigned abroad were dealing with foreign trade and were intelligence officers. In Romania, the first deputy minister of foreign trade and 11 directors in the ministry were CIE agents. The same held true for 38 of the 41 heads of foreign trade enterprises.

In every meeting with the directors of Western firms, espionage was the most important element. All foreign specialists contacted became the subject of a report and each transaction was evaluated on the basis of the technological information which it might provide.

One of the most spectacular operations was targeted against the West German tank, the Leopard II. Our intelligence service obtained a model, thanks to an agent who worked for the Kirschfield A. G. Firm in Dusseldorf. However, the manufacture of the engine was too complicated for our specialists. So they sought assistance from the manufacturer and the distributor of the tank, the M.T.U. group.

This operation was entrusted to me. I received my instructions only from Ceausescu. I established contact with one of the M.T.U. officials who had the code name of "Leonard." He was said to have sympathy for the independence of Romania in foreign policy.

Leonard had me visit the military sections of his plant in Augsburg and he authorized me to examine the tank in detail. A few days later, we arrived in Bucharest, on board an M.T.U. jet, where he was to join Helmut Schmidt on an official visit. We were alone. Leonard explained to me that the Leopards I and II were intended for NATO and that, without the full agreement of Bonn, it would be very difficult to export all or part of the tanks. However, the M.T.U. had just set up plans for a diesel engine based, almost entirely, on those of the Leopard II. This engine belonged to the M.T.U. which was ready to sell a license to Romania.

On the basis of a confidential agreement which Leonard signed, a Swiss firm specializing in this type of contract, whose personnel were M.T.U. retirees, would deliver us the necessary components for transforming the M.T.U. engine into a tank engine. I informed Ceausescu. The president thanked Leonard. Later, after the contracts were signed, Leonard went to the Romanian Embassy on

11

Cologne with some very heavy suitcases which contained the lubrication system as well as the original parts of the Leopard II engine and their diagrams. This "gesture of confidence" inaugurated the transfer of a NATO defense system to a communist country under the cover of "drilling units."

The Leopard II operation showed us that retired foreign specialists were a good source of technological intelligence. In 1977, the CIE compiled a list of these retired specialists in Western countries. Later on we learned that they were no longer held to secrecy, even if they had worked for national defense.

International Cooperation

The CIE utilized, little by little, every contract for cooperation with firms in capitalist countries to place intelligence officers and agents and to take photographs. Thus, in the framework of French-Romanian cooperation, in the production of a compact Renault car, the Dacia, more than 100 French technicians were in Romania. They brought with them abundant documentation which supplied information exceeding [the technical level of] the equipment which we had bought legally. All this was photographed secretly. Later on, the photographs permitted us to make many modifications to the Dacia without spending a cent.

Toward the end of the 1970's a new joint project was launched with Citroen. More than 150 Romanian engineers and technicians went to France to study a new compact car. Several of them, intelligence officers or agents, were equipped with miniscule cameras, of the latest model, and ultrasensitive film. After their return to Romania, the films were developed, and we learned some manufacturing secrets that Citroen did not want to include in the contract.

Third Countries and Fictitious Companies

When the direct import of technology was prohibited by regular legislation or by an extraordinary embargo, we had recourse to firms created to perform transfers illegally. In most cases, it was a question of a technology with military application.

In 1975, we recruited a businessman in Tokyo. He established a fictitious company for the purpose of sending us sophisticated microelectric equipment from Japan, the United States, West Germany, Great Britain and Italy.

High pressure hydraulic presses, very sophisticated and with very high performance, were imported from Sweden and South Africa through the intermediary of a company registered in Helsinki, by another one of our agents, this time a citizen of the Federal Republic of Germany.

An export-import firm was established in Vienna by a Romanian intelligence officer, for the purpose of the illegal transfer of highly sophisticated optical equipment via Austria.

A British export company was conceived by one of our agents in London for the acquisition of a radar and different types of military equipment and some computers. They were sent to Romania after having passed through a number of third countries.

Illegal Intelligence

Many CIE officers have changed their identity completely. They have become West German citizens, Greeks, Turks, Israelis, French or Italians, thanks to false birth certificates, false university diplomas and other falsified documents. As a rule, they left Romania illegally because, in their newly adopted country, they could not have any rapprochement with us. Ceausescu gave us instructions: "Every illegal intelligence officer sent abroad during peacetime must learn how to set up cells in research institutes and important industrial firms and to supply us with technological information." Each one should be better than the best of the foreign agents. Some will have to create foreign firms for the wide-scale transfer into Romania of peak technologies under embargo and even weapons technologies." Thanks to our strong German-speaking minority, it was easy to place a large number of illegal officers in Germany, in Austria and even in Switzerland. In Austria, most of the nationalized industries were infiltrated: Voest and its technical department Linz Donauwitz; Alpine, with its nuclear energy sector and its foundry; the headquarters of Elin Union, another famous metallurgy company; the Stickstoffwerke chemical products company; the prestigious Wagner-Biro engineering company. There were also officers in the private companies, such as the Siemens-Austria electricity company and the Norma microprocessors company..

In West Germany, some well-trained officers, with false identification papers, have made a way for themselves and occupy important positions in Siemens, Erlangen and its nuclear sector at Karlsruhe, AEG in Dusseldorf, Hoechst in Frankfurt, and Thyssen. They use universities, such as those in Karlsruhe and Giessen, as springboards for getting the best positions in Canada and the United States. Although it was limited in quantity, the industrial intelligence supplied by the illegal division in 1977-1978 was of very high quality. It consisted, in particular, of very secret original projects, copies identical to the original, kept in the most secure strongboxes of the companies. Here are some examples:

--a complete design for the Linz Donauwitz technology, which was immediately integrated into the Romanian metallurgical plants; this saved time and several millions dollars production costs.

--various designs of nuclear reactors and their security systems.

--the complete design for the construction of a heavy water installation for a nuclear power plant.

--the design for a shell factory drawn up by West Germany and intended for Egypt

Clandestine Photography

Clandestine photography is often used in the pursuit of intelligence and is still one of the most effective espionage techniques. This method permitted us not only to steal foreign secrets but also to learn the real cost of the products which they offered for our purchase. One can imagine our advantage in the negotiations!

The documents which we copied were often so detailed that we could simply cancel the contracts; all we had to do was to reproduce the system described, by our own means. This was, in part, the situation in regard to the enormous rolling mills ordered from France and from the Federal Republic of Germany for the Galati metallurgical combine. We were able to construct entire installations on the basis of documents photographed clandestinely. When an industrial ministry had problems in the researching, studying or engineering of a project, it would try, first of all, to resolve them by means of clandestine photography.

When the Ministry of the Chemical Industry ran aground in drawing up plans for a large polystyrene industrial installation, it sent fake letters to the largest chemical products companies in the Federal Republic of Germany, Great Britain, France and Italy. It indicated that it wanted to acquire a license for the installation of a polystyrene plant. Six Western companies came to Bucharest to offer their services. In order to prove its superiority, a French firm sent a mission with a detailed design of an ultramodern installation. Very much aware of the importance of this file and, justifiably, cautious, the French demanded that their documents be locked up each night in the hotel safe. These valuable documents were more than sufficient for finding a "Romanian solution to the problem"; they rapidly began to construct an immense polystyrene plant in the Borzesti petrochemical complex!

The United States and Europe

The Romanian secret services have rarely succeeded in directly obtaining intelligence information in the United States. But, on the other hand, the "tapping" of European branches working under American license proved to be far more "profitable."

The technology of silicon production--an essential "raw material" in electronics--was one of the priority targets of our secret services. This is even more important considering the strict embargo of this technology with regard to communist countries. Our repeated efforts to obtain such technology in the United States remained fruitless. However, in 1970 an American branch operating in France that formerly sold Romania two production lines for semiconductors of German origin made it possible for us to obtain what we wanted. A French citizen, whom we had successfully recruited, was providing us regularly the technological documentation from the American parent enterprise: indeed the office in which I was holding my business meetings was quite rapidly overstuffed with piles of documents. Shortly afterward a special installation, well disguised, at the very heart of an electronics plant situated between Bucharest and the Otopeni International Airport, began the production of high-quality industrial semiconductors.

The production technology of silicon crystals, which is strictly controlled in the United States, was handed over to us by an electronics company in Milan thanks to a special contract providing for the delivery of part of the equipment necessary for the production process.

We used similar methods to obtain information about integrated circuits. Since we were unable to obtain the necessary information from Texas Instruments in

the United States, we undertook to cooperate with a well-known British firm which was producing microelectronic equipment under a Texas Instruments license. As a result we obtained thousands of photocopies of technical documents under embargo in the United States; these documents were delivered to us by a well-paid Briton we recruited and, thus, for the first time Romania had access to the world of integrated circuits. This "hit" ["coup"] paved the way for an institute for secret research established not too far from Bucharest, equipped with materials produced under an American license in Europe and Japan and illicitly imported through a third country. Manea Manescu who, at that time, was prime minister, said: "If Texas Instruments did not sell its technology to Europe we would have never managed to obtain it. Within a short time we will produce an increasing amount of integrated circuits. I would not be surprised to see Western firms in trouble in the near future."

The Price of Industrial Espionage

In 1978 the C.I.E. prepared the balance-sheet of industrial espionage. Its conclusions were indeed impressive: more than 35 percent of the industrial inventory was based, in part at least, on intelligence operations, especially, the chemical industry, with complete plants built in Borzesti (polystyrene), Iasi (synthetic leather and polyurethane), Brasov (melamine and photosensitive materials), Transylvania (color film and photographic paper), Codlea (coloring agents), Victoria (plastic explosives), Bucharest (radial tires)....

The pharmaceutical industry was in second position followed by metallurgy (with an impressive number of new technologies for special steels, carbide and non-metallic alloys as well as steel plants, modernized rolling mills, and a new aluminum factory). The silicone semiconductors and the integrated circuits were among the most important contributions to the electronics industry. New digital machine tools, Diesel engines, and Bosch injector pumps were the result of intelligence operations. In the sphere of nuclear energy Romania had received enough information to be able to build industrial installations for heavy water: 30 percent of the components for nuclear reactors and 40 percent of the safety systems. Those are merely a few examples. From the end of the 1960's to the end of the 1970's we managed to save nearly \$800 million by replacing legal but costly imports with illegal products thanks to espionage.

Obviously military technology was very important to Romania, especially after the decision in 1972 to modernize the armed forces of the country and to build a new tank (on the model of Leopard II), new fighter airplanes (produced in cooperation with Yugoslavia), bomber planes and parachute jump planes (based on the West German Fokker 614), napalm bombs and other materiel for biological and chemical warfare, as well as launching systems. In addition to technical intelligence Romanians were seeking all sorts of information on military technology by studying even small models bought at toy stores in NATO countries!

The instruction and maintenance manuals were taken over, legitimately, by the Soviet Ministry Of Defense. A West German citizen of Romanian origin, who worked for a number of years as a guard in a military base near Munich, was recruited mainly for the purpose of supplying us with copies of such manuals. Several years went by. He had won the confidence of the Americans and he was

charged with "burning" secret military documents; he arranged to bring to his handler sacks filled with this valuable "waste," an abundant harvest of "Secret Defense" manuals dealing with various items of American military equipment.

The weapons samples were almost as important as the documents. The specimen could be tested, analyzed, redrawn and compared. Models of different types of NATO weapons were obtained by commercial contacts or agents sympathetic to the cause who worked in Europe in factories dealing with military production, especially in Germany and Austria. Among our big "suppliers," one could also find the Palestinian and Druze militias, who gave us, through their contacts with the CIE, many weapons taken from their adversaries. I remember a very good catch: a Renault tank, captured by the Druze and transported to Romania in a refrigerator truck.

Israel also gave us technical intelligence and military samples. This is why: Romania exchanged Romanian Jews for valuable intelligence, a type of exchange in which the Israelis often engaged. The methods of these exchanges were very delicate because they involved the espionage services of the two countries.

In 1978, I was able to organize a national exhibit of military technology; Western military equipment and weapons could be found there, alongside our own products. Set up at Baneasa, it showed an almost complete range of materials being used in the armies and the police forces in Western Europe, a large selection of NATO infantry equipment and various models of mines and shells. Inside, we exhibited various lasers used by the military, computers and other microelectronic equipment, used mainly by the air force and the artillery. Outside, miles around, there was other equipment as well as the chief attraction of the exhibit: a British Centurion tank. There was also a new attraction, a smaller Renault tank, which had arrived the night before with, to our great fright, a live shell in the cannon. The laser-guided artillery pieces were tested by pulling on hundreds of balloons. In "our" section, out in the open, there was a new tank which resembled the Leopard. It was equipped with a brand new Diesel engine which came from the German M.T.U. company.

All these examples illustrate very well the enormous consequences of communist intelligence activity, without the direct intervention of the KGB. I remember very well the words said to me by General Zakarov, head of the Soviet foreign intelligence service: "When it is a question of agents, we need your assistance and the assistance of the other fraternal countries. Taken together, they and you have much more important and more diversified trade with the West than we do. You have more recent emigres and a richer maneuvering base for recruiting new agents (...). Together and only together can we change the balance of military forces and acquire a decisive socialist superiority. And only together, can we make technological espionage one of the most effective and most productive operations in our history." I have no reason to think that this vast enterprise lost its importance after my departure from Romania.

The Threat

In 1978, when he returned from Moscow, Ceausescu told me that Brezhnev had him visit, secretly, a "microelectronics city." I had announced to him, proudly,

that it had been set up by the KGB on the basis of the most recent technological intelligence and that its personnel includes several thousand KGB and army employees. Ceausescu had never seen such a collection of microelectronic equipment. Brezhnev said to him:

"Technological cities of this type employ more than 20,000 engineers and technicians. Most of them work in our nuclear installations, but now that we can destroy the West several times, our priority is to construct missiles capable of striking at American missiles even before they are launched, of paralyzing NATO before it strikes first, of hitting, with precision, not only all possible targets in Western Europe but also the White House, Wall Street and [the automotive] industry in Detroit."

Ceausescu was very much impressed, both by the size of this "city" and by the almost complete secrecy which surrounded it. Such operations clearly illustrate the need for the Western countries to put an end to the industrial espionage of the communist bloc. This is not easy but it is possible to limit and to discourage the efforts of the Warsaw Pact countries. These countries have indescribable economic problems which have as their direct cause the economic and political structure of the communist societies and cannot be resolved in a socialist system. In order to survive and to develop, the socialist countries need real money, real markets, and only the capitalist world can supply these things to them. Poland and Romania alone have borrowed \$40 billion to survive, and they are making enormous sacrifices to repay these debts. Some Americans, like Senator Jackson, have discovered how to use this economic reality as a lever, in order to improve human rights in the communist countries, linking the obtaining of the "most favored nation" clause to the right to emigrate. It would be very useful if it were possible to find a way to grant most favored nation treatment in exchange for giving up industrial espionage.

For the communist countries, the American law on export control is a "dreaded" enemy; they try, with all their might, to distort it by presenting it as an attack on the fundamental principles of democracy or as an attempt by the United States to impose its policies on its allies. In reality, this law is, for the free world, a powerful means of protecting a scientific and technological asset which is our pride and our strength.

Most of the successful thefts of Western secrets have taken place in Western Europe and in Japan and not in the United States. These serious matters should be brought before public opinion in these countries so that they can better evaluate the policies of their leaders.

COPYRIGHT: 1984 L'EXPRESS

CSO: 3519/402

END

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

DOBRIANSKY, PAULA: FILES

Withdrawer

CAS 5/8/2012

File Folder

ROMANIA-LANDSAT (7)

FOIA

M11-438

DAVID

Box Number

5

14

<i>ID</i>	<i>Document Type</i>	<i>No of</i>	<i>Doc Date</i>	<i>Restric-</i>
	<i>Document Description</i>	<i>pages</i>		<i>tions</i>

135890 MEMO

3 8/17/1984 B1

ROSENT TO MCFARLANE RE TECHNOLOGY FOR
ROMANIA

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]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

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.

NATIONAL SECURITY COUNCIL

August 17

John,

I floated this proposal by Bill Archey at Commerce and Steve Bryen at Defense, as you suggested. Archey said it was acceptable as long as it resolved the issue once and for all. Bryen said he would have to take it up with Cap.

Steve

Steve Rosen

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

DOBRIANSKY, PAULA: FILES

Withdrawer

CAS 5/8/2012

File Folder

ROMANIA-LANDSAT (7)

FOIA

M11-438

DAVID

Box Number

5

14

<i>ID</i>	<i>Document Type</i>	<i>No of</i>	<i>Doc Date</i>	<i>Restric-</i>
	<i>Document Description</i>	<i>pages</i>		<i>tions</i>
135892	PAPER	2	ND	B1
	DIANE DORNAN - COMMENTS			

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]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

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.

22a

~~SECRET~~ACTION

DECLASSIFIED

NLRR M438 #135895

BY KNL NARA DATE 4/18/13

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT C. MCFARLANE

SUBJECT: Technology Transfer to Romania

Issue

Should we license the assembly of Control Data Corporation 200 megabyte disk drive memory units in Romania?

Facts

On 3 August 1984 you directed the Department of Commerce to prepare a safeguards plan to reduce the risk that the Control Data disk drives, used to store data for computers, assembled in Romania could be diverted to the Soviet Union or other East bloc countries. Commerce has prepared a plan in response. It contains several useful provisions but still leaves the Romanians to police themselves, with quarterly visits by the company's representatives to check on possible diversions.

We have recently persuaded our allies in COCOM not to export this kind of technology to the East bloc. We would need to obtain a general exception from COCOM for this export, and we would pay a diplomatic price if we did so.

Discussion

In order to avoid having the Romanians police themselves, we should amend the plan to require that Control Data assign responsible Western representatives to be at the facility to ensure constant control and monitoring of the assembled and unassembled disk drives to assure that they are not diverted, and to report on whether the other safeguard provisions are being lived up to. We should then accept this amended plan, and approve the sale. This will end a lengthy wrangle on this issue.

RecommendationOK NO

_____ _____ That you approve the amended safeguard plan, and approve the assembly of Control Data 200 megabyte disk drives in Romania.

~~SECRET~~

Declassify OADR

Prepared by:
Stephen P. Rosen~~SECRET~~

230

~~SECRET~~

THE WHITE HOUSE

WASHINGTON

135892L
6170

24

~~SECRET~~

MEMORANDUM FOR THE HONORABLE GEORGE P. SHULTZ
The Secretary of State

THE HONORABLE DONALD T. REGAN
The Secretary of the Treasury

THE HONORABLE CASPAR W. WEINBERGER
The Secretary of Defense

THE HONORABLE MALCOLM BALDRIGE
The Secretary of Commerce

THE HONORABLE DONALD P. HODEL
The Secretary of Energy

THE HONORABLE WILLIAM J. CASEY
Director of Central Intelligence

THE HONORABLE GEORGE A. KEYWORTH, II
The Science Advisor to the President and
Director, Office of Science and Technology Policy

SUBJECT: Control Data Disk Drives for Assembly in Romania
(S)

In the matter of the Control Data Corporation proposal to assemble 200 megabyte disk drives in Romania, we accept the safeguards plan as prepared by the Department of Commerce with the following amendment:

"In addition to the ten other enumerated safeguard provisions, responsible Western representatives of Control Data will be assigned to be at the facility to ensure constant control and monitoring of the assembled and unassembled 9780 disk drive units. They will submit written reports every month to OEA concerning the fulfillment of all of the safeguard provisions."
(S)

With this amendment, the safeguards plan and the license for the Control Data transaction are approved. This approval does not constitute approval of the sale of the assembled disk drives to Romania. (S)

FOR THE PRESIDENT:

~~SECRET~~

Declassify OADR

DECLASSIFIED

NLRR M438 #1358916

BY RW NARA DATE 9/12/17

~~SECRET~~

2/2

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

DOBRIANSKY, PAULA: FILES

Withdrawer

CAS 5/8/2012

File Folder

ROMANIA-LANDSAT (7)

FOIA

M11-438

DAVID

Box Number

5

14

<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restric-</i> <i>tions</i>
135897	MEMO SEC OF COMMERCE TO MCFARLANE RE ROMANIA	1	8/14/1984	B1

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]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

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.

~~CONFIDENTIAL~~



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

AUG 14 1984

26

MEMORANDUM FOR: ROBERT C. MCFARLANE
Assistant to the President
for National Security Affairs

SUBJECT: Safeguard Conditions for Assembling the CDC
200 Megabyte Disc Drives in Romania (FOUO)

This is in response to your request of August 3, 1984 for the development of safeguard conditions necessary for the approval of the three export license applications for the Control Data Corporation 200 megabyte disc drives to be assembled in Romania. ~~(C)~~

We developed the attached list of conditions at an interagency meeting at Commerce on August 9 with representatives from the Departments of State and Energy. Defense was invited but did not attend. Subsequent to the meeting, the list of license conditions was transmitted to Defense for review and concurrence. At this time, we have not received a response from Defense. ~~(C)~~

The conditions are essentially those used in the 1977 ROM/CDC case involving 60 megabyte disc drives, although they have been updated to provide better record-keeping, tighter surveillance, enhanced protection of the most sensitive technologies and recognition of the new policy towards the People's Republic of China regarding technology transfer by permitting reexports to the PRC with prior approval of the Office of Export Administration and COCOM. ~~(FOUO)~~

Further, it is important to note that in the 1977 case ROM/CDC was authorized to sell the disc drives in Romania whereas in this case the license application requested that the disc drives be sold only to end users in the Free World. ~~(FOUO)~~

Assuming these conditions are approved, the case will need to be referred to COCOM for full committee review prior to issuance of U.S. license. (U)

Secretary of Commerce

DECLASSIFIED

NLRR M438 #135898

BY KML NARA DATE 1/22/13

Classified by: Multiple Sources
Declassify on: OADR

~~CONFIDENTIAL~~

Proposed Safeguard Conditions for
The Export License Authorizing Assembly of
200 Megabyte Disc Drives by ROM/CDC in Romania

- 1) The technical data shall:
 - a) include nothing related to the design, manufacture, or repair of magnetic heads, servos, or magnetic surfaces, actuators; and
 - b) be limited in content and quality to that necessary and appropriate for the manufacture of 9780's, as described in CDC's applications.
- 2) This authorization relates to the export of the technical data, associated parts, and tools as described in the submitted applications.
- 3) Within 30 days following the issuance of an export license to CDC, CDC shall submit to OEA a written statement, signed by a responsible representative of ROM, and certifying that:
 - a) The technical data will be used only for the production of 9780's in Romania. These drives may be shipped to Country Groups T and V only.*
 - b) The technical data will not be transferred to a third party, or otherwise disseminated or disposed of, without written permission from OEA;
 - c) ROM's production facilities will not be moved outside the territory of Romania, and responsible Western representatives of CDC will have the right of access to ROM's production facilities during normal working hours;
 - d) Within 30 days following the end of each calendar quarter after issuance of an export license, ROM shall report in writing to CDC, for both such calendar quarter and also cumulatively since the issuance of the export license:
 - i) the number of 9780's produced by ROM;
 - ii) the number of 9780's transferred to Country Groups T and V*;
 - iii) the number of 9780's remaining at ROM.
 - e) CDC will be promptly notified in writing of any significant change in the facts on which any export license for the technical data has been based.
- 4) Any 9780's produced by ROM:
 - a) may be transferred only to transferees in Country Groups T and V.*

*See paragraph 4(c).

28

- b) shall, both before and after any transfer by ROM, remain subject to all U.S. export laws and regulations, except only as herein otherwise provided.
 - c) may be reexported to the PRC, but only on a case-by-case basis, and with prior approval of OEA and COCOM.
- 5) A responsible Western representative of CDC shall visit ROM each calendar quarter after issuance of an export license and, within 30 days following the end of such quarter, shall report in writing to OEA whether the technical data have been used for anything other than the purposes herein authorized, whether the technical data has been transferred, disseminated, or otherwise disposed of, whether ROM's production facilities have been moved outside Romania and whether the shipments made here under have been made to and received at approved destinations. From time to time a USG representative may visit ROM to examine ROM's books and records to verify that the terms and conditions of the approved licenses are being adhered to.
- 6) CDC shall promptly submit to OEA a copy of anything CDC receives pursuant to Condition 3)e) above, and CDC shall promptly notify OEA in writing of any significant change in the facts on which any export license for the the technical data has been based, or of any significant change in the terms of any contracts or agreements upon which CDC's relationship with ROM, as described in CDC's application, has been based.
- 7) Within 30 days following the end of each calendar quarter after issuance of an export license, CDC shall report in writing to OEA, for both such calendar quarter and also cumulatively since the issuance of the export license:
- a) the number of 9780s produced by ROM;
 - b) the number of 9780s transferred to Country Groups T and V;*
 - c) the number of 9780s remaining at ROM;
 - d) the number and identity of parts,** read/write and servo heads, and actuators exported to ROM during the quarter covered by the report, and the number and identity of parts, read/write and servo heads and actuators that were incorporated into disc drives during such quarter; and
 - e) a description of that part of the technical data exported to ROM, indicating whether it was exported orally or through written documentation.

***"Parts" is defined as anything other than read/write heads or actuators.

- 8) A list of all end-users should be submitted to OEA at the time of delivery along with the number of disc drives delivered to each end-user.
- 9) Parts provided by CDC, directly or indirectly, will remain under CDC control, and the quantity of parts on-site will be limited to that necessary for supporting the production of 9780's for the following six months;
- 10) Read/write and servo heads as well as the actuator mechanism (including velocity transducers) will be exported preassembled and tested by CDC. Technology of these items will not be exported.

Wang 332

90

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

DOBRIANSKY, PAULA: FILES

Withdrawer

CAS 5/8/2012

File Folder

ROMANIA-LANDSAT (7)

FOIA

M11-438

DAVID

Box Number

5

14

<i>ID</i>	<i>Document Type</i>	<i>No of</i>	<i>Doc Date</i>	<i>Restric-</i>
	<i>Document Description</i>	<i>pages</i>		<i>tions</i>

135899 LETTER

2 8/10/1984 B1

STEPHEN BRYEN TO WILLIAM ARCHEY RE
ROMANIA

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]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- 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 14 AUG 84 16

TO

MCFARLANE

FROM BALDRICE, M

DOCDATE 14 AUG 84

32

SUSPENSE

KEYWORDS EXPORT CONTROLS

COCOM

ROMANIA

CM

SUBJECT RESPONSE TO 3 AUG DIRECTIVE RE SAFEGUARDS AGAINST DIVERSION OF CONTRC
DATA CORP CDC DISK DRIVE COMPONENTS FOR ROMANIA

ACTION: PREPARE MEMO FOR MCFARLANE

DUE: 16 AUG 84 STATUS S FILES PA

FOR ACTION

FOR CONCURRENCE

FOR INFO

ROSEN

ROBINSON

MATLOCK

LEHMAN, R

DORNAN

FORTIER

SESTANOVICH

DECLASSIFIED

NLRR M438 *135900

BY KNL NARA DATE 1/22/13

KIMMITT

THOMPSON

DOBRIANSKY

COMMENTS LOGGED TO ROSEN PER POINDEXTER

REF#

LOG 8405644

NSCIFID NSDD0066 (JF

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
--------------------	----------	-----------------	-----	-----------

DISPATCH	W/ATTCH	FILE	(C
----------	---------	------	----

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

DOBRIANSKY, PAULA: FILES

Withdrawer

CAS 5/8/2012

File Folder

ROMANIA-LANDSAT (7)

FOIA

M11-438

DAVID

Box Number

5

14

<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restric-</i> <i>tions</i>
135901 MEMO		1	8/14/1984	B1
	SAME AS 135987			

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]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- 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.

~~CONFIDENTIAL~~



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

AUG 14 1984

MEMORANDUM FOR: ROBERT C. MCFARLANE
Assistant to the President
for National Security Affairs

SUBJECT: Safeguard Conditions for Assembling the CDC
200 Megabyte Disc Drives in Romania (FOUO)

This is in response to your request of August 3, 1984 for the development of safeguard conditions necessary for the approval of the three export license applications for the Control Data Corporation 200 megabyte disc drives to be assembled in Romania. ~~(C)~~

We developed the attached list of conditions at an interagency meeting at Commerce on August 9 with representatives from the Departments of State and Energy. Defense was invited but did not attend. Subsequent to the meeting, the list of license conditions was transmitted to Defense for review and concurrence. At this time, we have not received a response from Defense. ~~(C)~~

The conditions are essentially those used in the 1977 ROM/CDC case involving 60 megabyte disc drives, although they have been updated to provide better record-keeping, tighter surveillance, enhanced protection of the most sensitive technologies and recognition of the new policy towards the People's Republic of China regarding technology transfer by permitting reexports to the PRC with prior approval of the Office of Export Administration and COCOM. ~~(FOUO)~~

Further, it is important to note that in the 1977 case ROM/CDC was authorized to sell the disc drives in Romania whereas in this case the license application requested that the disc drives be sold only to end users in the Free World. ~~(FOUO)~~

Assuming these conditions are approved, the case will need to be referred to COCOM for full committee review prior to issuance of U.S. license. (U)

Secretary of Commerce

DECLASSIFIED

NLRR M438 #135902

BY KML NARA DATE 1/22/13

Classified by: Multiple Sources
Declassify on: OADR

~~CONFIDENTIAL~~

Proposed Safeguard Conditions for
The Export License Authorizing Assembly of
200 Megabyte Disc Drives by ROM/CDC in Romania

- 1) The technical data shall:
 - a) include nothing related to the design, manufacture, or repair of magnetic heads, servos, or magnetic surfaces, actuators; and
 - b) be limited in content and quality to that necessary and appropriate for the manufacture of 9780's, as described in CDC's applications.
- 2) This authorization relates to the export of the technical data, associated parts, and tools as described in the submitted applications.
- 3) Within 30 days following the issuance of an export license to CDC, CDC shall submit to OEA a written statement, signed by a responsible representative of ROM, and certifying that:
 - a) The technical data will be used only for the production of 9780's in Romania. These drives may be shipped to Country Groups T and V only.*
 - b) The technical data will not be transferred to a third party, or otherwise disseminated or disposed of, without written permission from OEA;
 - c) ROM's production facilities will not be moved outside the territory of Romania, and responsible Western representatives of CDC will have the right of access to ROM's production facilities during normal working hours;
 - d) Within 30 days following the end of each calendar quarter after issuance of an export license, ROM shall report in writing to CDC, for both such calendar quarter and also cumulatively since the issuance of the export license:
 - i) the number of 9780's produced by ROM;
 - ii) the number of 9780's transferred to Country Groups T and V*;
 - iii) the number of 9780's remaining at ROM.
 - e) CDC will be promptly notified in writing of any significant change in the facts on which any export license for the technical data has been based.
- 4) Any 9780's produced by ROM:
 - a) may be transferred only to transferees in Country Groups T and V.*

*See paragraph 4(c).

3/0

- b) shall, both before and after any transfer by ROM, remain subject to all U.S. export laws and regulations, except only as herein otherwise provided.
 - c) may be reexported to the PRC, but only on a case-by-case basis, and with prior approval of OEA and COCOM.
- 5) A responsible Western representative of CDC shall visit ROM each calendar quarter after issuance of an export license and, within 30 days following the end of such quarter, shall report in writing to OEA whether the technical data have been used for anything other than the purposes herein authorized, whether the technical data has been transferred, disseminated, or otherwise disposed of, whether ROM's production facilities have been moved outside Romania and whether the shipments made here under have been made to and received at approved destinations. From time to time a USG representative may visit ROM to examine ROM's books and records to verify that the terms and conditions of the approved licenses are being adhered to.
- 6) CDC shall promptly submit to OEA a copy of anything CDC receives pursuant to Condition 3)e) above, and CDC shall promptly notify OEA in writing of any significant change in the facts on which any export license for the the technical data has been based, or of any significant change in the terms of any contracts or agreements upon which CDC's relationship with ROM, as described in CDC's application, has been based.
- 7) Within 30 days following the end of each calendar quarter after issuance of an export license, CDC shall report in writing to OEA, for both such calendar quarter and also cumulatively since the issuance of the export license:
- a) the number of 9780s produced by ROM;
 - b) the number of 9780s transferred to Country Groups T and V;*
 - c) the number of 9780s remaining at ROM;
 - d) the number and identity of parts,** read/write and servo heads, and actuators exported to ROM during the quarter covered by the report, and the number and identity of parts, read/write and servo heads and actuators that were incorporated into disc drives during such quarter; and
 - e) a description of that part of the technical data exported to ROM, indicating whether it was exported orally or through written documentation.

**"Parts" is defined as anything other than read/write heads or actuators.

- 8) A list of all end-users should be submitted to OEA at the time of delivery along with the number of disc drives delivered to each end-user.
- 9) Parts provided by CDC, directly or indirectly, will remain under CDC control, and the quantity of parts on-site will be limited to that necessary for supporting the production of 9780's for the following six months;
- 10) Read/write and servo heads as well as the actuator mechanism (including velocity transducers) will be exported preassembled and tested by CDC. Technology of these items will not be exported.

Wang 332

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

DOBRIANSKY, PAULA: FILES

Withdrawer

CAS 5/8/2012

File Folder

ROMANIA-LANDSAT (7)

FOIA

M11-438

DAVID

Box Number

5

14

<i>ID</i>	<i>Document Type</i>	<i>No of</i>	<i>Doc Date</i>	<i>Restric-</i>
	<i>Document Description</i>	<i>pages</i>		<i>tions</i>
135903	LETTER	2	8/10/1984	B1
	SAME AS 135899			

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]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- 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.

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

DOBRIANSKY, PAULA: FILES

Withdrawer

CAS 5/8/2012

File Folder

ROMANIA-LANDSAT (7)

FOIA

M11-438

DAVID

Box Number

5

14

<i>ID</i>	<i>Document Type</i>	<i>No of</i>	<i>Doc Date</i>	<i>Restric-</i>
	<i>Document Description</i>	<i>pages</i>		<i>tions</i>
135905	MEMO	1	8/21/1984	B1
	SAME AS 135889 AND 135585			

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]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- 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.

JPRS-EPS-84-008-L

19 July 1984

42

REEL HERE
1 Y/SN 11/11/84
1 COPY

East Europe Report

POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

INDUSTRIAL ESPIONAGE ACTIVITIES OF SOVIET BLOC

Paris L'EXPRESS in French 6 Jul 84 pp 22-28

[Article by Ion Pacepa: "The Big Reaping"]

[Text] How do the Eastern European countries carry on industrial espionage?

Senior fellow at the Center for International And Strategic Studies at Georgetown University in Washington, Michael Ledeen has collected the testimony of Ion Pacepa, deputy director of Romanian counterespionage and personal counsellor of President Ceausescu until his defection to the West in 1978.

In 1952, Lavrenti Beria, chief of Soviet State Security, gave the order to the Romanian secret services to engage in industrial espionage. "Ever since WW II, he told them, technological intelligence has proven to be essential for our defense and for our economy. Such a department would give effective support to our revolutionary Marxist-Leninist-Stalinist struggle."

Sergei Petrovich, a Soviet general, supervised the organization of our industrial espionage services. He gave us an interesting report on the activity of his country. According to him, the "work" of the Rosenbergs in the United States "was no less important than the victory over Germany. They brought about the end of the atomic monopoly of the United States and since they did not confess, their death paved the way for anti-American and anti-imperialist propaganda and for anti-atomic bomb peace movements. They inaugurated an era in which technology became the main support of politics."

At the beginning of the 1950's the Soviets set up a vast organization--Evaluation, Verification and Naturalization--which employed more than a thousand engineers, translators and designers. It continues to draw up the list of needs of the KGB and the secret services of the other countries of the Warsaw Pact. It receives technological and technical-military information and transforms what it considers to be useful into "Soviet projects."

Over the years, the Ministry of the Interior created its own industry in Bucharest. In all the hotels in Bucharest, the telephones can have listening devices activated by pressing a button. Microphones are carefully hidden in each room, a closed-circuit television permits the constant surveillance of the restaurant rooms, the corridors and the bathrooms. Cameras installed outside

hotels such as the Athenae Palace, the Intercontinental, the Lido and the Nord monitor the movements of foreigners. In the very best restaurants, agents act as maitres d'hotel or waiters, providing them with the opportunity to hide microphones under the tables, in the ashtrays, or in the ice buckets. Prostitutes, on the payroll of the counterespionage service, stroll around in the bars, in the hotel corridors, the restaurants, the theaters, the Opera House, the concert halls, the amphitheaters, the movie houses, the streets and the parks. The results of this work are distributed as follows: compromising information on foreigners goes to the security services and the money, the clothing and the gifts go to the agents.

About 1970-1975, Colonel Christian Scornea was watching a possible informer on chemical weapons, Horst von Hajek, a professor of engineering. Hajek was born in Germany. During WWII he served as a commander officer in the area of chemical weapons. After the fall of the Third Reich, in order to hide his past he went to Portugal where he became a military adviser and an armaments engineer. Later, he returned to West Germany and he became a technical advisor for NATO.

The Romanian investigation revealed that Hajek was rich but that he had family problems and that women were his weak point. He was invited to Bucharest and was introduced to Adriana Ors, a beautiful young lady who was the answer to his dreams. Adriana was only 21 years old, she worked as a prostitute in a night club in a large hotel. Obviously, she was collaborating with our intelligence services, Hajek fell in love with her. Their liaison was recorded on film and magnetic tape. Hajek spent \$40,000 for a house for Adriana and her mother. He could not get along without this young woman, and he used to spend 1 week each month in Bucharest. In 1977 he was recruited as an agent. Hajek contributed greatly to the modernization of our chemical industry. Thanks to him, an enormous napalm plant was built in Bucharest, under the cover of a detergent manufacturing factory. Napalm bombs were manufactured on the basis of plans transmitted illegally, via Africa, from Portugal to Romania. A secret exhibit and experiments were organized for the president.

Cultural and Scientific Agreements

In 1976, more than 96 percent of the engineers, physicians, economists and professors who went abroad were secret agents. Some of them were even intelligence officers. When the secret service (the CIE) was reorganized in 1972, President Ceausescu decreed that each citizen who would be going abroad, as a diplomat or on the basis of a bilateral agreement, must be an intelligence officer or a CIE collaborator. "Only those individuals deserve to work abroad," he said.

An old case illustrates very well the dimensions of this espionage enterprise. A little before 1967, Alexandr Moghioros, at that time minister of agriculture, was crazy about an American hybrid corn which was characterized by its resistance to climate changes and by its productivity. After 5 years of drought, hybridization was the only hope of Romanian agriculture; it did not have any credits for the import of genetic materials.

Moghioros turned to the intelligence services. They took the project in hand and, during the next 5 years, several dozen agronomists left for the United States. They were all intelligence officers or agents. They visited federal research institutes, private organizations, agricultural facilities. In 5 years, they collected the genetic materials necessary for the development of the hybrid corn in Romania. A special diplomatic pouch was prepared for transporting them to Bucharest without damage. The Romanians recruited several talented American specialists, including one at the research center of the Department of Agriculture in Beltsville, Maryland. He alone provided them with a collection of American hybrids. After 7 years of intensive reproduction, Romania is becoming a significant producer of genetic materials and one of the largest producers of hybrid corn in Europe. In 1978, the operation made it possible for Romania to save about \$300 billion.

In 1978, about 70 percent of the Romanians assigned abroad were dealing with foreign trade and were intelligence officers. In Romania, the first deputy minister of foreign trade and 11 directors in the ministry were CIE agents. The same held true for 38 of the 41 heads of foreign trade enterprises.

In every meeting with the directors of Western firms, espionage was the most important element. All foreign specialists contacted became the subject of a report and each transaction was evaluated on the basis of the technological information which it might provide.

One of the most spectacular operations was targeted against the West German tank, the Leopard II. Our intelligence service obtained a model, thanks to an agent who worked for the Kirschfield A. G. Firm in Dusseldorf. However, the manufacture of the engine was too complicated for our specialists. So they sought assistance from the manufacturer and the distributor of the tank, the M.T.U. group.

This operation was entrusted to me. I received my instructions only from Ceausescu. I established contact with one of the M.T.U. officials who had the code name of "Leonard." He was said to have sympathy for the independence of Romania in foreign policy.

Leonard had me visit the military sections of his plant in Augsburg and he authorized me to examine the tank in detail. A few days later, we arrived in Bucharest, on board an M.T.U. jet, where he was to join Helmut Schmidt on an official visit. We were alone. Leonard explained to me that the Leopards I and II were intended for NATO and that, without the full agreement of Bonn, it would be very difficult to export all or part of the tanks. However, the M.T.U. had just set up plans for a diesel engine based, almost entirely, on those of the Leopard II. This engine belonged to the M.T.U. which was ready to sell a license to Romania.

On the basis of a confidential agreement which Leonard signed, a Swiss firm specializing in this type of contract, whose personnel were M.T.U. retirees, would deliver us the necessary components for transforming the M.T.U. engine into a tank engine. I informed Ceausescu. The president thanked Leonard. Later, after the contracts were signed, Leonard went to the Romanian Embassy on

46

Cologne with some very heavy suitcases which contained the lubrication system as well as the original parts of the Leopard II engine and their diagrams. This "gesture of confidence" inaugurated the transfer of a NATO defense system to a communist country under the cover of "drilling units."

The Leopard II operation showed us that retired foreign specialists were a good source of technological intelligence. In 1977, the CIE compiled a list of these retired specialists in Western countries. Later on we learned that they were no longer held to secrecy, even if they had worked for national defense.

International Cooperation

The CIE utilized, little by little, every contract for cooperation with firms in capitalist countries to place intelligence officers and agents and to take photographs. Thus, in the framework of French-Romanian cooperation, in the production of a compact Renault car, the Dacia, more than 100 French technicians were in Romania. They brought with them abundant documentation which supplied information exceeding [the technical level of] the equipment which we had bought legally. All this was photographed secretly. Later on, the photographs permitted us to make many modifications to the Dacia without spending a cent.

Toward the end of the 1970's a new joint project was launched with Citroen. More than 150 Romanian engineers and technicians went to France to study a new compact car. Several of them, intelligence officers or agents, were equipped with miniscule cameras, of the latest model, and ultrasensitive film. After their return to Romania, the films were developed, and we learned some manufacturing secrets that Citroen did not want to include in the contract.

Third Countries and Fictitious Companies

When the direct import of technology was prohibited by regular legislation or by an extraordinary embargo, we had recourse to firms created to perform transfers illegally. In most cases, it was a question of a technology with military application.

In 1975, we recruited a businessman in Tokyo. He established a fictitious company for the purpose of sending us sophisticated microelectric equipment from Japan, the United States, West Germany, Great Britain and Italy.

High pressure hydraulic presses, very sophisticated and with very high performance, were imported from Sweden and South Africa through the intermediary of a company registered in Helsinki, by another one of our agents, this time a citizen of the Federal Republic of Germany.

An expert-import firm was established in Vienna by a Romanian intelligence officer, for the purpose of the illegal transfer of highly sophisticated optical equipment via Austria.

A British expert company was conceived by one of our agents in London for the acquisition of a radar and different types of military equipment and some computers. They were sent to Romania after having passed through a number of third countries.

Illegal Intelligence

Many CIE officers have changed their identity completely. They have become West German citizens, Greeks, Turks, Israelis, French or Italians, thanks to false birth certificates, false university diplomas and other falsified documents. As a rule, they left Romania illegally because, in their newly adopted country, they could not have any rapprochement with us. Ceausescu gave us instructions: "Every illegal intelligence officer sent abroad during peacetime must learn how to set up cells in research institutes and important industrial firms and to supply us with technological information. Each one should be better than the best of the foreign agents. Some will have to create foreign firms for the wide-scale transfer into Romania of peak technologies under embargo and even weapons technologies." Thanks to our strong German-speaking minority, it was easy to place a large number of illegal officers in Germany, in Austria and even in Switzerland. In Austria, most of the nationalized industries were infiltrated: Voest and its technical department Linz Donauwitz; Alpine, with its nuclear energy sector and its foundry; the headquarters of Elin Union, another famous metallurgy company; the Stickstoffwerke chemical products company; the prestigious Wagner-Biro engineering company. There were also officers in the private companies, such as the Siemens-Austria electricity company and the Norma microprocessors company..

In West Germany, some well-trained officers, with false identification papers, have made a way for themselves and occupy important positions in Siemens, Erlangen and its nuclear sector at Karlsruhe, AEG in Dusseldorf, Hoechst in Frankfurt, and Thyssen. They use universities, such as those in Karlsruhe and Giessen, as springboards for getting the best positions in Canada and the United States. Although it was limited in quantity, the industrial intelligence supplied by the illegal division in 1977-1978 was of very high quality. It consisted, in particular, of very secret original projects, copies identical to the original, kept in the most secure strongboxes of the companies. Here are some examples:

- a complete design for the Linz Donauwitz technology, which was immediately integrated into the Romanian metallurgical plants; this saved time and several millions dollars production costs.
- various designs of nuclear reactors and their security systems.
- the complete design for the construction of a heavy water installation for a nuclear power plant.
- the design for a shell factory drawn up by West Germany and intended for Egypt.

Clandestine Photography

Clandestine photography is often used in the pursuit of intelligence and is still one of the most effective espionage techniques. This method permitted us not only to steal foreign secrets but also to learn the real cost of the products which they offered for our purchase. One can imagine our advantage in the negotiations!

The documents which we copied were often so detailed that we could simply cancel the contracts; all we had to do was to reproduce the system described, by our own means. This was, in part, the situation in regard to the enormous rolling mills ordered from France and from the Federal Republic of Germany for the Galati metallurgical combine. We were able to construct entire installations on the basis of documents photographed clandestinely. When an industrial ministry had problems in the researching, studying or engineering of a project, it would try, first of all, to resolve them by means of clandestine photography.

When the Ministry of the Chemical Industry ran aground in drawing up plans for a large polystyrene industrial installation, it sent fake letters to the largest chemical products companies in the Federal Republic of Germany, Great Britain, France and Italy. It indicated that it wanted to acquire a license for the installation of a polystyrene plant. Six Western companies came to Bucharest to offer their services. In order to prove its superiority, a French firm sent a mission with a detailed design of an ultramodern installation. Very much aware of the importance of this file and, justifiably, cautious, the French demanded that their documents be locked up each night in the hotel safe. These valuable documents were more than sufficient for finding a "Romanian solution to the problem"; they rapidly began to construct an immense polystyrene plant in the Borzesti petrochemical complex!

The United States and Europe

The Romanian secret services have rarely succeeded in directly obtaining intelligence information in the United States. But, on the other hand, the "tapping" of European branches working under American license proved to be far more "profitable."

The technology of silicon production--an essential "raw material" in electronics--was one of the priority targets of our secret services. This is even more important considering the strict embargo of this technology with regard to communist countries. Our repeated efforts to obtain such technology in the United States remained fruitless. However, in 1970 an American branch operating in France that formerly sold Romania two production lines for semiconductors of German origin made it possible for us to obtain what we wanted. A French citizen, whom we had successfully recruited, was providing us regularly the technological documentation from the American parent enterprise: indeed the office in which I was holding my business meetings was quite rapidly over-stuffed with piles of documents. Shortly afterward a special installation, well disguised, at the very heart of an electronics plant situated between Bucharest and the Otopeni International Airport, began the production of high-quality industrial semiconductors.

The production technology of silicon crystals, which is strictly controlled in the United States, was handed over to us by an electronics company in Milan thanks to a special contract providing for the delivery of part of the equipment necessary for the production process.

We used similar methods to obtain information about integrated circuits. Since we were unable to obtain the necessary information from Texas Instruments in

49

the United States, we undertook to cooperate with a well-known British firm which was producing microelectronic equipment under a Texas Instruments license. As a result we obtained thousands of photocopies of technical documents under embargo in the United States; these documents were delivered to us by a well-paid Briton we recruited and, thus, for the first time Romania had access to the world of integrated circuits. This "hit" ["coup"] paved the way for an institute for secret research established not too far from Bucharest, equipped with materials produced under an American license in Europe and Japan and illicitly imported through a third country. Manea Manescu who, at that time, was prime minister, said: "If Texas Instruments did not sell its technology to Europe we would have never managed to obtain it. Within a short time we will produce an increasing amount of integrated circuits. I would not be surprised to see Western firms in trouble in the near future."

The Price of Industrial Espionage

In 1978 the C.I.E. prepared the balance-sheet of industrial espionage. Its conclusions were indeed impressive: more than 35 percent of the industrial inventory was based, in part at least, on intelligence operations, especially, the chemical industry, with complete plants built in Borzesti (polystyrene), Iasi (synthetic leather and polyurethane), Brasov (melamine and photosensitive materials), Transylvania (color film and photographic paper), Codlea (coloring agents), Victoria (plastic explosives), Bucharest (radial tires)....

The pharmaceutical industry was in second position followed by metallurgy (with an impressive number of new technologies for special steels, carbide and non-metallic alloys as well as steel plants, modernized rolling mills, and a new aluminum factory). The silicone semiconductors and the integrated circuits were among the most important contributions to the electronics industry. New digital machine tools, Diesel engines, and Bosch injector pumps were the result of intelligence operations. In the sphere of nuclear energy Romania had received enough information to be able to build industrial installations for heavy water: 30 percent of the components for nuclear reactors and 40 percent of the safety systems. Those are merely a few examples. From the end of the 1960's to the end of the 1970's we managed to save nearly \$800 million by replacing legal but costly imports with illegal products thanks to espionage.

Obviously military technology was very important to Romania, especially after the decision in 1972 to modernize the armed forces of the country and to build a new tank (on the model of Leopard II), new fighter airplanes (produced in cooperation with Yugoslavia), bomber planes and parachute jump planes (based on the West German Fokker 614), napalm bombs and other materiel for biological and chemical warfare, as well as launching systems. In addition to technical intelligence Romanians were seeking all sorts of information on military technology by studying even small models bought at toy stores in NATO countries!

The instruction and maintenance manuals were taken over, legitimately, by the Soviet Ministry Of Defense. A West German citizen of Romanian origin, who worked for a number of years as a guard in a military base near Munich, was recruited mainly for the purpose of supplying us with copies of such manuals. Several years went by. He had won the confidence of the Americans and he was

charged with "burning" secret military documents; he arranged to bring to his handler sacks filled with this valuable "waste," an abundant harvest of "Secret Defense" manuals dealing with various items of American military equipment.

The weapons samples were almost as important as the documents. The specimen could be tested, analyzed, redrawn and compared. Models of different types of NATO weapons were obtained by commercial contacts or agents sympathetic to the cause who worked in Europe in factories dealing with military production, especially in Germany and Austria. Among our big "suppliers," one could also find the Palestinian and Druze militias, who gave us, through their contacts with the CIE, many weapons taken from their adversaries. I remember a very good catch: a Renault tank, captured by the Druze and transported to Romania in a refrigerator truck.

Israel also gave us technical intelligence and military samples. This is why: Romania exchanged Romanian Jews for valuable intelligence, a type of exchange in which the Israelis often engaged. The methods of these exchanges were very delicate because they involved the espionage services of the two countries.

In 1978, I was able to organize a national exhibit of military technology; Western military equipment and weapons could be found there, alongside our own products. Set up at Baneasa, it showed an almost complete range of materials being used in the armies and the police forces in Western Europe, a large selection of NATO infantry equipment and various models of mines and shells. Inside, we exhibited various lasers used by the military, computers and other microelectronic equipment, used mainly by the air force and the artillery. Outside, miles around, there was other equipment as well as the chief attraction of the exhibit: a British Centurion tank. There was also a new attraction, a smaller Renault tank, which had arrived the night before with, to our great fright, a live shell in the cannon. The laser-guided artillery pieces were tested by pulling on hundreds of balloons. In "our" section, out in the open, there was a new tank which resembled the Leopard. It was equipped with a brand new Diesel engine which came from the German M.T.U. company.

All these examples illustrate very well the enormous consequences of communist intelligence activity, without the direct intervention of the KGB. I remember very well the words said to me by General Zakarov, head of the Soviet foreign intelligence service: "When it is a question of agents, we need your assistance and the assistance of the other fraternal countries. Taken together, they and you have much more important and more diversified trade with the West than we do. You have more recent emigres and a richer maneuvering base for recruiting new agents (...). Together and only together can we change the balance of military forces and acquire a decisive socialist superiority. And only together, can we make technological espionage one of the most effective and most productive operations in our history." I have no reason to think that this vast enterprise lost its importance after my departure from Romania.

The Threat

In 1978, when he returned from Moscow, Ceausescu told me that Brezhnev had his visit, secretly, a "microelectronics city." I had announced to him, proudly,

that it had been set up by the KGB on the basis of the most recent technological intelligence and that its personnel includes several thousand KGB and army employees. Ceausescu had never seen such a collection of microelectronic equipment. Brezhnev said to him:

"Technological cities of this type employ more than 20,000 engineers and technicians. Most of them work in our nuclear installations, but now that we can destroy the West several times, our priority is to construct missiles capable of striking at American missiles even before they are launched, of paralyzing NATO before it strikes first, of hitting, with precision, not only all possible targets in Western Europe but also the White House, Wall Street and [the automotive] industry in Detroit."

Ceausescu was very much impressed, both by the size of this "city" and by the almost complete secrecy which surrounded it. Such operations clearly illustrate the need for the Western countries to put an end to the industrial espionage of the communist bloc. This is not easy but it is possible to limit and to discourage the efforts of the Warsaw Pact countries. These countries have indescribable economic problems which have as their direct cause the economic and political structure of the communist societies and cannot be resolved in a socialist system. In order to survive and to develop, the socialist countries need real money, real markets, and only the capitalist world can supply these things to them. Poland and Romania alone have borrowed \$40 billion to survive, and they are making enormous sacrifices to repay these debts. Some Americans, like Senator Jackson, have discovered how to use this economic reality as a lever, in order to improve human rights in the communist countries, linking the obtaining of the "most favored nation" clause to the right to emigrate. It would be very useful if it were possible to find a way to grant most favored nation treatment in exchange for giving up industrial espionage.

For the communist countries, the American law on export control is a "dreaded" enemy; they try, with all their might, to distort it by presenting it as an attack on the fundamental principles of democracy or as an attempt by the United States to impose its policies on its allies. In reality, this law is, for the free world, a powerful means of protecting a scientific and technological asset which is our pride and our strength.

Most of the successful thefts of Western secrets have taken place in Western Europe and in Japan and not in the United States. These serious matters should be brought before public opinion in these countries so that they can better evaluate the policies of their leaders.

COPYRIGHT: 1984 L'EXPRESS

ISO: 3519/402

END