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001. letter	Werner Kaelin to William Reinsch re Draft of Case Study Number 5- Coproduction of the M109 Howitzer [10 U.S.C. 130(c)] (3 pages)	10/27/1999	P3/b(3)

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P3 Release would violate a Federal statute [(a)(3) of the PRA]
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personal privacy [(b)(6) of the FOIA]
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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]

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TALKING POINTS CNS MEETING

**November 19, 1999
Pentagon, Room 3D1019, 1:30 – 3:00 p.m.**

I. Introduction

- Welcome to the CNS meeting. I would like to take a moment and go around the room so we can introduce ourselves.
- We have a full agenda for today's meeting, covering the following areas:
 - DERA Privatization
 - Non-Proliferation and Arms Control TWG Status Update
 - Critical Infrastructure Protection R&D Status Update
 - International Technology Transfer Issues and Policy IWG Status Update
 - Weapons of Mass Destruction Preparedness R&D Status Update
 - Response to the Deutch Commission. *FYI – this is not formally part of the agenda, but will be under the Other Business section.*

II. United Kingdom R&D Privatization

FYI: You raised this issue during the last CNS meeting.

DOD will brief the status of DERA's privatization (Delores Etter will probably make the presentation). Informally, we have heard from Lew Slotter that DOD would like to keep this as a "DOD issue" rather than a broader interagency topic for discussion. Nevertheless, the implications of a privatized DERA cut across numerous agencies, not just Defense.

- We briefly discussed this issue during our last CNS meeting. I believe it would be useful for us to more fully understand the status of DERA's privatization and the UK's perspectives.
- Delores Etter has been closely watching this issue during the past months, and will bring us up to date on it.

III. Status of Current Efforts

- Non-Proliferation & Arms Control Technology Working Group

- Sallie Mullen will provide a status update of the NPAC-TWG.

FYI: Mullen has to leave the meeting early; for this reason we have moved her presentation toward the beginning of the meeting.

- Critical Infrastructure Protection R&D IWG

- The CIP R&D IWG has completed its R&D agenda for FY2001. We are coordinating closely with OMB as the budget process moves into the endgame.
- Steve Rinaldi will present an update on the IWG's status. Although our meeting agenda lists the Laboratory for National Information Infrastructure Protection (LNIIP, or INIIP as we are now referring to the concept) as a separate item, he will cover the progress on the government's study in his presentation.

- International Technology Transfer Issues & Policy Interagency Working Group

- Gerald Hane will give us an overview of the progress made by the Technology Transfer IWG since our last meeting.

FYI: There are two issues that likely will be raised during the presentation:

- *Participation in the case studies. Commerce has drafted a number of case studies to date. However, obtaining comments from the other agencies, particularly State, has been problematic. Lack of agency input has held up completion of the Rocket Motor and M-109 Howitzer case studies.*
- *DOD passed copies of Commerce's draft M-109 Howitzer case study government officials of Switzerland and the Netherlands. The draft did not include comments from the other agencies, and consequently had a "Commerce flavor" to it. It was critical of DOD, Switzerland, and the Netherlands. Bill Reinsch subsequently received letters from Werner Kaelin, Swiss Defense Procurement Counselor in the Swiss Embassy, and Joris Vos, Ambassador of the Netherlands, that were critical of the case study. Given that the case studies are internal IWG documents, not for public (let alone international) dissemination, DOD's actions were inappropriate. At the last IWG meeting, the Commerce representatives raised this issue, noting their displeasure with the release of the case study. We reiterated that the case studies are for internal use only, and not for public distribution. **Reinsch will probably raise this issue during the meeting.***

- Weapons of Mass Destruction Preparedness R&D IWG

FYI: This section presumes that you will make the presentation. Jerry has no slides or other formal presentation to give.

- We briefed this Committee on the Weapons of Mass Destruction Preparedness Group's R&D subgroup earlier this year
- The R&D Subgroup continued to meet and to develop options for enhancements to R&D in a number of WMD-related areas.
- We presented a set of options to the Weapons of Mass Destruction Preparedness Panel at its October 5 meeting for R&D in the following five areas: Medical R&D; Nonmedical R&D (protection, detection, decontamination); Modeling, Simulation, and Operations Research; Agricultural R&D; and Telecommunications Interoperability. Packages ranged from FY00 baseline estimate of \$287 million to Comprehensive package at \$661 million.

FYI: We could bring along copies of the material we circulated to the WMDP, provided we make clear that the numbers have changed somewhat since then.

- Provided quite a bit additional information on specific proposals to WMDP's October 13 meeting, still in terms of range of options

FYI: I do not recommend circulating the six different "one-pagers" that we distributed to the WMDP at this meeting; they had never been interagency reviewed

- Further discussions with OMB and NSC in context of budget preparation; have not represented these as interagency discussions

FYI: I would not recommend discussing these discussions, or our recommendations, very much

- We are thinking through how to proceed next year. Want to start by revising and updating our "R&D Objectives" document.

IV. Other Business

FYI: There are no items listed on the agenda; however, Jerry has provided the following talking points on the response to the Deutch Commission.

Response to Deutch Commission

- As you may know, the Commission to Assess the Organization of the Federal Government to Combat the Proliferation of Weapons of Mass Destruction (Deutch Commission) was chartered to, well, what its title said.
- The Commission reported in July of this year
- Administration has prepared response, which although interagency cleared has not yet been issued.
- Draft response to central recommendation -- establishment of a National Director for Combating Proliferation -- is that we want to implement the merger of ACDA and State -- two organizations with substantial responsibilities in this area -- before establishing such a post, and that this is an appropriate issue for the next Administration to look for.
- Commission had focused on technology, calling for development of a "government-wide technology acquisition plan" and for more effective coordination of interagency requirements across the federal government."
- I certainly support more effective coordination -- that is why we are all here -- but am concerned about over-centralization, which could delay fielding of technology, remove developers from users, and result in "lowest-common denominator" solutions.
- Instead, I believe it appropriate for this Committee to explore better ways of coordination -- and this includes more efficient use of existing coordination structures, which include the WMDP R&D Subgroup, the Nonproliferation and Arms Control Technology Working Group, the Counterproliferation Program Review Committee, and the Technical Support Working Group
- Draft response to Deutch Commission supports establishing a process by which these different interagency coordinating mechanisms could make their reports and recommendations available to the same group of senior technology officials, such as the CNS.
- I would propose having a group of officials from these different organizations meet about a month prior to CNS meetings to discuss what material to forward to CNS and explore how to take best advantage of each other
- Don't want to spend so much time coordinating that there is nothing left to coordinate.

V. Closing Remarks

- Thank you for your participation in today's meeting.
- Suggested time for the next CNS meeting.

FYI: you could suggest the March time frame – this would allow both the CIP and WMDP efforts to be in the early stages of initiative and budget formulation.

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DRAFT

**Agenda for the Meeting of the
National Science and Technology Council
COMMITTEE ON NATIONAL SECURITY
November 19, 1999
1330-1500 (1:30 p.m. – 3:00 p.m.)
Pentagon, Room 3D1019**

I. INTRODUCTION

II. UNITED KINGDOM R&D PRIVATIZATION

- Status Briefing on the United Kingdom Ministry of Defence Plans to Privatize the Defence Evaluation and Research Agency (DERA)

III. STATUS OF CURRENT EFFORTS

- Non-Proliferation & Arms Control Technology- Status & Update
- Critical Infrastructure Protection R&D- Overview of Annual Report & FY01 Plans
- Laboratory for National Information Infrastructure Protection- Status
- International Technology Transfer Issues & Policy- Overview of Case Studies
- Weapons of Mass Destruction Research & Development Subgroup- Status & Update

IV. OTHER BUSINESS

V. CLOSING REMARKS

- Set next meeting date and agenda priorities

DRAFT

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EXECUTIVE OFFICE OF THE PRESIDENT
NATIONAL SCIENCE AND TECHNOLOGY COUNCIL
WASHINGTON, D.C. 20602

NSTC COMMITTEE ON NATIONAL SECURITY
Minutes of the July 23, 1999, Meeting

The Committee on National Security (CNS) held its nineteenth meeting on July 23, 1999. The principals who attended the meeting are listed below:

Dr. Hans Mark, Co-Chair	Director, Defense Research and Engineering
Mr. Bruce MacDonald, Co-Chair	Assistant Director for National Security, White House Office of Science and Technology Policy
Mr. William Reinsch	Under Secretary of Commerce for Export Administration
Mr. Gary Bachula	Acting Under Secretary of Commerce for Technology Administration
Dr. James Burris	Deputy Chief, Research and Development, Veterans Affairs
Mr. James Devine	Senior Advisor for Science Applications, U.S. Geological Survey, Department of the Interior
Dr. Peter Zimmerman	Science Advisor to the Arms Control Bureau, Department of State
Dr. Gary Smith	Deputy Director for Science and Technology, CIA

The primary purpose of the meeting was to receive status reports from the Critical Infrastructure Protection (CIP) R&D Interagency Working Group (IWG), the International Technology Transfer Issues and Policy (ITTIP) Interagency Working Group, the Weapons of Mass Destruction Preparedness (WMDP) Research and Development Subgroup, and the Nonproliferation and Arms Control Technology Working Group (NPAC TWG). The meeting agenda is included in the Attachment.

I. INTRODUCTION

Mr. Bruce MacDonald, co-chair of the CNS, opened the meeting.

II. CURRENT EFFORTS

A. Critical Infrastructure Protection R&D—Overview of Annual Report and FY2001 Plans

Mr. MacDonald introduced Dr. Steven Rinaldi from the CIP R&D IWG. Dr. Rinaldi provided an overview of the accomplishments, ongoing activities, and near-term plans of the CIP R&D IWG.

Presidential Decision Directive (PDD) 63 tasks the Office of Science and Technology Policy (OSTP) to coordinate CIP research and development agendas and programs for the government through the National Science and Technology Council. The CIP R&D IWG has seven subgroups: five subgroups address R&D plans and issues for the critical infrastructures identified in PDD-63, and the other two subgroups address interdependencies among infrastructures and partnership issues.

The first step in creating the proposed FY2001 CIP R&D agenda was to complete a baseline of ongoing federal critical infrastructure R&D and related programs. A review of the FY2000 budget submission indicated that approximately 33 percent of the overall CIP funding is devoted to CIP R&D, with the Department of Defense providing the majority of the R&D funds. The IWG found that many of last year's programmatic recommendations were included in the FY 2000 budget.

The IWG next examined infrastructure vulnerabilities and gaps and shortfalls in the baseline R&D program. The IWG developed a list of proposed new start R&D programs for FY2001 that address the vulnerabilities, gaps, and shortfalls. The IWG has prepared four funding options: the "Status Quo" option, which includes only ongoing programs at a cost of \$484 million; the "Plus Up" option, which adds a modest increase of \$92 million in new starts, for a total of \$582 million; the "Robust" option, which adds \$204 million in new starts, for a total of \$688 million; and the "Comprehensive" option, which addresses all of the IWG-identified vulnerabilities, gaps and shortfalls at a cost of about \$1 billion.

The IWG proposed five R&D initiatives that include all ongoing and new start R&D for FY2001:

- Threat/vulnerability/risk assessment
- System protection
- Intrusion monitoring and response
- Reconstitution
- Laboratory for National Information Infrastructure Protection (LNIP), proposed by the President's Committee of Advisors on Science and Technology, if recommended by OSTP and the National Security Council. (The Institute for Defense Analyses is conducting a study to examine the issues associated with the LNIP concept.)

The IWG sought private sector inputs on its proposed R&D agenda. Among others, the IWG contacted the Electric Power Research Institute (EPRI), the National Security Telecommunications Advisory Committee, and the Banking and Finance Sector Coordinator group. In particular, EPRI provided strong support of the FY2001 R&D agenda programs related to electrical power, and offered a number of good inputs to the agenda.

Dr. Rinaldi noted that the IWG is not making funding recommendations at this time. The funding option ultimately selected would be based on the availability of funds. He noted that several individual program recommendations have been incorporated into agency budgets.

Dr. Rinaldi presented three key issues for consideration by the CNS:

- Are these the right initiatives?
- Are the funding wedges appropriate?
- What level of R&D should be supported for FY 2001?

Mr. MacDonald noted that another issue frequently raised in IWG meetings is the possible shortage of qualified R&D personnel in these areas. This problem could become acute, if additional funding were provided. He suggested that a sixth initiative could address educating the researchers of tomorrow. After some discussion, the CNS principals agreed that the IWG should examine the education issue and offer options for CNS consideration. The CNS principals had no objections to the proposed initiatives and funding options. Mr. MacDonald noted that a decision document is forthcoming on the initiatives and funding options.

B. International Technology Transfer Issues and Policy---Case Studies and Recommendations

Mr. MacDonald introduced Dr. Gerald Hane, the OSTP chair of the ITTIP IWG. Dr. Hane provided an update on two ITTWG case studies: international technology transfer and the internationalization of SEMATECH (SEmiconductor MANufacturing TECHnology). The purpose of the case studies is to examine processes in place for treating national security and economic competitiveness concerns related to foreign participation. The IWG looked at processes followed in the cases with resultant lessons learned and best practices, but did not assess the outcomes of the either case.

International Technology Transfer. Although there are many methods of technology transfer, the ITTIP IWG focused on four specific modes: cooperative research and development agreements (CRADAs), similar cooperative agreements, licenses, and work-for-others. The IWG reviewed CRADAs at DOE, DoD, and DOC to determine the fraction involving foreign partners. Only a small percentage of CRADAs had foreign partners, with percentages ranging from 1.5% in DOE to 6.2% in DOC. Executive Order 12591, issued on April 10, 1987, provides criteria to be considered when entering into CRADAs and licensing agreements with foreign persons or companies controlled directly or indirectly by foreign companies or governments. E.O. 12591 was promulgated when the technology transfer process was just starting, and much has been learned about the process since then. The IWG found substantial variability in the internal review processes at laboratories and agencies, and inconsistent use of interagency expertise.

As a result of its analyses, the IWG recommended developing a new executive order that will improve the review process for CRADAs, similar cooperative agreements, licenses, and work-for-others. The IWG proposed that it work with the DOC-chaired Interagency Technology Transfer Working Group during the next six months to define a terms of reference for the executive order. The IWG also recommended the development of checklists for routine and priority agency internal reviews that consider national and economic security concerns. The executive order and checklists would not infringe on agency authorities, but rather would improve internal review processes and interagency coordination. The principals concurred with the recommendation to draft an executive order for their review.

Internationalization of SEMATECH. SEMATECH, a consortium composed of the U.S. government and the major U.S. semiconductor manufacturers, was formed in 1987. Since termination of U.S. funding in 1996, SEMATECH has become more international, which has presented two dilemmas:

- Treatment of data developed with government funding, and
- Conditions for international participation in public-private partnerships or consortia supported by government funds.

The IWG recommended that (1) guidance be provided to agencies requiring partnership agreements that protect data and other intellectual property with national security and economic competitiveness concerns, and (2) conditions for participation by foreign entities in public-private partnerships reflect these concerns. The principals endorsed the recommendations of the IWG.

C. Weapons of Mass Destruction Preparedness (WMDP) R&D: Status Update

Mr. MacDonald introduced Dr. Gerald Epstein, from the WMDP R&D Subgroup. Mr. MacDonald noted that PDD-62 created the WMDP R&D Subgroup. Although the subgroup is not chartered under the CNS, the CNS principals had requested an update on the subgroup's progress. Dr. Epstein stated that the WMDP R&D Subgroup includes national security agencies, civilian law enforcement agencies, and civilian research agencies. DoD, HHS, DOE, and DOJ perform the majority of the weapons of mass destruction (WMD) Preparedness R&D.

The WMDP has tasked its R&D subgroup to develop a WMD R&D strategic plan. In preparing this plan, the subgroup identified 38 overall vulnerabilities which additional R&D can help to mitigate. The subgroup next developed specific R&D objectives to address the shortfalls, and it is currently analyzing ongoing, planned, and unfunded R&D to meet the shortfalls. It will next develop budget options for R&D programs to address the shortfalls. Unfortunately, agencies have been reluctant to provide budget data on which to base options to fill the R&D gaps. Dr. Mark

recommended that the subgroup use last year's budget as a baseline. He did not believe that funding levels and categories would change significantly in the FY2001 budget; however, this will not be known until the budget is finalized.

D. Nonproliferation and Arms Control Technology Working Group (NPAC TWG)—Status and Update

Mr. MacDonald introduced Ms. Sarah Mullen of the Department of State. Ms. Mullen provided an update of the activities of the NPAC TWG. She noted that the NPAC TWG was formed by PDD-27 in 1994. It is co-chaired by DOS (originally ACDA), DoD, and DOE. The TWG has 14 focus groups and coordinates R&D programs totaling approximately \$700 million. Ms. Mullen noted that there has been a problem with the management of the chemical and biological focus groups due to their emphasis on counterproliferation rather than nonproliferation and arms control. As a result, there will be a shift in the leadership of the groups to the arms control and intelligence communities. Ms. Mullen stated that the recently released Deutch Commission report recommended abolishing the NPAC TWG, and that its role be subsumed in the proposed National Director for Combating Proliferation. In discussions, the Commission noted the NPAC TWG does not have sufficient authority to influence acquisition decisions across government, but acknowledged the TWG provides a valuable function within the limits of its charter. The NPAC TWG plans to continue its work and to consider addressing Deutch Commission concerns within the current structure.

Ms. Mullen noted the NPAC TWG will reorganize its reporting cycle to ease the burden on the group and to align better with the budget cycle. The NPAC TWG will submit its report in the spring of 2000 and hold its next symposium in the spring of 2001. Thenceforth, the report submission and symposium will occur in alternate years, with the symposium proceedings fulfilling the reporting requirement in odd years.

III. OTHER BUSINESS

Mr. MacDonald stated that the United Kingdom is considering privatizing the Defence Evaluation and Research Agency (DERA). DERA currently has 12,000 government employees. Under the planned privatization, the U.K. government would reduce the number of government employees to 600 and privatize the remaining positions. The U.K. government is concerned that this action could disrupt cooperative R&D programs with U.S. government laboratories. There are indications that the British are willing to negotiate the degree of privatization in order to minimize difficulties with cooperative R&D programs. The U.S. government is concerned that privatization could change the commitment of the individuals involved and could result in possible conflicts of interest. The U.K. plans to begin the privatization process next year.

Mr. MacDonald will distribute documents describing the proposed plan to the CNS principals. An informal meeting will then be scheduled for those persons interested in further discussing this issue.

IV. ACTION ITEMS

- The CIP IWG will examine the problem of insufficient number of qualified personnel and offer options for consideration by the CNS.
- The ITTIP IWG will work on defining the terms of reference for a new executive order and will also develop checklists on national security and economic security issues to be used in interagency reviews of CRADAs.

V. CLOSING REMARKS

The principals agreed that the next meeting should be scheduled during the period from mid-October to mid-November. (The next meeting has since been scheduled for November 19.) Mr. MacDonald adjourned the meeting.

Hans Mark 10/17/99
Dr. Hans Mark, Co-Chair (date)

Bruce W. MacDonald 9/17/99
Mr. Bruce MacDonald, Co-Chair (date)

Attachment:
Meeting Agenda

**Agenda for the Meeting of the
National Science and Technology Council
COMMITTEE ON NATIONAL SECURITY
July 23, 1999
1330-1500 (1:30 p.m. – 3:00 p.m.)
Pentagon, Room 3D1019**

I. INTRODUCTION

II. STATUS OF CURRENT EFFORTS

- Critical Infrastructure Protection R&D- Overview of Annual Report & FY00 Plans
- International Technology Transfer Issues & Policy- Case Studies Report & Recommendations
- Weapons of Mass Destruction Research & Development Subgroup- Status & Update
- Non-Proliferation & Arms Control Technology- Status & Update

III. OTHER BUSINESS

IV. CLOSING REMARKS

- Set next meeting date and agenda priorities

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26 OCT '99 16:32 FROM DLIS (RP-F)

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Main Building, Whitehall, London SW1A 2HB
Telephone (Direct Dialling) 0171-21 36216
(Switchboard) 0171-21 89000

From: Principal Finance Officer, C V Balmer

D/PFO/36/2 (443/88)

Mr J S Gansler
Under Secretary of Defense
Acquisition and Technology
3010 Defense Pentagon
Washington DC 20301-3010

26 October 1999

Wes Jagger

Thank you for your letter of 1 October explaining the US position on developing a Public Private Partnership (PPP) for the Defence Evaluation & Research Agency (DERA). We have very much appreciated our discussions with you and your frank explanation of your concerns. We now look forward to continuing discussions in a way which will enable us to develop our relationship in research and technology in a way which will benefit both countries.

We have now decided, in response to the feedback from consultation, to widen the scope of the PPP options under discussion to address the issues raised in the consultation process. I am sure you will agree that over the years both the US and the UK have benefited greatly from our relationship in research and technology, as in other areas. We would not wish to see this undermined and we therefore welcome your continuing contribution to this project, and your offer of a DoD representative. Dr. Craig Dorman, to work with us is most appreciated. Terence Jagger, who leads my PPP team, has already met him informally, and we look forward to working with him over the coming weeks. We also welcome the appointment of focus from the US Intelligence Community to participate in this dialogue.

We fully accept your point that, whatever form DERA PPP takes, the UK Government will need to accept responsibility for the actions of DERA employees when acting in an official capacity, and for the protection of all US Government classified information passed to DERA. Regardless of the way ahead chosen, our scientists in the future



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26 OCT '99 16:32 FROM DUS (RP-F)

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will need to maintain the same good working relationship as they do today, based on trust and professionalism. This must continue to be the case after any structural changes resulting from PPP.

Yours
John

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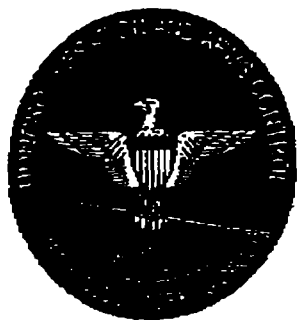
Nonproliferation and Arms Control Technology Working Group

View From the Chair

Sallie Mullen

Committee on National Security

19 November 1999



Organizing Principles

- Promote information sharing and cooperation
- Enhance effectiveness of overall "program"
- Eschew proliferation of working groups
- Develop informal budget crosscuts
- Advise agencies on R&D priorities
- Frame issues and differences for adjudication

19 November 1999



FY98 NPAC R&D Funding

TWG coordinates ~\$700M (280 programs)

	1996	1997	1998	96-98
Active Electro-Optics	\$76M	\$55M	\$49M	-35%
BW Detection	80	90	~160	+200%
CW Detection	67	80	80	+19%
Nuclear Detectors	12	7	9	-25%
Landmine Detection	*	129	175	+35%
Nuclear Test Monitoring	74	85	111	+50%
Proliferation Modeling	100	75	~50	-50%
Unattended Sensors	31	27	26	-16%
Underground Facilities	20	26	19	- 5%



NPAC TWG NEWS

- Changes in reporting and symposium cycle

New DOD Co-chair

◆ Dr. Anna Johnson-Winegar

Rejuvenated Spectral Sensing and CW
Focus Groups

Landmines and R&D Database Focus
Groups inactive



State of Play in R&D Coordination

- Organizational changes
- Deutch Commission
- Outreach to private sector

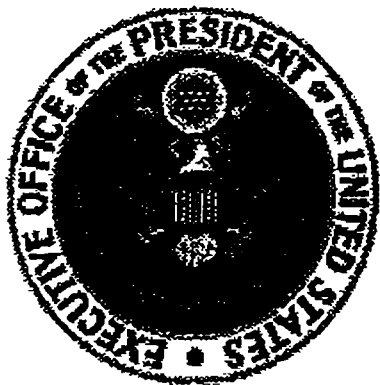
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CRITICAL INFRASTRUCTURE PROTECTION R&D INTERAGENCY WORKING GROUP

FY2001 R&D AGENDA UPDATE FOR THE COMMITTEE ON NATIONAL SECURITY

November 19, 1999



CIP R&D IWG ACCOMPLISHMENTS

- **Completed baseline of FY2000 and FY2001 ongoing programs**
- **Developed new start program options for FY2001**
 - **Six initiatives and four funding levels**
 - **FY2001 CIP R&D Agenda Decision Document describes initiatives and wedges**
- **Prioritized R&D program options deemed essential to meeting President's intent expressed in PDD-63**
 - **Highest priority given to funding ongoing programs**
 - **Second priority given to new starts proposed by agencies and included in their budget submissions**
 - **Third priority given to other useful programs**
- **Monitoring budget endgame**



FY2001 DECISION DOCUMENT

Decision Document posed three issues:

1. Is the menu of programs proposed by IWG sufficiently inclusive?

⇒ General consensus is yes

2. Are the proposed funding wedges and priorities appropriate, given the guidance of PDD-63?

⇒ General consensus is yes, although starting new programs without new money would be difficult

3. What funding wedge is the most appropriate?

⇒ Agency opinion varied from Status Quo (\$477 million, no new starts) to Plus-Up (+ \$96 million) to Robust (+ \$248 million)



CIP R&D IWG NEXT STEPS

- **Monitor ongoing programs**
- **Refine FY2000 program baseline with enacted funding levels**
- **Continue coordination with private sector**
- **Plan and support workshops on cross-cutting, CIP-related themes**
- **Begin planning process for FY2002 R&D agenda**



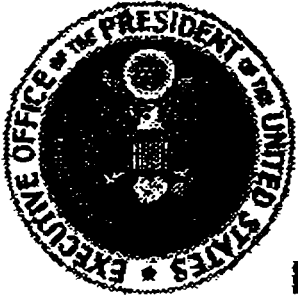
INSTITUTE FOR NATIONAL INFORMATION INFRASTRUCTURE PROTECTION

- **PCAST Security Panel proposed Institute for National Information Infrastructure Protection (INIIP) in letter to President last December**
- **President directed detailed analysis of concept**
 - **Consult heavily with private sector**
 - **Determine how INIIP would recruit and retain the “best and the brightest”**
 - **Propose organizational model and business plan for INIIP**
- **Institute for Defense Analyses under contract to OSD to analyze INIIP proposal**
 - **Private sector mostly favorable to a public-private institute**
 - **Roles and functions could include research, best practices, benchmarks, testbeds, red teaming**



PRIVATE SECTOR SENIOR LEADERSHIP VIEWS ON INIIP

- **OSTP and PCAST hosted meeting with 15 private sector chief technology officers (CTOs) on October 27**
- **CTOs supportive of INIIP concept**
- **General meeting conclusions:**
 - **Start modestly with focus on defining roadmap for INIIP and framework for information assurance research, plus begin “consensus” research**
 - **Focus on more fundamental research that private sector has no incentive to perform**
 - **Develop and manage testbeds (particularly for large scale studies)**
 - **Address interdependencies issues**



INIIP NEXT STEPS

- **PCAST Security Panel will review INIIP study results and forward further recommendations to OSTP and NSC**
- **OSTP and NSC will make recommendation to President, per Presidential direction last February**
- **OSTP will update Congressional staff on government study results as appropriate**



EDUCATION INITIATIVE: ADDRESSING HURDLES IN THE SYSTEM

- **Problem:**
 - **There are insufficient researchers to meet challenge of critical infrastructure protection R&D**
 - **Problem will become particularly acute in information assurance during next 2-3 years (per Professor Gene Spafford at Purdue)**
- **Academia faces several substantial hurdles:**
 - **Private sector drain of students (lure of high salaries)**
 - **Loss of faculty to private sector or other universities**
 - **Difficulty in obtaining tenured faculty positions in information security or critical infrastructure protection vis-à-vis more traditional academic programs**
 - **Few grants in CIP and related research themes**
 - **Inadequate curricula**



PROPOSED SOLUTION

- **FY2001 CIP R&D agenda contains Academic Initiative for Research and Development to address hurdles in the system and ensure a robust pipeline of CIP researchers**
- **Academic initiative could encompass the following program options:**
 - **Curriculum development**
 - **Grants and contracts to faculty**
 - **Scholarships and fellowships**
 - **Internship program with government**
- **Initiative would be distinct from NSC/CICG “Scholarships for Service” program**
- **FY2001 funding options:**
 - **Plus-Up wedge: \$10 million**
 - **Robust wedge: \$28 million**



SUMMARY

- **IWG completed development and prioritization of FY2001 CIP R&D agenda (four initiatives and four funding levels)**
- **Agenda contains two major new initiatives: INIIP and Academic Initiative for Research and Development**
 - **INIIP responds to PCAST concerns on adequacy of government CIP R&D and addresses needs recognized by private sector senior leadership**
 - **Academic Initiative for Research and Development focuses on developing and nurturing pipeline of future CIP researchers**
- **FY2002 R&D agenda initial planning process will start in December**

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Divider Title: _____

CNS International Technology Transfer Working Group (ITTWG)

-- Status Report and Recommendations
November 19, 1999

NOV-18-99 17:10
NOV.18.1999 S:11PM
NOV-12-99 16:28 From:OSTPA/NATIONAL SECURITY&INTERNATIONAL AFF.
NOV-10-99 12:11 Out 000 1100
NOV 10 '99 10:15AM PRINCEVILLE HOTEL
P.34
R-027 Job-757
NO.616 P.34
T-644 P.02 Job-669
P.2

Active Cases

Federal Laboratory International Technology Transfer

- Internationalization of SEMATECH
Rocket Motor Hot Section Export Controls
- M-109 Howitzer Technology Transfer

NOV-18-99 17:10
NOV. 18. 1999 5:11PM
NOV-12-99 16:28 FROM:OSTP&NATIONALSECURITY&INTERNATIONAL AFF.
NOV-10-99 10:11
NOV 10 '99 10:15AM PRINCEVILLE HOTEL
P.35
R-027 Job-757
NO. 616 P.35
T-644 P.03/08 Job-669
P.3

Federal Laboratory International Technology Transfer

- In the process of developing a draft Executive Order
 - Develop key parameters for agency checklists
 - Developing clearer guidance on agency responsibilities regarding export controls, IPR, reciprocity
 - Developing criteria that would trigger an interagency review
- Defining procedures for interagency review

NOV-18-99 17:10 P.36 R-027 Job-757
NOV.18.1999 5:11PM
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NOV 18 '99 10:15AM PRINCEVILLE HOTEL
NO.616 P.36
T-644 P.04/08 Job-668
P.4

Internationalization of SEMATECH

- Report concluded that treatment of data created prior to internationalization seems appropriately protected.
- Concern is treatment of results of U.S. government funded research when consortia membership is international.
 - When this occurs, will need contacts indicating adherence to U.S.G. guidance.

NOV-18-99 17:10
NOV.18.1999 5:11PM
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NOV 18 '99 10:15AM PRINCEVILLE HOTEL
P.37
R-027 Job-757
NO.616 P.37
T-644 P.05/08 Job-658
P.5

Rocket Motor Hot Section Export Controls

- Not achieving concurrence on the draft case study because of different views of history.
- Key issues are the following:
 - Timeliness
 - Transparency
 - Interagency Consultations
 - Foreign Availability Considerations
- Possible model in State Department's amended procedures for management of the Satellite export control issue
- Recommend that the ITTWG act as an interagency vehicle for mediating concerns with the current process.

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P. 38

R-027 Job-757
NO. 616 P. 38
T-644 P. 08/08 Job-869
P. 38
P. 6

M 109 Howitzer Technology Transfer

- Experiencing difficulty in gaining consensus on a draft case study because of different views of history and lack of participation by State Department.
- Controversy is over the extent of oversight regarding foreign partner adherence to U.S. technology transfer/re-export conditions.
 - Questions about impact on U.S. firms.
- Recommend that the ITTWG act as an interagency vehicle for mediating concerns with the current process.

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NOV 18 '99 18:16AM PRINCEVILLE HOTEL
P.39
R-027 Job-757
NO.616 P.39
T-644 P.07/08 Job-669
P.7

ITTWG -- Next Steps

- The case studies have revealed a variety of best practices and opportunities for improving international technology transfer.
- Principal weaknesses are in either internal management of established guidelines, or poor interagency consultation.
- Recommend that ITTWG become a vehicle for addressing interagency concerns regarding specific future cases of international technology transfer.
 - Trigger for review would be request of CNS principal.

NOV-18-99 17:10 P.40 R-027 Job-757
NOV.18.1999 5:12PM NO.616 P.40
NOV-12-99 16:29 From:OSTP+NATIONALSECURITY&INTERNATIONAL AFF. T-644 P.08/08 Job-868
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Divider Title: _____



Ambassade van het
Koninkrijk der Nederlanden

Washington, D.C., November 3, 1999

Dear Mr. Reinsch,

Recently we have been provided with a copy of the Defense Program Division's draft report of Case Study Number 5 - Coproduction of the M109 Howitzer.

Apart from the fact that the case study contains some errors and allegations, which has given the report a one-sided perspective, it is our belief that insufficient attention was paid to the process that led to the actual shipment of the M109 howitzers concerned from the Netherlands to the United Arab Emirates. In that sense I would like to refer to the meeting between Assistant Secretary of State, Thomas E. McNamara and my predecessor of June 12, 1997 and their subsequent correspondence of June 12 and June 23, 1997.

Regrettably the Netherlands is depicted in your report merely as a violator of the AECA, who should receive more severe penalties. We are shocked to see the Netherlands mentioned in this fashion. We remain of the opinion that the issue was a Swiss - US problem, of which we were informed by both the Defense Security Cooperation Agency's Deputy Mr. A. Robert Keltz and the Swiss Chief of Armament Mr. Toni J. Wicki, that it had been settled in a manner beneficial for both parties.

I reiterate that the Government of the Netherlands was not in a position to prevent the shipment of the howitzers, the ownership of which had been transferred to the Government of the United Arab Emirates in good faith.

Yours sincerely,

Joris Vos
Ambassador of the Netherlands

The Honorable William A. Reinsch
Under Secretary for Export Administration
Department of Commerce
Washington, D.C. 20230

FAX TRANSMITTAL

EMBASSY OF SWITZERLAND
DEFENSE PROCUREMENT OFFICE
SCHWEIZERISCHE BOTSCHAFT
BÜRO FÜR RÜSTUNG



Date: Wed, 27 October 1999

Page 1 of 4 pages

From: Defense Procurement Office
Embassy of Switzerland
2900 Cathedral Ave. N.W.
Washington, D.C. 20008

Name Werner Kaelin
Phone (202) 745-7942
Fax (202) 332-0574

To: Dr. Gerald J. Hane
Office of Science and Technology
Policy
Old Executive Office Bldg
Washington, DC 20502
Fax (202) 456-6028

Subject: DOC's Draft of Case Study Number 5 - Coproduction of the M109 Howitzer

Dear Dr. Hane:

I am sending you a copy of our October 27, 1999 letter to Under Secretary Reinsch regarding the above subject. As you may gather from our comments, the U.S. Army and the Swiss Government went to great length to find a fair and mutually beneficial settlement. Biased reports or studies such as the one in discussion will only provoke anger and distrust between the people and parties involved. It is our hope that you will be able to prevent such an outcome.

Sincerely yours,
DEFENSE PROCUREMENT OFFICE

Werner Kaelin
Swiss Defense Procurement Counselor

Enclosures mentioned

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	Werner Kaelin to William Reinsch re Draft of Case Study Number 5-Coproduction of the M109 Howitzer [10 U.S.C. 130(c)] (3 pages)	10/27/1999	P3/b(3)

COLLECTION:

Clinton Presidential Records
Office of Science and Technology Policy

OA/Box Number: 43311

FOLDER TITLE:

Committee for National Security Meeting, 11/19/99

2008-1524-F
ke1232

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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]

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Committee on National Security

October 15, 1999

**Department of Defense
Honorable Jacques Gansler
Under Secretary of Defense (Acquisition & Technology)
3010 Defense Pentagon, Room 3E933
Washington, DC 20301
703-695-2381
703-693-2576 (fax)
ganslerjs@acq.osd.mil**

**Office of Science & Technology Policy
Bruce W. MacDonald
Associate Director for National Security Affairs
17th & Pennsylvania Avenue, NW, Room 494
Washington, DC 20502
202-456-6068
202-456-6028 (fax)**

**Department of Interior
James F. Devine
Senior Advisor for Science Applications
U.S. Geological Survey
106 National Center, Room 7A418
Reston, VA 20192
703-648-4423
703-648-4187 (fax)
jdevine@usgs.gov**

**Department of Agriculture
Dr. Miley Gonzalez
Under Secretary for Research, Education & Economics Mission Area
1400 Independence Avenue, SW, Room 217W
Washington, DC 20205
202-720-5923
202-690-2842 (fax)
imgonzalez@usda.gov**

**Department of Commerce
William A. Reinsch
Under Secretary for Export Administration
14th & Constitution Avenue, NW, Room 3898B
Washington, DC 20230
202-482-1455
202-482-2387 (fax)
breinsch@doc.gov
Department of Commerce**

Gary Bachula
Acting Under Secretary for Technology Administration
14th & Constitution Avenue, NW, Room 4822
Washington, DC 20230
202-482-1091
202-501-2492 (fax)
gbachula@doc.gov

Department of Labor
Jorge Perez-Lopez
Director, Office of International Affairs
200 Constitution Avenue, NW, Room 85325
Washington, DC 20210
202-219-7597
202-219-5071 (fax)

Department of Health & Human Services
Robert Knouss
Director, OEP
12300 Twin Brook, Room 360
Rockville, MD 20857
301-443-1167
301-443-5146 (fax)

Department of Transportation
RADM J. A. Kinghorn
Director, Office of Intelligence and Security
400 7th Street, SW, Room 10401
Washington, DC 20590
202-366-6525
202-366-7261 (fax)

Department of Energy
Rose Gottemoeller
Director, Office of Nonproliferation & National Security
1000 Independence Avenue, SW, Room 7A049
Washington, DC 20585
202-586-0645
202-586-0862 (fax)
rose.gottemoeller@doe.gov

Office of Management & Budget
David Morrison
Program Examiner
725 17th Street, NW, NEOB, Room 10221
Washington, DC 20503
202-395-3722
202-395-3307 (fax)

National Aeronautics & Space Administration
Gen John R. Dailey
Associate Deputy Administrator
300 E Street, SW, Room 9F44
Washington, DC 20546
202-358-1820
202-358-2810 (fax)
john.dailey@hq.nasa.gov

National Science Foundation
Robert A. Eisenstein
Assistant Director for Math & Physical Sciences
4201 Wilson Boulevard, Suite 1005
Arlington, VA 22230
703-306-1800
703-306-0545 (fax)
reisenst@nsf.gov

Central Intelligence Agency
Dr. Gary L. Smith
Deputy Director for Science & Technology
Route 123, OHB, Room 6E60
Washington, DC 20505
703-482-7713
703-482-6350 (fax)

Department of State
Dr. Peter Zimmerman
Science Advisor to the Assistant Secretary
Arms Control Bureau
2201 C Street, NW, Room 5840
Washington, DC 20520
202-647-6372
202-736-7318 (fax)
zimmerpe@acda.gov

Department of State
Ms. Pamela Frazier
Director, Office of Regional Security and Arms Transfer
Bureau Political Military Affairs
2201 C Street, NW, Room 7327
Washington, DC 20520
202-647-9023
202-736-4779 (fax)

National Security Council
Hans Biennerdijk
Defense Policy and Arms Control
17th & Pennsylvania Avenue, NW, OEOB, Room 386
Washington, DC 20506
202-456-9191
202-456-9190 (fax)

National Security Council
Dr. Gary Samore
Nonproliferation and Export Controls
17th & Pennsylvania Avenue, NW, OEOB, Room 380
Washington, DC 20506
202-456-9181
202-456-9180 (fax)

Office of the Vice President
Leon Fuerth
National Security Advisor
17th & Pennsylvania Avenue, NW, OEOB, Room 298
Washington, DC 20500
202-456-9516

Veterans Affairs
Dr. James Burris
Deputy Chief, Research & Development
810 Vermont Avenue, NW, Room 775
Washington, DC 20420
202-273-8284
202-273-6526 (fax)
james.burris@mail.va.gov

Department of Treasury
Mark McClellan
Deputy Assistant Secretary for Micro Economic Analysis
15th & Pennsylvania Avenue, NW, Room 3445
Washington, DC 20220
202-622-0563
202-622-0073 (fax)
mark.mcclellan@treas.sprint.com



OFFICE OF THE DIRECTOR OF
DEFENSE RESEARCH AND ENGINEERING
3040 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-3040

November 15, 1999

MEMORANDUM FOR MEMBERS OF THE NATIONAL SCIENCE AND TECHNOLOGY
COUNCIL, COMMITTEE ON NATIONAL SECURITY

SUBJECT: Committee on National Security Meeting on November 19, 1999

The next meeting of the Committee on National Security (CNS) will be held as previously scheduled on Friday, November 19, 1999, from 1:30 to 3:00 PM in Room 3D1019, the Pentagon. The classification of the meeting will be Secret. We will coordinate with your office, if we do not have your clearance on file.

The draft agenda and other read-ahead material form the following attachments:

- a. Draft agenda.
- b. Minutes of the previous meeting held July 23, 1999.
- c. Memorandum on status of privatization of the United Kingdom Defence Evaluation and Research Agency.
- d. Briefing charts for Nonproliferation and Arms Control Technology Working Group.
- e. Briefing charts for Critical Infrastructure Protection.
- f. Briefing charts for International Technology Transfer Working Group.
- g. Committee on National Security Membership List.

We look forward to your joining us on November 19, 1999. If you have any questions I can be reached at (703) 588-7418, fax (703) 588-7560, e-mail SLOTTERLE@ACQ.OSD.MIL, or you can contact Ms. Victoria Michelson at (703) 588-7400. If you need assistance when you reach the Pentagon, please call (703) 695-0598.

A handwritten signature in black ink, appearing to read "Lewis E. Slotter, II", is positioned above the typed name.

Lewis E. Slotter, II
Executive Secretary,
Committee on National Security

Attachments:
As stated.





Room 1104

Princeville Hotel

P.O. Box 3069 - 5520 Ka Haku Road

Princeville, HI 96722-3069

Telephone: (808) 826-9644

FAX: (808) 826-1166

TDD: (808) 826-2225

FACSIMILETO: Steve Pinaldi?
Bruce MacDonald

DATE: 11/10/99

FROM: Gerald Hume

FAX NO. 202 456-6028

NO. OF PAGES 8

SUBJECT:

Steve / Bruce

Attached are ~~DRAFT~~ viewgraphs for
the CNS meeting. I would expect
this briefing to last 10-15 minutes.
It will be a general overview.
Please let me know what you think.

SR

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF SCIENCE AND TECHNOLOGY POLICY
NATIONAL SECURITY & INTERNATIONAL AFFAIRS DIVISION
494 OLD EXECUTIVE OFFICE BUILDING
WASHINGTON, DC 20500

TEL: (202) 456-6057
DATE: November 12, 1999

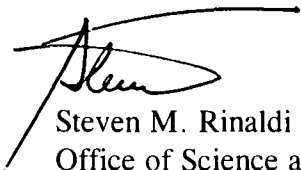
FAX: (202) 456-6028
PAGES (INCLUDING COVER SHEET): 8

TO: Lew Sloter
TEL: (703) 588-7418

OFFICE: ODUSD(S&T)
FAX: (703) 588-7560

Lew,

Gerald Hane's slides for the CNS read-ahead package are attached.



Steven M. Rinaldi
Office of Science and Technology Policy
Tel: (202) 456-6057
Fax: (202) 456-6028

CNS International Technology Transfer Working Group (ITTWG)

-- Status Report and Recommendations
November 19, 1999

Active Cases

Federal Laboratory International
Technology Transfer

Internationalization of SEMATECH

Rocket Motor Hot Section Export Controls

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Rocket Motor Hot Section Export Controls

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- Key issues are the following:
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 - Transparency
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 - Foreign Availability Considerations
- Possible model in State Department's amended procedures for management of the Satellite export control issue
- Recommend that the ITTWG act as an interagency vehicle for mediating concerns with the current process.

5

M 109 Howitzer Technology Transfer

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- Controversy is over the extent of oversight regarding foreign partner adherence to U.S. technology transfer/re-export conditions.
 - Questions about impact on U.S. firms.
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ITTWG -- Next Steps

- The case studies have revealed a variety of best practices and opportunities for improving international technology transfer.
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- Recommend that ITTWG become a vehicle for addressing interagency concerns regarding specific future cases of international technology transfer.
 - Trigger for review would be request of CNS principal.



DERA Public - Private Partnership (PPP)

**A Status Report
to the
Committee on National Security
by Dr. Delores M. Etter**

19 November 1999



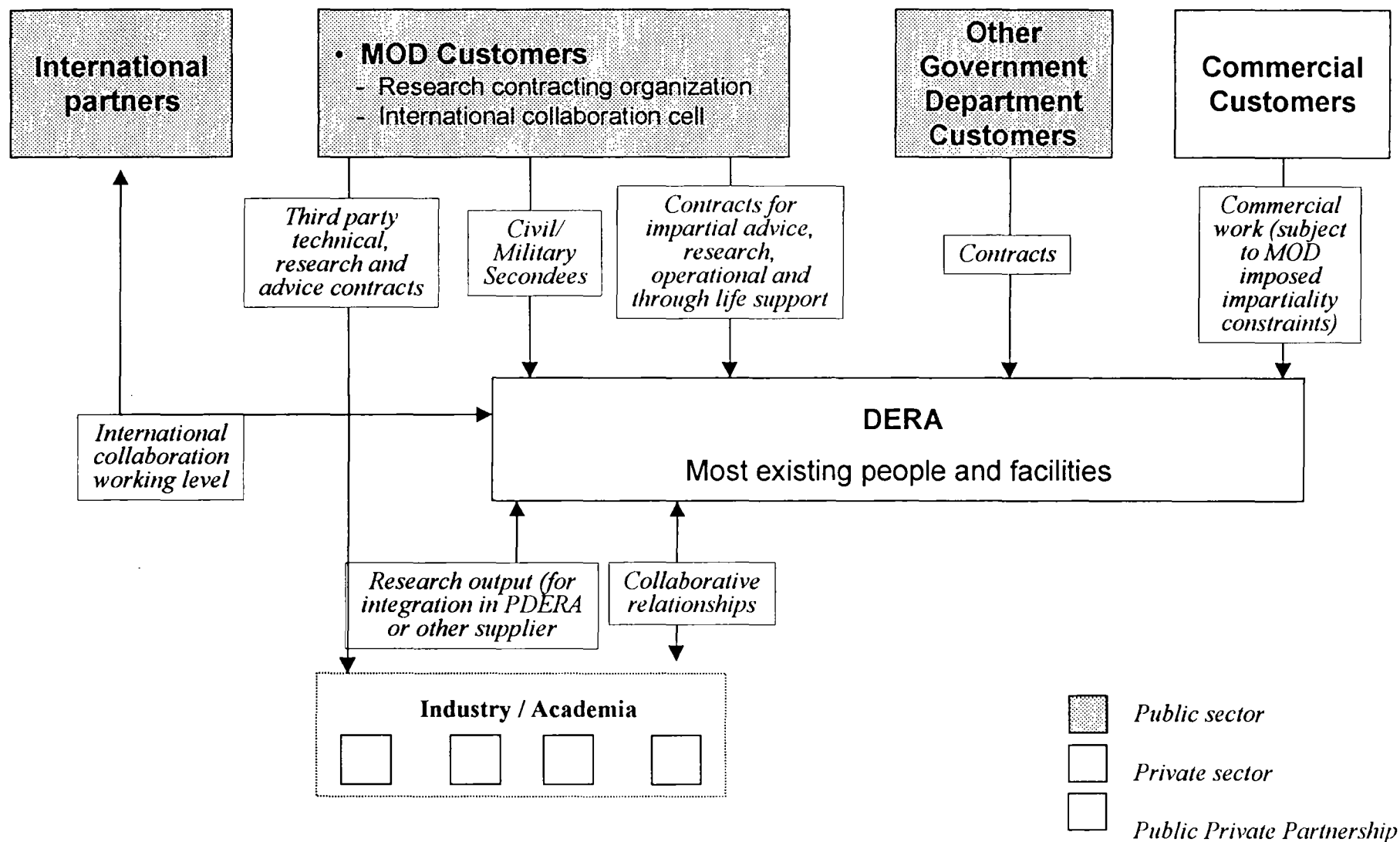
DERA PPP - Current Proposal

“Reliance Model”

- **The Current Proposal for DERA PPP is called the “Reliance” Model - Basis of Consultation Discussion**
 - **Privatizes Vast Majority of UK Defense Evaluation & Research Agency (DERA)**
 - **Current DERA Strength is about 12,000 personnel**
 - **“Reliance” Model Privatizes all but 200 of these**
 - **Several Other Key Units “Left Behind” in MOD (e.g. CBD)**
 - **Complex “Compliance Regime” to**
 - **Safeguard technical information**
 - **Prevent over-concentration of share ownership**
 - **Exclude “undesirable owners”**
 - **Potential Investor/Owners include (but not limited to)**
 - **Pension Funds**
 - **Institutional and/or Private Investors etc.**



Proposed “Reliance” Option





Key Events - Consultation Period

- **First Briefings by UK in US** **Early May 1999**
 - *Senior Level* *Small Groups* *Interactive*
 - *Laboratory Level* *Larger "General Audiences"*
 - *Other Key Allies Briefed in Respective Countries*
- **Internal DOD "Opinion Sampling"** **Mid June 1999**
- **High Level DOD Analysis** **Late June 1999**
- **DUSD(S&T) Meetings in UK** **July 1999**
 - *Point Paper Delivered and Discussed in Person*
 - *DOD Concerns Articulated*



Most Recent Events

- **1 October 1999**
 - *In the Record*
 - **26 October 1999**
 - *In the Record*
 - **November 1999**
- **Formal Letter from USD(AT&L) to Colin Balmer, UK MOD PFO - Explains US concerns.**
 - **Formal UK Reply - Decision to "...widen scope of PPP options under discussion..."**
 - **Six Issues are Recognized by UK**
 - **House of Commons Defense Committee Report Released - Negative on "Reliance" Model;**
 - **7 Options appear under study**



USD(AT &L) Letter - Summary

- **The 1 October USD(AT&L) Letter**
 - **Summarized Four Options DOD has Studied & Analyzed with Their Impact on US/UK Interactions**
 - a. **Proposed “Reliance” PPP Option**
 - b. **Variation of “Reliance” Model w/o Compliance Regime**
 - c. **“For Profit” FFRDC Like Organization**
 - d. **“Core Competency” Option**
 - **Concluded that Options (a) and (b) would jeopardize “Special Relationship” between US/UK**
 - **Concluded that Options (c) and (d) are Possible**

- **DOD Team Now in UK for Structure Discussions**
 - **Dr. Craig Dorman, Team Leader**



Issues Recognized By UK During Consultation

- Propriety of Commercial Entity**
- Conflicting Commercial and Government Interests**
- Private Sector Employees as Government Officials**
- Level of Retained Scientific Capability**
- Security Risk (including Intellectual Property Rights)**
- Efficacy of Compliance Regime**

Source: UK Briefing to TTCP Principals; November 1999



Schedule

- Options “Out-brief” to the Minister (Defense Procurement) planned for 20 December 1999
 - *Baroness Symons*

- Further Milestones (beyond 20 December) unknown.