Technology Export Ban Stirs Doubt

Businesses Say Greatest Impact Will Be at Home

By PETER J. SCHUYTEN

President Carter's decision to halt all exports of such high-technology products as computers and other electronic equipment to the Soviet Union may pose more serious problems over the longer term for American business than it will for the Soviet Union.

This is the view that emerged from interviews with American businessmen, former Government officials and international trade consultants. But the immediate impact of what is, effectively, a technology embargo of the Soviet Union has left business in a quandary.

Businessmen are anxious because no one is sure what is included in the President's ban, but most agree that once a market has been closed off, it may be difficult to reopen. For Moscow, on the other hand, most products customarily viewed as high technology are readily available abroad.

Computers, as well as other electronic equipment, have traditionally been included in the high-technology category, but companies are unsure about factory machinery, chemicals and such transportation and hauling equipment as tractors.

Control Data in Quandary

The Control Data Corporation, which over the last decade has exported well over $50 million worth of computers to Russia and has usually been outspoken in its advocacy of trade with the Soviet Union, appeared uncertain yesterday of just how to react to the halt in high-technology exports.

"Even though it isn't much today, there is a potential for significant trade there, and the United States has a great deal to gain from technologies developed in the Soviet Union," said James J. Bowe, a vice president of Control Data. "We really are in something of a quandary, however, as to what the effect is going to be," he added.

Other companies are similarly unsure of the effect of the new policy.

The International Business Machines Corporation said in a statement: "It isn't clear how the Government will apply its new policy. Regardless, however, the effect on I.B.M. will be minimal. Our business in the Soviet Union is very small." In 1978 the company exported only $18 million worth of computers to the Soviet Union, an amount less than one-tenth of 1 percent of its total revenues of $21 billion.

A Wait-and-See Attitude

Honeywell Inc., which for five years has been selling the Soviet Union both computers and process control systems for such industrial operations as pulp and paper mills and steel plants, is also taking a wait-and-see stance.

"Until we know what changes are likely in export license regulations, it is impossible to comment," said Edson W. Spencer, chairman. "However, we have not done a significant amount of business with the Soviet Union in the past, and any change will have little impact on our business."

Others have larger amounts at stake, and contracts, such as the one signed two weeks ago by Armco Inc. in part-

Continued on Page D6

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Continued From Page D1

nership with Japan's Nippon Electric for a $353 million plant, could be imperiled. "All we can say is the President's change in license standards raises some question about the contract, especially since it does involve computers," a company spokesman said.

The technology companies that are traditionally associated with Russian trade, such as the the Occidental Petroleum Corporation, which sells superphosphoric acid to the Soviet Union while importing ammonia, urea and potash, appeared confident they would not be affected by the freeze. "There is no change in the setup, but otherwise we have no comment," said a spokesman for Occidental Petroleum.

In addition, since 1973 Occidental has entered into a series of agreements for the furnishing of technology, design and construction supervision for two Soviet ammonia and superphosphoric acid storage plants, as well as for an ammonia pipeline.

Over all, the technology content of America's exports to the Soviet Union is slight. Of the approximately $700 million in nonagricultural goods exported to the Soviet Union in 1979, less than $200 million, according to the Commerce Department, was said to involve products that could be classified as high technology.

The Soviet Union is unlikely to be harmed by the cutoff, many point out, because most if not all of the high-technology products affected are available from Western Europe and Japan.

Thus, they contend, the success of the President's maneuver lies in the Administration's ability to obtain the cooperation of this country's allies.

"Unless the United States is willing to use some kind of leverage over its allies on high-technology exports, it's a nice symbolic gesture, but a relatively hollow one," said Ronnie Goldberg, head of the International Security and Commerce Program of the Congressional Office of Technology Assessment.

Most experts in the field say that international trade is a questionable tool of foreign policy and that it can have a boomerang effect on the country's economy farther down the road.

"When you are talking about the export of manufactured goods and technologies, it's difficult to turn them off, and then expect the purchaser to buy them once you turn them on again. I think the President's decision will tend to convince people that we are not a reliable supplier," commented John I. Huhs, managing partner of Pisar & Huhs, who was formerly in charge of national security and international affairs for the White House Office of Management and Budget during the Nixon and Ford Administrations.