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5 April 1982

MEMORANDUM FOR: Associate Deputy Director for Science  
and Technology

FROM:

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Chief, Procurement Management Staff

SUBJECT:

CIA Interface with DoD Tri-Services  
Committee re Industrial Contractors  
Negotiation of Advanced Agreement on  
Independent Research and Development1. Background:

Two facts have come to my attention: (1) the Navy, through its office of NAVALEX, has undertaken an aggressive posture on behalf of DoD in their negotiation of advanced agreements for industrial contractors' independent research and development programs, and (2) the point of contact with the Agency and the individual charged with the responsibility of determining the relevance of various contractors' independent research and development proposals to our present and future needs was a  assigned to SAG/OD&E.  resigned from the Agency in June, 1981.

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From what I can gather, no one has picked up this responsibility. This latter fact causes me concern. For your information, most of the industrial contractors, especially those in the aerospace industry, negotiate fairly healthy agreements normally in the tens of millions of dollars to conduct independent research and development. We, the Agency, in fact pay our fair share of that amount in the contractor's indirect expense rates. As the situation now stands, the Navy negotiator for NAVALEX is not aware of our interest and if DoD doesn't have a parallel interest they will not approve a contractor's proposed independent research in a particular area. We could be missing an opportunity by not providing the Navy a specific input on each of the contractors' proposed independent research and development

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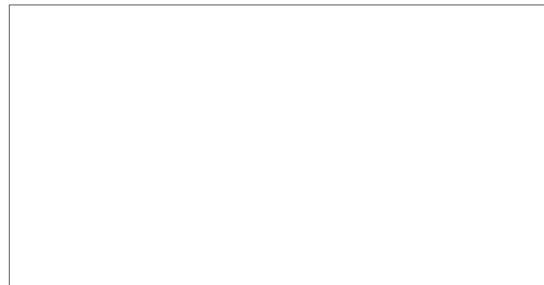
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Advanced Agreement on Independent Research  
and Development

undertakings. We should recognize that this may be an opportunity to channel independent research and development funds into areas of our specific need and thereby reduce the amount of "seed" money we continually place thru ORD and SAG with contractors such as LMSC, TRW, E-Systems, Rockwell, Harris, etc.

2. Recommendation:

I recommend that the DDS&T establish a focal point officer to review each contractor's proposed independent research and development proposals and provide specific input to the Navy as to which areas are of interest to the Agency. I would suggest that the Office of Research and Development be given the lead in this matter, to act as the focal point and be made responsible for advising the Navy negotiators of the various needs of the DDS&T.

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