International Armaments Cooperation for the New Millennium

By

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Deputy Minister Lee, distinguished guests from the Republic of Korea, distinguished members of the Defense Industry Consultative Committee, colleagues and friends. We had some good meetings today with Deputy Minister Lee, Major General Yoo, and Major General Chung and the Korean delegation. I enjoyed today's meeting with the Defense Technological and Industrial Cooperation Committee (DTICC) and heard many interesting discussions. We discussed security assistance, logistics cooperation, and defense technology and industry cooperation issues. We discussed how we can improve the ability of our warfighters to focus on fighting and defeating common enemies. We also discussed the positive trends in armaments cooperation.

I am familiar with your relationship with the DTICC and appreciate this opportunity to talk with you directly. As a collaborative effort between Korea Defense Industry Association (KDIA) and ADPA/NSIA [American Defense Preparedness Association/National Security Industrial Association], I know that the DICC has highlighted issues that both US and Korean industry face in pursuing industrial cooperation. You have highlighted thorny issues, such as technology transfer. I encourage the DICC to continue its work and to raise issues to the DTICC so that they can be addressed. I want to assure you that your insights deserve and receive serious consideration as the Department pursues policy initiatives.

I am very happy to be here because I believe that national security—ours and that of our friends and allies—now, and in the future, will increasingly rely on bi- and multi-lateral armaments cooperation—government-to-government and industry-to-industry.

Now, as most of you know, Secretary of Defense Cohen has just released the "Report on the Quadrennial Defense Review" (QDR). The report sets out the Department of Defense's vision of what lies ahead as our nation moves into the next century—both the dangers and the possibilities. I would like to talk to you a little about this "QDR" report, its relationship to our Joint Vision 2010 (the plan set forth by the Chairman of the Joint Chiefs of Staff for military operations in the future), and try to relate both to our world of international cooperation.

The QDR addresses how the United States can best meet its present and future military obligations within the dollars available. The QDR is a blueprint that outlines the thinking of the Department on resources, requirements, and how they are connected.

In 1985, during the Cold War era, the Defense Department budget in 1997 dollars was $400 billion, which was about 28 percent of our national budget. But the global environment has changed, and we have reduced our defense budget by 38 percent, our force structure by 33 percent, and our procurement programs by 63 percent. Today, the budget is $250 billion or 15 percent of our national budget and an estimated 3.2 percent of our Gross Domestic Product. In

making these reductions, we have carefully protected the ability of our military to carry out its assigned missions. But it has become clear that we are failing to acquire the modern technology and systems that our forces must have to protect our national security interests in the future.

In the QDR process, we began by identifying the threats, risks, and opportunities for U.S. national security through the year 2015, recognizing the "uncertainties" quotient was quite high. From there, we developed an overarching defense strategy to deal with the world today and tomorrow, to identify required military capabilities, and to define the programs and policies needed to support them. We recognized that we must maintain the capability to respond to the full spectrum of threats today. We must also prepare now for the threats and dangers of tomorrow and beyond. The QDR sought to reallocate resources and priorities to achieve the best balance of capabilities for shaping, responding, and preparing. The approach was to trim the force support structure and, only modestly, combat power. This approach allows us to stabilize our investment program in order to achieve the future joint force capabilities described in Joint Vision 2010.

The information revolution is creating a revolution in military affairs that will fundamentally change the way U.S. forces fight. The QDR preserves funding for the next generation of systems, including the information systems, strike systems, mobility forces, and missile defense systems, our forces will need to dominate the battlespace in 2010 and beyond.

The programs we are undertaking now to exploit the potential of information technologies and leverage other advanced technologies will transform warfighting. New operational concepts and organizational arrangements will enable our joint forces to achieve new levels of effectiveness across the range of conflict scenarios.

Joint Vision 2010 describes four new operational concepts. The four concepts are:

- having a full picture of the battlespace;
- destroying key nodes of enemy systems at great distances with fewer munitions and less collateral damage;
- maintaining freedom of action during deployment, maneuver, and engagement; and
- delivering the right support at the right place on the battlespace at the right time.

At the heart of the joint vision is information superiority—the ability to collect and distribute to US forces throughout the battlefield an uninterrupted flow of information, and equally, to deny enemy forces this capability while denying the enemy's ability to do the same.

The QDR has reinforced the case for greater international armaments cooperation, with it's finding of increased likelihood of committing forces to coalition operations in an era of tighter defense budgets. Deploying forces in coalition operations with the forces of other countries places a high premium on interoperability—that is, ensuring that US and allied systems are compatible and can be sustained through a common logistics support system. The heightened emphasis on coalition operations, to include operations other than war, is especially important because it comes during a period of either reduced or constrained defense budgets, in the U.S. and among many of our friends.

The United States and its allies are being challenged to do more with fewer resources, and as the QDR points out, cooperation provides the needed leverage. We need to avoid the inclination to duplicate each other's capabilities. Instead, we need to think in terms of building on developed capabilities where possible. To do this, we need to harmonize requirements from

the start and increase the incentives for teaming of our industries—including removing the barriers to international teaming. We need to start doing this much earlier—in the initial stages for our new programs.

The U.S. is committed to the competitive market process. We strongly believe this is the way to obtain the best value for our money. I know that many of you believe we have unnaturally restricted our market because of legislation that prohibits the Department from buying certain types of defense goods from offshore sources. While it is true that we do have some restrictions, our defense acquisition budget still provides more opportunity for offshore producers in our market than there is opportunity for U.S. producers in the defense market of any one of our allies. Congress, through a provision in the 1997 Defense Authorization Act known as the "McCain Amendment," has allowed the Department to relax some "Buy America" provisions for countries that have opened their defense procurements to U.S. companies. Our markets will be open for more Korean products if we are able to enter into a Reciprocal Procurement Agreement. Such an agreement would require an environment for free and open competition in defense procurement for both nations.

INTERNATIONAL PROGRAMS

For all of the reasons I have discussed, the Department of Defense has put additional emphasis on international armaments cooperation, across a broad spectrum of *activities* including: cooperative R&D programs, comparative test programs, and new program management approaches that seek to involve our allies at an early stage in the formation of international armaments partnerships. Fostering international armaments cooperation is a complex business. When this program was first initiated, the emphasis was primarily on common development of major defense systems. As the world defense environment has changed, we have adjusted. With smaller defense budgets in the U.S. and elsewhere, the program has added cooperative development of common subsystems and technologies across common interfaces for incorporation in U.S. and allied systems. This has proven to be a practical and versatile approach to cooperative development.

Defense Secretary Cohen, in a new policy memorandum on international armaments cooperation, directs early commitment to international programs. Secretary Cohen says: "In the evolving environment of coalition warfare, limited resources, and a global industrial and technology base, it is DoD policy that we utilize international armaments cooperation to the maximum extent feasible, consistent with sound business practices . . ." It is DoD policy to deploy and support standardized or interoperable equipment with our allies and to leverage our resources through international cooperative R&D, development, production, and logistics support programs. Secretary Cohen has directed that:

> We engage Allies in discussions at the earliest practical stages to identify common mission problems, and to arrive jointly at acceptable mission performance requirements;
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> We will designate appropriate defense acquisition programs as international cooperative programs, noting that DoD must be a reliable international partner by funding fully the US share of such programs; and
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> In support of designated international cooperative programs, DoD will give favorable consideration to transfers of defense articles, services, and technology consistent with national security interests, laws, policies, and international agreements.

This is a new and powerful policy memorandum in support of international armaments cooperation. The Department has also recently issued a new policy on release of software

documentation to include source code. The policy states that the Department "will give favorable consideration to requests for transfers of software documentation consistent with national security interests . . ." The new policy document provides guidelines when evaluating case-by-case proposals to transfer software document and identifies the factors for consideration. Those factors include the purpose of the transfer, security concerns, interoperability, availability, proprietary rights, cooperative opportunities, and liability.

Let me close by repeating that armaments cooperation—true cooperation—is a complex and challenging business. But I believe we are making good progress. The results of the QDR process reinforce the need for international armaments cooperation. So do the military, economic, and political realities of the millenium we will soon enter. When no one nation possesses all the best technologies, when no nation has unlimited resources, and when nations will be coalition partners, the case for international armaments cooperation is compelling.

I have appreciated this chance to and to pass on to you some of the things that are occurring in the Department of Defense. I would like to end on a personal note.

Recently, I visited the Republic of Korea. I was impressed by what I saw. We visited the DMZ and it became very clear why this relationship is so important. For those of you who have not been there—like the Army general who accompanied me—let me assure you that it is an eye-opening experience. I saw the two best-trained, most ready Armies in the world today operating in a truly joint way. I am glad they are on our side. Korea is a remarkable and strategically important country inhabited by some of the world's most energetic people. This is the kind of country we want as a friend and ally. These are the kind of people we want as customers, suppliers, and industrial partners. I am glad we are allies. I am glad we are friends.

Thank you for the opportunity to speak to you tonight.