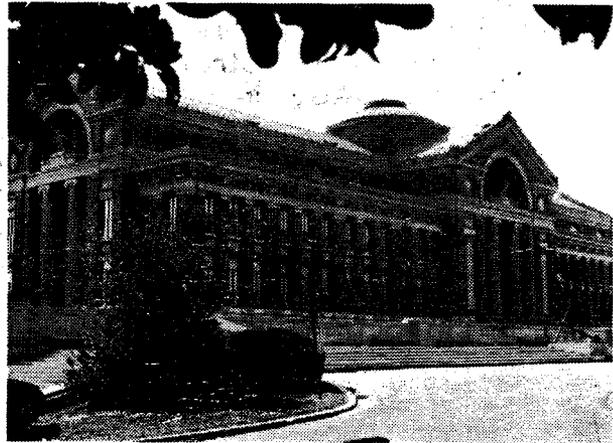


# DISAM HAPPENINGS

news in security  
assistance education

## THE 1981 DEFENSE SECURITY ASSISTANCE MANAGEMENT SEMINAR

On 14-15 October 1981, the fourth annual Defense Security Assistance Management Seminar was held at the National Defense University, Fort McNair, Washington, DC. This year's theme, "Trends in Security Assistance Management," was adopted by the participating Department of Defense organizations. The objective of the seminar was to provide representatives of purchasing/recipient nations up-to-date information regarding U.S. security assistance programs. The excellent facilities and warm hospitality provided by the staff of the National Defense University was instrumental in assuring the success of the seminar. The two-day seminar was attended by 102 representatives of 33 nations which are currently engaged in one or more United States security assistance programs. The nations represented included:



Argentina  
Australia  
Austria  
Belgium  
Brazil  
Burma  
Colombia  
Denmark  
Egypt  
France  
Germany

Greece  
Honduras  
Indonesia  
Jamaica  
Jordan  
Kenya  
Korea  
Malaysia  
Mexico  
Netherlands  
New Zealand

Pakistan  
Portugal  
Singapore  
Spain  
Sweden  
Switzerland  
Thailand  
Tunisia  
Turkey  
Venezuela  
Zaire

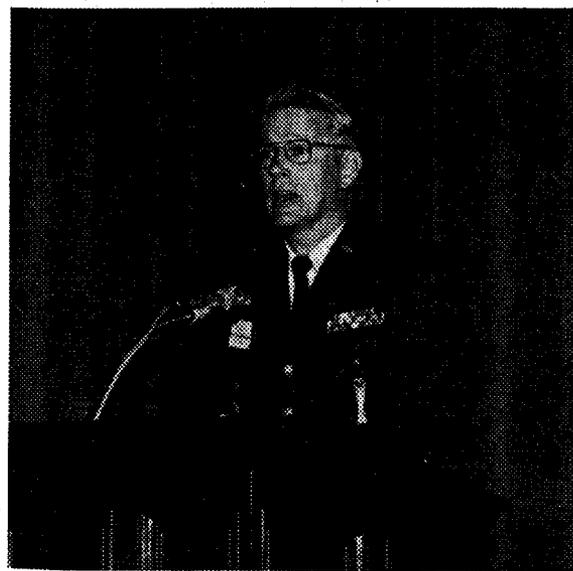
In addition to the international audience, more than 80 U.S. personnel from the following organizations attended:

Department of State  
Central Intelligence Agency

Office of the Secretary of Defense (Manpower, Reserve Affairs and Logistics)  
 Office of the Secretary of Defense (Comptroller)  
 HQ Department of the Army/Office of the Deputy Chief of Staff for Operations, and Office of the Deputy Chief of staff for Logistics  
 U.S. Army Materiel Development and Readiness Command  
 U.S. Army Security Assistance Center  
 Office of the Comptroller of the Army  
 U.S. Army Finance and Accounting Center  
 Chief of Naval Operations (OP-63)  
 Office of Judge Advocate General (International Law, USN)  
 Naval Material Command  
 Naval Sea Systems Command  
 Naval Supply Systems Command  
 Navy International Logistics Control Office  
 HQ U.S. Air Force/ Directorate of International Programs  
 Office of General Counsel, USAF  
 Air Force Tactical Air Command  
 Air Force Logistics Command  
 Air Force Systems Command  
 Air Force Logistics Command, International Logistics Center  
 San Antonio Air Logistics Center  
 HQ Defense Logistics Agency  
 Defense Logistics Agency, Battle Creek, MI  
 Air Command and Staff College  
 Air War College  
 Defense Institute of Security Assistance Management  
 Defense Systems Management College  
 Industrial College of the Armed Forces  
 U.S. Army War College

#### Welcoming/Opening Remarks

Lt. General John S. Pustay, USAF President, National Defense University (NDU), welcomed registrants to the seminar. Major General Stuart H. Sherman, Jr., USAF Commandant, Defense Institute of Security Assistance Management thanked General Pustay for his comments and also extended his welcome to the registrants. General Sherman invited everyone to participate actively by asking questions and contributing to the discussions. He also acknowledged the presence of and welcomed Lt. Gen Ernest Graves (USA, Ret), former Director of the Defense Security Assistance Agency.



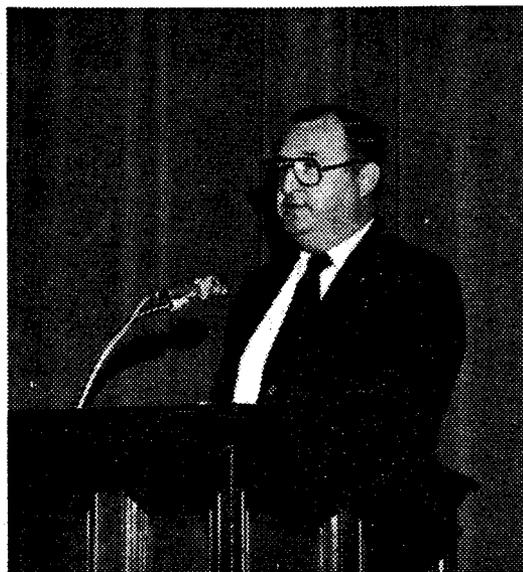
Maj Gen Stuart H. Sherman, Jr.

General Sherman emphasized that:

Although DISAM serves as the administrative sponsor of this seminar, the program that has been planned and prepared for the next two days is the result of a joint cooperative effort among all of the agencies whose representatives appear on your agendas. This seminar is designed specifically for you -- the international participants in United States security assistance programs. It is, therefore, reassuring to me to witness the willingness of our Department of Defense agencies and our State Department to work together and assist one another in preparing what we believe to be the best seminar program to date.

#### SEMINAR OPENING

The Honorable Richard S. Webster, Deputy Assistant Secretary of Defense for Logistics and Materiel Management, Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) officially opened the seminar. He restated the theme, "Trends in Security Assistance Management" and emphasized that the seminar would attempt to relate how these trends would affect the future of the security assistance community. Dr. Webster said that he viewed the seminar as an excellent vehicle for improving communications between the U.S. and the purchaser countries. He welcomed the exchange of information that such a seminar can provide.



Dr. Richard S. Webster

#### KEYNOTE ADDRESS

The Honorable Leslie Brown, Deputy Director, Bureau of Politico-Military Affairs, Department of State was the keynote speaker. He pointed out that we are clearly in a world that is more difficult to manage. The challenges of the Soviet Union and its surrogates in particular, if not new, are much more acute. He stated that the recent events in Egypt show that we face new dangers in the Middle East, Sudan, and possibly elsewhere in the region. He pointed out that a recently released DoD "white paper" showed the Soviet Union has increased defense spending all out of proportion to their defense needs. Mr. Brown said that the President has made it clear that we will face events in the world head-on and help allied and friendly countries to defend themselves. This means we have to reverse past trends by increasing our own defense budget and providing more

security assistance. He emphasized that security assistance is an indispensable part of our defense plan and that the new Administration policy will be one that removes arbitrary restrictions and deals with situations on a case-by-case basis. Mr. Brown stated that we will do what makes sense and demonstrate that we are a reliable friend, and that we simply cannot conduct foreign policy without an excellent security assistance program. He said that the Administration realizes that many countries cannot afford to take on a large external debt for security assistance at current interest rates and that Congress has been asked to help aid financing. Mr. Brown emphasized that the administration will seek to have Congress lift some of the prohibitions that limit flexibility in providing security assistance. Finally, he pointed out that security assistance is necessary in an increasingly complex world, and that the Reagan Administration is determined to increase the defensive strength of both the U.S. and our friends and allies.



Mr. Leslie Brown

Mr. Brown emphasized that the administration will seek to have Congress lift some of the prohibitions that limit flexibility in providing security assistance. Finally, he pointed out that security assistance is necessary in an increasingly complex world, and that the Reagan Administration is determined to increase the defensive strength of both the U.S. and our friends and allies.

U.S. ARMY SPONSORED PANEL  
"Case Management Trends"

Chairman: Mr. C. B. Henderson  
Senior Country Desk Officer  
Department of the Army  
USASAC, Washington, DC

Members: Mr. Thomas Altman, Jr.  
Director, Physical Distribution  
U.S. Navy International Logistics Control Office  
Philadelphia, PA

Major Robert L. Hayes, USAF  
Financial Program Manager  
Policy and Management Division (PRIM)  
Directorate of International Programs  
HQ. U.S. Air Force, Washington, DC

Mr. Robert Wise  
Chief, Management Division  
Operations Directorate  
Defense Security Assistance Agency  
Washington, DC

### Summation of Comments:

--Many of the difficulties in foreign military sales can usually be traced to a lack of understanding about contractual obligations. A frequent review of general conditions could well overcome many of the difficulties being experienced.

--The principal purpose of the DD Form 1513-2 is to advise the customer of non-scope changes, such as price increases and delivery slippages. If there is any option which can be offered the purchasers with respect to their being able to avoid the price increase or delivery slippage, the information will be furnished in the notice.

--Purchasers who request an exception to current DoD policy which allows the purchaser no more than 60 days between the date of issue of a letter of offer and its expiration date, should remember that the estimated price and availability data contained in the offer has already been projected approximately five months into the future. Therefore, purchasers requesting expiration periods in excess of 60 days should realize that projections of price and availability further into the future weaken the validity of such data and can easily result in more price increase notifications.

--Many customer countries are not aware that in addition to the Naval Publications and Forms Center being the single stock point for military specifications and standards, they also have the responsibility for military handbooks, qualified product lists, Air Force and Navy aeronautical standards, specifications bulletins, and similar publications.

--It is important to note that whenever a request for significant combat equipment is submitted out-of-channels directly to the cognizant DoD component for action, the request must be retransmitted to the Department of State and to the Defense Security Assistance Agency.

--There is increased emphasis on customer self-sufficiency for FMS transportation. The customer country is encouraged to take responsibility for transportation sooner in the distribution phase of FMS. The three U.S. Military Departments have established Freight Forwarder Assistance Offices to aid customer countries. [See pages 87-88 of the Fall, 1981 issue of this Newsletter for a list of these organizations and addresses.]

--A greater emphasis is being placed on closing FMS Cases.

--DLA services available to purchaser countries are contract administration, quality assurance, and cataloging.

--Purchasers are notified when an item is no longer going to be stocked in DoD inventories so that U.S. and purchaser country requirements can be consolidated for one final "buy". This procedure is called "Life of Type Buy Out."

### OPENING ADDRESS - SEMINAR DAY TWO

The Director of the Defense Security Assistance Agency (DSAA) Mr. Erich von Marbod, opened the second day of the seminar. He emphasized that the ultimate goal of U.S. security assistance programs has remained unchanged, i.e., the United States' wants to make positive and constructive contributions to mutual security by being as responsive as possible to the defense needs of its friends and allies. Mr. von Marbod said the Administration is working on several initiatives to improve the responsiveness and management of security assistance programs. The initiatives include: a large direct concessional FMS program; a manpower increase for SAOs; relaxed restrictions on overseas activities of U.S. industry representatives, and an expansion of the functions and courtesies provided to these representatives by U.S. missions; a Special Defense Acquisition Fund (SDAF) to facilitate advance procurement planning, to shorten long delivery lead times on selected items, and to eventually permit greater responsiveness to international purchaser requests.



Mr. von Marbod called for more multi-year procurement planning by other governments to help improve security assistance. To facilitate such planning, the Administration is seeking amendments to the legislation defining Security Assistance Organization (SAO) functions. These amendments would allow the SAOs to better serve the needs of their host countries.

Mr. von Marbod concluded by saying that the continued cooperation of all participants is necessary to further improve the operation and management of the U.S. Security Assistance Program.

U.S. NAVY SPONSORED PANEL  
"Trends in Customer Support"

Chairman: Mr. John J. Marini  
Special Assistant to Deputy Commander  
Naval Material Command  
International Programs  
Washington, DC

Members: LCDR Lawrence C. Gustafson, USN  
Utilization Division  
Technical and Logistics Services Division  
Defense Logistics Agency  
Alexandria, VA

Mrs. Carol Morris  
Chief, Requirements Branch  
Supply Operations Directorate  
Defense Logistics Agency  
Alexandria, VA



Summation of Comments

--The international customer can get the best support by understanding the U.S. FMS process and the DoD logistics system. By understanding how these systems work, the purchaser can make these systems more efficient in providing a higher level of support.

--Purchaser countries should think in terms of life cycle support and the Total Package Approach to weapon systems support.

--The Defense Logistics Agency (DLA) Excess Program provides a way for countries to obtain items at attractive prices.

## STATUTORY CHANGES IN SECURITY ASSISTANCE

Mr. Jerry Silber, Legal Counsel, DSAA, and LtCol Arthur F. Bondshu, Congressional Relations, DSAA, discussed the most recent amendments to the Foreign Assistance Act of 1961, and to the Arms Export Control Act of 1976. The session was closed by a question and answer period which served to emphasize President Reagan's Conventional Arms Transfer Policy.

### U.S. AIR FORCE SPONSORED PANEL "Security Assistance Financial Management Trends"

Chairman: Mr. Ben Havilland  
Security Assistance Policy & Procedures Specialist  
International Programs Directorate  
DCS Programs and Resources  
HQ USAF, Washington, DC

Members: Mr. Ronald Malachowski  
Special Assistant to the Comptroller  
Defense Security Assistance Agency  
Washington, DC

Mr. Sam H. Fletcher  
Chief, Financial Analysis & Review Team  
Security Assistance Accounting Center  
Lowry AFB, CO

Mr. Ernest R. Wood  
Head, Security Assistance Program Branch  
Office of the Comptroller, U.S. Navy  
Washington, DC

#### Summation of comments

--The financial management of Foreign Military Sales is not a small or isolated area of Security Assistance Management; rather it permeates every aspect and activity of FMS. The financial management of FMS must be the concern of each individual working in security assistance.

--Increased emphasis on legal requirements for recovering all costs has resulted in the General Accounting Office and the Defense Audit Agency becoming more interested in Foreign Military Sales.

--Centralization of accounting activities at SAAC is showing significant improvement in the area of financial management.

--Two new DoD publications have been issued regarding planning and procedures for FMS financial management:

The FMS Customer Financial Management Handbook (Billing), jointly developed by SAAC and DISAM.

FMS Financial Management Manual, DoD 7290.3-M

## EXECUTIVE PANEL

Moderator: Mr. Glenn A. Rudd  
Director for Operations  
Defense Security Assistance Agency

Members: VADM Eugene Grinstead, USN  
Director, Defense Logistics Agency

RADM David M. Altwegg, USN  
Director, Security Assistance Division (OP-63)  
Office of the Chief of Naval Operations

MGEN Clyde W. Spence, Jr., USA  
Assistant Deputy Chief of Staff  
for Logistics (DALO-ZC)  
(Security Assistance)

BGen Henry J. Sechler, USAF  
Director, International Programs  
DCS Programs & Resources  
HQ USAF



### Summation of Comments

Mr. Glenn Rudd, Panel Moderator, initiated the Executive Panel presentation by introducing the other panel members. He then stated his perception of the Reagan Administration's Conventional Arms Transfer Policy. In his view the Administration is reaching out to help our friends and allies instead of waiting for requests for assistance. This new attitude toward arms transfers, which is the cornerstone of the differences between the Reagan and Carter administrations, allows for more and better joint planning. How successful these planning efforts become will depend to a large extent on the security assistance legislation which Congress enacts.

Three aspects of the new policy bear further examination. Even though there is more willingness to provide first line equipment to requesting countries, there must be a closer look at the military consequences of doing this. If anything, this Administration appears to be more restrictive than the previous Administration in releasing high technology which would require an exception to National Disclosure Policy. Second, we are reluctant to release equipment from active inventories until the increased defense budget has allowed for a replenishment of U.S. inventories. Finally, our policies on coproduction are being reassessed from two points of view: More internal coordination is going to be required prior to approval of a coproduction program; and we are reassessing coproduction in certain countries where expectations may have been raised higher than their technological and manufacturing base could handle.

VADM Grinstead began his presentation with an overview of the Defense Logistics Agency (DLA) organization and responsibilities. Activities of primary importance to security assistance are materiel support, and contract administration. DLA fills 60% of FMS requisitions. It provides cataloging services for U.S. managed items, and will catalog other items on a cost reimbursable basis. Through its Defense Contract Administration Services activities, it administers numerous USG contracts with FMS portions, and also will provide, again on a reimbursable basis, administrative services for direct commercial contracts. Finally, DLA provides property disposal for MAP materiel and provides excess listings and materiel to interested customers. He encouraged FMS customers to establish excess property "wish lists," so that as property becomes available it can be offered to interested customers. He advised customers to participate in equipment support buy outs, because U.S. stocks are getting short. With most items coming directly from procurement, it is important that FMS customers plan for support as far in advance as possible. Finally, he encouraged interested customers to visit the cataloging center in Battle Creek, MI.

RADM Altwegg opened his remarks by stating that the Navy's ultimate goal is customer satisfaction. The Navy has other responsibilities as well. First there is the responsibility to provide accurate and timely availability and cost data; second, that promised availability is fulfilled; and third, to properly manage the customer's money and provide a final accounting, and to return excess funds.

Admiral Altwegg then reviewed recent GAO funding pertaining to FMS. The two major findings have been that the services fail to provide prompt and accurate service to international customers, and that the services are failing to recover full costs. To solve these two problems, the Navy has established a series of goals for Letter of Offer responses, Planning and Review (P&R) responses, and case closure. Customers can help by validating requisitions prior to submission. In summary, he stated that the Navy is dedicated to improving security assistance support.

MAJGEN Spence, former Chief, JUSMAG, Greece, provided an overview of the U.S. Army security assistance organization, some of the reasons why programs are not as effective as they should be, and where the customer's help is needed to improve the system. The Security Assistance Policy Coordination Office (SAPCO) is the focal point on the Army staff for security assistance.

The need for good planning is paramount to the successful implementation of a security assistance program, and is the first step. Good planning culminates in a total package concept. The weapon system, training, initial support, and follow-on support are integral parts of the package approach. Site surveys are often essential to successful programs.

BGen Sechler, said that one of the most important areas of security assistance for the U.S. Air Force is training. More students are being processed at a smaller unit cost than ever before. This is due primarily to incremental pricing. The undergraduate pilot training costs are down 10%, maintenance training costs are down 62%, and professional military education costs are down 64%. The quality of incoming students has improved, and therefore the overall quality of graduating students has increased.

One major problem is production leadtimes for major aircraft systems. One way of increasing production is through overtime work; however, this is more expensive for the customer. The current high level of interest rates in the U.S. is also having an adverse impact on the availability of U.S. industry to provide support in a timely fashion. Multi-year advance planning on the part of the customer will help the U.S. identify items which are required prior to the closing down of active production lines. If FMS customer requirements could be included in raw material buys, we could all save money and lead time. The Special Defense Acquisition Fund can provide help in alleviating some of our current leadtime problems. However, we must know customer planning factors if the SDAF is to be used properly.

#### EXECUTIVE PANEL: QUESTIONS AND ANSWERS

To Mr. Rudd - You mentioned a policy review with regard to the coproduction of major defense items. Please elaborate on the scope and thrust of this review. When will the review be completed, and when will possible changes become effective?

Answer - The review is taking two forms. First, there is a Pentagon study focusing on who is in charge of coproduction, who should take the lead in negotiating coproduction agreements, and how we should administer coproduction output. This study should be completed in a couple of months. The Department of State is taking a separate action to reassess its coproduction policy with respect to the Administration's arms transfer policy. Approval of these agreements will probably continue to be on a case-by-case basis. We are reviewing the programs on a country-by-country basis in terms of technology release policies, which are, if anything, more restrictive than under the previous Administration. We will have to look especially hard at

programs that appear to be difficult for the receiving country to achieve. We must look more closely at the effects of coproduction on our own production.

To VADM Grinstead - Is there any contractual obligation for the manufacturer to provide follow-on support to the USG and FMS customer before they can cut off production?

Answer - My contracting people are of the opinion that very few contracts have a contractual obligation of this nature in them. Most of the leverage comes about through a prime contractor who certainly would never deal with a vendor again if he failed to perform. Small vendors often go out of business quite rapidly, and this presents a problem for all of us. The major factor is the desire by contractors to maintain good reputations so that future business can be assured.

To RADM Altwegg - On the subject of leadtimes, a problem, no doubt everyone is aware of is in the field of ammunition. Long lead times due to various facts such as EOQ/MOQ are cause for concern, particularly for smaller countries. Would you comment on improvements in the future for deliveries and reduced leadtimes for ammunition?

Answer - If we are unsatisfactory anywhere it is in the supply of ammunition. General Spence and I are working together to do something about this. The problems include vendors going out of business, unreasonable EOQ, and the bureaucratic maze necessary to get P&R or P&A data which is often outdated by the time it is received. General Spence concurred that this is one area we must work on.

Mr. Rudd commented that we are surveying 13 annual buy messages. If we can get the word to you through the SAO or your procurement missions, this is a positive sign. The Air Force also has an annual CAD/PAD buy program which is well understood by most purchasers. There are ways to get into our system for those items we're buying, and buying in EOQ lots. When we get requests for quantities less than EOQ, the country should be notified and told that the quantity requested is not economical. What often happens is that such requests will be held and consolidated with other requirements.

To MGEN Spence - Do you believe the U.S. Army, in general, is responsive to the needs of the security assistance purchaser.

Answer - Yes. I was in the field and it is very responsive. There are some cases involving special circumstances where we could do better, and we will do so.

To BGen Sechler - Is there a plan to use the SDAF to fund long lead components?

Answer - The SDAF is still a hope, and we still have to get approval from Congress. The plans are not complete. However, the Air Force viewpoint is yes. We would like to include spares and components.

Mr. Rudd commented that the SDAF will not be a panacea. The SDAF will be constrained by dollars and leadtimes. Most requirements for expedited delivery are from the Army, and those would require a large portion of the SDAF resources.

To Mr. Rudd - Please discuss some of the imaginative procedures you are developing to cope with programs requiring accelerated deliveries of major weapon systems.

Answer - The SDAF means planning. We need to know what we need to buy. It would help if we knew your plans. We won't ever employ diversions, except as an exception to policy. We should make every effort through proper planning to consolidate buys to save money and time. General Spence commented that the most difficult problem he has is trying to define the projected requirements for a number of nations. We attempt to do this annually. The Annual Integrated Assessments for Security Assistance try to discuss three year requirements. Comparing those forecasts with the LOAs requested, you will find a great discrepancy. Not many nations are willing to say what their actual requirements are. It is a two way street in attempting to project requirements.

To VADM Grinstead - Whenever a purchaser's request gets into the DLA system, it seems that long delays always occur. Why is this so?

Answer - DLA's materiel issue rates, out of the warehouse on demand, are higher than anyone else's in this country. For every commodity it is over 90%. If you are in Co-op Log, you shouldn't have any problem. If you are not in Co-op Log, you have more trouble in DLA than in the service. Because DLA is highly automated, when the materiel level is below the reorder point, it will be automatically put into the back-order file. DLA does very little off-line buying. If the customer tells us in advance that he wants a special buy, we will do that.

To MGen Spence - What is the reason behind the fact that all military forces complain about leadtimes, while offset countries are seeking contracts in their aim to attain offset goals and could lessen the impact of this leadtime problem?

Answer - In some cases, the offset countries don't do a good job in marketing their product. They have problems producing an EOQ buy, their industry is not familiar with U.S. procurement methods and systems, and they cannot compete on an equal footing. BGen Sechler commented that competitiveness of price is difficult for some offset countries to obtain. We are working, though, to help the offset countries attain their goals.

To BGen Sechler - The FX program is being accomplished through commercial development. Will the Air Force be able to evaluate the fairness of price and the accuracy of requirements for FMS sales of the FX? Will there be any problem within the Air Force in such FMS sales?

Answer - Yes, this is the first time we have had a fighter that has been commercially developed. The risk is being taken by the contractor. The Air Staff position is that we will provide management services for the FX sales similar to those for other aircraft sales. However we have not reached final agreement with the contractors. We are going to insure that aircraft performance is as the contractor has stated, and we will validate that fact. As to the fairness of price, we have regulations called DARs that may require some waivers. Will the contractor be entitled to a fair and reasonable return on his risk? Our problem is to validate that amount. We intend to develop a method to determine what a fair and reasonable price for the airplane would be.

To Mr. Rudd - What is DoD's policy toward the offset of FMS in view of on-going Congressional hearings?

Answer - Everybody is against it. There are only three exceptions. One is the country which is purchasing the item from the United States. The second is the seller of the item to that country. The third is the single Congressman who represents the area of the major seller. The practical answer is that the Aerospace Industries Association has been studying the situation ever since it has existed. Sub-vendors who are opposed are always overruled by the major prime contractors. We will not guarantee a specific offset, whether it be a commercial sale or an FMS sale. That is the job of the contractor, not the U.S. Government. Co-production is the best form of off-set. Our current policy on that depends on how forthcoming we will be on the release of technology. It is the same problem with third country sales. One, our own production base, which we want to keep going. Second, commercial contractors; even though their lead time is longer, while they are in production they may want to start another source and will take it up with the Congress if we make it an issue. Third, is the total package concept, It's an axiom that we always support what we sell. If we turn an order over for third country sale, we are less than 100% sure that it will be supported. And, it always comes back to us to support that sale.

To VADM Grinstead - How can embassies get access to DLA's scientific and technical data bank? Please provide a point of contact.

Answer - Requests come through the services. There is a charge for that data. The point of contact is Mr. Salten, at Cameron Station, (DLA Headquarters) who heads the technical data bank there.

To MGEN Spence - You stated that if we had any security assistance questions, we should address them to your office. Normally we address our questions to USASAC. Is this wrong, or did I misunderstand?

Answer - My office is the focal point for security assistance on the Army staff. DARCOM is the executive agent for the Army, as the operating command or the implementor of specific country programs. So, if you have questions about specific country programs, then you

are correct in addressing them to USASAC. If they are not responsive, and you have exhausted your resources to address those problems, then you are welcome to turn to my office to get the right person or to get the answer.

To BGen Sechler - You mentioned multi-year programs. The problem is that when we have a multi-year program, the funding and financing are not always available to fund this program or achieve it. Would you care to comment on this issue?

Answer - It is up to us to assist you as much as possible in security assistance to obtain the financing role that is available through different processes and achieve it. If we are unable to do that, then there are several reasons, political or otherwise that we cannot. But in any case, the first step is that multiyear program to get your needs known to us up front. Let us look at them, and let us try the best we can to arrange financing through DSAA.

To VADM Grinstead - What action is being taken to recover product improvement costs from other customers who are not paying participants in product improvement, component improvement, or product development programs?

Answer - DLA does not get into that world very often. Right now it must be sponsored by a service. RADM Altwegg stated that with respect to engines, both the Navy and the Air Force have component improvement programs. We say that countries that have that engine must participate in the component improvement program or are we going to write them off. It is not a cheap program, but for safety of flight it is almost mandatory that countries participate. Product improvement is becoming a buzz word in the FY82 budget, because as we develop a weapon system we should also look in the future for a product improvement program which will be in parallel with the development and production of the end item. We haven't identified any weapon systems for product improvement. MGEN Spence commented that there are a number of product improvement programs on Army programs. Foremost is the Hawk system. On major programs like this, it would follow the normal rule of R and D recoupment. Mr. Rudd commented that if the product improvement cost is under five million dollars, we do not charge a portion to the FMS customer. If the program is being jointly developed, then there is a memorandum of understanding in which we do charge for pro-rata R and D costs.

To VADM Grinstead - I have heard you say that in order to build a cadre of U.S. personnel with security assistance experience, you and the Navy are trying to get good experienced people in the right jobs, and reward them so as to keep them around. How is this going?

Answer - Speaking for the supply corps, I did the detailing down to the Lieutenant level which is better than the U.S. Navy where I went down to the Commander level. I hand picked them and promised to bring them out and give them good jobs. We made major improvements in the quality of people and the performance of those people through that process.

## CLOSING REMARKS

Colonel Ronald A. Shackleton, USA  
Deputy Commandant, DISAM

COL Shackleton closed the seminar by expressing his appreciation to all who participated. He particularly thanked the Military Departments for providing panel members and supporting the seminar. He pointed out that the success of the seminar depended also on the participation of those for whom the seminar was presented--the purchaser/country representatives. He solicited critiques that would help us continue to improve future Security Assistance Management seminars. He also expressed the hope that the seminar was valuable to those who came, and that it would benefit those who had attended. He said that DISAM would continue to support this type of forum, as long as the need and interest existed.

He further stated that DISAM is dedicated to providing education for the effective management of security assistance programs. The job of DISAM is to work with the purchasers of U.S. Security Assistance programs, the U.S. Military Departments, and with U.S. industry to make security assistance more effective and reduce costs for everyone.

COL Shackleton closed by thanking everyone for attending and for their participation in this, the Fourth Annual Defense Security Assistance Management Seminar.

## CURRICULUM REVIEW CONFERENCE

A formal review of the entire DISAM curriculum was conducted during a conference at DISAM on 20-21 October 1981. Representatives of DSAA, EUCOM, PACOM, SOUTHCOM, and the three military departments participated with the faculty in a comprehensive examination of the content, materials, and methodologies employed in each of the eight DISAM courses. The participants all indicated satisfaction with the improvements which DISAM has accomplished to date in its curricula development and overall programs. Many useful comments and suggestions for future curricula revisions were presented by the attendees, and these are currently being implemented. The process of curricula development is dynamic and ongoing, and we encourage our readers to continue to submit suggestions which will aid us in developing effective programs to meet the needs of the security assistance community.

## SPECIALIZED EDUCATION -- DEPENDENT ON ADVANCE NOTICE OF ASSIGNMENT

Beginning with SAM-0-2, the DISAM Welcome Packets for future Overseas Course students will have an additional item--a brief, mail-back questionnaire as to anticipated duty assignments. With some advance notice of student duty assignments, the DISAM faculty can better arrange for specialized instruction beyond the regular course curriculum. To this end, overseas SAOs are encouraged to contact

projected assignees as early as possible to advise them of their probable duty positions and major functions. SAOs are also encouraged to communicate directly with DISAM should they desire that their projected assignees receive specialized instruction during their attendance at an Overseas Course.

#### DISAM TRAVELS TO AFAFC

During the week of 14 December, a small group of DISAM instructors travelled to the Air Force Accounting and Finance Center (AFAFC), Denver, Colorado to conduct a special five-day Security Assistance Management Seminar. This is the third such seminar presented at AFAFC.

#### FOREIGN VISITORS AT DISAM

DISAM was honored recently by the visit of officials of the Republic of Turkey and the Republic of Singapore. The Turkish delegation which visited DISAM on 23 November included Major General Kemal Yalcin, Superintendent of the Turkish Air Force Academy, and two of his senior staff, Colonel Rufan Golkalp, Chief of Training, and Colonel Orhan Kose, Commandant of the Student Regiment.

The Director of Defense Science for the Government of Singapore, Mr. Choon Tat Tham, and the Assistant Director, Mr. Wei Meng Tey, were DISAM Visitors on 24 November 1981. Both groups received a DISAM orientation, facilities tour and the DISAM presentation, "An Overview of the U.S. Security Assistance Program."



Left to Right: COL Shackleton, USA, DISAM Deputy Commandant; Col Golkalp; Col Rudolph, USAF, Escort Officer; Maj Gen Sherman, USAF, DISAM Commandant; Maj Gen Yalcin; Col Kose.



Left to Right:  
Mr. Tey; COL Shackleton, USA; Maj Gen Sherman, USAF;  
Mr. Tham.