

The **DISAM** Journal

VOL. 28 NO. 3
2006

of International Security Assistance Management

The value of Security Cooperation



125th Anniversary of U.S.-Romanian Relations

THE DISAM JOURNAL OF INTERNATIONAL SECURITY ASSISTANCE MANAGEMENT

Please take a couple of minutes to answer our Journal survey that is located on pages iii and iv of this edition. Or you can find the Journal survey on our web page at: <http://www.disam.dsca.mil>. Use the link on our Bulletin Board. We are taking a hard look at both frequency and content of the Journal and would appreciate your input to maximize its effectiveness.

This edition features Romania with an article authored by Lieutenant Colonel Ira Queen, USA (Retired). He is a military instructor who came to work at DISAM about a year ago after serving as the security assistance officer in Romania. The American Cultural Center in Bucharest, as well as Rand Fellows, Dr. Jennifer Moroney and Joe Hogler have contributed articles about Romania. The feature articles provide a look at the breadth of Romania's partnership efforts with the United States.

Secretary of State Condoleezza Rice and a number of her Assistant Secretaries provide a wealth of material in this issue. Some of the topics include the State Department's recently released 2005 Country Reports on Human Rights, Security Cooperation efforts in combating weapons of mass destruction and terrorism, and North Atlantic Treaty Organization's Riga Summit. In addition to the European focus of our features and NATO, you can also find articles dealing with the South, Central and East Asia.

Offsets continue to be a high-interest topic. We have two articles dealing with offsets in this edition, one contributed by the U.S. Commerce Department Bureau of Industry, another co-authored by Dr. Chyan Yang, a professor at National Chiao-Tung University, and Colonel Tsung-Cheng (James) Wang, currently a doctoral student at that same university located in Taiwan.

Education is highlighted by Colonel Miguel Ricardo Reyers Cordero's review of the international Fellows Program at National War College. The article provides an international perspective in his capacity as the Ecuadorian Army's Joint Forces International Affairs Chief. DISAM's own Lieutenant Colonel Mike Ericksen gives us a rundown of a DISAM team's visit to Bahrain earlier this year. Tom Molloy, gives additional perspective to the effectiveness of English language training.

Feel free to extract pages 129-136 an up-to-date DISAM points of contact listing of the security assistance community, or print those pages from the Journal's on-line version available on our website.

It is always a pleasure to provide information to you via the DISAM Journal; give us your feedback at anytime, but it is important at this time in particular – please do not forget to give us your survey input! Also, many thanks for your support of DISAM's variety of programs!



RONALD H. REYNOLDS
Commandant



The Defense Institute of Security Assistance Management Journal Survey

Please complete and fax this sheet to:
DISAM at DSN 785-4219 or
Comm (937) 255-4319
Attention: Bob Van Horn

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7. Please rate the value of the types of Journal articles below, from 1 no value to 5 extremely valuable.
- Annual articles on new legislation and policy, annual arms transfer figures, offsets. etc.
 - Original submissions by members of the security cooperation community.
 - Reprints of speeches, Congressional testimony, news conferences, by U.S. government officials.
 - Reprints of policy letters, statements, announcements from DSCA, the Department of State and other U.S. government agencies.
 - DISAM news (i.e., the upgrade of DSAMS, or new of upgrade of DISAM on-line course offerings.) and DISAM Trip reports for the DISAM Mobile Education Teams.
8. The DISAM Journal is now published four times a year. In your opinion, would publishing the DISAM Journal less than four times a year have a negative impact on its utility?
- Yes
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9. How often do you thin the DISAM Journal should be published?
- Never
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 - Four times a year
10. What type of information or articles should be added or deleted to enhance the Journal's value to you or your organization?

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of International Security Assistance Management

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FEATURE ARTICLES

The Value of Security Cooperation

By
Lieutenant Colonel Ira C. Queen, USA
Defense Institute of Security Assistance Management



Joint patrol in Afghanistan

We have often heard the saying that one picture is worth a thousand words, but in some cases you cannot put a value on the picture. The above photo was taken by a Romanian Ministry of National Defense photographer in Afghanistan in 2003. While the photo is now approximately three years old, it still serves as a shining example of how effective interweaving of all security cooperation programs can yield positive results.

The Romanian troops in the photo deployed to Afghanistan and later to Iraq on a C-130 aircraft. Romania's C-130 fleet was obtained through the excess defense articles program and upgraded and supported with foreign military financing (FMF). Many of the deployed Romanian officers attended training in the U.S. under the international military education and training (IMET) program. Several of the deployed Romanian non-commissioned officers (NCOs) graduated from the Romanian Non-commissioned Officer Academy set up with FMF support where they were trained by Romanian instructors who were themselves trained in the United States (U.S.) under the IMET program. Nearly all the troops speak English, which they learned at one of the English Language Training Centers, established using FMF. The troops communicate with U.S. and coalition forces on radios and use night vision devices bought with FMF. The smooth integration of Romania's forces into these operations is a result of pre-deployment training at Romania's simulation center, also funded by FMF.

After the terrorist attacks on the U.S. on September 11, 2001, Romania was one of the first countries to express its solidarity with the United States in the Global War on Terrorism (GWOT). Within hours of the attack President Ion Iliescu declared Romania a de facto U.S. and the North Atlantic Treaty Organization (NATO) ally with all that such a commitment entailed, a decision confirmed by the country's Supreme Defense Council the same day. Romania then declared September 14, 2001, a day of national mourning and on September 19, 2001, the Romanian Parliament unanimously approved the decision and passed resolutions and decrees necessary to grant the American military forces, as well as coalition partners, access to Romanian airspace, ground infrastructure, and naval facilities in order to prosecute the GWOT.

Additionally, Romania has adopted legislation to address financial crimes and terrorist financing. To date, Romania has fully ratified all twelve United Nations (U.N.) counter terrorism conventions and has established internal mechanisms to combat terrorism, including adoption of a "National Anti-Terrorism Strategy."

What do the actions taken by the civilian leadership of Romania have to do with Security Cooperation? To understand how the U.S. Security Cooperation Program with Romania helped them quickly and effectively transition from a country controlled by communism to one of the United States' staunchest allies in Eastern Europe, all it takes is a look at recent Romanian history and a list of Romanian military and civilian leaders who have benefited from the U.S. security cooperation program. After all, the security of a nation is not the sole responsibility of the military. The security of a nation is dependent upon how well all aspects of national power are intertwined and applied beyond the U.S. Department of Defense and the Romanian Ministry of National Defense.

The Beginning:

After the Romanian Revolution in December 1989, Romania actively began pursuing a policy of strengthening its relationship with the West, more specifically the United States. Only two months after their revolution, the U.S. Secretary of State James Baker paid a visit to the new democratic government of Romania, the first U.S. official visit since Secretary Shultz last visited in 1985. The door to cooperation began to open.

The desire to reach out to the U.S. was something that was very deeply rooted in the Romanian psyche. For generations, Romanian children were told that things would get better when the Americans came. Many felt that the U.S. would eventually liberate Romania from communist domination. Even the repressive communist regime refused to see the U.S. as the main enemy. In 1963 Romania's communist leaders explicitly informed the Kennedy administration that they condemned the placement of Soviet missiles in Cuba and would not assist the Warsaw Pact in any Soviet-provoked war with the U.S. In 1968 the U.S. administration reciprocated by warning Moscow against repeating its invasion of Czechoslovakia in Romania. Thus, Romanians had and still have a natural propensity to want to work with the U.S., and when the first Gulf War broke out Romania offered to send and began preparing personnel for participation in Operation Desert Storm, her first deployment abroad since the World War II.

Although not able to deploy her troops in time to participate in the first Gulf War, their medical unit arrived in Saudi Arabia after hostilities ended; Romania did provide the U.S. with assistance in its role as president of the U.N. Security Council. The troops that arrived in the theater of operations quickly learned the value of actively participating in peace keeping operations with the U.S. and other western nations. Their military and civilian leadership began to understand the value of having troops trained and ready for deployment outside of national borders. Romania began to actively participate in international politics and take part in world wide peacekeeping operations.

While one would not necessarily consider peacekeeping operations as part of a Security Cooperation Program, Joint Pub 1-02 defines security cooperation as:

All Department of Defense interactions with foreign defense establishments to build defense relationships that promote specific U.S. security interests, develop allied and friendly military capabilities for self-defense and multinational operations, and provide U.S. forces with peacetime and contingency access to a host nation.

The fact that Romania troops worked along side U.S. troops in places like the Middle East and Somalia quickly communicating to their leaders the level of U.S. military professionalism and, in turn, encouraging them to start pushing for much needed reforms and transformation. These first contacts were vital in helping to establish the initial links between the Romanian and U.S. military.

Joint Contact Team Program

Beginning in 1992, European Command (EUCOM) launched a program that has become known as the Joint Contact Team Program (JCTP). JCTP was originally designed as a way to establish contact with the emerging democracies of Eastern Europe and orient their militaries to Department of Defense wide organizations, programs, activities and standards. Under the JCTP, EUCOM established military liaison teams (MLTs) in various host nations to organize, orchestrate, and execute the EUCOM JCTP. This program offered the opportunity for Ministry of National Defense personnel to travel to the military facilities in the U.S. and Germany and for U.S. military to travel to various countries, including Romania. The military-to-military contacts helped them to understand the U.S. approach to fundamental issues, such as human rights guarantees, civilian control of the military, military legal codes, and the development of professional officer and noncommissioned officer corps. Romania quickly and enthusiastically embraced this program, the first western assistance program of any type offered to it by a NATO country, and in the spring of 1993, the very first exchange between the U.S. and Romania occurred.

Over the years Romania has completed over 1,400 JCTP events, and in 2002 Romania began its transformation to a JCTP “familiarization complete” country. According to one of the first team leaders, Romania’s program by 1994 “. . . was recognized as the best, most active and most dynamic of all thirteen programs . . .” because they “. . . dedicated more people and assets than any other host country.” [Commander Mark R. Shelley, “NATO Enlargement: The Case for Romania,” *Proceedings*, United States Naval Institute, Annapolis, 1997]. The bilateral relations had moved to the point that Romania was well beyond the need for ‘orientation’ with the U.S. Department of Defense, and the number of annual JCTP events were dramatically reduced. The focus shifted to evolving NATO niche capabilities, and needs identified during operations in Afghanistan and Iraq.

State Partnership Program

A natural outgrowth of JCTP was the National Guard Bureau’s (NGB) State Partnership Program (SPP). In January 1993, EUCOM decided to staff the MLTs located in the Baltic nations with Reserve Component personnel, in order to avoid any issues with the Russian Federation that might have occurred had European Command assigned active duty personnel. In the spring of 1993, the SPP began. The state of Maryland and the country of Estonia were the first state and country to establish the SPP relationship. In the case of Romania, Alabama was chosen to be the state partner and the first SPP event took place in August 1994.

As Alabama National Guard members were called upon to deploy to the MLT in Romania along side active duty personnel, and then redeployed to their civilian jobs, they sustained personal relationships that were established while in Romania, beyond military to military connections. Many of the Alabama National Guardsmen were civic leaders, businessmen, and teachers who made repeated trips to Romania and were able to develop long-term personal relationships outside of the military-to-military contacts. They were a key part in helping develop civil-military relationships in Romania as well as other emerging democratic nations. In fact, shortly after establishment the NGB’s SPP, they began rapidly shifting SPP events to the citizen aspects of the National Guard,

such as instruction, orientation, and personnel exchanges in areas such as economic development, small business administration, and entrepreneurship. One of the tools that the SPP brought to bear was the “Minuteman Fellows” program. This allowed the NGB to bring civilians to the U.S. so that they could learn how the National Guard fits into the overall defense of the nation. The SPP was so successful, that in 1995 the SPP expanded to Central Command (CENTCOM) and in 1996 to Southern Command (SOUTHCOM). Over the years the Alabama National Guard has been instrumental in helping Romania to understand everything from mechanized infantry logistics and NCO professional development to medical evacuation, search and rescue and civil military relations.



The Chief of Defense, Ambassador and Ministry of Defense promotion.

International Military Education and Training

At the same time that the JCTP was establishing a foothold Romania became eligible to participate in the U.S. IMET Program. According to Section 2347b of the *Foreign Assistance Act*, the intent of IMET is to:

- Encourage effective and mutually beneficial relations and increased understanding between the United States and foreign countries in furtherance of the goals of international peace and security.
- Improve the ability of participating foreign countries to utilize their resources, including defense articles and defense services obtained by them from the United States, with maximum effectiveness, thereby contributing to greater self-reliance by such countries.
- Increase the awareness of nationals of foreign countries participating in such activities of basic issues involving internationally recognized human rights

The Department of Defense further defines the objectives of IMET, in the *Security Assistance Management Manual (SAMM)*, as:

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- Develop rapport, understanding, and communication links;
 - Develop host country training self-sufficiency;
 - Develop host country ability to manage its defense establishment; and
 - Develop skills to operate and maintain U.S.-origin equipment.

Since 1993 Romania has received over \$13.64 million in IMET funds. Over the years Romania has concentrated her program on professional military education for her officers as well as training and professional development of her NCOs. While not limited to those listed below there has been a huge focus on courses such as:

- National, Army, Air and Naval War Colleges;
- Industrial College of the Armed Forces;
- Joint Forces Staff College;
- School for National Security Executive Education;
- Army, Air Force, Naval and U.S.MC Command and Staff Colleges;
- Army Captains Career Courses and Officer Basic Courses;
- U.S. Army Sergeants Major Academy, Advanced and Basic NCO Courses as well as Drill Sergeant Training;
- U.S.MC Expeditionary Warfare School and Basic Officer Course;
- U.S.MC Staff NCO Courses and Drill Instructor Course; and
- English Language Instructor Training.

While Romania has used the IMET program to send numerous personnel to the U.S. to study defense resource management, acquisition, civil-military relations, and legal subjects, Romania has sent only a nominal number of students to technical training. Romania, for the most part, has the capability to provide this training at home. Romania has also very effectively used the IMET program to train the instructors at her NCO academy, who in turn train their NCO Corp. Finally, Romania has effectively used IMET to bring mobile training teams (MTTs) into Romania to help them establish their Special Forces Battalion, train their naval forces, learn about international legal issues, and help them develop a CIMIC capability.



Certificate of appreciation awarded to Romanian officers.

It is worth noting that early on in the security cooperation relationship with the U.S., Romania used FMF to purchase English language labs and to bring MTTs to Romania to train English instructors to train the trainers. With over twenty-eight English language training labs in the country, Romania rarely sends personnel to the U.S. to study English before sending them to training. This efficient use of resources; has allowed Romania to train more personnel with its limited IMET budget than countries with significantly larger IMET allocations.

It should be pointed out that the very first foreign female to graduate from the U.S. Marine Core Drill Instructor course was a Romanian NCO. In January 2005 Romania appointed one of its Sergeants Major Academy graduates as its first Senior Enlisted advisor to the Chief of Defense. Romania is effectively taking advantage of their knowledge, skills and connections by consistently placing IMET graduates in key leadership billets throughout the Romanian Ministry of National Defense (MOND), general staff, service staffs, and units deployed outside of Romania. Romania has learned the value of and continues to invest in their Human Capital.

Expanded International Military Education and Training

The very same year Romania became eligible to participate in IMET they also became eligible to participate in expanded IMET (E-IMET). The E-IMET program authorized the training of members of national legislatures responsible for oversight and management of the military, civilian personnel working on military matters, those serving in one of the non-defense ministries, and civil sector employees as long as the civilians met the following criteria:

- They contribute to responsible defense resource management;
- The training would foster greater respect for and understanding of the principle of civilian control of the military; and
- The training would contribute to cooperation between military and law enforcement personnel with respect to counternarcotics law enforcement efforts, or improve military justice systems and procedures in accordance with internationally recognized human rights, 22U.S.C. [Source: 22 U.S.C. § 2347].

Over the years Romania has developed a very robust E-IMET program which has become an effective way to actively engage personnel within non MOND ministries that otherwise would not have had the same opportunities that had been afforded to their MOND counterparts. The E-IMET program in Romania has also included numerous mobile education teams, which provide assistance in the reform of the intelligence community, in establishing the nascent Romanian interagency process and in bringing together nations of the region in order to develop a strategy to handle Black Sea Security and trans-border crime issues.

The Office of Defense Cooperation in Romania is working with the Romanian government to expand the scope of the training program to include more E-IMET and more representatives from all ministries involved in national defense. This will both spur the reform and transformation process in other ministries as well as assist in the vital area of inter-agency cooperation needed for the GWOT.

Accidental Expanded International Military Education and Training

The MLT and Office of Defense Cooperation (ODC), while working with Romania to select personnel for JCTP events or to attend IMET courses, always encouraged the Romanian military leadership to select personnel who upon their return to Romania would be able to implement what they had learned as well as those who were likely to advance and hold key positions within their military. This worked for the most part, but this process is obviously not 100 percent successful, especially with a military that is in the process of downsizing. Thus some personnel who were trained under the IMET program or who took part in the JCTP soon found themselves out of the military. However, the training and skills provided under IMET did not go to waste.

Many are not aware of the respect and admiration the Romanian people have for their military. Historically, the military has been a principal force in establishing Romanian independence from Russian and Ottoman rule and in achieving unification against improbable odds. With over 300,000 battlefield casualties in World War I and an even larger number in World War II, the military often made tremendous sacrifices in the national defense. The Romanian armed forces sided with the civilian populous against the 'Securitate' during their revolution. Thus, as the military downsized, many of these respected, trained and skilled personnel were able to move directly into influential civilian positions or start their own business' spurring reform in other ministries and the business sector.

George C. Marshall Center

In 1993, the Office of the Secretary of Defense, with the support of Congress and German government, established the George C. Marshall European Center for Security Studies in Garmisch, Bavaria. In addition to promoting defense cooperation and partnership with the emerging democracies of Eastern and Central Europe, this program was designed for both military and civilian defense officials involved in national defense issues. Included are extensive curricula in "democratic defense management" such as the role of executive and legislative oversight, the professional role of the military in democracies, and reconciling intelligence systems with the need for openness in a democratic society.



Marshall Center Reception.

Over the years the Marshall Center's College of International and Security Studies and its conference center have conducted a variety of unique programs involving officials from over forty-five countries. The College maintains a long-term academic focus while the conference center has had considerable success in helping EUCOM and other countries focus on current issues and problem solving.

It would be an understatement to say that reform efforts within the country of Romania have gone forward at various rates. The U.S. security cooperation program with Romania played a significant part in exposing the Romanian military leadership to western thoughts, ideas, institutions and procedures. The reform efforts within the MOND are, as many will agree, well ahead of almost every other ministry in Romania. In fact, many would argue that the MOND was the lead ministry in the area of reform and modernization during the first decade and a half of post-communist transition. Also, as military personnel moved on, many became State Secretaries, members of the General Staff and high level officials within other ministries.

With this in mind, the ODC began a deliberate shift in the way it administers the Marshall Center Program. ODC began to cultivate relationships with other ministries and began to actively solicit their attendance at the resident Marshall Center courses. Many of these ministries, such as the Ministry of Interior, Ministry of Justice, Foreign Intelligence Service and National Council for Combating Discrimination, had never before sent anyone to the Marshall Center and ODC saw this as a perfect opportunity to expose them to western thoughts, ideas, institutions and procedures.

In addition, the ODC actively solicited participation from personnel from remote postings within Romania, i.e., not living and working in Bucharest. Many organizations such as the border guards and customs officials have district offices located in remote locations within Romania. The ODC, working with the German Embassy and other agencies within the U.S. Embassy, used the Marshall Center Program to try and reach into and influence these remote locations. The ODC also actively encourages the various ministries to increase the number of minorities they send.

While this approach requires significant planning and coordinating, it is helping to improve Romanian inter-ministerial coordination and assist Romania with the reform and modernization efforts of all ministries. The focus on multi-ministerial leader develop and education, and helping to build regional relationships, is developing new civilian leaders with multi-institutional approaches to National Security Issues. Currently Romania has graduates from over seventeen different ministries that have attended one of the resident courses, and/or conferences, at the George C. Marshall Center.



EUCOM J4 visits Romanian J4.

All of these security cooperation programs had a profound impact on the Romanian military and civilian leadership. In 1994, Romania chose its first civilian Minister of National Defense, and was the first nation to sign up for the North Atlantic Treaty Organizations (NATO's) Partnership for Peace Program. Also, although the Romanian National Defense College was founded in March 1991 and modeled after the U.S. National Defense University, it was not until 1994, that Romania opened up its National Defense College to U.S. participation. This allowed even more interaction for Romanian military, civilian governmental officials and non-governmental officials with U.S. personnel. The U.S. Army Foreign Area Officer (FAO) program annually sends a FAO to this course as part of his in-country training. Several of them have returned to Romania to serve in the ODC,

Defense Attaché Office or as Romanian Desk Officers at EUCOM, the Joint Staff and Office of Secretary of Defense (OSD). The Department of State has also sent Political-Military officers bound for Romania to attend the course as part of their training.

Foreign Military Financing and Foreign Military Sales

The vast majority of Romania's FMF and foreign military sales (FMS) has gone to improving the deploy ability of the Romanian troops, reform and modernization efforts, and programs that strengthen Romanian interoperability with the U.S. and NATO as well as in meeting its NATO goals.

On 22 March 1994 Romania became eligible to purchase defense articles and services under the *Arms Export Control Act*, and in 1995, under the Excess Defense Articles program, Romania applied for and received four C-130B aircraft. Romania is in the process of developing a NATO niche capability in airlift support which will support responsive deploy ability and ensure logistics sustainability for future Romanian contributions to NATO and U.S. led operations. With over 1,400 troops deployed, the C-130 fleet is a vital part of Romania's capability to sustain her forces abroad.

Romania has also committed a substantial funds for communications capabilities. The Romanian vehicles and command posts in Iraq, Afghanistan, Kosovo, and Bosnia currently use radios, bought

through the FMF, FMS, and direct commercial sales process. One of their priorities is to acquire a mobile command and control system for their rapid reaction brigade offered up to NATO.



Romania Chief of Defense addresses Romanian troops.

Romania has also embarked on an ambitious communications infrastructure enhancement (CIE) program. This project consists of providing an infrastructure throughout the country, which will allow the different service headquarters, academies, and training centers to effectively communicate with the MOND, Joint Staff and each other. CIE is essential to allow the Romanian military to conduct NATO exercises, training, and deployments within Romania. These upgrades will enhance their functional capabilities as well as help them achieve full interoperability with U.S. and NATO systems, and allow participation in regional peace support and crisis operations. CIE will also aid the Romanians in Host Nation Support which could be a very important part of the U.S. Integrated Global Presence and Basing Strategy (IGPBS).

The CIE tie into their FMF funded Air Sovereignty Operations Center (ASOC), which is at the same level of compatibility and interoperability with the NATO Integrated Extended Air Defense System (NATINEADS) as those currently in use by Poland, Czech and Hungary. The farthest Eastern European NATO radar is in Constanta, Romania. This is only to be a 'bridge capability' until deployment of the NATO Air Command and Control System (ACCS).

One of the reasons Romania's military was able to transform in so many ways was an FMF case which encompassed defense reform and modernization and the establishment of a simulation center in Bucharest. Reform and simulation efforts have been two very important reasons why Romania has been able to organize, equip, deploy, and sustain the forces they currently have in Iraq and Afghanistan. Their simulation center is credited with providing their forces with the best training they have ever had. Before each unit is deployed to operations such as OIF/OEF they conduct a mission readiness exercise using the maps and standard operating procedures of the U.S. and NATO unit with whom they are deploying. In each case the unit that is deploying is mentored through the exercise by the simulation center personnel and the last Romanian unit to return from a deployment to the area.

Romania's automated integrated logistics systems (Phase I and II) has significantly improved their ability to depoly and integrate into U.S. structures. Their battalions that have deployed to Afghanistan have all been subordinated to the U.S. brigade there and fit in seamlessly because of this FMF project. They have also used FMF to purchase night vision goggles which they use for night patrols in Afghanistan and Iraq as well as to man observations post at Kandahar Airfield where they provide the security for the U.S. brigade located there.

Finally, Romania has recognized a need for a special operations capability that would be used to support the U.S. led GWOT. In fact they have already agreed to start deployments of this unit as soon as possible. To date they have used JCTP and exchanges to learn more about special operations, as well as IMET, E-IMET and the regional defense counter terrorism fellowship program (RDCTFP) to train personnel from a plethora of ministries on how to integrate all ministries into the war on terrorism. The Romanian Ministry of National Defense has already committed FMF to purchase high mobility multipurpose wheeled vehicles (HMMWVs), radios, night vision goggles, global positioning systems, and individual equipment for special operation forces.

North Atlantic Treaty Organization

At the July 1997 Madrid Summit, the first round of NATO enlargement, Romania was not invited to join NATO, but this did not deter them. In fact it served more as a wake up call, particularly for the economic sector whose slow reform had counter-balanced Romania's rapid military progress in NATO membership calculations. Romanian policies became unequivocally more pro-Western, and the United States moved to deepen relations with Romania in areas such as economic and political development, defense reform, and non-traditional threats (such as trans-border crime and non-proliferation).

Over the years, things such as the Alliance Strategic Concept, Defense Capabilities Initiative and the Membership Action Plan (MAP), all of which came out of the Washington Summit of 1999, helped to provide Romania with a road map for not only military but economic, political, security and legal reforms. This framework and experience in such places as Bosnia and Kosovo prepared Romania well for the challenges of the war on terrorism. Since its inception, Romania has concentrated its FMF/FMS program on developing capabilities that enhance Romania's ability to deploy and conduct missions in support of NATO and Romanian national interests, which allow them to effectively integrate into U.S. or NATO led missions. In fact, a Senate staff report applauded Romania's military for "making good procurement decisions buying not just 'toys' but required items." [Republican Staff Report to Senators Helms and Biden on NATO Enlargement. p. 3.]

Afghanistan

By the time the U.N. Security Council approved UNSCR 1386, 20 December, 2001, which established the International Security Assistance Force (ISAF), the peacekeeping mission in Afghanistan, Romania already had liaison officers working in CENTCOM, one of whom worked in the Coalition Intelligence Center. By April 2002 the Romanian Parliament had approved the deployment of a motorized infantry battalion to relieve Canadian forces, and additional staff officers to Afghanistan in support of Operation Enduring Freedom (OEF). This was in addition to the C-130 Hercules (with support elements), and military police platoon provided by Romania for ISAF.

None of this would have been possible had the U.S. not already had a security cooperation program in effect with Romania. The security cooperation program that was in effect prior to September 11, 2001 helped Romania to be able to identify, train, equip and deploy their 26th Infantry Battalion to Afghanistan.

In June 2002, Romania deployed the lead elements of its motorized infantry battalion to along with elements of its National Intelligence Cell, staff members, and liaison officers to work in Combined

Joint Task Force (CJTF)-180 Afghanistan. While over the years they have been rotated and replaced, all of these elements are still sharing the burden in Afghanistan.

The 26th Infantry Battalion was deployed to Afghanistan using Romanian C-130s. While Romania did have to rely on the U.S. to help deploy their armored vehicles to Afghanistan, their troops and most of their other equipment were self deployed. Very few other countries were able to do this. In fact, most countries sending personnel to Afghanistan had to rely on U.S. lift assets to deploy their troops.

The in country defense reform and advisor team helped the Romanians to identify and address logistic and deployment issues as well as pre-deployment training. They deployed with night vision devices, and radios purchased through the FMF program. Many of the NCOs had been trained at their NCO Academy - founded with FMF and staffed with instructors largely trained with IMET support. Several of their officers, including their liaison officer to the U.S. brigade, were trained in the U.S. under the IMET program. All the personnel in Afghanistan owed their English language capability to one of the many English Language labs, established using FMF/FMS. But security cooperation did not stop there. Working with the U.S. Brigade, they were able to set up NCO professional development classes and mentoring so that the new inexperienced Romanian NCOs could learn from more experienced U.S. NCOs.

As other units followed the 26th Infantry Battalion into Afghanistan, the ODC worked with American units deploying to Kandahar to integrate their standard operating procedures (SOPs) with those of the Romanians utilizing the integrated ops center for pre deployment training. As units came back from Afghanistan they would mentor the next unit preparing for training, and their AARs were used to identify needed IMET/MTTs and JCTP/SPP events as well as equipment.

Learning the value of security cooperation over the last three-plus years in Afghanistan, Romania has donated weapons, munitions, and equipment to the Afghan National Army (ANA). They have sent an MTT to Afghanistan to train the ANA on its Soviet-era equipment such as artillery and tanks, and they have donated non-military items such as cereals, foodstuffs, clothes, and tents to the Afghan government.

Iraq

In February 2003, while France, Germany, and Russia were vigorously opposing U.S. plans to depose Saddam Hussein, then Romanian president Ion Iliescu announced that his country would join a U.S.-led military intervention. A few days later the Romanian parliament voted to allow the U.S. to use Romanian airspace and airports. The U.S. quickly deployed and set up a Combined Joint Special Operations Task Force (C/JSOTF-North) at the Mihail Kogalniceanu (near Constanta), Romania, establishing a forward operating location on the Black Sea coast.

Over the years, EUCOM forces had conducted several partnership for peace and bilateral exercises in Romania. Normally, when planning such exercises, the planners included some type of exercise related construction (ERC). This was done to improve the facilities, making them more useable by U.S. forces, and ensuring appropriate and readily-available facilities for any future U.S.-conducted exercise or deployment. Over the years the U.S. was able to improve the facilities at the Mihail Kogalniceanu such that they very easily provided a bed-down.

Also, as part of the exercise the planners normally planned some type of humanitarian assistance (HA) project. This was a way of furthering U.S. national security interests by helping to secure U.S. access and influence to areas while addressing legitimate humanitarian needs of the population. Not knowing what the future would bring, over the years the ODC developed and completed a large number of construction projects consisting of renovations of governmental buildings such as clinics, orphanages, hospitals, elderly centers and kindergartens. All of which had great visibility among the Romanian civilian population.

The American troops brought plans to assist not only the Romanian military through ERC but also included plans to help improve the lives of local Romanians through HA. Even without these projects the Americans would have been warmly welcomed, and most Romanians hated to see them depart. These projects helped to drive home the point that the American military and American people cared about Romania.

In March 2003, Romania deployed a seventy man nuclear, biological, and chemical (NBC) company to Kuwait. Working with the Defense Security Cooperation Agency and U.S. Army Security Assistance Command (USASAC), the ODC was able to acquire FMF, the equipment needed before the company deployed. Fortunately for all concerned their NBC decontamination capabilities were not necessary.



Members of the Office of Defense Cooperation, Bucharest.



Members of the Office of Defense Cooperation, Bucharest with President of Basescu.



Humanitarian assistance distributes vaccinations in Danube Delta.

Regional Defense Counter Terrorism Fellowship Program

One of the most recent security cooperation tools to come along is the Regional Defense Counter Terrorism Fellowship Program (RDCTFP) or CT Fellowship, for short. This is a Department of Defense (DoD) program that provides education and training to our international partners in the war on terror. It enables the DoD to assist key countries in the war on terrorism by providing training and education to build and support counterterrorism capabilities. The OSD SO/LIC oversees this program with DSCA administration.

The CT Fellowship, which is designed to compliment IMET and E-IMET, provides tailored education and training programs designed to build counterterrorism capabilities in the militaries and civilian agencies responsible for fighting terrorism. The Romanian educational program was built in cooperation between DoD, Department of State, and the Romanian military and civilian experts. It has already been very helpful in building a network of counterterrorism experts and practitioners who will work together to fight terrorism.

Initially, when the program started in fiscal year 2003, Romania was not slotted to receive any CT funds. But due to the ability of the ODC to identify developing niche capabilities in Romania, OSD SO/LIC included Romania in this program.

Since inception, personnel bound for units in Iraq and Afghanistan have benefited greatly from this program. Funds have been used train the initial members of the 1st Special Forces Battalion, members of their Tactical (Human Intelligence) HUMINT Teams (THTs) as well as members of the Romanian Intelligence Service, which has primary responsibility for the coordination of all Romanian counter terrorism efforts.

These actions have increased the number of THTs available for deployment and deployed, have moved their Special Forces battalion closer to operational status, and have laid the foundation for Romania to establish an interagency process and sharing of intelligence, specifically in the area of counter terrorism.

Other Security Cooperation Activities

A few of the other security cooperation activities that merit mentioning are academies appointments, the Aviation Leadership Program and the Personnel Exchange Program. Romania

has had several Lieutenants graduate and/or attend all of the U.S. Military service Academies. They have also had several of the graduates from their Air Force Academy invited to take part in the Aviation Leadership Program. These have all been very well received in Romania and hopefully will provide benefits in the future. While the Personnel Exchange Program had been 'one way' since 1994, recently the U.S. Air Force and Romanian Air Force agreed to a C-130 personnel exchange program which will help improve the operational readiness rate of their C-130s.

Conclusion

Romania is a staunch ally of the United States in the GWOT, providing full public and diplomatic support for U.S. goals. Currently about 1,800 Romanian troops serve in Iraq and Afghanistan, and President Basescu and other senior leaders have promised that Romania will maintain its commitment of troops in both countries as long as necessary. Basescu has stressed the importance of a proactive approach to fighting terrorism that involves taking concrete steps beyond Romania's national borders. For example, at the September 14 meeting in the Plenary Session of the High Level Meeting of the United Nations Security Council member states, Basescu stated that "defense against security threats is not exhausted by taking a stand at one's own border, but going to where these challenges originate and eradicating them with sustainable action and investment. This is the reason why Romania works together with its allies and partners in sustaining ongoing stabilization and reconstruction processes in Iraq and Afghanistan."

Romania's ability to act and operate as a military ally was no accident. It is due in no small part to the U.S. security cooperation programs made available to her since 1992 and the proper integration of all security cooperation assets available.

About the Author

Lieutenant Colonel Ira C. Queen is a Special Forces Officer and Foreign Area Officer currently serving as the Deputy Director of Management Studies at the Defense Institute for Security Assistance Management, where he also serves as an instructor in the Foreign Military Sales Process, European Regional Studies and Security Assistance Organizations Operations. His previous two assignments were as the Romanian, Bulgarian, and Balkan Initiatives Politico-Military Officer in the European Division of the Plans and Policy Directorate (ECJ5-E) and as the Chief of the Office of Defense Cooperation in Bucharest, Romania.

In Celebration of 125 Years of United States and Romanian Diplomatic Relations

[The following are excerpts from a pamphlet published by the American Cultural Center, Bucharest, Romania, February 2006.]

It gives me great pleasure to introduce this special pamphlet which commemorates the 125th anniversary of United States and Romanian relations. I hope to follow in the footsteps of the first American diplomat to Romania, Eugene Schuyler, who worked so diligently to develop the important relationship between our two countries. In preparing to undertake this assignment to Romania, I have heard from my predecessors about the extraordinary ties that link our two peoples in the political, military, economic and cultural realms. I feel privileged to have the opportunity to contribute to this special relationship and look forward to several fruitful years ahead. [Nicholas F. Taubman, U.S. Ambassador to Romania, January 20, 2006, Bucharest.]



The celebration of 125 years since the establishment of Romanian and American diplomatic relations corresponds with a high point in the bilateral relationship, shaped by Romania's North Atlantic Treaty Organization (NATO) membership, as well as the strategic partnership in political, economic and military ties, as well as on regional level. Romanian and American relations are based on shared values, principles and objectives which underline our countries' shared membership in the transatlantic family of democratic communities with functioning market economies. This celebration marks both the history of Romanian and American bilateral ties as well Romanian political continuity and consistency in developing Romanian and American relations in recent years, which has generated a consolidated bilateral strategic partnership with great potential for further development. [Sorin Ducaru, Ambassador of Romania to the U.S., January 21, 2006, Washington, D.C.]



Introduction



United States President Bush meets with Romanian President Traian Basescu in March 2005 in the White House. (AP Photos/Ron Edmonds)

The United States and Romanian diplomatic relations were formally established in 1880, with the appointment of Eugene Schuyler, a renowned and talented diplomat and historian, as the first American diplomatic representative to Romania. One hundred and twenty-five years after Schuyler first took up residence in Bucharest, the U.S. and Romanian bilateral relationship has matured into a strategic partnership that encompasses a wide range of political, military, economic and cultural ties. Particularly after Romania embraced democracy in the 1990s, U.S. and Romania relations broadened and deepened, leading to U.S. support for Romania's entry into NATO and setting the stage for its full integration into Europe. Today, Romania is a strong ally of the United States, and the two countries work together to build democracy, fight terrorism and promote regional security and stability. This pamphlet is

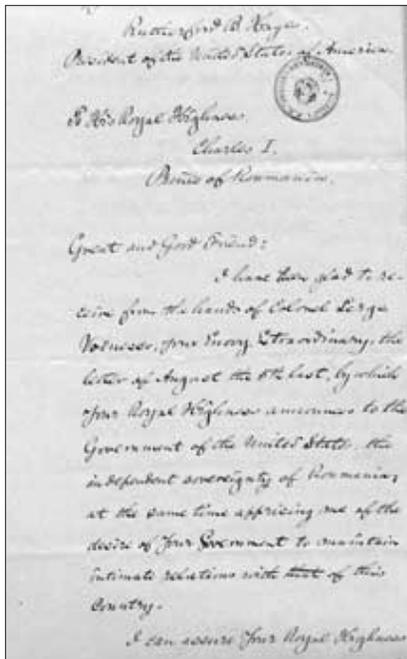
dedicated to exploring and celebrating the long and rich history of the U.S. and Romania relationship, and has been prepared with the assistance of the Romanian Foreign Ministry, the Library of the Romanian Academy, and with contributions from Mircea Raceanu, Roda Tinis, Teodor Popescu, David Williams, Florian Lungu, the Romanian Royal Family, Ioan Comsa, Eliot Sorel and Adrian Andries.

The Early Years

Informal contacts between Romania and the United States can be traced back to the earliest days of American history. Captain John Smith, who later emigrated from England to Virginia, is believed to have fought in Transylvania against the Ottomans around 1601-1603, and Benjamin Franklin wrote of a meeting with a Transylvanian priest, Samuel Damien, who visited Philadelphia while traveling around the world. News about Romania occasionally appeared in the United States as early as the 1700s, while Romanian publications also discussed developments in America, first publishing the works of Benjamin Franklin in the 1800s. In 1846, one of the future leaders of the Romanian Revolution of 1848, Simion Barnutiu, translated the American



View of the city of Braila, where the first American commercial ship to visit Romanian territory docked in 1846. (Photo courtesy of the Tomanian Academy)



Letter (excerpt) from President Rutherford B. Hayes to King Charles in response to news of Romanian’s attainment of sovereignty.

Declaration of Independence. A number of Romanian immigrants to the U.S. fought in the American Civil War, and one, Gheorghe Pomut, attained the rank of Brigadier General. Commercial and consular contacts can be traced back to the 1830s and 1840s, after the Romanian principalities had begun to win increased autonomy from Constantinople. In 1843, the first U.S. commercial ship anchored at Braila Harbor in Romania’s Dobrogea area. In 1858, the United States appointed its first U.S. Consul, Henry Romertze, to the town of Galati to assist with naval travel, and in 1867, Louis J. Czapkay, the first American Consul to Bucharest, was appointed.

The First American Diplomat

Following Romania’s independence in 1878, U.S. Secretary of State W.M. Evarts upgraded America’s representation in Bucharest to that of a Legation by appointing Eugene Schuyler as Diplomatic Agent and Consul General on June 11, 1880. Schuyler wrote Secretary of State Evarts thanking him for the appointment, saying “The history and condition of Rumania have long interested me, and I feel highly honored to be the first on the part of the United States to begin regular diplomatic relations with that country. I shall leave nothing in my power undone to further the good relations between the two countries.” The following year, Schuyler’s rank was upgraded to that of Resident Minister. Shortly after Schuyler’s arrival in August 1880, Romanian General Sergiu Voinescu left for the United States on a mission to convey news of Romania’s



Eugene B. Shuyler, first American diplomat named to Romania, 1880.

independence to American officials, including President Rutherford B. Hayes, who received him that November. Back in Bucharest, Schuyler, then one of America's most distinguished diplomats who was known for having translated Turgenev and Tolstoy into English and for his biography of Peter the Great, applied his talents to the task of developing U.S. and Romanian relations. During the next four years, Schuyler negotiated a bilateral commercial treaty, a consular convention as well as another for the protection of trademarks, promoted bilateral trade, wrote countless dispatches on Romanian political and economic issues, traveled extensively, mastered Romanian, and gained the respect and admiration of leading Romanians. Schuyler left Romania in August 1884 after the U.S. Congress failed to appropriate continued funding for diplomatic missions in Greece, Serbia and Romania as part of a cost-saving measure. The mission in Bucharest was thus downgraded to a consular post, which it remained until Congress authorized the reopening of the Legation in 1891. Nevertheless, Schuyler's successful tenure laid the groundwork for a strong bilateral relationship that was to grow and mature over the coming decades.

Developing Ties

Romanian and American commercial ties grew significantly in the latter part of the nineteenth century and first part of the Twentieth. American exports to Romania, for example, increased twenty-fold between 1891 and 1914. Mean-while, American writers were becoming more widely read in Romania, with the publication of Walt Whitman, Mark Twain and Bret Harte. Romanian culture also began to make inroads in the United States, where George Enescu's music was first played in New York in 1911. The 1913 New York Armory Show brought great acclaim to Constantin Brancusi, who exhibited five of his sculptures there. Also in 1913, Charles Vopicka, an American businessman of Czech origin, was appointed Minister to Romania, Bulgaria and Serbia. He served until 1921, advocating on Romania's behalf both during and after the Great War. He pushed for the emancipation of subject peoples, including Czechs, Romanians and Yugoslavs, from Hapsburg control. Expelled from Bucharest in 1917 by the German occupation authorities, Vopicka returned to the United States, where he gave more than forty speeches on Romania's behalf, before joining the Romanian government-in-exile in Iasi. Vopicka's activism on behalf of U.S. and Romanian relations, along with the awakening of the Romanian and American community in the United States in response to the war, helped strengthen ties between the two countries. Political, economic and cultural ties and exchanges continued to expand after the end of World War I. In January 1923, George Enescu left on the first of his many tours and visits to the United States, where his music was widely embraced. In November 1925, Romanian diplomat Nicolae Titulescu visited Washington, D.C., where he met with President Calvin Coolidge. The following year, Queen Marie traveled across the United States by train in a widely publicized visit and attended the Chicago World's Fair. The same year, the



Queen Marie was warmly received during her 1926 visit to the United States, where she met with New York Mayor James Walker and other officials. (Courtesy of the Royal Family).

“Friends of the United States” association was established in Bucharest with the participation of such prominent Romanians as Titulescu and Enescu. In 1932, the Ford Motor Company opened a sales office in Romania, and in 1934 established an assembly plant in Bucharest. And in 1939, Romania opened a pavilion in the World’s Fair in New York.

World War II and the Cold War

Romania’s declaration of war on the United States in December 1941 led to a break in diplomatic relations, which resumed again in 1946 when the U.S. recognized the Romanian government led by Petru Groza. Romania’s absorption into the Soviet camp led to deterioration in the bilateral relationship, as successive Romanian communist leaders imposed a totalitarian system and strict limits on contacts with Americans and other Westerners. However, bilateral relations with Romania began to improve in the early 1960s under Gheorghiu-Dej with the signing of an agreement providing for partial settlement of American property claims. Cultural, scientific, and educational exchanges were initiated, and in 1964 the legations of both nations were promoted to full embassies. Ceausescu’s calculated distancing of Romania from the Soviet foreign policy line, including Bucharest’s diplomatic recognition of Israel and denunciation of the 1968 Soviet invasion of Czechoslovakia paved the way for President Nixon’s official visit to Romania in August 1969. Despite political differences, high-level contacts continued between U.S. and Romanian leaders throughout the decade of the 1970s, culminating in the 1973 state visit to Washington by the Ceausescus. In 1972, a consular convention to facilitate protection of citizens and their property in both countries was signed. Overseas



President Nicolae Ceausescu visited the White House in December 1973. (Courtes of the National Archives.

Private Investment Corporation (OPIC) facilities were granted, and Romania became eligible for U.S. Export-Import Bank credits. A trade agreement signed in April 1975 accorded Most Favored Nation (MFN) status to Romania under section 402 of the *Trade Reform Act of 1974* (the Jackson-Vanik amendment that links MFN to a country’s performance on emigration). This status was renewed yearly after Congressional review of a presidential determination that Romania was making progress toward freedom of emigration.

In the mid-1980s, criticism of Romania’s deteriorating human rights record, particularly regarding its mistreatment of religious and ethnic minorities, spurred attempts by Congress to withdraw MFN status. In 1988, to preempt Congressional action, Ceausescu renounced MFN treatment, calling Jackson-Vanik and other human rights requirements unacceptable interference in Romanian sovereignty.

While political relations remained strained throughout this period, the U.S. worked to maintain contacts through cultural and educational exchanges. The American Library in Bucharest, established in 1972 by the U.S. Information Service, offered a window to American culture throughout this period, while visits by such preeminent artists as Louis Armstrong, Dizzy Gillespie, Dave Brubeck and Arthur Rubinstein brought American music directly to the Romanian people. At the same time, gifted Romanian athletes such as Nadia Comaneci and Ilie Nastase, and Romania’s decision to take part in the 1984 Los Angeles Olympics despite a boycott by other Soviet bloc countries, generated some

positive publicity for Romania in the United States.

After the Revolution

After welcoming the revolution of December 1989 with a visit by Secretary of State James Baker in February 1990, the U.S. government expressed concern that opposition parties had faced discriminatory treatment in the May 1990 elections, when the National Salvation Front won a sweeping victory. The slow progress of subsequent political and economic reform increased that concern, and relations with Romania cooled sharply after the June 1990 riots by miners in University Square. Anxious to cultivate better relations with the U.S. and Europe, and disappointed at the poor results from its gradualist economic reform strategy, the Stolojan government undertook some economic reforms and conducted free and fair parliamentary and presidential elections in September 1992. Encouraged by the conduct of local elections in February 1992, Deputy Secretary of State Eagleburger paid a visit in May 1992. Congress restored MFN in November 1993 in recognition of Romania's progress in instituting political and economic reform. In 1996, the U.S. Congress voted to extend MFN status to Romania permanently. As Romania's

policies became unequivocally pro-Western, the United States moved to deepen relations. President Clinton visited Bucharest in 1997 during the Constantinescu presidency. The two countries stepped up cooperation on a wide range of goals, including economic, political and defense reform. Following the tragic events of September 11, 2001, Romania offered its full support to the U.S. in the Global War on Terror. Romania was invited to join the NATO in November 2002 and formally joined NATO on March 29, 2004 after depositing its instruments of treaty ratification in Washington, D.C. President Bush helped commemorate Romania's NATO accession when he visited Bucharest in November 2002.



(Above) United States President Gerald Ford visited Romania in August 1975. (Courtesy of the National Archives)

(Below left) Jazz legend Louis Armstrong signed this program during a performance in Bucharest in 1965. (Courtesy of Mr. Adrian Andries)

(Below right) The official opening of the American Library in 1972 was celebrated in the first issue of the American magazine produced for Romania, "Sinteza."



On that occasion, in his memorable “Rainbow” speech to tens of thousands in Revolution Square, he congratulated the Romanian people on their progress towards building democratic institutions and a market economy following the fall of communism.



President Ronald Regan received King Mihai in 1980 in California.



President George Bush and Romanian President Ion Iliescu wave to the crowd in Revolution Square in November 2002. (AP Photo/Nikolas Giakoumidis)

In March 2005, President Traian Basescu made his first official visit Washington to meet with President Bush, Secretary of State Condoleezza Rice, Secretary of Defense Donald Rumsfeld, and other senior U.S. officials. Later in the year, both National Security Director Stephen Hadley and Secretary Rice visited Bucharest, meeting with President Basescu and other senior Romanian leaders. During Secretary Rice’s December visit, the two countries signed a ground-breaking agreement providing U.S. forces with access to Romanian military facilities, setting the stage for a new era in U.S. and Romanian defense cooperation.



Jim Rosapepe, U.S. Ambassador, 1998-2001. Nothing defines U.S. and Romanian relations for me better than the greeting Sheila and I - and thousands of other Americans - got day after day: “we’ve been waiting for you for fifty years.” Officials of both countries come and go. But the warm feeling ordinary Romanians have for America - and that Americans who touch Romania have for its people - makes everything else possible.

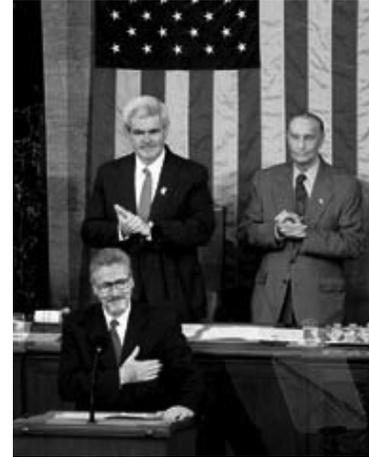
Economic Relations

Beginning in 1990, official U.S. financial assistance to Romania was provided through the Support for East Europe-an Democracies (SEED) Program, administered by the U.S. Agency for International Development (USAID) and other offices. The United States has provided Romania non-refundable development assistance amounting to more than U.S.D \$410 million. USAID programs have supported Romanian progress towards improved living standards, democratic consolidation, and economic reform. Bilateral trade also continues to improve. In terms of direct investments, the United States is a top-ranked investor country - in sixth place - with 4,187 companies with U.S. capital registered in Romania. At the end of July 2005, total U.S. direct investment amounted to \$771.1 million, which represents 5.35 percent of the total foreign direct investment in Romania. Multi-national corporations with establishments in Romania include but are not limited to Qualcomm, McDonald’s, Citibank, Procter and Gamble, Kraft, Colgate Palmolive, Pioneer, Monsanto, Cargill, Hewlett Packard, Microsoft, IBM, and CISCO. Several bilateral investment agreements have been

signed over the last fifteen years. The American Chamber of Commerce in Romania, affiliated with the U.S. Chamber of Commerce based in Washington, D.C., was founded by a group of U.S. investors in 1993. Bilateral agreements in the field of civil aviation, science and technology, customs cooperation, and the peaceful use of nuclear energy were all signed in 1998.



(Left) President Bush and First Lady Laura Bush are greeted by Romanian children with a gift of flowers upon arrival in Bucharest on November 23, 2002. (AP Photo/ J. Scott Applewhite).



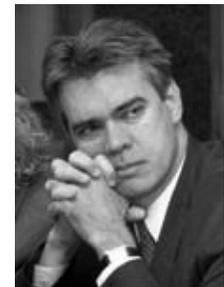
(Right) President Emil Constantinescu spoke to a joint meeting of Congress in July 1998. (AP Photo/Ron Edmonds)

Romania - A Reliable Ally in the Global War on Terrorism

Romania has been a staunch ally in the Global War on Terrorism, providing troops in both Afghanistan and Iraq and promising to keep Romanian soldiers in both those countries as long as necessary. President Basescu has repeatedly underscored the centrality of Romania's strategic alliance with the United States and senior Romanian political leaders, including the President and Prime Minister, fully support the presence of U.S. military facilities on Romanian soil. Romania has made its airspace, ground infrastructure, and naval facilities available to U.S. and NATO forces engaged in the global war on terrorism and senior government leaders have promised to continue to do so in the future.

Michael Guest, U.S. Ambassador 2001-2004. Romania's acceptance into NATO was an exciting moment for our Embassy! We were proud that we had helped Romania reach that goal - but thrilled that Romania had earned its place by making tough decisions that showed its commitment to shared Alliance values.

I guess most people will always remember the rainbow that appeared when President Bush came to Bucharest, to celebrate this achievement. But it is the crowd that I will remember: so many people waiting, through many soggy hours of rain, to join in that moment! I was overcome with emotion when I stepped into the dais with Mrs. Bush. That crowd signaled to me that Romanians share our interest in building a broader partnership, based on the fundamental freedoms that are important both to our countries and to the surrounding region.



Cultural and Educational Relations

Strong intellectual ties and appreciation for one another's culture have helped sustain U.S. and Romanian relations even in the most difficult periods. Today, the United States and Romania cooperate in a number of cultural areas, and are active in promoting educational and other exchanges between the two countries that have benefited hundreds of Romanians and Americans. Established in 1993, the Romanian and U.S. Fulbright Commission administers an educational and cultural exchange program between the two countries and has offered scholarships on a nationwide competitive basis.

Romanian President Traian Basescu speaks to U.S. Army Private Ratliff, during a visit to the Babadag Training Range in July, 2005. (AP Photo)



Alfred H. Moses, U.S. Ambassador from 1944-1997. There was an historic transition in United States and Romanian relations. In three years, Romania moved from being a pariah state in official Washington to its status as a strategic partner of the United States. During this period, President Iliescu met with President Clinton in the Oval Office in Washington, the first such visit by a Romanian president since the 1989 revolution, the Congress rewarded Romania's achievement in developing a market economy by granting it permanent Most Favored Nation status. Romania was the leading participant in Partnership for Peace, signed the non-proliferation chemical weapons agreement, and ratified basic treaties with Hungary and the Ukraine, ending centuries of enmity. It also accelerated privatization of state-owned business and witnessed increased direct U.S. investment in Romania by major U.S. corporations. For me personally, the high point was our U.S. Embassy family which contributed such to the foregoing and who have gone on to great success in their careers. It is to whom I owe so much and for whose service our country remains indebted.



Romanian Composer George Enescu with American students at the University of Illinois at Urbana/Champaign, April 1950. Courtesy of Professor David Williams)

It also hosts an Educational Advising Center, which is active throughout Romania and provides the most comprehensive source of information in Romania on U.S. study opportunities at undergraduate, graduate and postgraduate level. The U.S. Embassy administers the U.S. International Visitors

Program, which introduces leading Romanians to the United States, and brings American speakers to Romania for lectures and conferences. Other programs focus on media freedom, democratization, judicial reform, civic education, English teaching and civil society. In addition, the U.S. Embassy's Cultural Center organizes performances, exhibits and artistic exchanges that contribute to strong cultural ties between our two countries.



(Left) Jazz Pianist Chick Corea performed in Bucharest in 1993. (Courtesy of Florian Lungu)

(Right) The great Ray Charles performed in Brasov in 1994. (Courtesy of Florian Lungu)



J. D. Crouch II, U.S. Ambassador 2003-2004. Romania is an important partner in the war on terrorism and in the cause of freedom. Its troops serve with distinction alongside those of the United States in Iraq, Afghanistan, and the Balkans. Romanian contributions demonstrate an impressive commitment to defending the values which lie at the heart of the transatlantic alliance. Furthermore, Romania's own transition experience offers useful insights for today's emerging democracies. During my time in Bucharest, Romania and the United States intensified our work together to ensure that Romania's neighborhood, the Balkans and Black Sea region, is secure, democratic and increasingly anchored in a Europe whole, free, and at peace.

Its entry into NATO in the spring of 2004 and its expected accession in to the European Union in 2007 speak volumes about the progress it has made to date and reflect its hopes for the future. Much remains to be done, however, and serious issues such as judicial reform, transparency in government, and the fight against corruption, must continue to be addressed. Knowing Romania as I do, I am confident that it will be successful and will become an even stronger and more vibrant partner of the United States.



From the American Library to American Corners

From 1972 until the fall of communism, the American Library in Bucharest was a vital intellectual and cultural haven for many Romanians. In its heyday in the 1980s, about 3,000 people came into the Library each week, whether it was for ABC news, documentaries, movies, lectures, exhibits or the Library itself. These resources provided Romanians with a glimpse of another world, not just through the materials provided, but by the warm and welcoming atmosphere and the effort made by America to reach out to Romania. In 1995, the Library became an Information Resource Center, open to the public and offering a reference collection on the United States. The effort by the United States to reach out continues with the establishment of "America Corners," special American collections in public libraries around Romania. "America Corners" have opened in Iasi and Timisoara, and new corners will open in 2006 in Craiova, Baia Mare, Bacau and Constanta.



President George H.W. Bush and First Lady Barbara Bush with U.S. Ambassador and Mrs. David Funderburk at the American Library in Bucharest, September 1983. (Courtesy of Teodor Popescu)



American Corners in Romanian County Libraries in Iasi and Timisoara were established in 2005, and several more will open in other cities in 2006. This photo shows American Corner in Iasi.

Romanians in the United States

A number of prominent Romanian immigrants and visitors have contributed to the development of the United States. An early example is that of George Pomut, a Romanian immigrant, who



Romanian immigrant Gheorghe Pomut fought in the U.S. Civil War, rising to the rank of Brigadier General. (Courtesy of Romanian Foreign Minister)

fought as an officer in the U.S. Civil War under General Ulysses Grant, finally rising to the rank of Brigadier General in 1866. He subsequently entered the U.S. Diplomatic Service and served as U.S. Consul in St. Petersburg, where he participated in negotiations to purchase Alaska from Russia. Other prominent Romanians who have been prominent in American cultural life either as immigrants or visitors include Mircea Eliade, Constantin Brancusi, George Enescu, and Andrei Serban. Today, a thriving Romanian and American community of over 400,000 is active in preserving and promoting Romanian culture in the United States.

Romania on the National Mall

In the summer of 1999, the Smithsonian Institute featured Romania in its “Folklife Festival,” which is held yearly on the National Mall in Washington, D.C. Several hundred Romanian artists traveled to Washington to represent Romania, including a team of craftsmen who assembled a life-size wooden replica of a 13th century Maramures church on the Mall. Over one million visitors attended the Festival and were able to taste Romanian food, hear Romanian music, watch Romanian artisans at work and visit the beautiful church.



Romanian immigrant Andrei Serban is a prominent theatre director in the United States.

Secretary of State Condoleezza Rice on U.S. and Romanian Relations

The past fifteen years have witnessed remarkable progress not only in U.S. and Romanian relations, but in Romania’s relations with the rest of the world. Already a key member of NATO, Romania is strengthening its Euro-Atlantic ties as it prepares to join the European Union. Romania has been a

vital force in the Stability Pact for Southeast Europe, the Organization for Security and Cooperation in Europe, and the Southeast European Cooperative Initiative (SECI). Romania's recent service on the United Nations Security Council has also been exemplary, and we look forward to Romania's assuming the Council presidency in October.



**United States
Secretary
of State
Condoleezza
Rice**

Romania's outstanding contribution to the war on terrorism deserves special mention, for few countries have exhibited as strong and unwavering a commitment in countering this global threat. Romania has been and remains a stalwart ally in the war on terrorism. We especially appreciate Romania's role in Iraq and Afghanistan where, as a member of the coalition, Romania is deploying numerous troops and making diplomatic efforts to bring stability to both countries and to facilitate reconstruction efforts, elections, and democratic transformation. Romanian soldiers have also played a key role in the Balkans and provided troops for United Nations missions in Africa and other regions

far from Romania. Romania's international role has not been limited to defense and security matters. As a leading participant in the Community of Democracies, Romania has shown its commitment to sharing with others its experience in moving from dictatorship to democracy. We applaud this commitment, just as we applaud Romania's humanitarian initiative in accepting over 400 refugees from Uzbekistan. [Excerpt from an August 26, 2005 letter from Secretary of State Rice to the Romanian Ambassadorial Conference.]



The 1999 Smithsonian Folklife Festival in Washington, D.C., which attracted over one million visitors, showcased Romanian culture and art. (Courtesy of Dr. Eliot Sorel)

Romanian Foreign Minister Ungureanu on U.S. and Romanian Relations:

We are happy to note the extraordinary development of the Romanian and American ties, from their beginning in 1880 until today, when Romania and the U.S. are partners and allies in addressing the challenges of this still young, but troubled century. We have stayed together as friends in hardship and in prosperity. Even during the Cold War years, when Romania was locked up behind the Iron Curtain by a dictatorial regime, the friendship and deeply shared aspirations between our two peoples, hidden as they were at times, did not fade away. After 1989, the bonds between our countries have been strengthened through our cooperation in facing emerging security threats and advancing freedom and democracy in our immediate neighborhood and beyond. Romania's strategic partnership with the United States has become an essential pillar of my country's foreign policy. It has also proved an extraordinary tool in assisting Romania to become a stronger nation over the last fifteen years, through concrete support for democratic reform and economic modernization across a broad spectrum of areas and institutions. This is a partnership built on dialogue between our countries' political, military and business establishments, between our peoples and our elites. It is the expression of a joint commitment to defend common interests and common values. It has also brought a distinctive contribution to redefining the strategic profile of Romania, by turning our political and

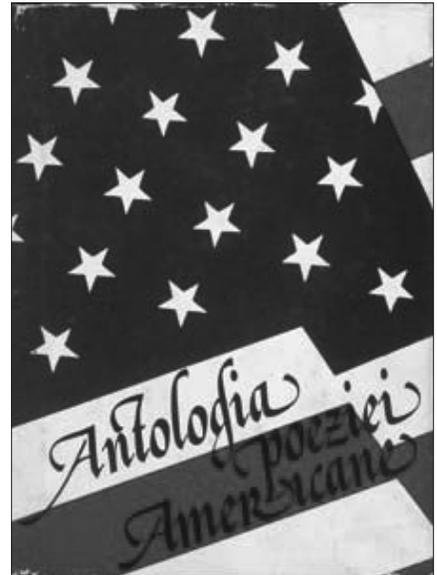


**Romanian
Foreign Minister
Ungureanu**

military capabilities and resources into an asset for the Euro-Atlantic community. [Excerpt from an August 31, 2005 letter from Foreign Minister Ungureanu to Secretary of State Rice.]



Published by the American Cultural Center Bucharest, Romania, February 2006



Romania's Role in the Black Sea Region

By
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RAND Corporation

Romania has arrived internationally, as a full member of North Atlantic Treaty Organization (NATO) since 2004, and with anticipated European Union (E.U.) membership in 2007. Domestically, however, there are still many problems to contend with. The most serious threats to Romania's security are economic, and are manifested in crime, corruption, and illicit markets and trafficking. Accordingly, establishing the rule of law and instituting sound fiscal practices have been at the top of the country's political agenda since 1989. The domestic challenges facing Romania are daunting, and demand significant inward-looking attention. But despite this, and the limited resources available, Romania is determined to take on a leadership role in the Black Sea region.

Romania's national security strategy (NSS) emphasizes its desire to be a regional leader in a broad security sense.¹ It recognizes reviving the national economy as a top objective, and rightly lays out a series of actions to address it.² But in a regional context, it describes two additional and very important objectives. The first of these is:

Active participation in actions of international cooperation aimed at fighting terrorism and cross-border organized crime, and second, developing regional relations and cooperation for building up stability and resolving crises.

In addition to these strategic objectives, there are three significant regional priorities that describe specific actions Romania will take:

- Developing cooperation with the countries in the region, including participation in projects of regional, subregional, cross-border and Euro-regional cooperation;
- Strengthening the OSCE's role, as a forum of dialogue in the area of security and developing the capability of preventing conflicts, managing crises and post-conflict rebuilding; and
- Promoting an active policy at a bilateral level or in an international framework in order to ensure the security and stability in South-eastern Europe, as well as in the South Caucasus and the whole area of the Danube and the Black Sea.

Moreover, the national military strategy (NMS) states that Romania will be a key provider of regional stability and a contributor to peace and security in Europe. By continuing current strategic, multilateral and bilateral partnerships and by developing others, Romania intends to create favorable conditions to strengthen security in the region and will facilitate the modernization of its Armed Forces.³

Because of the common concerns and view of the threats in the Black Sea region, it is in the U.S.'s interest to help Romania achieve its goals. This article examines some key questions regarding Romania's role in Black Sea regional security and makes the argument for continued U.S. support through the focused application of security cooperation. Romania has tremendous potential to be not

1 Romanian National Security Strategy, <http://wnglish.manpn.ro/>, February 2006

2 E.g., overcoming poverty and unemployment, streamlining the economy and the financial sector, developing the middle class; ensuring the stability of the banking system, etc.

3 Romanian National Military Strategy, <http://english.manpn.ro/>.

just a force provider but also a regional leader, moving forward in areas of mutual interest with the U.S.

How are Romania's Strategic Interests Manifested in the Region? Assistance and Deployments

Despite its economic and other concerns, Romania pursues an aggressive agenda of regional assistance. Acting independently, Romania has shown a desire to assist its less-capable neighbors in time of need. For example, nearly 500 Uzbek refugees from the 2005 ethnic violence in Andijon, Uzbekistan have been accommodated in Romania. Similarly, Romania came to the aid of Kyrgyzstan, providing more than half a million dollars worth of humanitarian assistance after a January snowstorm killed several people and left many others homeless.

Romania participates in a number of Black Sea regional organizations with a security focus. The South-East Europe Defense Ministerial (SEDM) process, which began in 1996 as a forum for the discussion of regional cooperation issues, established a combined military force in 1998 for peacekeeping and disaster relief operations. Headquartered in

Constanta since 2003, this force, known as the Southeastern Europe Brigade (SEEBRIG), is a seven-nation military organization chartered to assist with stability and security in Southeastern Europe.⁴ SEEBRIG, consisting of about 5000 troops, is comprised of military forces from each partner country,

Romania's Contribution to SEEBRIG:

- SEEBRIG HQ personnel assigned ten units allocated to SEEBRIG.
 - Hq Company
 - Signal Company
 - Mechanized Infantry Battalion
 - Engineer Company
 - Reconnaissance Platoon
 - Elements in CSS Battalion

Romania's Contribution to Operation Enduring Freedom-Afghanistan/ISAF:

- Nearly 500 troops deployed in Kandahar and Kabul
 - Infantry Battalion
 - Afghani National Armed Forces (ANA Training) Detachment
 - 400 troops (Infantry Battalion) deployed to NATO

the highlight being its Engineer Task Force. Importantly, SEEBRIG routinely conducts exercises with North Atlantic Treaty organization (NATO), and has assisted throughout the region with various engineering projects.

In addition to its SEEBRIG role, Romania supports ten United Nations (U.N.) observation missions, including two under the banner of the U.N.'s

multinational Standby Force High Readiness Brigade (SHIRBRIG) for peacekeeping operations.⁵ Romania has pledged an airmobile infantry company to SHIRBRIG, and most recently, its elements, to include Romanian forces, have been deployed to Ethiopia and Sudan.

Romania also makes significant contributions to the war on terrorism, and specifically to the U.S. and NATO led operations in Afghanistan and Iraq. In Afghanistan, Romanian contributions to the training of the Afghan National Army (ANA) have been important in rebuilding

Romania's Contribution to Operation IRAQI Freedom:

- Nearly 900 troops deployed in Basra, An Nasiriyah, Ad Diwaniyah, and Al Hillah
 - Infantry Battalion
 - Engineer Battalion (-)
 - Intelligence Detachment
 - Military Police Company

4 Albania, Bulgaria, Greece, Italy, the Former Yugoslavian Republic of Macedonia, Romania, and Turkey.

5 Sixteen nations (Argentina, Austria, Canada, Denmark, Finland, Italy, Ireland, Lithuania, the Netherlands, Norway, Poland, Portugal, Romania, Slovenia, Spain, and Sweden) have signed one or more SHIRBRIG documents, with five more nations (Chile, Czech Republic, Hungary, Jordan, and Senegal) participating as observers.

the nation's military forces. Romanian forces participate in counterterrorist operations and force protection activities. In addition to the U.S.-led Operation Enduring Freedom coalition, Romania also supports the NATO International Security Assistance Force (ISAF) in Kabul, Afghanistan.

Romanian forces assigned to the Operation Iraqi Freedom multinational force routinely conduct force protection and mine clearing activities, as well as reconnaissance and intelligence missions. Reports of Romanian troop performance in Afghanistan and Iraq have been positive. Specifically, Romanian troops have provided outstanding engineering and force protection support in Iraq, and the "can do" attitude of Romanian soldiers has become well known.⁶ Moreover, Romania is interested in taking on a greater role in Balkans security, particularly in Kosovo.⁷

Mentoring in the Region

Romania is looking for ways to cooperate economically with other Black Sea states, particularly in the area of free trade. Romania is a strong proponent of establishing a Southeast Europe Free Trade Zone, and pursues this goal through its leadership of both the Black Sea Economic Cooperation (BSEC) and the Central Europe Free Trade Agreement (CEFTA).⁸

Romania has taken steps to help its neighbors in their efforts to pursue integration with the west. For example, in February 2005, a Romanian delegation met with Georgian Ministry of Foreign Affairs official to share the lessons learned on European Union accession and the road to NATO membership. According to Romania's Minister of Foreign Affairs (MFA), Mihai Razban:

Georgia's leaders are keenly interested in learning from Romania's own experience of transition, institution building and economic reform.

The above opinion is shared by the Georgian MFA.⁹ All of this points to the potential for Romania to become a key enabling partner, assisting less capable countries in the region.

Participation in Black Sea Regional Organizations

In addition to being a military force provider and a regional mentor, Romania is a key member of, and a leader in, several regional security and economic organizations as detailed in Table 1. The table attempts to capture key aspects of Romania's current role in regional organizations with strategic interests in the Black Sea, and suggests some roles Romania might take to further its own national security interests.

6 Discussions with U.S. Liaison officers embedded in the Polish-led Multinational Division Center south (MND-CS) in Iraq, 2005.

7 Talking points prepared by Mihai-Razvan Ungureanu, Foreign Minister of Romania, "Advancing Romania's E.U. Membership and the Strategic Partnership with the U.S.," The Wilson Center, May 6, 2005.

8 Romania holds both the presidency of CEFTA Joint Committee and the chairmanship of BSEC in 2006.

9 http://www.roembus.org/english/news/international_media/2005/February/14_Feb.htm. "The Romania-led international mission of experts to Georgia, under the aegis of the Community of Democracies," Feb 14-16, 2005

Table 1 Regional Organizations

	NATO	OSEC	BSEC	SECI	SEDM/ SEEBRIG	Stability Pact	CEI
Primary Function	Collective Security	Conflict Resolution	Economic	Regional Stability	Defense Cooperation/ Regional Stability	Conflict Prevention/ Resolution	Political Economic Cultural Cooperation
Romania's Role	Force provider with niche capabilities i.e., engineering, SOF; ISAF contributor, SEEI	Pushing for strengthening OSCE's role in conflict prevention and resolution	Current chairmanship. Pushing for revitalizing BSEC's role in promoting regional free trade	Hosts SECI HQ in Bucharest	Hosts SEEBRIG in Constanta, contributes forces	Hosts meetings, including free trade zone discussions in Bucharest	Chairs 2 of 17 working groups (Minorities, Information and Media)
Implications	Increases prestige as a new member of NATO	Allows Romania to position itself to contribute to conflict resolution in Transdnistra, Caucasus	Increases Romania's market potential	Regional prestige, some control over SECI agenda	Provides significant forces, increases military prestige	Allows Romania to further goal of free trade zone, and contribute to resolution of conflicts in Transdnistra, Caucasus	Significant contributions to regional/ extra-regional forum allows Romania to gain international prestige
Possible Next Steps?	Concentrate more on CS/CSS capabilities to fill NATO's gapped requirements	Chairmanship of OSEC in the near future	Work to establish a free trade zone, similar to CEFTA	Ensure working groups are focused on key issues	Assist less-capable members to develop needed capabilities, e.g., engineering	Ensure working groups are focused on free trade zone, similar to CEFTA	Incorporate the lessons from CEI's economic cooperation into a BSEC free trade area

Within the framework of these organizations, Romania is equally interested in promoting its economic, political, and military agendas in the Black Sea region. Economically, as mentioned earlier, Romania is promoting the idea of a free trade regime in the Black Sea through BSEC, Stability Pact, and the Central European Initiative (CEI).¹⁰ Politically, the prevention and resolution of conflicts is high on the agenda, especially through the OSCE and the Stability Pact. For example, Romanian Foreign Minister Razvan recently indicated Romania would host a summit in 2006 to address the “frozen conflicts” in the Black Sea region.¹¹ Militarily, Romania is a proven force provider of highly effective capabilities that span a variety of mission areas including special forces, force protection, and combat support/combat service support, such as engineering, in the region and beyond.

While it may not be immediately apparent from Table 1, there is a great deal of overlap among the objectives of the organizations listed. For example, NATO and OSCE state that combating terrorism is a key objective. NATO, OSCE, and BSEC all highlight the need to maintain and improve border security and management. NATO, OSCE, and SEDM each promote defense and military reform. The Southeast European Cooperation Initiative (SECI), Stability Pact, and BSEC want to develop and integrate regional disaster response and crisis management capabilities. Because of the overlapping interests, we should expect to see a great deal of collaboration in the form of joint projects taking place. More, however, could be done in the region to facilitate cross-organizational collaboration. Lack of resources and political will tend to be the major impediments to closer contacts. Still, there are a few ongoing, cross-organizational projects that are worth noting.

For example, BSEC and SECI cooperate in the area of countering organized crime and border security; OSCE and BSEC cooperate in the areas of organized crime and illicit trafficking; and OSCE and NATO collaborate in the areas of civilian police training, illicit arms trafficking, maritime security, and consequence management.

Even more important than the overlaps, there are some gaps that no regional organization is currently filling. For example, regional collaboration could be improved to fill the following gaps:

- Border security (coordinated land, air, and maritime surveillance and control);
- Consequence management and regional response capabilities and collaboration;
- Multilateral exercises in disaster response;
- Civil-military cooperation in a multilateral forum;
- Integration of national response systems at the regional level; and
- Sharing of lessons learned from recent deployments.

Where Should the U.S. Focus its Security Cooperation in Romania?

Funding for assistance to Romania will diminish with its accession to NATO and pending membership in the E.U., to include that from the *Support to East European Democracy Act* (SEED) and the Warsaw Initiative Fund (WIF). The U.S. builds partner capacity in Romania primarily through Title 22 Security Assistance, and many capabilities-building programs will still be available. These include, for example, programs that provide training and equipment, such as international military education and training (IMET), foreign military financing (FMF), and excess defense article (EDA) grants. Other key Department of Defense (DoD) programs include the Counterterrorism Fellowship Program (CTFP), Defense Threat Reduction Agency’s International Counter Proliferation Program (ICP), and Joint Chiefs of Staff (JCS) and Special Operations Command (SOCOM) bilateral exercises. DoD programs that conduct familiarization activities, but do not provide training or

¹⁰ Which will obviously become more complicated once Romania and Bulgaria join the E.U. in 2007.

¹¹ Radio Free Europe, 7 February 2006.

equipment, include the National Guard Bureau's State Partnership Program (SPP) (with Alabama as Romania's partner), and the European Command (EUCOM) Joint Contact Team Program (JCTP). A key Department of State effort is the Export Control and Related Border Security (EXBS) program. All of these programs can be leveraged to promote activities that build Romania's capacity to operate effectively in the region and serve as an enabling partner.

Two important considerations in managing scarce resources are finding ways to sequence and then focus security cooperation (specifically training) activities. As Figure 1 illustrates, familiarization-type activities such as JCTP and SPP are typically phased out over time as the relationship matures. Prior to the provision of training and equipment (through IMET, CTFP, ICP, etc), needs and capabilities assessments should be conducted to set the baseline requirements. Over time, focused training and equipment can be provided to build specific capabilities.

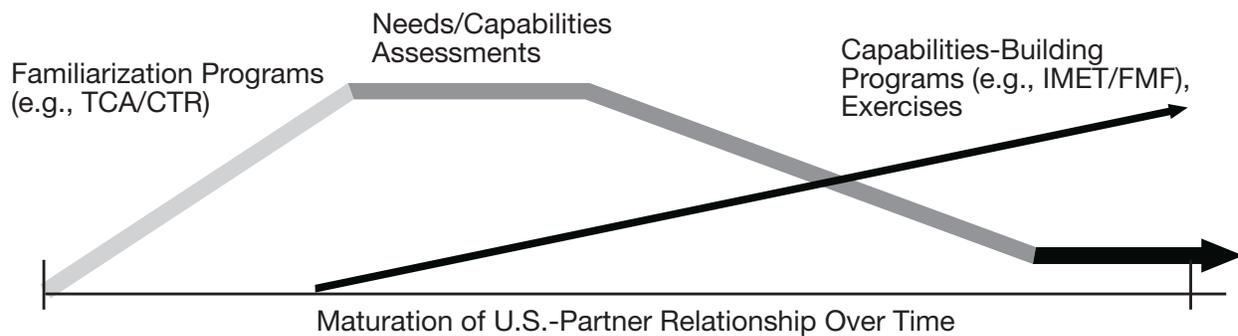


Figure 1. A Security Cooperation Phasing Process

Focusing U.S. security cooperation resources with Romania in areas of mutual interest is particularly important at this time, and requires a bottom-up approach to ensure the regional cooperation framework is not perceived as being imposed from outside. In 2004 EUCOM, in consultation with the Office of the Secretary of Defense (OSD) and the Joint Staff, drafted a concept and subsequent plan to implement its Black Sea initiative (BSI) strategy in the region. A key facet of this strategy is regional ownership meaning that BSI is not meant to be U.S. led or executed. The specific components of BSI, which include both military and civilian activities, are to be led by regional partners. Both the U.S. and Romania recognize that there are many security challenges in the region, and those challenges need to be addressed by all states in the region. From Romania's perspective;

... the extended Black Sea region faces too many problems to organize political beauty contests ... Ukraine and other states bordering the Black Sea – Romania too, obviously – are interested in ensuring the security of the Black Sea area. This means an enhancement of cooperation and the interest to, for example, stop organized crime or illegal human or arms or drugs trafficking.¹²

From a U.S. perspective:

The focus of U.S. strategic thinking is that no single state or institution can possibly manage the multitude of Black Sea security issues. U.S. government efforts take into account and encourage the efforts of key regional actors, including littoral states and multilateral institutions such as NATO, the E.U., and the OSCE.¹³

¹² Radio Free Europe, interview with Mihai Razban, 27 August 2005.

¹³ Chargé d'Affaires Thomas Delare, Remarks presented at the conference on "Black Sea Area and Euro-Atlantic Security: Strategic Opportunities," Bucharest, Romania, April 20, 2005.

Given Romania's desire to reach out to less capable countries in the region, the U.S. should encourage enabling partnerships and mentor-like relationships. The focus should be on reform of the security sector, in the context of multinational organizations where it is possible to leverage projects where interests converge. Ad hoc groups are another method, and can be quite effective when common interests are at stake. One good example of this, as mentioned earlier, is the February 2005 new group of Georgia's friends established by Romania, the three Baltic countries, plus Poland and Bulgaria to share lessons on NATO and E.U. accession processes.

Cooperation for cooperation's sake is not enough, and there must be an incentive for other countries to join in. Advancing common goals in a meaningful way requires finding and filling existing gaps in Black Sea security. Developing an integrated disaster response capability, for example, could provide the right kind of motivation for other countries to actively participate in a Romanian-led regional effort. To achieve this goal, an integrated crisis and response capability and strategy could be developed for the Black Sea region. Cooperation in emergency situations is already a reality, but the next step is to develop a capability that would include common operating practices, communications systems, radars, and information and intelligence exchange procedures.

This could be the first component of a broader program of capacity building in the region. Supporting efforts like this, or other collaborative research and joint projects that address shared goals and common threat perceptions is essential to furthering Romania's ability to work with partners in the region. Importantly, the inclusion of interagency officials, military, paramilitary, and civilian agencies, regional non-government organizations and other governmental organizations will ensure greater buy-in and increase the likelihood of lasting results.

Supporting Romania's ability to become an enabling partner also requires providing the necessary tools, for example, fully-functioning regional training centers. In this area, the U.S. could capitalize on Romania's demonstrated strengths, such as its engineering expertise, by establishing a center of excellence for training, or implementing an exchange program with the U.S. engineering training center of excellence at Ft. Leonard Wood, Missouri. Similarly, the U.S. could create an exchange program with Special Forces or medical teams. In any case, the end result would be the enhancement of Romania's prestige in what are already some of its core competencies, and a corresponding increase in its credibility throughout the Black Sea region.

Conclusion

Romania has stated clearly and unequivocally that it has the desire to be a leader in the Black Sea region. The question, however, is does Romania have the capacity to do so in all of the areas it has named as priorities? Probably not. The U.S. should encourage Romania in its cross-organizational collaboration efforts to promote regional security and stability. Further, the U.S. should focus its security cooperation efforts to build partner capacity that facilitates Romania's role as a regional enabling partner.

The linked challenges of conflict resolution, security sector reform, economic reform, energy security, improving border security and trafficking of persons and substances far surpass the resources of Romania, or any other single country in the region. Romania knows what it needs from the U.S. The means to further its agenda in the region begins with its increased credibility from its current contributions to the international community, but hinges on the international community's willingness to give Romania a "leg up" by building additional capacity to reach out to its neighbors. The U.S. can, and should, play a key supporting role in this effort.

About the Authors

Dr. Jennifer D.P. Moroney, political scientist at the RAND Corporation, primarily manages projects for the Department of Defense and the Intelligence Community. Currently, she is leading three projects and supporting several others that focus on such issues as U.S. government security

cooperation, coalition operations in Iraq and Afghanistan, and global defense posture in Europe and Eurasia. Prior to joining RAND, Dr. Moroney worked for DFI Government Services, where she primarily managed regional security projects for the Office of the Secretary of Defense and the Defense Threat Reduction Agency. Dr. Moroney previously worked in OSD/NATO Policy where she was responsible for the NATO-Russia/Ukraine portfolios.

Dr. Moroney has published two co-edited books on security issues in the former Soviet Union, which include *Security Dynamics in the Former Soviet Bloc* (with Graeme Herd) (Routledge-Curzon, 2003), and *Ukrainian Foreign and Security Policy: Theoretical and Comparative Perspectives* (with Taras Kuzio) (Praeger, 2002), as well as numerous op. eds., book chapters, journal articles, and policy briefs on Eurasian security and North Atlantic Treaty Organization (NATO) enlargement. She was a NATO Fellow from 1999-2001, a short-term scholar at the Kennan Institute in 1999, and a Rotary International scholar from 1997-1998. She has held adjunct teaching positions at The George Washington University and the University of Kent (U.K.) is currently a Research Associate in the Elliott School of International Affairs, The George Washington University. Dr. Moroney is a frequent speaker at academic and policy-oriented conferences in the U.S. and Europe. Dr. Moroney received her Ph.D. in International Relations from the University of Kent at Canterbury, United Kingdom in 2000, MA in European Integration from the University of Limerick, Ireland in 1996, and BA from Frostburg State University, Maryland, U.S.A in 1995.

Colonel Joe Hogler (USAF, Ret) most recently served as Chief of the Combating WMD Division for The Joint Staff. His previous military experience includes service as a strategic planner for the War on Terrorism, and Chief of the Joint Staff's Strategic Initiatives Group, where he formulated policy & strategy positions for the Director, Strategic Plans and Policy and CJCS on current, future, and emerging issues. He has extensive arms control experience spanning three assignments. He organized and directed the arms control office at Minot Air Force Base, then served as the Air Education and Training Command lead for compliance with the Chemical Weapons Convention and Open Skies Treaty. As the arms control policy advisor to CINCSTRAT, he developed arms control and force structure policy for START, START II, and future treaties. He oversaw the operation of a variety of space lift and missile systems and later commanded the 30th Range Squadron in support of the Air Force Western Launch and Test Range for ICBM test, space launch, and aeronautical operations. Colonel Hogler was an Air Force Foreign Area Officer (West Europe) and has an Air Force International Affairs Professional Certification (Level III). He holds a Graduate Certificate in International Affairs from Texas A&M University, an MA in Management from Webster University, an MS in Administration from Central Michigan University, and a BS in Labor Economics from the University of Akron.





LEGISLATION AND POLICY

Department of State Operations, Foreign Operations and Related Programs

**By
State Condoleezza Rice
United States Secretary of State**

[The following are excerpts of the opening remarks before the Senate Appropriations Subcommittee, Washington, D.C., 28 March 2006.]

The funding requested by the President for the State Department and for foreign operations, of course, does more than just support diplomacy because it is really strengthening our national security. The challenges that we face are, of course, sometimes military but overwhelmingly they are political and economic and they are a matter of helping to create a cadre of states that are well governed and that are democratic.

America is, of course, a nation at war and we are engaged in a conflict against terrorists and violent extremists. Across the world, our nation's men and women in uniform and the members of the Foreign and Civil Service, as well as our foreign service nationals, are shouldering great risks and responsibilities in advancing America's diplomatic mission, working in dangerous places far away from friends and family and loved ones. They are performing with courage and fortitude and heroism, and I would just like to take this opportunity to honor them, particularly those who have given their lives, and to recognize the courageous public servants and their families who endure long times of service abroad.

The President's budget is in support of a number of core missions: first of all, of course, to defeat the extremism and terrorism that we face in the world. You will see that there is support for coalition partners and for frontline states that are literally on the front lines against terrorists. But of course we know that it is not enough to have a short-term solution to terrorism, that is, defeating the terrorists who on a daily basis plot and plan to destroy innocent life, but also to deal with the creation, with the circumstances that created those terrorists. And we believe that the ideology of hatred which they espouse can only be met by advancing liberty and democracy. That is the goal that we have in the support for the young democracies of Iraq and Afghanistan, for a Broader Middle East Initiative that seeks to press authoritarian regimes throughout a region that for sixty years has had an absence of freedom, to press for change in that region. And change is coming. It comes with turbulence. It comes with difficulty. But change in the Middle East is coming.

And of course our democracy agenda is not limited to the Middle East but also to continuing to press for the democratization of those places that are still not democratic in Europe, in Asia. You mentioned Burma and we have been very active in that front. But also to press for change for the stabilization of democracy in places that have already had democratic elections, for instance in Latin America.

We face global challenges: human immunodeficiency virus and acquired immunodeficiency syndrome (HIV/AIDS), the President's Emergency Plan for AIDS is having an effect on those afflicted with AIDS and on those who might be afflicted with AIDS; we fight the counter-drug fight with

allies around the world, and; of course, we have taken on recently the new challenge of the possible pandemic of avian flu.

Finally, we are engaged in working with transformational states. Those are the states that we believe have the capacity to make a great leap forward. They are states that are very poor, where poverty is still a problem but where they can be recognized for their democratic tendencies, for their good governance, for their desire to fight corruption. It is really a new paradigm for the delivery of foreign assistance and the President's Millennium Challenge Account has been a real tool in pressing countries to deal with the kinds of problems that retard development and that retard the development of state capacity, so that American foreign assistance is not simply a crutch but rather an enabling mechanism for states to one day become independent of foreign assistance and to be able to attract trade and investment, which is after all how states really grow.

Let me say that we have a number of initiatives underway in the Department of State, what we call transformational diplomacy and I would only mention two. That is, that we have done a good deal now of global repositioning. We have repositioned 100 people from posts that are, we believe, posts that can afford to have fewer personnel, to reposition them to frontline posts in places like India and China where we really need more people. We are also requesting more positions, but I just want the Committee to know that we have made a commitment that we will also reposition existing resources; that we will not just ask for new resources; that we will indeed make the hard choices about changing our global posture, which still looks more like the 1980s and 1990s than it should in 2006.

Finally, we have also made changes in our foreign assistance under the authorities that are granted to me for the direction of foreign assistance with the creation of a post in the Department which will help us to better align the programs of USAID and the State Department; that is about 80 percent of all foreign assistance. We believe that with this program, which I have asked Randy Tobias to take on, and should he be confirmed by the Senate, he would also be the USAID Administrator.

The point here is to make sure that we make the best use of the very precious resources that we have given. We recognize that the American people have been generous in their support of the diplomatic mission, of foreign assistance. We recognize that the American people want to be generous because we are compassionate when we look to helping developing societies, when we deal with humanitarian crises. But we also recognize that we have an obligation of stewardship and efficient use of those resources, and we believe that this new structure should give us a better opportunity to do so.

2005 Country Reports on Human Rights

**Released by the U.S. Department of State
Bureau of Democracy, Human Rights, and Labor 8 March 2006**

[The following are excerpts of the 2005 Country Reports on Human Rights. To read the report in its entirety please go to the following web site: <http://www.state.gov/g/drl/rls/hrrpt/2005/61550.htm>.]

Introduction

These reports describe the performance of 196 countries in putting into practice their international commitments on human rights. These basic rights, reflected in the United Nations Universal Declaration of Human Rights, have been embraced by people of every culture and color, every background and belief, and constitute what President Bush calls the “non-negotiable demands of human dignity.”

The Department of State published the first annual country reports on human rights practices in 1977 in accordance with congressional mandate, and they have become an essential element of the United States’ effort to promote respect for human rights worldwide. For nearly three decades, the reports have served as a reference document and a foundation for cooperative action among governments, organizations, and individuals seeking to end abuses and strengthen the capacity of countries to protect the fundamental rights of all.

The worldwide championing of human rights is not an attempt to impose alien values on citizens of other countries or to interfere in their internal affairs. The Universal Declaration calls upon:

every individual and every organ of society – to promote respect for these rights and freedoms and by progressive measures, national and international, to secure their universal and effective recognition and observance . . .

President Bush has committed the United States to working with other democracies and men and women of goodwill across the globe to reach an historic long-term goal: “the end of tyranny in our world.”

To be sure, violations of human rights and miscarriages of justice can and do occur in democratic countries. No governmental system is without flaws. Human rights conditions in democracies across the globe vary widely, and these country reports reflect that fact. In particular, democratic systems with shallow roots and scarce resources can fall far short of meeting their solemn commitments to citizens, including human rights commitments. Democratic transitions can be tumultuous and wrenching. Rampant corruption can retard democratic development, distort judicial processes, and destroy public trust. Nonetheless, taken overall, countries with democratic systems provide far greater protections against violations of human rights than do nondemocratic states.

The United States’ own journey toward liberty and justice for all has been long and difficult, and it is still far from complete. Yet over time our independent branches of government, our free media, our openness to the world, and, most importantly, the civic courage of impatient American patriots help us keep faith with our founding ideals and our international human rights obligations.

These country reports offer a factual basis by which to assess the progress made on human rights and the challenges that remain. The reports review each country’s performance in 2005, not one country’s performance against that of another. While each country report speaks for itself, cross-cutting observations can be made. Six broad observations, supported by country-specific examples, are highlighted below. The examples are illustrative, not exhaustive.

First, countries in which power is concentrated in the hands of unaccountable rulers tend to be the world’s most systematic human rights violators. These states range from closed, totalitarian systems that subject their citizens to a wholesale deprivation of their basic rights to authoritarian

systems in which the exercise of basic rights is severely restricted. In 2005 the Democratic People's Republic of Korea (DPRK or North Korea) remained one of the world's most isolated countries. The systematically repressive regime continued to control almost all aspects of citizens' lives, denying freedoms of speech, religion, the press, assembly, association, and movement, as well as workers' rights. In December 2005, the regime further receded into isolation by calling for significant drawdowns of the international non-governmental organization presence in the country.

In Burma where a junta rules by diktat, promises of democratic reform and respect for human rights continued to serve as a façade for brutality and repression. Forced labor, trafficking in persons, use of child soldiers, and religious discrimination remained serious concerns. The military's continuing abuses included systematic use of rape, torture, execution, and forced relocation of citizens belonging to ethnic minorities. The regime maintained iron-fisted control through the surveillance, harassment, and imprisonment of political activists, including Nobel Laureate and opposition leader Aung San Suu Kyi, who remained under house arrest without charge.

In 2005 the Iranian government's already poor record on human rights and democracy worsened. In the June presidential elections, slightly more than a thousand registered candidates, including all the female candidates were arbitrarily thrown out of contention by the country's guardian council. The newly elected hard-line president denied the Holocaust occurred and called for the elimination of Israel. The ruling clerics and the president oversaw deterioration in prison conditions for the hundreds of political prisoners, further restrictions on press freedom, and a continuing rollback of social and political freedoms. Serious abuses such as summary executions, severe violations of religious freedom, discrimination based on ethnicity and religion, disappearances, extremist vigilantism, and use of torture and other degrading treatment continued. In Zimbabwe the government maintained a steady assault on human dignity and basic freedoms, tightening its hold on civil society and human rights non-government organizations and manipulating the March parliamentary elections. Opposition members were subjected to abuse, including torture and rape. New constitutional amendments allowed the government to restrict exit from the country, transferred title to the government of all land reassigned in the land acquisition program, and removed the right to challenge land acquisitions in court. The government's Operation Restore Order, initiated to demolish allegedly illegal housing and businesses, displaced or destroyed the livelihoods of more than 700 thousand persons and further strained the country's weak and depressed economy. In Cuba the regime continued to control all aspects of life through the communist party and state-controlled mass organizations. The regime suppressed calls for democratic reform, such as the Varela Project, which proposed a national referendum. Authorities arrested, detained, fined, and threatened Varela activists and the government held at least 333 political prisoners and detainees.

China's human rights record remained poor, and the government continued to commit serious abuses. Those who publicly advocated against Chinese government policies or views or protested against government authority faced harassment, detention, and imprisonment by government and security authorities. Disturbances of public order and protests calling for redress of grievances increased significantly, and several incidents were violently suppressed. Key measures to increase the authority of the judiciary and reduce the arbitrary power of police and security forces stalled. Restrictions of the media and the Internet continued. Repression of minority groups continued unabated, particularly of Uighurs and Tibetans. New religious affairs regulations were adopted expanding legal protection for some activities of registered religious groups, but repression of unregistered religious groups continued, as did repression of the Falun Gong spiritual movement.

In Belarus President Lukashenko continued to arrogate all power to himself and his dictatorial regime. Pro-democracy activists, including opposition politicians, independent trade union leaders, students, and newspaper editors, were detained, fined, and imprisoned for criticizing Lukashenko and his regime. His government increasingly used tax inspections and new registration requirements to

complicate or deny non-government organizations, independent media, political parties, and minority and religious organizations the ability to operate legally.

Second, human rights and democracy are closely linked, and both are essential to long-term stability and security. Free and democratic nations that respect the rights of their citizens help to lay the foundation for lasting peace. In contrast, states that severely and systematically violate the human rights of their own people are likely to pose threats to neighboring countries and the international community.

Burma is a case in point. Only by Burma's return to the democratic path from which it was wrenched can the basic rights of the Burmese people be realized. The junta refuses to recognize the results of the historic free and fair legislative elections in 1990. The regime's cruel and destructive misrule has inflicted tremendous suffering on the Burmese people and caused or exacerbated a host of ills for its neighbors, from refugee outflows to the spread of infectious diseases and the trafficking of drugs and human beings. On December 16, the U.N. Security Council held a landmark discussion on the situation in Burma.

The Democratic People's Republic of Korea is another example. When the Korean peninsula was divided, the DPRK and the Republic of Korea (ROK or South Korea) were at roughly the same economic point, and both were subject to authoritarian rule. Political and economic freedom has made the difference between the two Koreas. Today, North Koreans are deprived of the most basic freedoms, while the regime's authoritarian rule produced tens of thousands of refugees. The government earned hard currency through illicit activities, including narcotics trafficking, counterfeiting of currency and goods such as cigarettes, and smuggling. Pyongyang has not heeded the international community's repeated calls to dismantle its nuclear programs.

The Iranian government continued to ignore the desire of the Iranian people for responsible, accountable government, continuing its dangerous policies of pursuing a nuclear weapons capability, providing support to terrorist organizations, and advocating, including in several public speeches by the new president, the destruction of a U.N. member state. Iran's deprivation of basic rights to its own people, its interference in Iraq, its support for Hizballah, Hamas, and other terrorist organizations, and its refusal to engage constructively on these issues, have further isolated it from the world community.

Similarly, the government of Syria refused international calls to respect the fundamental freedoms of its people and end its interference in the affairs of its neighbors. Syria continued to provide support for Hizballah, Hamas, and other Palestinian rejectionist groups and did not cooperate fully with the U.N. International independent investigative commission on the assassination in Beirut of former Lebanese Prime Minister al-Hariri. The Chief investigator's reports concluded that evidence pointed to involvement by Syrian authorities and made it clear that Syrian officials, while purporting to cooperate, deliberately misled the investigators.

By contrast, in the Balkans, a marked overall improvement in human rights, democracy, and the rule of law over the past several years has led to greater stability and security in the region. Increasingly democratic governments are in place, more war criminals are facing justice, significant numbers of displaced persons have returned home, elections are progressively more compliant with international standards, and neighbors are deepening their cooperation to resolve post-conflict and regional problems. Many countries of the former Yugoslavia have made progress in bringing persons accused of war crimes to trial in domestic courts, which is important to national reconciliation and regional stability. At the end of 2005, however, two of the most wanted war crimes suspects, Radovan Karadzic and Ratko Mladic, remained at large. Third, some of the most serious violations of human rights are committed by governments within the context of internal and/or cross-border armed conflicts.

The Sudanese government's 2003 attempt to quell a minor uprising of African rebels in Darfur by arming Janjaweed militias and allowing them to ravage the region resulted in a vicious conflict. The Department of State in September of 2004 determined that genocide occurred in Darfur. It continued in 2005. By the end of 2005, at least 70 thousand civilians had perished, nearly 2 million had been displaced by the fighting, and more than 200 thousand refugees had fled into neighboring Chad. Torture was widespread and systematic in Darfur, as was violence against women, including rape used as a tool of war. There were reports of women being marched away into the desert; their fate remained unknown. The Comprehensive Peace Agreement signed by the Sudanese government and the Sudan People's Liberation Movement opened the way to adopt a constitution in July and form a government of national unity to serve until elections in 2009. The African Union deployed seven thousand troops to Darfur, where their presence helped curb some but not all of the violence. At the end of 2005, government-supported Janjaweed attacks on civilians continued.

Nepal's poor human rights record worsened. The government continued to commit many serious abuses, both during and after the February-April state of emergency that suspended all fundamental rights except for habeas corpus. In many cases the government disregarded habeas corpus orders issued by the Supreme Court and often rearrested student and political party leaders. The Maoist insurgents also continued their campaign of torturing, killing, bombing, conscripting children, kidnapping, extorting, and forcing closures of schools and businesses.

The political crisis in Côte d'Ivoire, which continued to divide the country, led to further abuses in 2005, including rape, torture, and extra judicial killings committed by government and rebel security forces. There were fewer reports of rebel recruitment of child soldiers, and many were released. Violence and threats of violence against the political opposition continued. Despite continued efforts by the international community and the African Union, the political process to establish a power-sharing government remained stalled. By the end of September, little work had been completed to prepare for the scheduled October 30, 2005 elections, and disarmament of the New Forces rebel group had not begun. On October 6, 2005 the African Union decided to extend President Laurent Gbagbo's term in office by up to one year.

In Chechnya and elsewhere in Russia's Northern Caucasus region, federal forces and pro-Moscow Chechen forces engaged in abuses including torture, summary executions, disappearances, and arbitrary detentions. Pro-Moscow Chechen para-militaries at times appeared to act independently of the Russian command structure, and there was been no indication that the federal authorities made any effective effort to rein them in or hold them accountable for egregious abuses. Antigovernment forces also continued to commit terrorist bombings and serious human rights abuses in the North Caucasus. The year 2005 saw the continued spread of violence and abuses throughout the region, where there was an overall climate of lawlessness and corruption.

The Great Lakes region of central Africa, encompassing the Democratic Republic of the Congo (DRC), Rwanda, Burundi, and Uganda, has been plagued by civil war, large-scale interethnic violence, and severe conflict-related human rights abuses for well over a decade. However, there was less violence overall in 2005, and the human rights situation improved markedly, encouraging tens of thousands of displaced persons, particularly Burundians, to return home. Burundi concluded its four-year transitional process, and there were historical electoral advances in the DRC. Governments in the Great Lakes region made significant progress in demobilizing thousands of child soldiers in their military forces and those belonging to various rebel groups. At the same time, various armed groups based in eastern Congo continued to destabilize the region and compete with one another for strategic and natural resources, despite U.N. supported Congolese military operations to disband armed groups in the DRC. Thousands of rebels from Rwanda, Uganda, and Burundi, including Rwandan rebels who led the 1994 Rwandan genocide, continued to oppose the government of their respective countries, attack civilians in the DRC, and commit numerous serious abuses, particularly against women and

children. The governments of Rwanda and Uganda reportedly continued illegally to channel arms to armed groups operating and committing abuses in the eastern DRC.

In Colombia, human rights violations related to the 41-year internal armed conflict continued. However, the government's concentrated military offensive against illegal armed groups and ongoing demobilization of paramilitary groups led to reductions in killings and kidnappings. Colombia also began a four-year process to implement a new adversarial accusatory-style criminal procedures code. However, impunity remained a major obstacle, particularly for officials accused of committing past human rights abuses, as well as for certain members of the military who collaborated with paramilitary groups.

Fourth, where civil society and independent media are under siege, fundamental freedoms of expression, association, and assembly are undermined. A robust civil society and independent media help create conditions under which human rights can flourish by raising awareness among publics about their rights, exposing abuses, pressing for reform, and holding governments accountable. Governments should defend not abuse, the peaceful exercise of fundamental freedoms by members of the media and civil society even if they do not agree with their views or actions. Restrictions that are imposed by law on the exercise of such freedoms can only be justified to the extent they are consistent with a country's human rights obligations and are not merely a pretext for restricting such rights.

When states wield the law as a political weapon or an instrument of repression against civil society and the media, they rule by law rather than upholding the rule of law. The rule of law acts as a check on state power, i.e., it is a system designed to protect the human rights of the individual against the power of the state. In contrast, rule by law can be an abuse of power, i.e., the manipulation of the law and the judicial system to maintain the power of the rulers over the ruled.

In 2005, a disturbing number of countries across the globe passed or selectively applied laws against the media and non-government organizations. For example:

- The Cambodian government utilized existing criminal defamation laws to intimidate, arrest, and prosecute critics and opposition members over the course of the year.
- China increased restrictions on the media and the Internet, leading to two known arrests.
- The Zimbabwean government arrested persons who criticized President Mugabe, harassed and arbitrarily detained journalists, closed an independent newspaper, forcibly dispersed demonstrators, and arrested and detained opposition leaders and their supporters.

In Venezuela new laws governing libel, defamation, and broadcast media content, coupled with legal harassment and physical intimidation, resulted in limitations on media freedoms and a climate of self-censorship. There continued to be reports that government representatives and supporters intimidated and threatened members of the political opposition, several human rights non-government organizations, and other civil society groups. Some non-government organizations also charged that the government used the judiciary to place limitations on the political opposition.

In Belarus the Lukashenko government stepped up its suppression of opposition groups and imposed new restrictions on civil society. There were politically motivated arrests, several independent newspapers were closed, the operations of others were hindered, and non-government organizations were harassed.

In Russia raids on non-government organization offices, registration problems, intimidation of non-government organization leaders and staff and visa problems for foreign non-government organizational workers had a negative effect, as did the parliament's adoption of a new restrictive law on non-government organizations. The Kremlin also acted to limit critical voices in the media. The government decreased the diversity of the broadcast media, particularly television, the main source of

news for the majority of Russians. By the end of 2005, all independent nationwide television stations had been taken over either by the state or by state-friendly organizations.

Fifth, democratic elections by themselves do not ensure that human rights will be respected, but they can put a country on the path to reform and lay the groundwork for institutionalizing human rights protections. Democratic elections are, however, milestones on a long journey of democratization. They are essential to establishing accountable governments and governmental institutions that abide by the rule of law and are responsive to the needs of citizens.

In Iraq 2005 was a year of major progress for democracy, democratic rights and freedom. There was a steady growth of non-government organizations and other civil society associations that promote human rights. The January 30th legislative elections marked a tremendous step forward in solidifying governmental institutions to protect human rights and freedom in a country whose history is marred by some of the worst human rights abuses in the recent past. In an October 15 referendum and December 15 election, Iraqi voters adopted a permanent constitution and elected members of the country's new legislature, the Council of Representatives, thus consolidating democratic institutions that can provide a framework for a democratic future. Although the historic elections and new institutions of democratic government provided a structure for real advances, civic life and the social fabric remained under intense strain from the widespread violence principally inflicted by insurgent and terrorist elements. Additionally, elements of sectarian militias and security forces frequently acted independently of government authority. Still, the government set and adhered to a legal and electoral course based on respect for political rights.

Although deprived of basic human rights for years, Afghans in 2005 continued to show their courage and commitment to a future of freedom and respect for human rights. September 18 marked the first parliamentary elections in nearly three decades. Women enthusiastically voted in the elections, which included 582 female candidates for office. Sixty-eight women were elected to the lower House in seats reserved for women under the 2004 Constitution. Seventeen of the 68 women would have been elected in their own right even without the set-aside seats. In the upper House, 17 of the 34 seats appointed by the president were reserved for women; the Provincial Councils elected an additional 5 women for a total of 22 women. The September 18 parliamentary elections occurred against the backdrop of a government still struggling to expand its authority over provincial centers, due to continued insecurity and violent resistance in some quarters.

In Ukraine there were notable improvements in human rights performance following the Orange Revolution, which led to the election of a new government reflecting the will of the people. In 2005 there was increased accountability by police officers, and the mass media made gains in independence. Interference with freedom of assembly largely ceased, and most limitations on freedom of association were lifted. A wide variety of domestic and international human rights groups also generally operated without government harassment.

Indonesia, the world's most populous Muslim majority country, made significant progress in strengthening the architecture of its democratic system. Through a series of historic local elections, Indonesians were able directly to elect their leaders at the city, regency, and provincial levels for the first time. There were improvements in the human rights situation, although significant problems remained, and serious violations continued. A critical development was the landmark August 15 peace agreement with the Free Aceh Movement ending decades of armed conflict. The government also inaugurated the Papuan People's Assembly and took other steps toward fulfilling the 2001 Special Autonomy Law on Papua.

Lebanon made significant progress in ending the 29-year Syrian military occupation and regaining sovereignty under a democratically elected parliament. However, continuing Syrian influence remained a problem.

Liberia emerged into the international democratic arena with its dramatic step away from a violent past and toward a free and democratic future. On November 23, Ellen Johnson Sirleaf was declared the winner of multiparty presidential elections, making her Africa's first elected female head of state and marking a milestone in the country's transition from civil war to democracy. The transitional government generally respected the human rights of its citizens and passed legislation to strengthen human rights. However, police abuse, official corruption, and other problems persisted and were exacerbated by the legacy of the 14-year civil war, including severely damaged infrastructure and widespread poverty and unemployment.

Sixth, progress on democratic reform and human rights is neither linear nor guaranteed. Some states still have weak institutions of democratic government and continue to struggle; others have yet to fully commit to the democratic process. Steps forward can be marred with irregularities. There can be serious setbacks. Democratically elected governments do not always govern democratically once in power.

In 2005, many countries that have committed themselves to democratic reform showed mixed progress; some regressed.

The Kyrgyz Republic's human rights record improved considerably following the change in leadership between March and July, although problems remained. President Akayev fled the country after opposition demonstrators took over the main government building in the capital to protest flawed elections. The July presidential election and November parliamentary election constituted improvements in some areas over previous elections. However, constitutional reform stalled and corruption remained a serious problem.

In Ecuador, congress removed democratically elected President Lucio Gutierrez in April following large scale protests and public withdrawal of support by the military and the national police leadership. Vice President Alfredo Palacio succeeded Gutierrez, and elections were scheduled for 2006.

Although the transitional government of the Democratic Republic of Congo postponed national general elections until 2006, the country held its first democratic national poll in 40 years. Voters overwhelmingly approved a new constitution in a largely free and fair national referendum, despite some irregularities.

In June, the Ugandan parliament approved a controversial amendment to eliminate presidential term limits, clearing the way for President Museveni to seek a third term. However, citizens voted in a national referendum to adopt a multiparty system of government, and the parliament amended the electoral laws to include opposition party participation in elections and in government.

The Egyptian government amended its constitution to provide for the country's first multiparty presidential election in September. Ten political parties fielded candidates, and the campaign period was marked by vigorous public debate and greater political awareness and engagement. Voter turnout was low, however, and there were credible reports of widespread fraud during balloting. Presidential runner-up Ayman Nour, his parliamentary immunity stripped away in January, was sentenced in December on forgery charges to five years' imprisonment after a six-month trial that failed to meet basic international standards. The November and December parliamentary elections witnessed significant gains by candidates affiliated with the outlawed Muslim Brotherhood. These elections were marred by excessive use of force by security forces, low turnout, and vote-rigging. The government refused to admit international observers for either the presidential or parliamentary elections. The National Council for Human Rights, established by the Egyptian parliament, issued its first annual report, frankly describing government abuses.

During the Ethiopian parliamentary elections in May, international observers noted numerous irregularities and voter intimidation. Scores of demonstrators protesting the elections were killed

by security forces. Authorities detained, beat, and killed opposition members, non-government organization workers, ethnic minorities, and members of the press.

Azerbaijan's November parliamentary elections, while an improvement in some areas, failed to meet a number of international standards. There were numerous credible reports of local officials interfering with the campaign process and misusing state resources, limited freedom of assembly, disproportionate use of force by police to disrupt rallies, and fraud and major irregularities in vote counting and tabulation. Thus far, additional actions taken during the postelection grievance process have not fully addressed the shortcomings of the electoral process.

Kazakhstan showed improvements in the pre-election period for the December presidential election, but overall it fell short of international standards for free and fair elections. The Organization for Security and Cooperation in Europe's Office of Democratic Institutions and Human Rights noted serious limitations on political speech that prohibited certain kinds of criticism of the president, unequal access to the media for opposition and independent candidates, and violent disruptions of opposition campaign events. Legislation enacted during 2005, in particular the extremism law, national security amendments, and election law amendments, eroded legal protections for human rights and expanded the powers of the executive branch to regulate and control civil society and the media. But the Constitutional Court deemed unconstitutional a restrictive non-government organization law.

Uzbekistan's human rights record, already poor, worsened considerably in 2005. A violent uprising in May in the city of Andijon led to disproportionate use of force by the authorities and a wave of repressive government actions that dominated the remainder of the year. The uprising started after a series of daily peaceful protests in support of businessmen on trial between February and May for Islamic extremism. On the night of May 12-13, unidentified individuals seized weapons from a police garrison, stormed the city prison where the defendants were being held, killed several guards, and released several hundred inmates, including the defendants. They then occupied the regional administration building and took hostages. On May 13, according to eyewitness accounts, government forces fired indiscriminately into a crowd that included unarmed civilians, resulting in hundreds of deaths. In the aftermath, the government harassed, beat, and jailed dozens of human rights activists, journalists, and others who spoke out about the events and sentenced numerous people to prison in trials that did not meet international standards. The government forced numerous domestic and international non-government organizations to close and severely restricted those that continued to operate.

In Russia, efforts continued to concentrate power in the Kremlin and direct democracy from the top down. To those ends, the Kremlin abolished direct elections of governors in favor of presidential nomination and legislative approval. In the current Russian context, where checks and balances are weak at best, this system limits government accountability to voters while further concentrating power in the executive branch. Amendments to the electoral and political party law amendments, billed as intended to strengthen nationwide political parties in the longer term, could in fact reduce the ability of opposition parties to compete in elections. This trend, taken together with continuing media restrictions, a compliant parliament, corruption and selectivity in enforcement of the law, political pressure on the judiciary, and harassment of some non-government organizations, resulted in an erosion of the accountability of government leaders to the people.

Pakistan's human rights record continued to be poor, despite President Musharraf's stated commitment to democratic transition and "enlightened moderation." Restrictions remained on freedom of movement, expression, association, and religion. Progress on democratization was limited. During elections for local governments in 2005, international and domestic observers found serious flaws, including interference by political parties, which affected the outcome of the vote in parts of the country. Police detained approximately 10 thousand Pakistan People's Party activists in April prior to the arrival for a rally of Benazir Bhutto's husband, Asif Ali Zardari. The security forces committed

extra judicial killings, violations of due process, arbitrary arrest, and torture. Corruption was pervasive throughout the government and police forces, and the government made little attempt to combat the problem. Security force officials who committed human rights abuses generally enjoyed de facto legal impunity.

Despite hard realities and high obstacles, there is an increasing worldwide demand for greater personal and political freedom and for the spread of democratic principles. For example, in the Broader Middle East and North Africa (BMENA) region, recent years have witnessed the beginnings of political pluralism, unprecedented elections, new protections for women and minorities, and indigenous calls for peaceful, democratic change.

At the November 2005 Forum for the Future held in Manama, Bahrain, 40 leaders representing civil society organizations from 16 BMENA countries participated alongside their foreign ministers. The civil society leaders outlined a set of priorities with a particular focus on rule of law, transparency, human rights, and women's empowerment. Among those serving on this civil society delegation were representatives from the Democracy Assistance Dialogue (DAD), who presented the outcomes of discussions and debates held over the course of the year between civil society leaders and their government counterparts on the critical topics of election reform and the development of legitimate political parties. The growing DAD network includes hundreds of civil society leaders from the BMENA region. To better support growing reform efforts in the region, a Foundation for the Future to provide support directly to civil society and a Fund for the Future to support investment in the region, were also launched at the Forum. The level and depth of civil society participation at the Forum for the Future was historic and positive and set an important precedent for genuine dialogue and partnership between civil society and governments on issues of political reform.

The Forum for the Future is just one of the many mechanisms through which the United States, other Group of 8 countries, and regional governments support the indigenous desire for reform in the broader Middle East and North Africa.

The growing worldwide demand for human rights and democracy reflected in these reports is not the result of the impersonal workings of some dialectic or of the orchestrations of foreign governments. Rather, this call derives from the powerful human desire to live in dignity and liberty and from the personal bravery and tenacity of men and women in every age and in every society who serve and sacrifice for the cause of freedom.

Countering Weapons of Mass Destruction and Terrorism Through Security Cooperation

By

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[The following excerpts are extracted from the remarks to the Security Cooperation Strategy Conference, April 6-7, 2006, National Defense University, Washington, D.C., April 6, 2006.]

Weapons of mass destruction (WMD) in the hands of terrorists would pose a grave security threat to the United States and our allies. We assess that it will be very difficult to deter terrorists from using WMD if they can lay their hands on such weapons.

Therefore, if terrorists acquire weapons of mass destruction, we have to assume they will employ them, with potentially catastrophic effects. To help counter with this growing threat, President Bush released the *National Strategy to Combat Weapons of Mass Destruction* in December 2002. This strategy rests on three pillars:

- Counterproliferation to Combat WMD Use;
- Strengthened Nonproliferation to Combat WMD Proliferation; and
- Consequence Management to Respond to WMD Use.

The national strategy recognizes that prevention will not always succeed, and therefore it places great emphasis on protection and counterproliferation, to deter, detect, defend against, and defeat WMD in the hands of our enemies. The strategy also focuses on consequence management, to reduce as much as possible the potentially horrific consequences of WMD attacks at home or abroad

Serving to integrate the three pillars of this strategy are four enabling functions that must be pursued on a priority basis: first, intelligence collection and analysis on WMD, delivery systems, and related technologies; second, research and development to improve our ability to respond to evolving threats; third, bilateral and multilateral cooperation; and fourth, targeted strategies against hostile states and terrorists.

This strategy applies to all weapons of mass destruction, including nuclear, radiological, chemical, and biological. We recognize, however, that biological weapons in the possession of terrorists would pose a uniquely grave threat to the safety and security of the United States and our allies. Bioterror attacks, unlike other forms of WMD attack, could mimic naturally occurring disease, potentially delaying recognition of an attack and creating uncertainty about whether an attack even occurred. In response to these challenges, President Bush outlined the elements of the U.S. biodefense program in a separate document entitled *Biodefense for the 21st Century*, issued in April 2004. That program has four essential pillars:

- Threat awareness,
- Prevention and protection;
- Surveillance and detection; and
- Response and Recovery.

Good strategies, however, must be effectively implemented by all government agencies in order to achieve the desired results. In this regard, it is important to underscore the unity of effort and purpose that exists between the Department of State and Department of Defense on the important mission of combating WMD terrorism. Last month, President Bush released the new *National Security*

Strategy of the United States. This document made clear our determination to use all elements of national power to counter the threat posed by terrorists armed with WMD. The preferred approach is to convince our adversaries that they cannot achieve their goals with WMD, and thus deter and dissuade them from attempting to use or even acquire these weapons in the first place. With respect to terrorists, however, a comprehensive strategy also requires proactive counterproliferation efforts to defend against and defeat WMD before it is unleashed. Both the diplomatic and military instruments of national power must be brought to bear to successfully prevent, protect against, and respond to the threat or use of weapons of mass destruction by terrorists. The *Quadrennial Defense Review* and the Secretary of State's new Transformational Diplomacy initiative both aim to build dynamic foreign partnerships and strengthen the capacity of our foreign partners.

Effective programs and policies are essential to these efforts. Let me briefly outline for you a few of our recent successes, and then explain why we believe partner capacity building is a critical tool in combating WMD terrorism.

The Bush administration has stressed the importance of security cooperation to preventing the proliferation of weapons of mass destruction. U.S. assistance under Nunn-Lugar and related programs to eliminate weapons and prevent their proliferation has been funded at record levels. Moreover, with the formation in 2002 of the G-8 Global Partnership Against the Spread of Weapons and Materials of Mass Destruction, the United States has persuaded our foreign partners to join us in financing these activities. The G-8 Global Partnership is a prime example of the use of effective multilateralism to combat WMD proliferation. Other efforts to address proliferation threats worldwide include the Global Threat Reduction Initiative to reduce fissile and radioactive material worldwide, and the Second Line of Defense and Megaports programs to install radiation detection capability at major seaports, airports, and border crossings.

The United States spearheaded efforts to persuade the United Nations Security Council to become more active in combating WMD proliferation. A major milestone was the adoption of U.N. Security Council Resolution 1540 in April 2004. In adopting Resolution 1540, the Security Council for only the second time since its creation invoked its Chapter VII authorities to require nations to take steps in response to a general, rather than a specific, threat to international peace and security. In particular, Resolution 1540 requires all states to criminalize WMD proliferation, institute effective export controls, and enhance security for nuclear material.

Another important multilateral effort of the Bush Administration to combat weapons of mass destruction is the Proliferation Security Initiative (PSI). PSI highlights the close interaction among nonproliferation, counterproliferation, and intelligence. PSI countries have put their diplomatic, military, law enforcement and intelligence assets to work in a multinational, yet flexible, fashion. We and our PSI partners are applying laws already on the books in innovative ways and cooperating as never before to interdict shipments, to disrupt proliferation networks, and to hold accountable the front companies that support them. PSI has now expanded to more than 70 countries, and continues to grow. PSI is not a treaty-based organization, but rather is an active security cooperation partnership to deter, disrupt and prevent WMD proliferation.

The United States is also working with foreign partners to build national and international capacities for combating WMD terrorism. Building and strengthening the capacity of international partners to combat WMD terrorism is a new framework for security cooperation. We are developing plans for building a layered defense in depth to prevent, protect against, and respond to the threat or use of weapons of mass destruction by terrorists. For example, we are developing model bilateral information sharing agreements in the areas of nuclear detection, bio-surveillance, and consequence management. These agreements, to be implemented on a voluntary basis, are designed to provide reach back support in the event of a WMD terrorism attack and save valuable hours in government-to-government coordination time that could potentially save thousands of lives. We are also working

on such partner capacity building initiatives as development of a web-based WMD terrorist experts network, and creating a nuclear terrorism campaign within the State Department's Rewards for Justice Campaign that would offer financial rewards to those who turn in terrorists planning acts of nuclear terrorism. Increased information sharing among partner nations will assist partner nations in identification of key domestic, or international, gaps or vulnerabilities that could be detected and then exploited by WMD terrorists. Once these gaps or vulnerabilities are identified, partner nations can work to strengthen the layered defense in depth by taking remedial action. The threat of nuclear terrorism is one of the most dangerous international security challenges we face today. Terrorist acts involving nuclear materials, radioactive substances, or nuclear facilities could bring catastrophic harm to the United States and other members of the international community. In recognition of the seriousness of this threat, we are always looking for new ways to work with other willing partner nations to combat this growing threat around the globe.

Multilateral cooperation among partner nations in order to build a layered defense in depth is the hallmark of our approach. We believe that this innovative and dynamic approach to security cooperation in combating WMD terrorism will prove to be broader, deeper, more flexible, and more effective than the traditional tools of nonproliferation diplomacy alone.

The Road to North Atlantic Treaty Organization's Riga Summit

**By
Kurt Volker**

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[The following are excerpts of the testimony before the House International Relations Committee Subcommittee on Europe, Washington, D.C., May 3, 2006.]

North Atlantic Treaty Organization's Achievements

I would like to begin by saying that I am optimistic about the North Atlantic Treaty Organization's (NATO's) future. Over the past dozen or so years, NATO has risen to meet many post-Cold-War security challenges, from Bosnia to Afghanistan. NATO has done well, and I have no doubt it will continue to do well. A close assessment of the longer view shows that NATO is moving forward, and is as capable as ever to advance the collective defense and security interests of the allies.

During the Cold War, when the transatlantic community faced an existential threat, NATO bound us together. By guaranteeing our shared security and defending our values freedom, democracy, human rights, rule of law, and free markets NATO helped create the conditions for democracy and prosperity in the Europe we know today. This is the prosperity that today forms the basis of our \$2.5 trillion economic and trade relationships. As the Iron Curtain fell, the feared 'security vacuum' in Central Europe never appeared because NATO and the European Union (E.U.) lead the way in anchoring those fledgling democracies in our transatlantic community.

These two achievements, winning the Cold War and advancing freedom and security through enlargement in the East, point to a third: NATO has proven itself the most adaptive Alliance in history. Consider our path since the end of the Cold War: In 1994, NATO was an alliance of 16, without partners, having never conducted a military operation. By 2005, NATO had become an alliance of 26, engaged in eight simultaneous operations on four continents with the help of twenty Partners in Eurasia, seven in the Mediterranean, four in the Persian Gulf, and a handful of capable contributors on our periphery.

No longer is NATO a static force defending the Fulda Gap. NATO has transformed from defending our societies and values to advancing security based on our values. A common purpose unites our disparate missions in Afghanistan, Kosovo, Darfur, and Iraq: the promotion of peace and security; the protection of freedom. NATO has become an instrument for assuring our collective defense and advancing peace and security by directing its political and military resources to end conflicts, deter terrorists, provide security in strife-torn areas, and relieve humanitarian suffering far beyond its borders.

Transformation is an ongoing process, and in November, NATO will hold a summit in Riga, Latvia to deepen its capabilities for its current and future operations, and enhance its global reach to meet today's demands. Whether leading peacekeeping in Afghanistan, training Iraqi military leaders, patrolling the Mediterranean, delivering humanitarian aid to Pakistan and Louisiana, or helping transport African Union troops, NATO is the place where transatlantic democracies gather, consult, forge strategic consensus, and, where necessary, take decisions on joint action. NATO is where leaders turn when they want to get something done in partnership with us, and we must be prepared for this to happen more, not less.

The United States and NATO also want reliable and capable partners in the world and we support the strengthening of the European Union's security and defense capabilities. It is false logic to believe that E.U. steps to develop security capabilities must necessarily be steps away from NATO.

The E.U. has been in fifteen operations, including in Bosnia, Darfur, Aceh, the Congo, and elsewhere. We believe that further development of European security and defense capabilities can reinforce NATO's transformation, and that it is essential that new E.U. capabilities, for example, in rapidly deployable troops, are compatible and complementary with NATO. We also share the perspective of other Allies, such as German Chancellor Angela Merkel who stated in February that NATO should be our primary forum for strategic security dialogue with Europe and that when Europe and America act together on security and defense, we should act through NATO.

The Riga Summit

Recognizing the future demands on NATO, at the Riga summit we are proposing that leaders support initiatives that develop new capabilities for common action, to ensure sufficient resources to sustain cooperation, and to engage new partners in our collective defense. For this to occur, the United States must play a leadership role by investing in NATO politically, militarily, and financially.

Operations

Our first priority for Riga is to ensure that NATO succeeds in Afghanistan as it prepares to expand the International Security Assistance Force (ISAF) to the south and thereafter to the East, at which point NATO will be responsible for security throughout Afghanistan. NATO took over ISAF on August 11, 2003. I note this date because although there were deep differences among Allies over Iraq, there was no disagreement over what needed to be done to secure Afghanistan. And since that time, the Alliance commitment to that mission has only gotten stronger. NATO's increasing security role will allow a remaining U.S.-led coalition to focus on a counterterrorism mission. As part of this transition, NATO has changed its operations plan and strengthened its rules of engagement to meet greater challenges in those regions.

The security situation in Darfur is of great importance to our President and to our country, and we believe NATO should do more to assist the United Nations and African Union, in accordance with the recent United Nations (U.N.) Security Council Resolution and a request from the U.N. Secretary General. This is a critical issue and the United States will continue to urge Allies to do everything we can to assist. We continue to support the Kosovo status process. To reach our goals, NATO must remain involved in the security dimensions of the solution, and the United States will be there doing its share in NATO-led security force in Kosovo (KFOR).

NATO's training mission in Iraq has trained over 1,000 mid- and senior-level officers, and by Riga we want to boost allied support through progress on the ground that allows us to expand participation and course offerings. The Iraq training mission also highlights NATO's potential as a security trainer, using its expertise to help nations around the world improve the professionalism and accountability of their armed forces.

Capabilities

These and other challenges require fresh, innovative thinking about collective defense and NATO's role. In the 21st century, NATO needs far different capabilities than in the past. NATO's 2005 humanitarian missions on the Louisiana Gulf Coast and Pakistan are unlikely to be its last, and the United States wants NATO to develop the means to be swift and generous when disaster strikes, until more permanent civilian relief efforts can take hold. Whether supplying forces in Afghanistan, transporting African Union troops, or delivering humanitarian assistance, all of these missions underscores the critical capability gap of nearly every NATO operation strategic airlift. Discussions have begun among Allies on how to collectively address this. Any solution should include the United States and will require creative new approaches, possibly including common funding to ensure that NATO is as effective as possible, and that the financial burdens of NATO operations and needed capabilities are shared equitably. NATO activated the NATO Response Force (NRF) for the first time after the earthquake in Pakistan. The NRF is scheduled to reach full operating capability in October

2006, as our outstanding SACEUR, General Jim Jones has discussed in his own appearances on the Hill. To succeed, the NRF will need greater resources and support. In the run-up to Riga, we are working with Allies to ensure the necessary commitments are made to the NRF, including training, and funding. Again, U.S. contributions and U.S. leadership will be critical to success.

We are also exploring with allies other areas for cooperation to bolster NATO capabilities in the types of missions we face. Over the past few years, the United States has had good experiences in working together in Afghanistan with the special operations forces of NATO allies. These forces have specialized skills that can support peace and stabilization operations, and in advance of Riga, we are developing ideas to build on these cooperative relationships with NATO Allies.

Increasingly leaders call on NATO to assist in post-conflict situations. The reality is that many of these environments remain too hazardous for civilian reconstruction personnel to do the very work that would hasten stabilization, establishing governance, rule of law, and infrastructure. These circumstances mean that the alliance must plan to provide and support stabilization and reconstruction needs as part of its security operations. The provincial reconstruction team (PRT) model in Afghanistan has yielded valuable lessons in this field, and we will be working with allies to develop these ideas.

Global Partners

In this century, our security depends on meeting threats at strategic distance with a wide variety of partners. NATO is an alliance with increasingly global partners from the Mediterranean to the Pacific who are committed to many of our strategic goals and want more ways to contribute to NATO's missions. We and the United Kingdom have circulated a proposal at NATO that would allow NATO and partners from all parts of the globe to work together on areas of shared strategic interest. At Riga, we would like the alliance to endorse a flexible framework that allow for a range of partnerships with NATO.

I would like to note that our goal is not, nor should it be, to create a global alliance. NATO is and should remain rooted in the transatlantic community, based on our Article Five collective security guarantee, and shared history, culture, and values. Allies have made a solemn treaty commitment to mutual defense, and nothing can replace or weaken that. But this should not exclude NATO from working with others who share our interests and values, and who are ready to contribute to common action well beyond the North Atlantic area.

We are also exploring ways that NATO can support increased security cooperation with its neighbors in the broader Middle East and in Africa through greater access to NATO training and education resources. Working with Italy and Norway, we have initiated these discussions at NATO and with countries in the region.

North Atlantic Treaty Organization Enlargement

NATO enlargement has been an historic success, giving us a stronger NATO, even as NATO and E.U. enlargement have served to solidify freedom and democracy in Central and Eastern Europe. Both NATO and E.U. membership have always been, and remain today, powerful incentives to promote democratic reforms among aspiring members. The process of NATO enlargement is not complete, and NATO's door must remain open. While we do not believe that any of NATO's Membership Action Plan participants Albania, Croatia, and Macedonia is ready for membership today, we support consideration of NATO's offering membership invitations in 2008 on the assumption that further, active reform efforts under way will close the gaps that now exist. When they and other NATO aspirants become ready for NATO, NATO must be ready for them.

The same is true of Georgia and Ukraine, where the Rose and the Orange Revolutions created significant opportunities for freedom. In Georgia, the new government has embraced the path to political and economic liberty, but its work is not done. We believe that NATO's intensified dialogue

is the right tool to assist in the new government's continuing progress, and we are working with allies toward realizing that goal as soon as possible.

In Ukraine, the March 26, 2006 election demonstrated the country's commitment to democracy. The government of Ukraine remains focused on NATO membership, but Parliamentary and domestic support is crucial and we hope and expect that the new cabinet will reiterate its aspirations. If the Ukraine is committed, we must give it its chance to meet our standards. At the right time, when warranted by their own performance, the next step would be a membership action plan for both Ukraine and Georgia.

Finally, by Riga, the United States would welcome Serbia and Montenegro, and Bosnia and Herzegovina joining Partnership for Peace, provided they meet the conditions for doing so. We will continue to support the Western Balkans as they move closer to the alliance.

This is a big agenda. It reflects the increased operational tempo at NATO, and the increasing frequency with which our NATO leaders want NATO to tackle a wide range of problems and shape the future of the Alliance. It reflects a core fact which has been true of NATO since the beginning: NATO is the essential venue for strategic dialogue and consultations, and acting on the collective will of the transatlantic democracies. With the important support of the Congress, we will continue working towards a Riga Summit that demonstrates the alliance's courage and vision to address these challenges.

Pursuing Peace, Freedom, and Prosperity in South and Central Asia

By
The Honorable Ambassador Richard A. Boucher
Nominee for Assistant Secretary of State for South and Central Asian Affairs

[The following are excerpts of the remarks before the Senate Foreign Relations Committee, Washington, D.C. February 16, 2006.]

Secretary Rice has made it a priority to transform the Department's structure and resources to best meet the challenges we face in the world. One of the decisions she took last year was to transfer policy responsibility for five Central Asian nations, Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan and Turkmenistan, from the Bureau of European and Eurasian Affairs to the Bureau of South Asian Affairs. I am pleased to be taking on, if confirmed, an expanded and newly improved Bureau that includes for the first time both South Asia and Central Asia. I look forward to working with the Department's talented people in Washington and in the field, both from the South Asia Bureau and those joining us from the European Bureau.

This change makes good sense, because South and Central Asia belong together. In addition to deep cultural and historic ties, major 21st Century realities such as the war on terror, outlets for energy supplies, economic cooperation and democratic opportunities tie these regions together. We will continue to emphasize the involvement of Central Asian nations with Euro-Atlantic institutions. Their links with NATO, the European Union, the Organization for Security and Cooperation in Europe and with individual European nations must remain an important part of their future. We also anticipate the nations of Central Asia will strengthen their ties to the people of South Asia. Central Asia's natural partnership with Afghanistan and the tremendous potential for cross-border trade and commerce are links we should foster and support. We believe that strengthening these ties and helping to build new ones in energy, infrastructure, transportation and other areas will increase the stability of the entire region.

The success of U.S. policy in South and Central Asia is critically important to our national interests. Mr. Chairman, this is something on which, I believe, we can all agree. September 11th cemented our realization that stability in South and Central Asia was ever more vital. President Bush articulated his policy clearly by saying, "it is the policy of the United States to seek and support the growth of democratic movements and institutions in every nation and culture with the ultimate goal of ending tyranny in our world." And we have been seeking just that in South and Central Asia, by promoting stability and prosperity through economic and political freedom.

Over the past five years we have taken steady strides along this path. And today we find ourselves with great opportunities to strengthen the independence and support the democratic development of these states. We are not setting out on a campaign to overturn troubled leaders or governments. Rather, we seek to champion change and reform to produce a more stable, prosperous and integrated region through the advance of freedom. We will work together with the governments and peoples of South and Central Asia, practicing what Secretary Rice has termed "transformational diplomacy." She explains that, "Transformational diplomacy is rooted in partnership; not in paternalism. In doing things with people, not for them, we seek to use America's diplomatic power to help foreign citizens better their own lives and to build their own nations and to transform their own futures."

In addition to what can be done diplomatically, the Department of State will continue to look beyond our own capabilities, to academia and to the American private sector, to make an economic contribution through our technology, markets, organization and training. We can help each of these countries fight corruption and improve education, two of the most critical elements in achieving

sustained economic growth. We will work with non-governmental organizations and others to promote modernization by opening up the doors to education, technology, information and opportunity. All these elements form a solid basis on which modern democracies and economies can flourish.

Turning policy into results is as challenging in South and Central Asia as in any other part of the world. It is a challenge I look forward to tackling with the advice and counsel of this Committee, if confirmed. Many of the world's most difficult threats are found in this region: narcotics, terrorism, corruption, weapons proliferation, human immunodeficiency virus and acquired immunodeficiency syndrome (HIV/AIDS), failing institutions, ethnic strife, stunted economies and natural disasters. But, the people of this region also enjoy tremendous potential, in each of the countries individually as well as through regional cooperation in energy, education, transportation and trade. There is a generation of young people across the region with unprecedented dreams and, if given the chance to use their talents productively, they can create enormous benefits for themselves and for others around the world.

In each country, Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, Sri Lanka, Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan and Turkmenistan, we encounter unique and challenging issues with which to deal. South and Central Asia is home to expanding populations and rising economies that are beginning to shift the balance of global power. And, one of the most obvious manifestations of this is the emergence of India on the world stage. As you know, we have embarked upon building a global strategic partnership with India. President Bush will be traveling to India in the coming weeks to continue a strong, forward-looking relationship with this rising global power. India is, of course, the world's largest democracy and will soon be the most populous nation in the world. Perhaps more importantly, India and the United States are both multi-ethnic, multi-lingual, multi-religious democracies with increasingly converging interests on the world's most important issues.

If confirmed, I will work closely with other U.S. agencies and organizations to bring to fruition the initiatives President Bush and Prime Minister Singh agreed to here in Washington last July. The wide-ranging nature of these projects clearly illustrates the kind of encompassing relationship we hope to develop with India. Opening new areas to economic cooperation and concluding a civilian nuclear partnership are two of the most important areas at this moment. Beyond that, we need to look at all the areas where our international interests intersect with those of India and where we can advance our interests by partnering with India in this region and beyond. Some areas that spring to mind are agriculture, democracy building, disaster relief, education, and science and technology.

As we begin this new strategic engagement with India, we also continue America's long friendship with Pakistan. A stable and friendly relationship between these keystone nations is essential for South and Central Asia. We are encouraged by the most recent round of the composite dialogue held less than a month ago in New Delhi. Confidence-building measures, such as the opening of bus and rail links, are helping to create a constituency for peace in both nations. We will continue to encourage peace efforts between the two countries, including a resolution of the question of Kashmir.

As you know, the President will also visit Pakistan in the coming weeks to broaden our relationship with this key ally in the war on terror and make clear that we are deeply committed to helping the Pakistani people recover from the devastating earthquake of last October. President Musharraf has made the important decision to move his country away from extremism and towards a future as a modern democracy, and we fully support him in this undertaking. Beyond that, the success of Pakistan, Afghanistan, Bangladesh, Tajikistan, Kyrgyzstan and other nations in working toward a modern, moderate, democratic future is critical to peace in this neighborhood and will have major implications throughout the world.

Afghanistan, at the center of this region, can be a bridge that links South and Central Asia, rather than a barrier that divides them. The success of the recent London Conference on Afghanistan

demonstrated that stability, democracy and economic development in Afghanistan remain top priorities for the United States and for our partners as well. The Afghanistan Compact and Interim Afghan National Development Strategy documents unveiled at the Conference map out specific security, governance and development benchmarks for the next five years; our support is vital to achieving these important goals. As we go forward, we must, of course, continue to deal decisively with the violent remnants of Al Qaeda, the Taliban and other insurgents that are still at large.

Fighting and strife exist elsewhere in this region as well. In Sri Lanka, we can now look forward to cease fire talks in Geneva next week. Our diplomats, including those at our Embassy in Colombo, will continue our work to bring resolution to this violent struggle. We also face a difficult situation in Nepal. We believe Nepal's internal struggle can only be addressed by the King taking steps to reverse the course he embarked on over a year ago, February 1, 2005, and to return to democratic government. In Bangladesh, we are looking forward to free and fair parliamentary elections next year with the full and active participation of all parties.

Central Asian nations are dealing with similar challenges of fighting terror, building sustainable growth and meeting the demands of their people for economic and political opportunity. Some leaders, such as those in Turkmenistan and Uzbekistan, have responded negatively and we must manage our relationships accordingly.

However, Central Asia is also a region of tremendous promise. Oil and gas production in the Caspian Sea basin, particularly in Kazakhstan and Turkmenistan, could make a significant contribution to global energy security. Kazakhstan may be emerging as a regional engine of economic growth and reform. Kyrgyzstan is struggling to consolidate democratic gains and keep reforms on track. Throughout the region, traditions of tolerant faith and scientific learning, which stretch back a millennium, provide a shield against imported strains of violent extremism. We seek to encourage those members of society who have begun to reform, to promote change, to open their economies, and to cooperate with their neighbors. This is the path to true stability and success, and we must help them stay on it.

Addressing the obstacles to peace, freedom and prosperity in South and Central Asia is an ambitious agenda for the United States. We welcome, of course, the contributions of the Congress, whether you are advising us here in Washington or getting out on the road to see U.S. efforts firsthand. If confirmed, I hope to collaborate closely with this Committee and look forward to your support and guidance as we pursue modernization and democratic stability in this pivotally important part of the world.

East Asia in Transition: Opportunities and Challenges for the United States

**By
Christopher R. Hill
Assistant Secretary of State for East Asian and Pacific Affairs**

[The following are excerpts of the statement presented to the Asia and the Pacific Subcommittee of the House International Relations Committee, Washington, D.C., March 8, 2006.]

Introduction

No other part of the globe holds greater potential benefits and challenges for the United States than East Asia-Pacific. The region is home to some of our most stalwart security and trade partners, to an established power Japan and a rising power China and to a political and economic dynamism that is the envy of other regions. The region accounts for nearly a third of the Earth's population; a quarter of global gross domestic product (GDP); a disproportionate share of global growth; and 26 percent of our exports, including about 37 percent of our agricultural exports, in all, some \$810 billion in two-way trade with the U.S. In every regard geopolitically, militarily, diplomatically, economically, and commercially East Asia is vital to the national security interests of the United States.

I have completed almost a full year as Assistant Secretary for East Asian and Pacific Affairs, and in that time I have traveled the length and breadth of region. I found to be undergoing a dynamic wave of transformation from its Cold War posture, when it was primarily a region of individual countries aligned politically and economically with one bloc or another, toward an as-yet undefined, new political and economic structure. I can also report to you that the U.S. is energetically engaged throughout the region in advancing our diplomatic, security, commercial, humanitarian, and democracy-promotion agendas. During my travels, I witnessed several positive characteristics of this transformation that bode well for the future.

Prosperity and Economic Opportunity

One evident aspect of the transformation is the upward curve in prosperity and economic opportunity. Eight of the world's ten fastest growing economies are found in the region, fueled by China's rapid development and by broad recovery among Association of Southeast Asian Nations (ASEAN) countries from the financial crisis of the late 1990s. Income levels have climbed, and extreme poverty has, on the whole, declined. Regional economies are moving toward greater economic openness, lower trade barriers, and regional cooperation and now account for a large and increasing portion of world trade. Their support for the World Trade Organization (WTO) Doha Development Agenda has played a critical role in advancing the negotiations.

Regional Cooperation

Another major trend in evidence is that East Asia and Pacific is also coming together as a region. We are witnessing expanding regional cooperation politically, economically and culturally through the region's major institutions, such as ASEAN, Asia Pacific Economic Cooperation (APEC), and the ASEAN Regional Forum, the Pacific Island Forum, and the Pacific Community.

Stability, Security and Peace

I witnessed during my travels that today East Asia-Pacific is largely at peace. The region has not seen a single major military conflict for more than twenty-five years. Notwithstanding occasional terrorist attacks, we have seen a widespread rejection of terrorism. Historic enmities lie below the surface, but they have been kept in check by growing mutual interests promising advantages for all sides.

Democracy

On the democracy front, the transformation in the East Asia-Pacific region has been in a very positive direction. Since January 2004, successful elections have taken place not only in established democracies Australia, Japan, Malaysia, Mongolia, New Zealand, the Philippines, South Korea, Taiwan, and Thailand but also in newly democratic Indonesia, the world's most populous Muslim-majority nation.

Transformational Diplomacy

We have the opportunity now to support this transformation in directions that are mutually beneficial. President Bush, in his Second Inaugural Address, laid out a vision of the direction America should take in doing so when he said,

It is the policy of the United States to seek and support the growth of democratic movements and institutions in every nation and culture with the ultimate goal of ending tyranny in our world.

To make our diplomacy more effective in realizing the President's vision, Secretary of State Rice has embarked on a program to revise the way the State Department does its work. She has termed this "Transformational Diplomacy." In her January 18, 2006 address to the Georgetown School of Foreign Service, she defined the objective of Transformational Diplomacy as "working] with our many partners around the world to build and sustain democratic, well-governed states that will respond to the needs of their people and conduct themselves responsibly in the international system." Integral to this effort is a broad and vigorous program of public diplomacy promoting the national interest and the national security of the United States through understanding, informing, and influencing foreign publics and broadening dialogue between American citizens and institutions and their counterparts abroad.

The East Asia-Pacific Bureau is already benefiting from the Secretary's transformational diplomacy initiative, in that the Department has recently increased the number of positions in our posts in the region by twenty-three, fifteen in China, five in Indonesia, and three in Vietnam and has begun organizing more training opportunities in critically needed regional languages. We will be working over the next few months to develop plans and proposals to support other aspects of Transformational Diplomacy, possibly including additional American Presence Posts, like the one already operating in Medan, Indonesia, where one of our best diplomats moves outside the Embassy to live and work and represent America. This is the beginning of a long-term commitment to increase our presence on the front lines of diplomacy, where it is needed the most.

Engagement with China

In considering the tasks embodied in the objective of Transformational Diplomacy, to promote democracy, good governance, and responsibility in the international system, no effort offers greater potential challenges or rewards than engagement with China. The success we have in achieving our long-term strategic vision in East Asia will depend in large measure on the direction China takes in the future as an emerging regional and global power. The United States would welcome a confident, peaceful, and prosperous China. We want to see China become a responsible stakeholder in the international system, and we are working toward that end.

One of the key challenges before us is how we interact with China as an emerging regional and global power in ways that simultaneously enhance our bilateral relationship and have a beneficial impact on the security and development of our friends and allies. We have worked hard to develop a relationship that lets us cooperate whenever possible but still allows us to communicate in a candid and direct fashion to address common challenges regional and global, economic and political. Deputy Secretary Zoellick's Senior Dialogue is at the forefront of our efforts to engage China in ways that

move it in the direction of becoming a responsible regional and in some ways global actor – on Korea, Iran, counterterrorism, peacekeeping operations, or resources, especially energy.

We also look forward to the upcoming visit of President Hu Jintao to Washington in April. We expect that President Hu will want to build on what we hope will be a successful Joint Commission on Commerce and Trade that deals with intellectual property rights, market opening, and China's commitment to Doha Development goals, among other issues. And we also expect to engage with President Hu on a broad range of human rights and religious freedom topics that Assistant Secretary for Human Rights and Democracy Barry Lowenkron discussed with his People's Republic of China counterparts in February.

This does not mean that we overlook or paper over our real differences in areas such as Taiwan, Hong Kong, human rights, or the bilateral economic relationship. Our agenda with China is wide-ranging and complex. We will continue to disagree on a number of important issues, but we can ill afford not to move toward expanding common interests.

Engagement with Southeast Asia

Like China, Southeast Asia is in a state of transformation, with many countries advancing well along the road of economic development and prosperity. Southeast Asia offers fertile ground for our transformational diplomacy efforts to support reforms being undertaken by the peoples of the region that will promote democracy and good governance, foster broad-based and sustainable economic development, strengthen their societies, and make them stronger partners.

Indonesia

A case in point is Indonesia. I just returned from a very positive visit to Jakarta in advance of the Secretary's first visit there next week. During her trip the Secretary wishes to highlight the outstanding democratic progress made by this, the world's largest majority-Muslim nation. Since the fall of Suharto in 1998, Indonesia has emerged from over three decades of authoritarian rule to become the world's third-largest democracy. In 2004, Mr. Yudhoyono became Indonesia's first-ever directly elected president. He has launched an ambitious reform agenda and is working to fight corruption and strengthen Indonesia's young democratic institutions, while creating conditions for sustained economic growth, which is essential to the country's development and stability. In Aceh province, President Yudhoyono's administration has already worked to bring Indonesia's longest-running conflict to an end. The many other challenges before him are enormous, including eradicating widespread poverty, addressing public health concerns such as avian flu, promoting religious tolerance in the world's most populous majority Muslim country, and accounting for past abuses by security forces. The U.S. is committed to helping him meet these and other challenges through a five-year strategy aimed at strengthening democratic and decentralized governance, improving the quality of basic education, supporting the delivery of higher quality basic human services, and strengthening economic growth to generate employment in the country.

The tsunami disaster contributed to closer bilateral relations by showing America in a new light to all Indonesians, and by raising awareness of Indonesia's importance as an emerging democracy. Our massive humanitarian response, including the use of our military forces for emergency relief, sent a clear message that whatever stereotype they held of us before was flawed. They have a new picture of us now, one that allows a more open relationship. They also know that we are continuing to work closely with the countries concerned and the international community on long-term reconstruction assistance.

With the door now open to closer relations, we have launched a program to assist Indonesia to continue its democratic transformation. One focus of our effort is to modernize and professionalize the Indonesian military to help it learn its proper role in a democracy. We are also deeply involved in

helping the Indonesian government implement the peace agreement and bring about reconciliation in Aceh, and we are working closely with Indonesian authorities to track down and eliminate terrorist organizations trying to make inroads into the society.

Cambodia

Over the past fifteen years, we have invested considerable time, effort, and resources into helping the Cambodian people recover from the horrors of the Khmer Rouge regime and build a dynamic, free society. We continue to care deeply about developments in Cambodia, and thus have welcomed recent positive steps the Prime Minister has taken to resume constructive political dialogue with the opposition and Cambodia's active civil society. Continued progress in strengthening democracy and human rights will enable us to build on our already-strong cooperation with Cambodia in other areas.

Vietnam

The Asia Pacific economic Cooperation (APEC) Leaders' Meeting in November will highlight both Vietnam's emergence as a dynamic regional power and our increasingly warm bilateral relationship. The energy, dynamism, and hunger for progress are palpable in Vietnam. We welcome the country's impressive efforts to integrate fully into regional institutions and the global economy and to institute reforms that improve its peoples' lives. Prime Minister Pham Van Khai's 2005 visit to Washington reflected the significant improvement in bilateral relations. Vietnam has redoubled its efforts to join the World Trade Organization (WTO) in 2006 and intensified cooperation on health issues like combating HIV/AIDS and avian and pandemic influenza. While serious human rights and religious freedom issues remain, Vietnam has taken significant steps toward improving its record, and we continue working together through mechanisms like the U.S. and Vietnam Human Rights Dialogue. As host of APEC 2006 and an increasingly important trading nation, Vietnam is taking a more active role in the region.

Burma

While our relations with most of the Southeast Asian countries are on the upswing, that is not the case in Burma, where a xenophobic military regime has turned the country from one of Asia's richest into one of its poorest. We are working with our partners in Europe and Asia, and at the United Nations (U.N.), to intensify pressure on the regime to release political prisoners and initiate a credible and inclusive political process that empowers the Burmese people to determine their own future. This genuine dialogue is the only way to begin comprehensively addressing Burma's myriad problems, many of which will not stay within its borders, and to help the people of Burma join the overall positive trends in the region. We strongly support the renewal of the *Burma Freedom and Democracy Act*, as now is not the time for us to consider pulling back our sanctions in the face of the regime's increasing repression.

Engagement with Northeast Asia

While in Southeast Asia we will focus on promoting democracy, good governance, and responsible behavior in the international community, our relationships with the countries of Northeast Asia offer a different set of goals. Japan and Republic of Korea are strong democracies with strong economies, while Mongolia has had a democratically elected government for over fifteen years and is developing steadily.

On the other hand, North Korea has isolated itself, and the Pyongyang regime continues to challenge the international community through its pursuit of nuclear weapons. To deal with this challenge, we established the Six-Party Talks framework aimed at obtaining the dismantlement of North Korea's nuclear programs in a permanent, thorough and transparent manner. We were pleased to achieve agreement on a Joint Statement of Principles in September 2005, which lays out steps for

all sides to take toward the goals of denuclearization and Northeast Asian integration and prosperity. We remain ready and eager to resume discussions without conditions on implementing the principles in the Joint Statement. The United States has made clear that the resolution of the nuclear issue would offer an opportunity to end North Korea's isolation and improve the plight of its long-suffering people. Our relations with North Korea are unlikely to thaw until the Pyongyang regime makes the strategic decision to forego nuclear weapons and end the country's isolation. In addition to a denuclearized Korean Peninsula, there are a number of important common interests the United States shares with Japan, Korea, and China, including energy security and environmental protection. We are urging the three to not let history issues prevent them from cooperating on issues of mutual benefit.

Elsewhere in the region, we continue to work through all appropriate channels with both Taipei and Beijing to ensure peace and stability in the Taiwan Strait. In accordance with our one China policy, the three Joint Communiqués with China, and the *Taiwan Relations Act*, we oppose unilateral changes by either side to the status quo. We do not support Taiwan independence, and we oppose the use or threat of force by Beijing. We believe that a reduction in tensions and an ultimate peaceful resolution of cross-Strait differences requires Beijing to engage in meaningful dialogue with Taiwan's democratically elected leaders in the near future.

Engagement with the Pacific

With so much happening in East Asia, we tend to overlook the problems and progress of the smaller island countries of the Pacific. But the United States has real interests in the region, not the least of which involve our relations with the Freely Associated States (FAS), where, under the Compacts of Free Association, the U.S. government continues to show its commitment to former territories through dozens of programs valued at millions of dollars. We have military interests in the region; the Reagan Missile Test Facility on Kwajalein Atoll is a prime example. We enlist the small Pacific Island states to help combat transnational crimes like human trafficking, money laundering, the selling of passports and citizenship, and other activities that could give terrorism footholds in the region. Many of these small island nations consistently support U.S. initiatives in the United Nations and elsewhere; several have sent forces to support us in Iraq and Afghanistan.

Engagement with Regional Organizations

As I noted earlier, one of the favorable trends in the Asia-Pacific region is toward greater regional cooperation, which includes the development of regional organizations. We are broadening our engagement with these organizations to address mutual issues that can better be resolved multilaterally.

We are deeply involved in the APEC forum, an association of twenty-one economies bordering the Pacific Ocean that are working cooperatively to enhance the security and prosperity of our region. For the United States, APEC is the key institution for pursuing trade and investment liberalization and addressing issues that demand multi-lateral cooperation, such as confronting the threat of an avian influenza pandemic and regional security. At the annual APEC Summit in November 2005, President Bush affirmed that APEC is the premier forum in the Asia-Pacific region for addressing economic growth, cooperation, trade, and investment.

The U.S. is an enthusiastic participant in the ASEAN Regional Forum (ARF), the region's only broadly inclusive institution dedicated to security issues -- as it moves to stimulate cooperation on a wide range of nontraditional security threats, including maritime security, terrorism, nonproliferation, and cyber security.

When the President met with ASEAN leaders attending the APEC Summit in November, they agreed to develop an ASEAN and U.S. Enhanced Partnership. We have begun discussions with ASEAN governments on the Partnership, which will include new cooperation on political, security,

economic, and socio-cultural issues. We actively assist Pacific area programs, primarily through regional organizations like the Secretariat of the Pacific Community and the Pacific Island Forum, by providing economic, technical, and development support to the twenty-two nations and territories of the Pacific. These are the primary organizations through which we work to combat Avian Flu and HIV/AIDS, strengthen maritime security, enhance air and seaport security, protect fisheries and coral reefs, and maintain agricultural diversity in an area comprising more than a quarter of the earth's surface. We will continue to watch the East Asia Summit (EAS) to gain an understanding of its relationship to the regional fora which we actively support and participate in and our goals for the region.

Economic Engagement

Our economic challenge in East Asia and the Pacific is to open markets, facilitate trade, promote transparency, fight corruption, and support efforts to combat poverty and promote sustained growth. The United States is actively reaching out to the dynamic economies of the region. We have completed Free Trade Agreements (FTA) with Australia and Singapore, are currently negotiating one with Thailand, and recently announced the beginning of FTA negotiations with the Republic of Korea. And I am pleased today to announce that we are beginning FTA negotiations with Malaysia. Our Bilateral Trade Agreement with Vietnam, serving as a stepping stone for its prospective WTO membership and full integration into the global economy, has been a catalyst for economic growth and development in that country. We are also working effectively through APEC and other regional multilateral fora to create opportunities for American business and enhance the prosperity of the region.

Our economic engagement in the region must take into account the effects of the growth of China's massive economy. China has made considerable strides since its WTO accession in opening its markets, and many American businessmen today find it easier to trade and invest there. However, we continue to have serious and growing concerns, especially with respect to foreign exchange and currency, intelligence production requirement (IPR) enforcement, standards, transparency, and services. Moreover, our trade deficit with China has climbed to over \$200 billion, and China needs to take actions that will level the playing field for American companies trading in the PRC a key subject of United States trade representatives (U.S. TR's) recently concluded top-to-bottom review. It is essential that China's continuing evolution and its eventual adoption of a market-based exchange rate regime leads to even greater opportunities that will benefit both countries enormously.

Promoting Good Governance through the Millennium Challenge Account

The economic picture for many of the countries of the region looks favorable. However, there are some that are in need of assistance to join the move forward. President Bush has determined that America must lead in promoting economic development in the less developed countries. Our experience especially in Asia has shown that sound economic policies and openness to trade and investment do more to spur growth than does development assistance. With this in mind, United States created the Millennium Challenge Account, which links U.S. development assistance to a proven record of good governance. In the East Asia Pacific (EAP) region, the Millennium Challenge Corporation has just signed a \$65 million compact grant with Vanuatu; Mongolia and East Timor are eligible to apply for Millennium Challenge assistance which is expected to be substantially larger in size; and the Philippines and Indonesia are part of the threshold program. We hope this will give other governments in the region an incentive to take a deep inward look at their practices and make necessary changes. We are also seeking the cooperation of other developed countries to advance common objectives in developing countries.

Global Issues

Part and parcel of Transformational Diplomacy is the effort to address such global issues as terrorism, disease, international crime, human and narcotics trafficking, demining, internet freedom, and environmental degradation.

Although East Asia has generally rejected the extremist forms of Islam that spawn terrorists, our challenge remains to root out all vestiges of this menace. There is a growing realization throughout the region that terrorism threatens all governments and that the best way to confront this threat is by working together. We are also continuing to look for ways to help regional states that have sovereign responsibilities for ensuring security of the vital Strait of Malacca trade route to enhance their maritime law enforcement capabilities and cooperation.

The United States believes that to advance the related objectives of improving economic and energy security, alleviating poverty, improving human health, reducing harmful air pollution, and reducing the growth of greenhouse gas emissions levels, great progress can be made by working with other nations. To this end, the United States has joined with five Asian nations, Australia, China, India, Japan, and Republic of Korea, to launch the Asia-Pacific Partnership on Clean Development and Climate. The Partnership will build on existing bilateral partnerships and multilateral climate change-related energy technology initiatives, including the Carbon Sequestration Leadership Forum, the International Partnership for the Hydrogen Economy, and the Methane to Markets Partnership. The First Ministerial meeting of the Asia-Pacific Partnership was successfully held on January 11-12, 2006 in Sydney, Australia. At that meeting, the ministers agreed to a Partnership Communique, Charter, and Work Plan that established eight public-private sector Task Forces.

Strengthening of Alliances and Partnerships

To address threats to regional peace and security, President Bush has emphasized the strengthening and revitalization of alliances. The ties we have with our five key allies and a key partner in the region have improved significantly since 2001, but the challenge of continuing this progress will occupy our time in the coming years.

Australia

The U.S. and Australia have a long history of working together as the closest of allies, and our relationship is the best it has ever been. Australia stands with us in Afghanistan and Iraq sending forces during the conflicts and now playing a major role in reconstruction. We worked closely with Australia, as well, on the international response to the Christmas 2004 tsunami disaster. We share a commitment in combating terrorism, international trafficking in persons, nonproliferation, and other transnational issues.

Japan

The President has called Japan “a force for peace and stability in this region, a valued member of the world community, and a trusted ally of the United States.” We continue to work closely with Japan, advancing our relations toward a more mature partnership, one in which Japan plays an increasingly effective role in advancing our mutual interests regionally and globally. We have continued to expand and deepen our alliance since then through our joint work on reconstruction in Afghanistan and Iraq by:

- Including Japan’s unprecedented deployment of Self-Defense Forces to southern Iraq;
- Coordination and cooperation on tsunami relief; and
- In deepening our bilateral strategic dialogue, including on overseas development assistance.

To ensure that the U.S. and Japan security alliance remains vital, with the capability and resources to safeguard stability and prosperity in this region, we have conducted an ongoing series of consultations with Japan at the ministerial level. In October 2005, these “2+2” consultations produced an important report underscoring our joint commitment not only to maintaining a strong and enduring alliance but to enhancing it. The report fulfills a promise made between President Bush and Prime Minister Koizumi to transform our alliance by improving its deterrent capabilities while also addressing the concerns of base-hosting communities in Japan, thus strengthening domestic support in Japan for our long-term presence.

We are hard at work now on implementation plans to assure that these important transformation and realignment initiatives are brought to fruition. This is an exceptionally ambitious undertaking. It will require effort, sacrifice and significant financial commitments on the part of both the United States and Japan consistent with the nature of our global partnership. Our aim is to reach agreement on an implementation plan by late March, and with additional hard work I believe we can meet this goal.

South Korea

We have also consolidated our partnership with South Korea. We have begun reducing our troop presence in a prudent way, at the same time enhancing our deterrent capability by restructuring and reorganizing our forces. Meanwhile, our relationship with South Korea is moving beyond its original security rationale as the nation begins to play a global political role commensurate with its economic stature. South Korea is the third-largest troop contributing state to international operations in Iraq.

Thailand

We have steadily strengthened our alliance with Thailand over the past several years. In the war against terrorism, Thailand has also been a staunch partner and ally, contributing troops to coalition efforts in Afghanistan and Iraq. The President has designated it as a Major Non-NATO Ally.

The Philippines

The Philippines is a Major Non-NATO ally and an important partner in the Global War on Terrorism (GWOT). We work closely with the Armed Forces of the Philippines through training and exercises, to include the recently concluded Balikatan (“Shoulder to Shoulder”) exercises, in which thousands of U.S. personnel participated alongside their Philippine counterparts. It was during Balikatan that U.S. personnel were able to render assistance in the aftermath of the landslide disaster in Leyte. In addition to training and exercises, U.S. forces advise Philippine forces in addressing international terrorist threats in the Philippines. We are also engaged in a jointly-funded multi-year program called Philippine Defense Reform aimed at modernizing the structure of the Philippine defense establishment. This program is a comprehensive effort designed to produce long-term institutional improvements in such areas as operations and training, logistics, staff development and acquisitions.

Singapore

While Singapore is not a treaty ally, our partnership with it has furthered our shared interests, and the relationship had gotten closer over the past years. Our arrangements with Singapore give us access to world-class port and airfield facilities along key transportation routes. Last year, President Bush and Singapore Prime Minister Lee Hsien Loong opened a new chapter in our strong partnership by signing a bilateral “Strategic Framework Agreement” that reflects our shared desire to address common threats such as terrorism and the proliferation of weapons of mass destruction. And Singapore is playing an active role in regional efforts to safeguard the vital sea lanes that pass through the Straits of Malacca and Singapore.

Restructuring of Our Global Defense Posture

Changes in our relations with major Asian allies reflect the priorities of our Global Defense Posture Review, which aims to improve our and others' reactions to emerging threats while we maintain the ability to address traditional ones. We are taking advantage of advances in technology that have multiplied the combat power of our individual soldiers to reduce our military footprint in Asia. At the same time, we are using our increased mobility to guarantee that we will be present when needed to help our friends and allies.

Deterring Proliferation of Weapons of Mass Destruction

Another challenge to regional and global security is the proliferation of weapons of mass destruction and the means to deliver them. While in the past we were primarily concerned with proliferation between states, we have become more conscious that terrorist organizations could use these weapons. For this reason we initiated the Proliferation Security Initiative to stop their transit. I am pleased to say that Australia, Singapore, New Zealand, and Japan are among the participants in PSI.

Avian Influenza

Finally, there is one overarching threat to everything we are doing in the region, and that is the possibility that the current highly pathogenic strain of the avian influenza virus might mutate into a form that is easily transmissible from human to human and spread rapidly, causing panic, straining law and order, and disrupting economies. The outbreak of such a pandemic could affect all our interactions with the region. For this reason, we are embarked on an effort throughout the region to promote greater monitoring, full transparency in reporting and investigating influenza occurrences in animals and humans, and disaster management planning. We are receiving cooperation from most governments and regional and international organizations, but the closed nature of the regimes in North Korea and Burma present a real challenge to our ability to stop an outbreak before it spreads.

Conclusion

At their core, the United States' long-term, strategic foreign policy priorities are very simple. We want to see a world that is democratic, prosperous, stable, secure, and at peace. Our policies toward the East Asia and Pacific regions are based on these global objectives, and we are engaged extensively throughout the region to advance these fundamental goals. We are embarked on an effort to use our diplomacy in new ways to assist other countries in the worldwide transformation following the Cold War toward democracy, good governance, and responsibility in the international system. We are fortunate that many of the countries of the region are already moving in a favorable direction and that we have good partners there who are willing to help. My travels through the region have given me optimism that, despite some difficult obstacles we must overcome to achieve our goals, we will see the favorable trends I mentioned at the beginning continue in the years to come.

The United States and European Relationship: Opportunities and Challenges

**By
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[The following are excerpts of the testimony presented to the House International Relations Committee Subcommittee on Europe and Emerging Threats, Washington, D.C., March 8, 2006.]

The Department of State, and particularly the Bureau of European and Eurasian Affairs, is at work constantly with the forty-three countries of Europe as well as the multilateral institutions of North Atlantic Treaty Organization (NATO), the European Union (E.U.), the Organization for Security and Cooperation in Europe (OSCE), and the Organization for Economic Cooperation and Development (OECD). Our Ambassadors, colleagues in the field, and members of the Bureau of European Affairs work as a team to advance President Bush's and Secretary Rice's vision of the United States working with Europe to promote freedom and prosperity in the world.

Our common effort seeks to extend the freedom and prosperity we enjoy beyond the borders of Europe, not just to provide for our own security but to improve the security and prosperity of the world as a whole, with which our future is linked. Second, we continue to work with our European partners to confront tyranny and resolve conflict in those places where it persists along Europe's frontiers of freedom, such as Belarus, the south Caucasus and the Balkans. To achieve these objectives, we seek to empower and strengthen the capabilities of key multilateral institutions like NATO and the OSCE, and to strengthen the U.S. and E.U. relationship.

We have differences with some in Europe on certain issues, including, famously, the decision to overthrow Saddam Hussein. But I have seen over the last year a shift in emphasis among Europeans from a focus on past differences to a commitment to work together to take on global challenges. President Bush and Secretary Rice believe in America's alliance with Europe. In his Second Inaugural address, the President said it very clearly:

“All the allies of the United States can know we honor your friendship, we rely on your counsel and we depend on your help. The concerted effort of free nations to promote democracy is a prelude to our enemies' defeat.”

Our European counterparts share that commitment and vision. As Prime Minister Tony Blair noted:

“A world that is fractured, divided, and uncertain must be brought together to fight this global terrorism in all its forms, and to recognize that it will not be defeated by military might alone but also by demonstrating the strength of our common values.”

European and American views on global challenges and the appropriate strategic approach to them in a post September 11, 2001 world are increasingly in harmony, though we may sometimes differ on tactics. As we work with Europe on our global agenda, it is important to acknowledge and reaffirm the special relationship and partnership we share with the United Kingdom (U.K.). The U.K. has been our most reliable partner on the widest range of issues, from Iraq to counter-terrorism to Afghanistan, the Middle East Peace Process, U.N. reform and more. The U.K.'s support has been crucial to advancing U.S. interests in our most important foreign policy priorities. In his address to a joint session of Congress, Italian Prime Minister Berlusconi observed, “Europe needs America and America needs Europe.” German Chancellor Merkel's statement on common purpose is another affirmation that a strong Europe can act in partnership with the United States. We no longer hear so many voices calling for a strong Europe as a “counterweight” to U.S. economic, political and

military power. Despite the debate in 2003 and 2004 over Iraq, there exists, I contend, a developing transatlantic consensus that recognizes that our shared interests cannot be separated from our shared values, that democratic governance has a greater legitimacy than other forms of government, and that this is true everywhere in the world. This consensus includes, moreover, recognition that the purpose of U.S. and European cooperation is not simply to manage problems, or to serve as a regulator of value-free competition, but to support common action in the pursuit of freedom.

I am aware of the skepticism with which some segments of the European public regard the United States. The media has long given more-than-ample attention to occasional provocative poll results that show divisions or gaps between Americans and Europeans. But most have overlooked other, more hopeful signs. According to a German Marshall Fund poll released last September, an enormous majority of the European public 74 percent supports joint European-American action to advance democracy in the world. While the same poll reflected a desire for Europe to take on “superpower status,” the Europeans would use such status to work with the United States to promote the number one U.S. foreign policy objective – the advancement of freedom. Our freedom agenda is urgent. Throughout the world, and particularly in the Middle East, our joint and direct involvement is needed. In each of these areas, the United States is committed to support positive change, and to work with partners from Europe and elsewhere to achieve those objectives. Europeans are reaching the same conclusion that we share common interests. And from common interests we are seeing common action.

Iran

Iran is a major example. Over the past year, and culminating with the overwhelming vote on February 4 by the IAEA Board of Governors to refer Iran to the Security Council, we have worked closely with the E.U.-3 (France, Germany, Britain) to try to curtail Iran’s nuclear weapons program and to find a way forward. We fully backed E.U.-3 efforts to hold Iran accountable after Iran refused to halt its nuclear program. Our decision to work with the E.U.-3 and other stakeholders on Iran has led to historic International Atomic Energy Commission (IAEA) votes and transatlantic unity in response to the nuclear threat posed by Iran’s program. Russia’s efforts to pursue a diplomatic solution to this standoff were energetic, but met with frustration because, for Iran, the talks were not about solving this crisis, but about buying time. We have strongly backed Russia’s proposal to provide Iran an off-shore enrichment capacity to meet Iran’s questionable energy needs while ensuring Tehran does not acquire the fuel cycle.

Iran’s pursuit of nuclear weapons is alarming. But the problem is broader. Not only is the regime in Tehran determined to develop nuclear weapons; it also supports terrorism and global instability and continues to oppress its own people denying their basic liberties and human rights.

The United States is also reaching out to the Iranian people, who are not our adversary, and who deserve freedom as much as any people. Last month Secretary Rice requested from the Congress \$75 million for democracy-building in Iran. With these funds we can increase our support for the people of Iran in their efforts to secure a freer life for themselves. Europe, with its commercial and diplomatic ties to Iran, has an opportunity to support reform in that country. We will continue to work with Europe to ensure the international community speaks with one voice on Iran, particularly regarding the need for human rights and democratization there.

Iraq

Across Iran’s border to the west, Iraq’s Shia, Sunni, Kurd and other communities are seeking to realize their aspirations through democracy. The religious tensions sparked by the bombing of the Askariya shrine on February 22, 2006 marked a major challenge for the Iraqi people and we have seen how government, religious and civil society leaders condemned the bombing and are working together to quell the reaction. American and European leaders unequivocally condemned this heinous act as well. We appreciate High Commissioner Solana’s statement, as well as from a number of E.U.

members, condemning the violence in Samarra and urging all sides to resume the process of forming the government of national unity. His positive words of dialogue have been very helpful.

Europe's focus on Iraq is moving away from differences of the past to a common commitment to a better future for that country. We hear more voices like that of German Chancellor Merkel, who reminded Americans and Europeans alike that a democratic Iraq is in everyone's interest, or French Prime Minister de Villepin, who now says the international community must "go forward all together" to achieve success.

Whatever our disagreements with some Europeans about the decision to remove Saddam Hussein from power, Europeans now realize that democracy's failure in Iraq would be a grave blow to our common security, and to prospects for reform and stability throughout the Middle East. Last June in Brussels, the United States and the E.U. co-hosted a conference on Iraq which was attended by over eighty countries at the Ministerial level and which reaffirmed the international community's support for Iraq's democratic future. Success in Iraq would set the stage for the further advancement of freedom throughout that region.

Europeans are not just helping us change the tone of the discourse, but are taking action. Nineteen European partners operate under Operation Iraqi Freedom and all of our Allies contribute to the NATO Training Mission in Iraq, which is helping to stand up a competent, self-sustained, non-sectarian Iraqi Security Force (ISF). Our strong allies, Italy and the United Kingdom, lead the Training Mission, which is helping to establish ISF command, doctrine and training structures and training commissioned Iraqi officers at all levels. In December, Allies agreed to extend training to senior non-commissioned officers. In recent weeks, several Allies, including Germany, Norway and the U.K., have pledged additional funds to support this mission. European allies have also donated over 120 million dollars worth of military equipment to Iraq. For the past few years, the E.U. has provided over 200 million dollars in development assistance to Iraq and plans to do so again in 2006.

When the new permanent and democratically-elected Iraqi government takes office, we hope and expect that Europe will embrace it, because the way to peace in Iraq is through a capable government with legitimacy at home and support abroad.

Israel-Palestinian Issues

Transatlantic cooperation includes efforts to bring peace between Israel and the Palestinians. The United States and the E.U. share deep concerns about Hamas, and insist that the new Palestinian government recognize Israel, renounce violence, and accept the existing agreements and obligations between the parties. Like us, the E.U. is also reviewing its assistance programs to the Palestinians to ensure that while assistance does not benefit Hamas, humanitarian assistance to the Palestinian people continues.

Lebanon

For over a year, the United States and France have led the international community's sustained efforts to promote Lebanese sovereignty and independence. The international community has spoken with one voice on the need to end Syrian interference in Lebanon, particularly when the U.N. Security Council unanimously adopted resolutions 1636 and 1644 compelling Syrian cooperation with the U.N. inquiry into the assassination of former Lebanese Prime Minister Hariri.

Afghanistan

Together, we and our Allies in Europe have made major advances in Afghanistan, where the NATO-led International Security Assistance Force (ISAF) will expand its presence this year to southern Afghanistan. I traveled to Afghanistan with Supreme Allied Commander General Jones last week, and

saw first-hand how ISAF is preparing to take on this additional responsibility, which advances our shared interest in a secure, democratic, stable Afghanistan that never again becomes a haven for terrorism.

Broader Middle East North Africa/Forum for the Future

The U.S. and European agenda now includes efforts to advance reform and democracy throughout government and civil society in the broader Middle East. We began with the Broader Middle East and North Africa (BMENA) initiative under America's G-8 presidency at Sea Island in 2004. Since then, the BMENA initiative has grown beyond the G-8 and now includes several other European nations among its staunchest supporters. One of the exciting outcomes of the BMENA initiative is the Forum for the Future, a ministerial-level body that, since its launch in Rabat, has become the principal venue for developing common views on reform, democracy, and development, and bringing civil society groups into the meeting as participants, speaking directly to governments.

I traveled last November with Secretary Rice to the second Forum, in Bahrain, where the agenda focused on "civil society and democracy" and "knowledge and education." A highlight was the launching of the BMENA Foundation for the Future, to support grass-roots civil society organizations working toward democracy and freedom, and the Fund for the Future, to provide much-needed capital to small and medium-sized businesses. Europe has an important role to play, as its historic, political and economic ties to the region give it a voice that will be heard, and I am pleased that eight European governments and the European Commission have pledged contributions to the Foundation and Fund for the Future. The governments of the region do not yet universally embrace these democratic dreams with the same enthusiasm. But reformers are there, within and outside government. And the United States and Europe, the two great centers of democratic legitimacy in the world, are standing with them.

Global Issues

In addition to addressing concerns in the Middle East and Afghanistan, our cooperation with Europe also extends to transnational issues. We work together every day to prevent the proliferation of nuclear weapons, to combat disease, to fight corruption, and to stop the narcotics trade. For instance, for years the United States has helped support the South East European Cooperative Initiative, which serves as the mechanism for many European countries to share information and mount anti-crime operations. We are also working closely with Austria during its E.U. Presidency this year to build on its desire to make more progress in the fight against organized crime and corruption, especially in the Balkans.

On counterterrorism, European countries are providing vital contributions in areas ranging from information and intelligence-sharing, dismantling terrorist cells, interdicting terrorist logistics and financing, and participating in the rebuilding of Afghanistan. We work every day with European partners to strengthen the effectiveness of their anti-terrorist efforts and to help less capable states around the world improve their abilities to combat terrorism. In cooperation with those partners, we have made great progress in building an international consensus to fight terror through U.N. conventions, restricting terrorists' freedom of action and blocking terrorists' assets. Joint U.S. and European intelligence-sharing and law enforcement efforts have led to successes in arresting terrorists and in interdicting terrorist financing and logistics. To highlight a few areas, I would note the progress made during the past year on passenger name recognition, the Container Security Initiative, incorporation of biometrics for documentation, and cooperation on telecommunications data retention.

European cooperation remains critical to our efforts under the G-8 Global Partnership Against the Spread of Weapons of Mass Destruction (WMD). Within the framework of our own contributions to the fight against the spread of WMD, the U.S. commitment to the Cooperative

Threat Reduction (CTR) program continues, and we are working on programs with Russia, Ukraine, Albania, Azerbaijan, Moldova, Kazakhstan and Uzbekistan to eliminate WMD threats.

Our partnership to address the threat of avian influenza has made crucial strides in understanding the nature of its movement westward from Asia and in building key infrastructure and capacity to confront a pandemic. Late last month, U.S. policy-level officials and European commission counterparts held the first of what will likely be many digital video conferences to strengthen planning and coordination of our respective international activities. The United States and E.U. will co-host the next meeting of the President's International Partnership on Avian and Pandemic Influenza, to take place in Vienna in June.

The transatlantic community has a stake in the complex process of integration of Europe's Muslim communities into their respective countries, the challenge of which was illustrated in the Danish cartoon controversy. Thankfully, in Europe the demonstrations against the cartoons have been peaceful, although some of the rhetoric has been unnecessarily inflammatory. We believe that the cartoons are indeed offensive; that the freedom of the press is an inalienable right essential for all free societies; that the issue of the cartoons has been abused by cynical and hypocritical governments, such as the regimes in Syria and Iran; and that democracy is a system best able to reconcile the different, but ultimately compatible, values of freedom, tolerance and respect. The United States will continue to encourage dialogue in connection with the cartoons based on these principles.

The United States may have a contribution to make in support of the integration of Europe's growing Muslim populations. One of our goals is to improve European Muslims' understanding of the United States. Our main tools for this are our public diplomacy programs, including exchanges, sending American experts on speaking tours, and engaging with the media. Our Ambassador in Brussels organized an innovative program bringing together American and Belgian Muslims, which seemed to generate enthusiasm among the participants. A second goal is to find ways to facilitate improved relations between minority and majority populations. Our embassy in The Netherlands is partnering with the American Chamber of Commerce to launch an internship program for minority youth. Another key goal is to encourage the leaders and grassroots of Muslim communities to push for peaceful approaches and to speak out against advocates of violence.

Working with Europe along Europe's Frontiers of Freedom

We remain acutely aware of the need to advance or consolidate democracy within Europe where it did not exist even a generation ago. And unfortunately there are places in Europe where freedom has not arrived even yet.

The United States and E.U. increasingly speaks with a single voice in support of the democratic aspirations of the people of Belarus. This was shown recently by our unsuccessful effort to send my E.U. counterpart and me together to Minsk to deliver a message on the conduct of the March 19, 2006 presidential election. When the Belarusian authorities refused our travel at the same time, in an attempt to split us, we remained united. We have agreed to use this election, however flawed it is, to shine a spotlight on Belarus, its people, and its government's dismal record. One recent and significant example of cooperation in assistance is our joint efforts to support independent media, and especially external broadcasting, to break Lukashenko's information stranglehold.

We share with our European friends and allies a strong commitment to Ukraine's sovereignty, continued democratic and economic development, and Euro-Atlantic integration. We are consulting closely with our European partners on the crucial issue of energy security of Ukraine and the region. We appreciate the principled position of a number of European states that energy markets should not be manipulated for political gain. We are also working with the Europeans to support free elections and civil society in Ukraine. Ukraine's politics are difficult, as politics in the early phases of post-communist political evolution tend to be, but we will work with Ukraine's next government after its

elections later this month, seeking to support Ukraine's reforms and its European and transatlantic aspirations. Georgia has been called a success for our freedom agenda, though its work has just begun. Since the Rose Revolution, President Saakashvili's government has taken Georgia from a failing state to a democratizing democratic nation with a growing market-economy. During President Bush's May 2005 visit to Georgia, he promised the United States would do its utmost to help the people of Georgia consolidate these changes. Georgia's future lies in the Euro-Atlantic community. The hard work of reform is Georgia's, but the U.S. Government will do what we can to help Georgia help itself, working with our European allies, in NATO and the E.U.

The United States is also working hard to promote a peaceful resolution to the separatist conflicts in Georgia. The Georgian government has developed a peace plan for South Ossetia, supported by the international community, and is beginning to implement unilateral steps to demilitarize the region. We support this effort with our friends in the OSCE and will continue to encourage progress in negotiations. As a member of the Friends of the Secretary General of the United Nations for Georgia, the United States participates in negotiations on a peaceful settlement in Abkhazia. We have seen a lack of progress in recent months and are urging Georgia and Abkhazia to take concrete steps to move the process forward. In both South Ossetia and Abkhazia, the Russian Federation could do more to help to resolve the conflicts.

There is perhaps no better illustration of the value of transatlantic cooperation than our efforts to bring peace to the Balkans. We have just passed the ten-year anniversary of the Dayton Accords, which ended the war in Bosnia. Six years after NATO intervened to stop a humanitarian disaster in Kosovo, we are working with our European friends on a final status settlement that will bring lasting peace to all Kosovo's people. While there are still difficult issues to address, we expect this to be a year of decision that will mark the path toward Kosovo's future—a future that will cement stability in Southeast Europe, promote the development of democracy and put the region firmly on the path of integration with Euro-Atlantic institutions. The United States will promote these goals, through our continued presence in NATO's KFOR and through support to UN Special Envoy Martti Ahtisaari as he seeks a just settlement of Kosovo's future.

With Turkey, a long-time NATO ally and E.U. candidate state, we are working to strengthen and modernize our partnership. The United States and Turkey share a forward-leaning global agenda that includes active engagement and cooperation in NATO and Turkey's co-sponsorship of the BMENA Democracy Assistance Dialogue. Turkey is working to bring political and economic stability and prosperity to Iraq, and has played a major role in bringing peace and development to Afghanistan. We believe that a Turkey, making economic progress, deepening its democracy, and firmly anchored in Europe, will be a major and better partner to the United States and Europe. Turkey's 150 years of modernizing reforms can inspire those in the broader Middle East and beyond who seek democratic freedoms for their predominately Muslim populations.

The United States and Russian relations include elements of cooperation as well as areas of disagreement. We remain actively and constructively engaged bilaterally, regionally and multilaterally on key issues from counterterrorism to stopping trafficking in persons. We work together daily to cut off terrorist financing, share law enforcement information, improve transportation security, and prevent proliferation of weapons of mass destruction.

Our cooperation with Russia is broad. I have already mentioned Iran. The United States and Russia seek to advance Middle East peace through the Quartet. While we will not meet with Hamas, a designated Foreign Terrorist Organization, we appreciate Russian assurances that it used the occasion of its March 3 meeting with Hamas representatives to reinforce Quartet conditions by making clear that a Hamas-led government in the Palestinian Authority must renounce violence, recognize Israel, and abide by pre-existing agreements, including the Middle East Roadmap. We both recognize the challenges of reconstruction in war-torn Afghanistan, with Russia recently forgiving ten billion

dollars of Afghani debt it held. Beyond that region, the United States and Russia, as members of the Six-Party Talks, seek to bring stability to the Korean Peninsula by addressing the North Korean nuclear program. We are also working together in the G-8 on priorities Russia has identified for its Presidency: infectious diseases, education, and energy security. Economic cooperation continues, especially in the energy sector, and we are making substantial progress towards Russian accession to the World Trade Organization.

We do not shy from the areas of disagreement. U.S. relations with Russia's neighbors and other countries in Eurasia seem to be viewed by some in Russia in zero-sum terms, a model that we have both publicly and privately told the Russians is false. We seek to work with Russia and others to resolve dangerous and debilitating conflicts in places like South Ossetia, Transnistria, Abkhazia, and Nagorno-Karabakh. We hope that Russia will take advantage of Georgia's proposals for a peaceful settlement of the South Ossetia conflict and work toward a solution that respects both Georgia's territorial integrity and the interests of the people of South Ossetia. The United States and E.U. are both observers in the "5+2 Talks" on Transnistria. We urge the Armenian and Azeri leaderships to seize the moment and help bring the Nagorno-Karabakh conflict to a close. We hope that Russia decides to support reforms in Belarus and Uzbekistan, whose leaders have set these countries on courses of repression. The United States and our NATO Allies continue to urge Russia to fulfill remaining Istanbul commitments relating to withdrawal of its military forces from Georgia and Moldova. We have made clear that fulfillment of the Istanbul commitments is a prerequisite for us to move forward with ratification of the Adapted CFE Treaty.

We are concerned about democratic trends in Russia. Russia's new non-government organization law, scheduled to go into effect April 10, 2006 is a particular object of our attention. The United States worked closely with our European and G-8 allies to communicate our concerns about this legislation while it was still under Duma consideration. We believe the law will chill and deter independent civil society in Russia. We have pledged, together with our European allies, to observe how that law is implemented.

Continued Cooperation

While we have an increasingly positive, action-oriented record of cooperation with Europe on a range of issues, there remain issues on which we have differing views or competing interests.

Our economic relations are overwhelmingly positive. At the 2005 U.S. and E.U. Summit in Luxembourg, President Bush and European Commission President Barroso, recognizing the special responsibilities of the world's two largest economic entities, launched an ambitious effort to re-invigorate our bilateral economic relations. Our economies generate over \$2.5 trillion in transatlantic trade and investment each year and account for millions of jobs on either side of the Atlantic. Even with the rise of emerging economies such as China and India, our relationship will be the engine of the global economy for at least the next generation our positive, cooperative relationship generates global growth and economic reform. And the key to the health of our economic relationship is continued shared, robust growth.

The United States and E.U. are working to reduce barriers to growth, focusing on unnecessary regulatory barriers and intellectual property violations. Our financial markets dialogue with the E.U. is bearing fruit, helping to further align our accounting systems, the building blocks of private sector operations. We are exploring new areas of cooperation on innovation with the E.U. such as e-accessibility and e-health, harnessing the power of our combined intellectual capital. Great strides have been taken in negotiations with the E.U. on liberalizing air travel between the United States and Europe, sure to be a boon to consumers, business, and to the airline industry.

With all this progress, however, Europe still needs to address its structural barriers to growth. The re-launched Lisbon Agenda is being challenged from within, with initiatives such as the Services

Directive running into opposition from some member states. We need to care about these obstacles to the integration of the single market, because they affect overall European growth, which in turn affects the balance sheets of our companies and affiliates located within the E.U. And an economically strong Europe will ensure that Europe can partner effectively with the United States in our common goals on security and development.

As the world's two largest economies, we also have a special responsibility to assert our leadership in the trade area. Advanced developing countries like Brazil and India will only open their markets to industrial goods and services with greater flexibility from the E.U. on agriculture. Trade Promotion Authority expires in June 2007, driving the urgency for an agreement. We continue to stress these points with the E.U.. The relationship is not without challenges, and trade disputes still grab the headlines. European's approval process for agricultural biotechnology, for example, remains a sticking point. News reports have stated the WTO has preliminarily found the European Community (E.C.) has a de facto moratorium on agricultural biotechnology products that is inconsistent with WTO rules. We think it is important that the E.C. comply with obligations to provide agricultural biotechnology products timely, transparent and scientific review. As the world's primary sources of development assistance, the United States and the E.U. have a long tradition of cooperation and coordination on our respective development assistance programs. Most recent figures show that the United States and E.U. combined contributed a total of \$62.6 billion or 79 percent of all global assistance in 2004.

Closely related to trade issues are matters of climate and energy security. We are working hard to engage the Europeans on climate. We both share the same goal to promote economic growth while reducing negative impacts on the environment. Our effort has been focused on addressing climate by stressing the need for new, "clean" technologies which promote energy efficiency as well as the need to develop alternative sources and supplies of fuel, thus linking climate, energy security and development challenges. In 2006 alone the President proposed over \$5 billion in funding for climate-related activities. Cooperation with the E.U. in this arena is improving. The E.U. has joined U.S.-led partnerships in carbon dioxide capture and storage, nuclear power, hydrogen, and earth observations. We are creating opportunities for dialogue with E.U. policy leaders to establish the intellectual link between climate and energy, creating neutral space for future agreement.

Energy security is an increasingly important issue, as we and others reap the benefits of global economic growth, which translates into increasing need for energy resources. We share a common goal of reliable energy resources to support economic growth on the basis of market forces. Europeans are reexamining their state of energy security. Our continuing U.S. and E.U. dialogue, particularly during the upcoming Finnish Presidency, will cover issues such as: promoting open energy markets with stable, transparent regulatory regimes for foreign and domestic investment; encouraging market actors to help strengthen and secure greater redundancy in global energy transit routes, and promoting integration of European gas pipeline systems to achieve efficient redistribution to affected regions during supply disruptions. We will work together to help Europe secure diversified gas supplies for the next decade by helping companies and countries develop and deliver gas from the Caspian region.

Detainee Issue

As you know, issues surrounding U.S. detention operations continue to generate significant controversy in Europe, both in the press and, increasingly, in the form of calls to investigate allegations of U.S. abuses. This issue was at the center of the Secretary's visit to Europe in early December, and has been on the top of the agenda in a variety of more recent European visits by me and other senior State Department officials. We are trying to promote a better understanding of U.S. perspectives and to correct significant misperceptions. We are deeply concerned by the one-sided treatment and rush to judgment that this issue has received in Europe, especially among

governments who know from painful experience that the terrorist threat is real, not imagined, and that governments have a critical responsibility to protect their citizens from terrorist attacks.

We have indicated that U.S. officials are prepared to continue to engage in dialogue with our European partners about these issues, just as we have had discussions and debate at home. These issues are complex and deserve serious consideration. There are no easy answers. But we must ensure that our discussions and the public attention paid to these issues remains healthy and balanced. In raising questions about the treatment of terrorists, we must not forget that our societies remain under serious threat of terrorist attack. In questioning the value of certain intelligence activities, we must not forget the vital contributions that our intelligence and security services, and cooperation among them, make in protecting our citizens. And we must not forget the strong historic ties between the United States and Europe and that our countries are based on the same fundamental values, including the protection of freedom and respect for rule of law.

North Atlantic Treaty Organization

NATO, long America's premier alliance, is emerging at the center of our global democratic security community. It is a place where transatlantic power and I mean power in the broadest sense, including also political, economic and moral power is translated into action. NATO's mission remains the same the collective defense of its members but collective defense in 2006 requires different approaches and tools than it did in 1956 or even 1996. Conversations about NATO's relevance may always be with us in some form, and that's a good thing, because NATO must continue to demonstrate its usefulness and relevance. But many overlook the fact that NATO has already reinvented itself since the Cold War, and it continues to evolve rapidly. Until 1992, NATO had never conducted a military operation. By 2005, NATO was conducting seven operations on four continents from Afghanistan to Iraq, the Mediterranean, Africa, the Balkans, Pakistan, and briefly, even to Louisiana in support of transatlantic security. Today, when challenges arise and our leaders need someone to take action, they often look to NATO. We hope that by NATO's Summit this November in Riga, the Alliance will be on the path to deepening its capabilities for its current and future operations, and enhancing its global reach to meet today's demands.

Organization for Security and Cooperation in Europe

The Organization for Security and Cooperation in Europe (OSCE) is an asset and platform for advancing a wide range of our interests in the Euro-Atlantic region. In the Balkans, Central Asia, and the Caucasus, OSCE's 17 field missions have impressive records as vehicles for "transformational diplomacy." On human rights and support for democracy, the OSCE has a unique mandate and demonstrated record of accomplishment. Its election observation methodology represents the gold standard in the field, and the OSCE's efforts have advanced democracy in Europe and Eurasia. The organization has undertaken ground-breaking work in combating trafficking in persons and intolerance, including anti-Semitism; promoting basic freedoms including religious freedom and freedom of the media; and resolving regional conflicts, particularly the Nagorno-Karabakh conflict between Armenia and Azerbaijan, the South Ossetia conflict in Georgia, and the Transnistria conflict in Moldova. Promoting these interests through the OSCE allows the United States to share both costs and political responsibility with other states and, at the same time, to coordinate actions to avoid duplication and maximize success.

Conclusion

As Secretary Rice has said, strategy consists of understanding where history is going and giving it a push. To advance our global agenda of democracy, we must engage Europe to go beyond the status quo. The core values of our country and tenets of our society—human rights, democracy, and the rule of law—have long been the basis of our relationship with Europe. While there will always be transatlantic differences, I do not see a transatlantic rift. How we work with Europe is worthy of debate. Whether the debate is on advancing freedom, on issues of global consequence, on confronting

those outposts of tyranny or conflict within Europe, or on how we develop our common institutions to maximize their capacity to facilitate rather than impede our goals, Europe and America alike must be mindful that the debate is necessary, and that the stakes are high.

Offsets in Defense Trade Tenth Study December 2005

By
The U.S. Department of Commerce
Bureau of Industry and Security

[The following material is extracted from the tenth annual report released December 2005. Some of the footnotes and tables have been omitted from this excerpt; however, the footnotes and table numbers remain the same as in the original document. The complete report is available at the following web site: <http://www.bis.doc.gov/DefenseIndustrialBasePrograms/OSIES/offsets/default.htm>.]

Introduction

This is the tenth annual report on the impact of offsets in defense trade prepared by the U.S. Department of Commerce's Bureau of Industry and Security (BIS), Office of Strategic Industries and Economic Security pursuant to Section 309 of the *Defense Production Act of 1950*³, as amended (DPA). The report analyzes the impact of offsets on the defense preparedness, industrial competitiveness, employment, and trade of the United States.

Offsets in defense trade are industrial compensation required by a foreign government as a condition of purchase of U.S. defense articles and services. This mandatory compensation can take many forms; it can be directly related to the purchased weapon system and related services, or it can involve activities or goods unrelated to the weapon system. The compensation can be further classified as a Subcontract, Purchase, Co-production, Technology Transfer, Licensed Production, Credit Transfer, Overseas Investment, or Training.

Some have raised concerns about the effects of offsets on the U.S. industrial base, since most offset arrangements involve purchasing, subcontracting, and co-production opportunities for U.S. competitors, as well as transferring technology and know-how. The official U.S. government policy on offsets in defense trade states that the government considers offsets to be "economically inefficient and trade distorting," and forbids government agencies from helping U.S. contractors to fulfill their offset obligations.⁴ U.S. prime contractors generally see offsets as a reality of the marketplace for companies competing for international defense sales.

In order to assess the impact of offsets in defense trade, BIS obtained data from U.S. defense firms involved in defense exports and offsets. These firms report their offset activities to BIS annually. This report covers offset agreements entered into and the offset transactions carried out to fulfill these offset obligations from 1993 through 2004. It also reports on the progress of the Interagency Team on Offsets in Defense Trade, which is chartered to consult with foreign nations on limiting the adverse effects of offsets in defense procurement.

Legislation and Regulations

In 1984, the Congress enacted amendments to the *Defense Production Act* (DPA), which included the addition of Section 309 addressing offsets in defense trade.⁸ Section 309 requires the President to submit an annual report on the impact of offsets on the U.S. defense industrial base to the

3 Codified at 50 U.S.C. app. § 2099 (2000).

4 Defense Production Act Amendments of 1992 (Pub. L. 102-558, Title I Part C, § 123).

8 See Pub. L. 98-265, April 17, 1984, 98 Stat. 149.

Congress then-Committee on Banking, Finance, and Urban Affairs of the House of Representatives⁹ and the Committee on Banking, Housing, and Urban Affairs of the Senate.

Section 309 authorizes the Secretary of Commerce to develop and administer the regulations necessary to collect offset data from U.S. defense exporters. The Secretary of Commerce delegated this authority to the Bureau of Industry and Security (BIS). The BIS published its first offset regulations in the *Federal Register* in 1994.¹¹

Every year, U.S. companies report offset agreement and transaction data for the previous calendar year to BIS. The 1992 amendments to Section 309 of the DPA reduced the offset agreement reporting threshold from \$50 million to \$5 million for U.S. companies entering into foreign defense sales contracts subject to offset agreements. U.S. companies are also required to report all offset transactions for which they receive offset credits of \$250,000 or more.

U.S. Government Policy

The U.S. government policy on offsets in defense trade was developed by an interagency offset team. On April 16, 1990, President George H.W. Bush announced a policy on offsets in military exports.¹² In 1992, Congress passed the following provision, which closely reflects the policy announced by the President:¹³

(a) In General recognizing that certain offsets for military exports are economically inefficient and market distorting, and mindful of the need to minimize the adverse effects of offsets in military exports while ensuring that the ability of United States firms to compete for military export sales is not undermined, it is the policy of the Congress that:

(1) No agency of the United States Government shall encourage, enter directly into, or commit United States firms to any offset arrangement in connection with the sale of defense goods or services to foreign governments;

(2) United States Government funds shall not be used to finance offsets in security assistance transactions, except in accordance with policies and procedures that were in existence on March 1, 1992;

(3) Nothing in this section shall prevent agencies of the United States Government from fulfilling obligations incurred through international agreements entered into before March 1, 1992; and

(4) The decision whether to engage in offsets, and the responsibility for negotiating and implementing offset arrangements, resides with the companies involved.

(b) Presidential Approval of Exceptions, it is the policy of the Congress that the President may approve an exception to the policy stated in subsection after receiving the recommendation of the National Security Council.

(c) Consultation, it is the policy of the Congress that the President shall designate the Secretary of Defense to lead, in coordination with the Secretary of State, an interagency team to consult with foreign nations on limiting the adverse effects of offsets in defense procurement. The

9 Section 309 of the DPA was amended in 2001 to reflect the change in the name of the House committee to the "Committee on Financial Services of the House of Representatives." See 50 U.S.C. app. § 2099(a)(1).

11 See 59 Fed. Reg. 61796, Dec. 2, 1994, codified at 15 C.F.R. § 701.

12 See April 16, 1990 statement by Press Secretary Fitzwater on offsets in military exports.

13 Congress incorporated this policy statement into law with the Defense Production Act Amendments of 1992 (Pub. L. 102-558, Title I, Part C, § 123, 106 Stat. 4198.)

President shall transmit an annual report on the results of these consultations to the Congress as part of the report required under section 309(a) of the DPA.

Provisions in the *Defense Offsets Disclosure Act of 1999*¹⁴ supplement the offset policy:

(1) A fair business environment is necessary to advance international trade, economic stability, and development worldwide; this is beneficial for American workers and businesses, and is in the United States' national interest.

(2) In some cases, mandated offset requirements can cause economic distortions in international defense trade and undermine fairness and competitiveness, and may cause particular harm to small businesses and medium-sized businesses.

(3) The use of offsets may lead to increasing dependence on foreign suppliers for the production of United States weapons systems.

(4) The offset demands required by some purchasing countries, including some close allies of the United States, equal or exceed the value of the base contract they are intended to offset, mitigating much of the potential economic benefit of the exports.

(5) Offset demands often unduly distort the prices of defense contracts.

(6) In some cases, United States contractors are required to provide indirect offsets which can negatively impact non-defense industrial sectors.

(7) Unilateral efforts by the United States to prohibit offsets may be impractical in the current era of globalization and would severely hinder the competitiveness of the United States defense industry in the global market.

The *Defense Offsets Disclosure Act of 1999* continues with the following declaration of policy:

It is the policy of the United States to monitor the use of offsets in international defense trade, to promote fairness in such trade, and to ensure that foreign participation in the production of United States weapons systems does not harm the economy of the United States.

Table 2-1 provides a summary of all offset agreement and transaction activity for the twelve-year period from 1993 through 2004.

In 2004, the total value of offset agreements was \$4.3 billion. These agreements were made in conjunction with U.S. defense weapon exports totaling \$4.9 billion in 2004. Fourteen prime contractors reported that they entered into 40 offset agreements with 18 countries that year. The average offset percentage (offset value ÷ value of exported system) for 2004 was 87.9 percent, down from 124.9 percent in 2003; despite this decline, 2004 had the second highest percent recorded over the twelve-year period. The average offset agreement for the period was worth 71.4 percent of the value of the weapon system exported. The upward trend in offset requirements is also evident in Table 2-1. For the time period of 1993-1998, offset 2-1 agreements totaled 54.7 percent of the value of the weapon system exported; for the time period of 1999-2004, that percentage had grown to 87.9 percent. Offset transactions rose in 2004 to a total value higher than that of any other year reported. The transactions in 2004 totaled \$4.9 billion, up from \$3.6 billion in 2003. Prime contractors carried out 706 transactions in 2004 with 33 countries. On average, prime contractors received slightly more than the value of the transactions as credit toward their offset obligation. However, multipliers have dropped steadily over the last five-year period. The average multiplier in 2004 was 1.087, one of the lowest multipliers for the twelve-year period of 1993-2004; the highest multiplier, 1.363, came in 1999. The average multiplier granted for the twelve-year period was 1.185. Multipliers are granted on a decreasing level of transactions over time.

Table 2-1: General Summary of Offset Activity, 1993-2004

Year	Export	Offset Value	Percent Value	Companies Offset	Agreements Agreements	Countries
1993	\$13,935.0	\$4,784.4	34.0%	17	28	16
1994	\$4,792.4	\$2,048.7	42.7%	18	49	20
1995	\$7,529.9	\$6,102.6	81.0%	20	47	18
1996	\$3,119.7	\$2,431.6	77.9%	16	53	19
1997	\$5,925.5	\$3,825.5	64.6%	15	60	20
1998	\$3,029.2	\$1,768.2	58.4%	12	41	17
1999	\$5,656.6	\$3,456.9	61.1%	10	45	11
2000	\$6,576.2	\$5,704.8	86.7%	10	43	16
2001	\$7,017.3	\$5,460.9	77.8%	11	34	13
2002	\$7,406.2	\$6,094.8	82.3%	12	41	17
2003	\$7,293.1	\$9,110.4	124.9%	11	32	13
2004	\$4,927.5	\$4,329.7	87.9%	14	40	18
12 Years	\$77,208.6	\$55,118.5	71.4%	42	513	41

Offset Transactions						
Year	Actual Value	Credit Value	Multiplier	Offset Fulfillers	Transactions	Countries
1993	\$1,897.9	\$2,213.6	1.166	43	444	27
1994	\$1,934.9	\$2,206.1	1.140	38	566	26
1995	\$2,890.5	\$3,592.6	1.243	57	711	26
1996	\$2,875.8	\$3,098.0	1.077	54	634	26
1997	\$2,720.6	\$3,272.3	1.203	51	578	26
1998	\$2,312.2	\$2,623.2	1.135	50	582	29
1999	\$2,059.7	\$2,808.3	1.363	41	513	25
2000	\$2,208.2	\$2,846.4	1.289	40	627	24
2001	\$2,555.8	\$3,274.4	1.281	53	617	25
2002	\$2,616.0	\$3,284.5	1.256	50	729	26
2003	\$3,565.5	\$4,010.7	1.125	56	689	31
2004	\$4,933.1	\$5,364.3	1.087	62	706	33
Total	\$32,570.1	\$38,594.5	1.185	275	7,396	44

Source: BIS Offset Database
 Note: Due to rounding, totals may not add up exactly.
 *Multipliers are used only in a small percentage of the total number of transactions.

Types of Offset Transactions

Table 2-2 presents offset transaction data by offset type (direct, indirect, or unspecified) and the percent distribution for each year from 1993 to 2004. Table 2-2 also shows the total actual and credit values of the transactions for each year.

The actual value of transactions for 2004 was \$4.9 billion, more than any other year during the 1993-2004 period. This is due to the high level of export sales and related offset agreements since 2000. Transactions lag a few years behind the offset agreements that they fulfill.

In 2004, the percentage of transaction value attributed to indirect offset transactions fell to 46.6 percent from a high of 68.6; the second lowest level in the period. Direct transactions, however, increased from 31.2 percent of all transactions in 2003 to 53.4 percent in 2004. This percentage was the second highest for transactions classified as direct; 1998 had the highest percentage with 63.6 percent of transactions being the direct type. For the

Direct offset transactions are those that are directly related to the weapon system that is exported. Indirect transactions are not related to the exported weapon system and are usually commercial in nature. A transaction is considered unspecified when there is not enough information available to determine whether it is direct or indirect.

Table 2-2: Offset Transactions by Type, 1993-2004
(\$ in millions)

Year	Total	Credit Value			% Distribution			
		Direct	Indirect	Unspecified	Direct	Indirect	Unspecified	
1993	\$1,897.9	\$583.6	\$1,250.5	\$63.9	30.7%	65.9%	3.4%	
1994	\$1,934.9	\$599.8	\$1,230.8	\$104.3	31.0%	63.6%	5.4%	
1995	\$2,890.5	\$1,108.8	\$1,756.8	\$24.9	38.4%	60.8%	0.9%	
1996	\$2,875.8	\$1,248.8	\$1,625.6	\$1.4	43.4%	56.5%	0.0%	
1997	\$2,720.6	\$1,041.7	\$1,657.5	\$21.4	38.3%	60.9%	0.8%	
1998	\$2,312.2	\$1,469.7	\$842.4	\$0.1	63.6%	36.4%	0.0%	
1999	\$2,059.7	\$685.2	\$1,363.1	\$11.4	33.3%	66.2%	0.6%	
2000	\$2,208.2	\$785.6	\$1,411.9	\$10.6	35.6%	63.9%	0.5%	
2001	\$2,555.8	\$940.9	\$1,614.9	NR	36.8%	63.2%	NR	
2002	\$2,616.0	\$941.8	\$1,673.0	\$1.3	36.0%	63.9%	0.1%	
2003	\$3,565.5	\$1,113.0	\$2,447.0	\$5.6	31.2%	68.6%	0.2%	
2004	\$4,933.1	\$2,635.2	\$2,297.4	\$0.5	53.4%	46.6%	0.0%	
Total	\$32,570.1	\$13,153.8	\$19,170.9	\$245.4	40.4%	58.9%	0.8%	
Year	Total	Credit Value			% Distribution			
		Direct	Indirect	Unspecified	Direct	Indirect	Unspecified	
1993	\$2,213.6	\$684.3	\$1,460.6	\$68.7	30.9%	66.0%	3.1%	
1994	\$2,206.1	\$774.1	\$1,323.2	\$108.8	35.1%	60.0%	4.9%	
1995	\$3,592.6	\$1,302.6	\$2,250.7	\$39.3	36.3%	62.6%	1.1%	
1996	\$3,098.0	\$1,182.0	\$1,880.0	\$36.0	38.2%	60.7%	1.2%	
1997	\$3,272.3	\$1,183.5	\$2,039.1	\$49.7	36.2%	62.3%	1.5%	
1998	\$2,623.2	\$1,629.4	\$991.3	\$2.5	62.1%	37.8%	0.1%	
1999	\$2,808.3	\$1,119.4	\$1,618.7	\$70.3	39.9%	57.6%	2.5%	
2000	\$2,846.4	\$1,146.4	\$1,689.5	\$10.6	40.3%	59.4%	0.4%	
2001	\$3,274.4	\$1,292.3	\$1,982.1	NR	39.5%	60.5%	NR	
2002	\$3,284.5	\$1,111.2	\$2,171.9	\$1.3	33.8%	66.1%	0.0%	
2003	\$4,010.7	\$1,215.5	\$2,783.2	\$12.0	30.3%	69.4%	0.3%	
2004	\$5,364.3	\$2,764.3	\$2,599.5	\$0.5	51.5%	48.5%	0.0%	
Total	\$38,594.5	\$15,404.9	\$22,789.8	\$399.8	39.9%	59.0%	1.0%	
Year	Total	Multiplier*			# of Transactions			
		Direct	Indirect	Unspecified	Total	Direct	Indirect	Unspecified
1993	1.166	1.173	1.168	1.076	444	132	308	4
1994	1.140	1.291	1.075	1.043	566	157	404	5
1995	1.243	1.175	1.281	1.579	711	204	505	2
1996	1.077	0.947	1.156	25.714	634	228	404	2
1997	1.203	1.136	1.230	2.326	578	202	372	4
1998	1.135	1.109	1.177	19.538	582	241	340	1
1999	1.363	1.634	1.187	6.152	513	203	305	5
2000	1.289	1.459	1.197	1.000	627	216	409	2
2001	1.281	1.374	1.227	NR	617	224	393	NR
2002	1.256	1.180	1.298	1.000	729	194	534	1
2003	1.125	1.092	1.137	2.151	689	179	506	4
2004	1.087	1.049	1.131	1.000	706	375	330	1
Total	1.185	1.171	1.189	1.629	7,396	2,555	4,810	6

Source: BIS Offsets Database

NR = Non Reported

Note: Due to rounding totals may not add up precisely.

*Multipliers are used only in a small percentage of the total number of transactions.

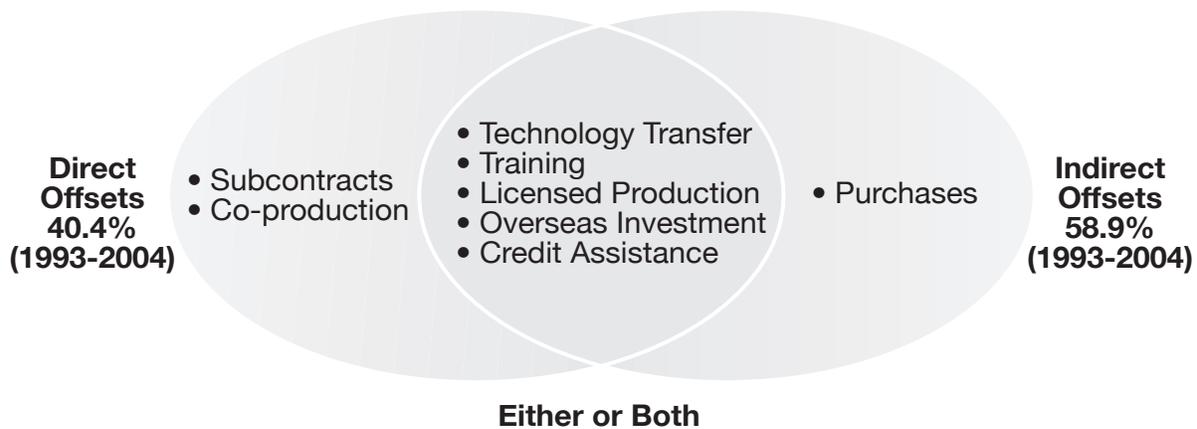
twelve-year period, 40.4 percent of offset transactions by value were direct (up from 38.1 percent for 1993-2003), and 58.9 percent were indirect (down from 61.1 percent in 1993-2003).

The credit value is sometimes more than the actual value assigned to transactions; some foreign governments give greater credit as an incentive for certain kinds of offset transactions. This incentive, called a multiplier, varies by country and by the kind of transaction — usually indirect offset transactions.

The multiplier, also shown in Table 2-2, is the percentage difference between the actual value and the credit value. This multiplier means that, for the database as a whole, the total credit value of the transactions is 18.5 percent more than the actual value; this is a decrease from 1.211 for 1993-2003. In 2004, the multiplier dropped to 1.087, and has dropped steadily since the 1999 level of 1.363. The great majority of offset transactions neither include multipliers nor have multipliers that provide less than the credit value of the transaction.

Offset Transaction Categories

In addition to classifying offset transactions by type (direct or indirect), offset transactions are identified by various categories, which more particularly describe the nature of the arrangement or exchange. These categories include purchases, subcontracts, technology transfers, credit assistance, training, overseas investment, co-production, licensed production, and miscellaneous. The diagram below shows that each category is considered direct or indirect, or could be either one (e.g., technology transfer, training, etc.). Definitions for the categories begin below; Appendix I contains additional relevant offset definitions as well as illustrative examples.



Purchases result in overseas production of goods or services usually for export to the United States. Purchases are always classified as indirect offsets to distinguish them from subcontracts, because the purchases are of items unrelated to the exported defense system. The U.S. exporter may make the purchase, or they can also involve brokering and marketing assistance that result in purchases by a third party. For 1993-2004, purchases represented 37 percent of the actual value of all offset transactions, larger than any other category. They made up 62.9 percent of the value of indirect offsets. Aerospace-related transactions made up almost 42 percent of the value of purchases during 1993-2004.

Subcontracts result in overseas production of goods or services for use in the production or operation of a U.S. exported defense system subject to an offset agreement. Subcontracts are always classified as direct offsets. During 1993-2004, subcontracts made up one-quarter of the 2-6 actual

value of all offset transactions, and 62 percent of the value of all direct offsets. Almost 60 percent of the value of subcontracts was aerospace-related.

Technology transfer includes research and development conducted abroad, exchange programs for personnel, data exchanges, integration of machinery and equipment into a recipient's production facility, technical assistance, education and training, manufacturing know-how, and licensing and patent sharing. Technology transfer is normally accomplished under a commercial arrangement between the U.S. prime contractor and a foreign company. A major subcontractor may also accomplish the technology transfer on behalf of the U.S. prime contractor. For 1993-2004, technology transfer totaled just over \$4.7 billion, up from \$3.7 billion for 1993-2003. During the reporting period, 33.8 percent of the value of technology transfers was classified as direct offsets and 63.4 percent was indirect offsets; the balance was unspecified. Technology transfers accounted for approximately 14.5 percent of the actual value of all offset transactions.

Co-production is overseas production based upon a government-to-government agreement that permits a foreign government or producer to acquire the technical information to manufacture all or part of a U.S.-origin defense system. Co-production is always classified as a direct offset. It includes government-to-government licensed production, but excludes licensed production based upon direct commercial arrangements by U.S. manufacturers. During 1993-2004, 96 percent of the value of Co-production reported was aerospace-related.

Co-production accounted for 6.6 percent of the value of offset transactions for 1993-2004, up from 2.6 percent for 1993-2003. Past co-production transactions have involved constructing major production facilities in foreign countries (primarily at the expense of the foreign government) for the assembly of entire defense systems, such as aircraft, missiles, or ground systems. Co-production arrangements of this kind generally impose a high cost on the foreign government, including up front construction and tooling costs and increased unit costs for limited production runs.¹⁵ Some countries negotiate with prime contractors for production or assembly contracts related to future sales to third countries of the weapon system or system components.

Credit assistance includes direct loans, brokered loans, loan guarantees, assistance in achieving favorable payment terms, credit extensions, and lower interest rates. Credit assistance transactions accounted for 4.4 percent of the actual value of all transactions for 1993-2004. Credit assistance is nearly always classified as an indirect offset transaction but can be either direct or indirect. Indirect transactions made up 99.5 percent of the actual value of credit assistance for the period.

Overseas investment includes capital invested to establish or expand a subsidiary or joint venture in the foreign country as well as investments in third-party facilities; the latter received the highest multipliers. Overseas investments accounted for just 2.6 percent of the actual value of all offset transactions; 58.1 percent of the value of overseas investment transactions was classified as indirect and 32.8 percent as direct.

Training transactions relate to the production, maintenance, or actual use of the exported defense system or a component thereof. Training may be required in areas such as computers, foreign language skills, engineering capabilities, or management. This category can be classified as either direct or indirect offset transactions; during the reporting period, direct offset transactions made up 60 percent of the value of training transactions; 39.8 percent was indirect. The remaining 1.2 percent

15 Primary examples include an Egyptian co-production facility which, since its 1988 inception has only contracted enough orders to build half of what the government originally planned and a Japanese co-production program that cost the government nearly 2 times more per unit than an off-the-shelf purchase. See *Military Aid to Egypt: Tank Co-production Raised Costs and May Not Meet Many Program Goals*, U.S. General Accounting Office, GAO/NSIAD-93-2003, and *U.S. Military Aircraft Co-production with Japan*, U.S. General Accounting Office, GAO/T-NSAID-89-6.

was unspecified direct or indirect. Training accounted for only 2.5 percent of the total value of offset transactions between 1993 and 2004.

Licensed production is overseas production of a U.S.-origin defense article. Licensed production differs from co-production in that it is based on commercial arrangements between a U.S. manufacturer and a foreign entity as opposed to a government-to-government agreement. In addition, licensed production virtually always involves a part or component for a defense system, rather than a complete defense system. These transactions can be either direct or indirect. Licensed production is the smallest among the offset categories, accounting for only 0.4 percent of the total value of offset transactions; 75.2 percent of the licensed production transactions (by actual value) were directly related to the weapon systems sold. Table 2-3 presents a summary of offset transactions by category and type for the twelve-year reporting period (1993-2004).

Industry Classification — Standard Industrial Classification Codes

Table 2-4 shows the offset transactions classified by major industrial sector for the twelve year period, 1993-2004. Each industry sector is defined using the Standard Industrial Classification (SIC) system. Forty-one SIC categories are listed which represent a wide cross section of the U.S. defense industrial base.

Of the various sectors, transportation equipment (SIC 37) accounted for more than half — 52.4 percent from 1993-2004, up from 51.1 percent for 1993-2003 — of the actual value of all transactions. Transportation Equipment was 60.6 percent of the value of direct offset transactions, 46.4 percent of indirect offset transactions, and 84.7 percent of unspecified offset transactions. Transactions in this sector were composed mostly of aerospace products, including aircraft parts and components, engines and parts, hydraulic subsystems, and guided missiles and components.

Other major industry groups include electronic/electrical equipment (SIC 36) with 14.6 percent of the actual value of all transactions. SIC 36 includes products such as radar, communications equipment, and electronic components, as well as completed avionics equipment and material inputs for avionics such as circuit boards. Combined, transactions falling in SIC 37 and SIC 36 constitute 67 percent of the total value of offset transactions for the twelve-year period.

Industrial machinery (SIC 35) accounted for 4.8 percent of the actual value of transactions; this industry group includes capital equipment used in the production of both defense and non-defense items. Technical services and consulting (SIC 87) made up 4.6 percent of the value of all transactions, while transactions in business services (SIC 73) made up 4.2 percent of the value of offset transactions. These five industry groups comprised 80.6 percent of the total value of all transactions reported to date.

Table 2-3: Offset Transactions by Category and Type, 1993-2004

Transaction Category	Actual Values in dollar millions				Percent by Column Total			
	Total	Direct	Indirect	Unspecified	Total	Direct	Indirect	Unspecified
Purchase	\$12,055.1		\$12,055.1		37.0%		62.9%	
Subcontract	\$8,156.7	\$8,156.7			25.0%	62.0%		
Technology								
Transfer	\$4,723.3	\$1,597.1	\$2,994.0	\$132.2	14.5%	12.1%	15.6%	53.9%
Miscellaneous	\$2,257.1	\$375.5	\$1,871.8	\$9.8	6.9%	2.9%	9.8%	4.0%
Co-production	\$2,148.5	\$2,148.5			6.6%	16.3%		
Credit Transfer	\$1,428.7	\$7.2	\$1,421.5		4.4%	0.1%	7.4%	
Overseas								
Investment	\$856.1	\$280.9	\$497.7	\$77.5	2.6%	2.1%	2.6%	31.6%
Training	\$805.9	\$483.6	\$320.4	\$1.9	2.5%	3.7%	1.7%	0.8%
Licensed								
Production	\$138.8	\$104.4	\$10.4	\$24.0	0.4%	0.8%	0.1%	9.8%
Total	\$32,570.1	\$13,153.8	\$19,170.9	\$245.4	100.0%	100.0%	100.0%	100.0%

Transaction Category	Credit Values in dollar millions				Percent by Column Total			
	Total	Direct	Indirect	Unspecified	Total	Direct	Indirect	Unspecified
Purchase	\$13,175.2		\$13,175.2		34.1%	0.0%	57.8%	
Subcontract	\$9,054.8	\$9,054.8			23.5%	58.8%		
Technology								
Transfer	\$5,890.1	\$1,864.8	\$3,870.7	\$154.6	15.3%	12.1%	17.0%	38.7%
Miscellaneous	\$3,334.2	\$885.5	\$2,376.3	\$72.4	8.6%	5.7%	10.4%	18.1%
Co-production	\$2,100.7	\$2,100.7			5.4%	13.6%		
Credit Transfer	\$1,615.0	\$72.7	\$1,542.4		4.2%	0.5%	6.8%	
Overseas								
Investment	\$1,913.0	\$568.6	\$1,216.3	\$128.2	5.0%	3.7%	5.3%	32.1%
Training	\$1,325.9	\$736.5	\$576.0	\$13.4	3.4%	4.8%	2.5%	3.3%
Licensed								
Production	\$185.5	\$121.4	\$32.9	\$31.2	0.5%	0.8%	0.1%	7.8%
Total	\$38,594.5	\$15,404.9	\$22,789.8	\$399.8	100.0%	100.0%	100.0%	100.0%

Transaction Category	Multiplier*				Number of Transactions			
	Total	Direct	Indirect	Unspecified	Total	Direct	Indirect	Unspecified
Purchase	1.093		1.093		3652		3652	
Subcontract	1.110	1.110			1680	1680		
Technology								
Transfer	1.247	1.168	1.293	1.169	821	346	461	14
Miscellaneous	1.477	2.358	1.270	7.385	488	101	382	5
Co-production	0.978	0.978			242	242		
Credit Transfer	1.130	10.091	1.085		109	8	101	
Overseas								
Investment	2.235	2.024	2.444	1.655	113	25	83	5
Training	1.645	1.523	1.798	7.178	258	126	127	5
Licensed								
Production	1.336	1.162	3.171	1.300	33	27	4	2
Total	1.185	1.171	1.189	1.629	7396	2555	4810	31

Source: BIS Offsets Database

NR = Non Reported

Note: Due to rounding totals may not add up precisely.

*Multipliers are used only in a small percentage of the total number of transactions.

Table 2-4: Offset Transactions by Major Industrial Sector and Offset Type, 1993-2004
(in dollars millions)

2-Digit SIC Code and Description	Total	Direct	Indirect	Unspecified	Total	Direct	Indirect	Unspecified
7 Agriculture	\$53.6		\$53.6		0.2%		0.3%	
10 Metal Mining	\$3.2		\$3.2		0.0%		0.0%	
13 Crude Petrol. & Natural Gas	\$19.6		\$19.6		0.1%		0.1%	
15 Building Construction	\$26.6	\$11.6	\$15.1		0.1%	0.0%	0.1%	
16 Heavy Construction	\$1.5	\$1.2	\$0.3		0.0%	0.0%	0.0%	
17 Construction - Specific Trades	\$21.2	\$1.0	\$20.2		0.1%	0.0%	0.1%	
20 Food and Kindred products	\$15.5		\$15.5		0.0%		0.1%	
22 Textile Mill Products	\$6.4		\$6.4		0.0%		0.0%	
23 Apparel and Other Fin Products	\$3.8		\$3.8		0.0%		0.0%	
24 Lumber and Wood Products	\$0.3		\$0.3		0.0%		0.0%	
25 Furniture and Fixtures	\$0.3		\$0.3		0.0%		0.0%	
26 Paper Mills and Allied Products	\$21.9	\$0.9	\$21.1		0.1%	0.0%	0.1%	
27 Printing and Publishing	\$34.0	\$23.9	\$10.1		0.1%	0.2%	0.1%	
28 Chemicals and Allied Products	\$215.4	\$14.7	\$200.7		0.7%	0.1%	1.0%	
29 Petroleum Refining	\$3.2		\$3.2		0.0%		0.0%	
30 Rubber and Miscellaneous Plastic Products	\$6.6	\$0.7	\$5.9		0.0%	0.0%	0.0%	
32 Cut Stone and Stone Products	\$12.9		\$12.9		0.0%		0.1%	
33 Primary Metal Industries	\$259.9	\$9.4	\$250.5		0.8%	0.1%	1.3%	
34 Fabricated Metal Products	\$599.2	\$148.5	\$450.7		1.8%	1.1%	2.4%	
35 Indl Machinery, Exc Elec	\$1,555.3	\$151.9	\$1,402.9	\$0.5	4.8%	1.2%	7.3%	0.2%
36 Electronic and Electrical Equipment	\$4,759.1	\$1,977.6	\$2,777.3	\$4.2	14.6%	15.0%	14.5%	1.7%
37 Transportation Equipment	\$17,075.0	\$7,977.5	\$8,889.7	\$207.8	52.4%	60.6%	46.4%	84.7%
38 Measuring and Analyzing Instruments	\$1,394.0	\$737.9	\$656.1		4.3%	5.6%	3.4%	
39 Miscellaneous Manufacturing Industries	\$5.8	\$0.6	\$5.1		0.0%	0.0%	0.0%	
42 Motor Freight and Warehousing	\$1.5		\$1.5		0.0%		0.0%	
44 Water Transportation	\$60.6		\$60.6		0.2%		0.3%	
45 Transportation By Air	\$69.7	\$54.7	\$15.0		0.2%	0.4%	0.1%	
47 Transportation Services	\$3.5	\$0.0	\$3.4		0.0%	0.0%	0.0%	
48 Communications	\$179.0	\$104.4	\$74.5		0.5%	0.8%	0.4%	
49 Electric, Gas, and San Service	\$2.5		\$2.5		0.0%		0.0%	
61 Non-Deposit Credit Inst	\$676.3	\$10.2	666.1		2.1%	0.1%	3.5%	
62 Security and Comm Brokers	\$119.3	#2.1	\$117.2		0.4%	0.0%	0.6%	
67 Holding and Other Invest Off	\$664.2	\$205.5	\$435.2	\$23.6	2.0%	1.6%	2.3%	9.6%
73 Business Services	\$1,375.2	\$320.8	\$1,046.7	\$7.7	4.2%	2.4%	5.5%	3.1%
76 Miscellaneous Repair Shops	\$8.5	\$2.4	\$6.1		0.0%	0.0%	0.0%	
80 Health Services	\$0.0		\$0.0		0.0%		0.0%	
81 Legal Services	\$0.1		\$0.1		0.0%		0.0%	
82 Educational Services	\$651.7	\$273.1	\$378.6		2.0%	2.1%	2.0%	
87 Technical Services and Cons	\$1,501.3	\$482.6	\$1,017.0	\$1.7	4.6%	3.7%	5.3%	0.7%
89 Miscellaneous Services	\$79.1	\$39.6	\$39.5		0.2%	0.3%	0.2%	
99 Undetermined	\$1,083.6	\$601.0	\$482.6		3.3%	4.6%	2.5%	
Total	\$32,570.1	\$13,153.8	\$19,170.9	\$245.4	100.0%	100.0%	100.0%	100.0%

Source: BIS Offsets Database

NR = Non Reported

Note: Due to rounding totals may not add up precisely.

The second column, Country, reflects current offset percentages as required by the government of each individual country. Most countries set a single target percentage offset value; however, a few countries vary the percentage depending on the significance of each individual offset agreement to the local economy. Some countries have formulas which place more emphasis on indirect offset agreements rather than direct, thereby reflecting a country's desire to develop civilian industry rather than the defense sector of the economy. Other countries demand almost entirely direct offsets, reflecting the desire to maintain and enhance their defense sector. Therefore, offset percentages and type depend on the importance of each contract with respect to the economic direction of any given country government.

Regional offset percentages are greater in Europe and North and South America, with demands of 89.3% and 99% respectively, followed by the Middle East and Africa with 55.7% and Asia with 45.7%.

Defense Preparedness

The revenue generated by export sales, and the exports themselves, are important to U.S. defense prime contractors and to U.S. foreign policy and economic interests. Exports of major defense systems help defray high overhead costs for the U.S. producer and help maintain production facilities and workforce expertise for current and future U.S. defense needs. The production capabilities and workforce are also available in case they are needed to respond to a national emergency. Exports also provide additional business to many U.S. subcontractors and lower-tier suppliers, promote interoperability of weapon systems between the United States and allied countries, and contribute positively to U.S. international trade account balances. Prime contractors believe that they must make their systems more attractive in the sales competition by adding offsets. In fact, nearly all governments other than the United States require offsets as a condition of sale.

When an offset package requires a high proportion of subcontracting, co-production, licensed production, or purchases, it can negate many of the economic and industrial base benefits accrued through the export sale. U.S. defense subcontractors and suppliers, and in some cases portions of the prime contractor's business, are displaced by exports that include subcontract, co-production, or licensed production offsets. Purchases, which are indirect offsets, can displace sales from the commercial manufacturing sectors of the U.S. economy. Almost 80 percent of offset transactions reported for the 1993-2004 period fell in the manufacturing sectors of the U.S. economy, eroding U.S. production and workforce capabilities and the balance of payments benefits of the export.

Previous studies and discussions indicate that U.S. prime contractors sometimes develop long-term supplier relationships with overseas subcontractors based on short-term offset requirements.¹⁴ These new relationships, combined with mandatory offset requirements and obligations, can endanger future business opportunities for U.S. subcontractors and suppliers, with possible negative consequences for the domestic industrial base. Other kinds of offsets can increase research and development spending and capital investment in foreign countries for defense or non-defense industries and help create or enhance current and future competitors for U.S. subcontractors and suppliers, and in some cases prime contractors.

Employment

Given the variety of defense weapon systems sold and offset transactions carried out, and the limited data available, it is difficult to determine precisely the impact of offset agreements and transactions on employment in the U.S. defense sector. BIS has developed an estimate by using aerospace-related employment and value added data collected by the U.S. Department of Commerce

¹⁴ See GAO report on offset activities, "Defense Trade: U.S. Contractors Employ Diverse Activities to Meet Offset Obligations," December 1998 (GAO/NSIAD-99-35), pp.4-5

Bureau of the Census.¹⁵ Since sales of aerospace weapon systems accounted for 86.1 percent of the value of defense exports connected with offset agreements during 2003, this method appears to provide a reliable estimate (2003 data is the most recent available for comparison from the Bureau of the Census). This method takes into account work-years maintained because of the export sales as well as the work-years lost through certain kinds of offset transactions carried out in fulfillment of offset agreements.

U.S. prime contractors reported about \$7.3 billion in defense export contracts with offset agreements for 2003. According to the Census Bureau's *Annual Survey of Manufactures*, the value added per employee for the aerospace product and parts manufacturing industry in 2003 was \$174,577. Dividing this figure into the 2003 defense export sales total results in a total of 41,776 work-years that were maintained by defense exports associated with offset agreements during 2003.¹⁶

For 2003, the \$7.3 billion in defense export contracts had a related \$9.1 billion in offset commitments. It takes on average almost seven years of offset transactions to fulfill an offset agreement. In order to more accurately assess the impact of offset transactions on work-years, BIS compared the export contract to the prime contractor's offset obligation contractually committed at the time of the sale.

Subcontracting, purchasing, co-production, and licensing offset transactions are most likely to shift production and sales from U.S. suppliers to overseas firms. Other categories of offset transactions (technology transfer, training, overseas investment, and marketing), in the short or long run, can shift sales from U.S. suppliers as well; however, their impact is more difficult to calculate. Therefore, BIS bases its estimate of employment impacts only on subcontracting, purchasing, co-production, and licensing offset transactions.

These conservative calculations are based on the assumption that the offset obligations entered into in 2003 are made up of nearly the same proportion of offset transaction categories as past offset obligations. Those categories which can be most directly related to employment — subcontracting, purchasing, co-production, and licensing — accounted for approximately 72 percent of the total value of offset obligations in 2003, or about \$2.6 billion. Applying the same value added figure used above (\$174,577) leads to the loss of 37,450 work-years associated with the offset agreements entered into in 2003.

Based on these calculations, it appears that 2003 defense export sales of \$7.3 billion had a slight net positive effect on employment in the defense sector during that year (4,326 work years), although the net positive effect was diminished by the offset agreements. It should be noted that the 2003 analysis does not include the potential impacts of an additional \$809.9 million of technology transfer, training, and overseas investment transactions. This compares to 2002 defense export sales of \$7.4 billion and related work-years of 47,122, offsets of \$6.1 billion and the loss of 25,450 work-years, for a net gain of 21,672 work-years.

Offset Agreements, 1993-2004

From 1993 to 2004, 42 prime contractors reported entering into 513 offset agreements valued at \$55.1 billion. The agreements were signed in connection with defense weapon system exports totaling \$77.2 billion to 41 different countries. The value of the offset agreements represented 71.4

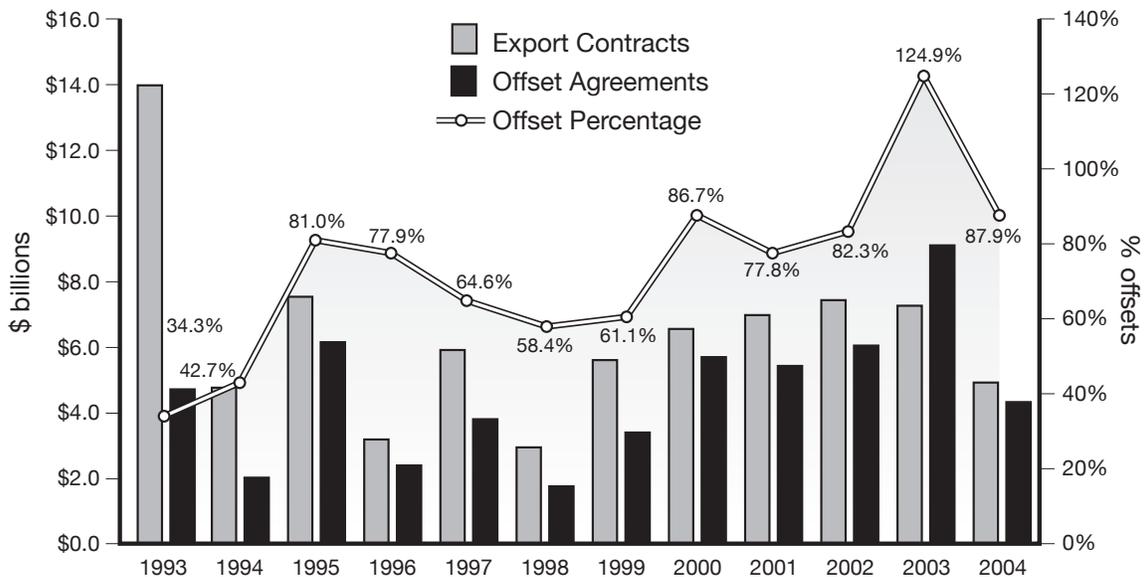
15 BIS's offset database uses SIC codes to define industries; in preparing its value added estimates, the Census Department uses the North American Industrial Classification System (NAICS). The SIC definition of the aerospace industry differs slightly from the NAICS definition, but the results are not significantly altered. [Journal Editor's note: In the original there is an error of two #15 Footnotes.]

16 This calculation is based on the supposition that this value represents 100 percent U.S. content in all exports, which is not necessarily an accurate assumption.

percent of the total value of the related export contracts during the entire twelve-year period. The average term for completing the offset agreements with specific transactions was 79 months, or just over six and one-half years. Sales of aerospace defense systems (i.e., aircraft, engines, and missiles) made up 84 percent of all export contracts, totaling \$64.8 billion.

The data for defense export contracts and related offset agreements (including offset percentages) are presented in Chart 4-1. The value of the offset agreements as a percentage of the value of defense export contracts increased an average of 2.6 percentage points per year over the twelve-year reporting period. In 2003, offset agreements as a percentage of export contracts (by value) reached the highest point during the twelve-year period: 124.9 percent; 2004 ranked second highest with offset agreements totaling 87.9 percent of the export contracts.¹⁹ The lowest percentage was recorded in 1993 at 34.3 percent of the value.²⁰

Chart 4-1. Export Contracts and Offset Agreements 1993-2004



Source: BIS Offsets Database

Concentration of Offset Activity

The data reported by U.S. firms confirm that a small number of companies, countries, and weapon systems dominated offset agreements between 1993 and 2004. The top five U.S. exporters (of 42 companies reporting data on offsets over the 12 year period, fifteen of which reported offsets in 2004) accounted for 80.3 percent of the value of defense export contracts and 82.1 percent of the value of offset agreements. This market concentration reflects industry consolidation, the high costs of developing and manufacturing defense systems, and the small number of firms that have the

¹⁹ One large weapon system export in 2003 with an offset percentage of more than 170 percent skewed the data for the year. Without this export and its related offset agreement, the average offset percentage for 2003 would fall to 81.3 percent (from 124.9 percent with the sale). This export also affected the average offset percentage for the entire period. With this sale and offset, the average offset percentage for 1993-2004 is 71.4 percent; without it, the percentage is 66.6 percent.

²⁰ Much like the outlier from 2003 (above footnote), a similar occurrence took place in 1993 when two large exports with low offset percentages skewed the average offset percentage downward.

financial and productive resources to produce and export them. Each prime contractor coordinated the activities of hundreds, if not thousands, of work of thousands of employees.

Similarly, offsets and related defense system exports appear to be concentrated among a few purchaser governments. Table 4-1 lists the top 25 governments and their total export contract and offset agreement values for 1993-1994.

Country	Number of Agreements	Export Contracts	Offset Agreements
United Kingdom	41	\$11,888,701,286	\$10,054,332,643
Taiwan	39	\$10,844,770,700	\$2,171,542,030
South Korea	58	\$8,279,008,808	\$5,126,339,429
Greece	48	\$6,307,742,343	\$7,154,272,271
Canada	25	\$4,421,962,694	\$4,282,932,872
Israel	46	\$4,239,230,606	\$2,061,076,627
Saudi Arabia	W	\$4,091,600,000	\$1,427,400,000
Poland	W	\$3,500,000,000	\$6,028,000,000
Australia	16	\$3,497,662,000	\$1,602,085,000
Turkey	17	\$2,693,543,000	\$1,253,850,000
Italy	9	\$2,680,257,000	\$2,515,257,000
Switzerland	9	\$2,469,212,040	\$1,938,412,040
Netherlands	41	\$1,925,703,657	\$2,298,263,657
Spain	25	\$1,848,492,588	\$1,636,313,004
Norway	28	\$1,237,901,824	\$1,296,801,824
NATO	W	\$989,749,000	\$552,000,000
France	4	\$785,200,000	\$664,200,000
Malaysia	4	\$759,100,000	\$283,500,000
Denmark	32	\$755,719,000	\$755,729,000
Kuwait	9	\$570,353,822	\$179,237,066
Thailand	6	\$539,729,463	\$143,696,539
EPG	W	\$539,500,000	\$150,200,000
Portugal	W	\$442,061,000	\$123,393,000
United Arab Emirates	6	\$398,900,000	\$223,900,000
Czech Republic	W	\$312,600,000	\$62,500,000
Total	474	\$76,018,700,831	\$53,985,234,002
All Countries	513	\$77,208,609,509	\$55,118,532,679

Source: BIS Offsets Database
W = Withheld

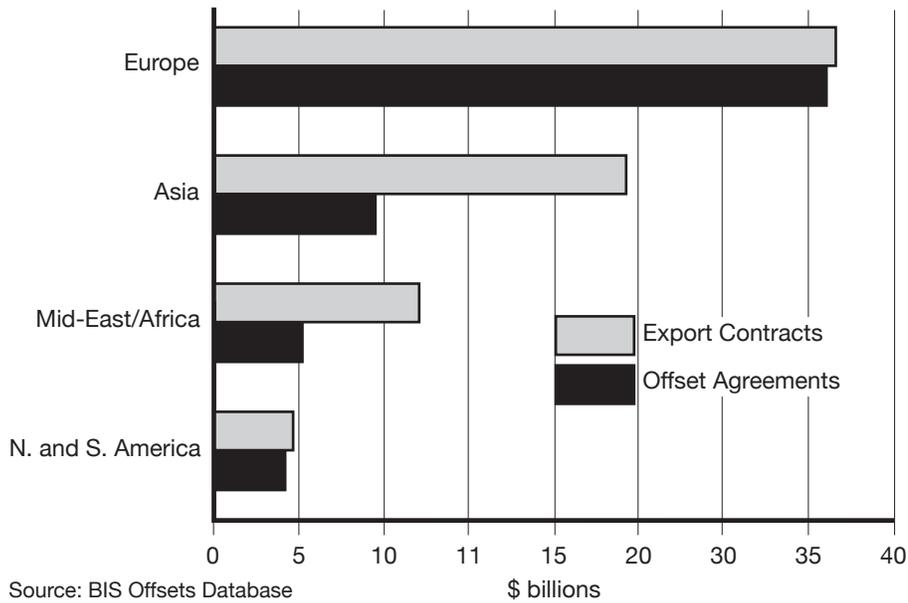
According to data provided by U.S. prime contractors, the top five weapon systems exported were aircraft systems. These top five exports accounted for 41 percent of the value of all export contracts and 43.9 percent of the offset agreements during the reporting period. Nine of the top 10 defense systems were aerospace-related; the top ten accounted for 56.8 percent of the export contracts and 58.8 percent of the offset agreements during the twelve-year period.

Regional Distributions

Chart 4-2 shows offset agreements and export contracts by region for 1993-2004. European countries accounted for the majority of offset activity and weapon system exports, reporting 47.2 percent of the value of U.S. defense export contracts and 65.5 percent of the value of offset agreements.

Asian countries ranked second in both categories, with 17.1 percent of the value of offset agreements and 31.4 percent of related U.S. export contract values.

Chart 4-2. Regional Totals of Export Contracts and Offset Agreements, 1993-2004 (in \$ billions)



In 1999, 2000, and 2003, however, contracts and agreements with the Middle East and Africa significantly increased. In 2003, the Middle East/Africa share of offsets and sales was greater than Asia's: the region accounted for 20 percent of weapon systems exports and 8.5 percent of the value of new offset agreements. In contrast, Asia made up just 6.9 percent of the value of defense exports and 2 percent of the value of new offset agreements. In 2004, the Middle East/Africa had 6 percent of weapon system exports and 3.8 percent of the value of new offset agreements. Asia, on the other hand, had 5.6 percent of weapon system exports for that year, and 2.7 percent of the new offset agreements.

Participating countries in the western hemisphere have consistently played the smallest role, signing only 27 contracts in the twelve-year reporting period. In sum, North and South America have contributed 11 percent of weapon system exports, at a value of \$4.5 billion, and 22.9 percent of the offset agreements, at a value of \$4.3 billion, between 1993 and 2004.

Europe vs. The Rest of World

Europe alone accounted for roughly 65 percent of total offset agreements (by value), but less than half (47.2 percent) of the value of U.S. defense export contracts. During 1993-2004, U.S. firms reported entering into 273 offset agreements with European countries with a total value of \$36.1 billion. These offset agreements ranged from less than \$2 million to more than \$6 billion in offset demands, and averaged \$132.2 million per agreement. The average offset agreement with a European country had a term of just under 84 months, with the longest at 180 months.

Many European governments require a minimum of 100 percent offsets on purchases of foreign defense systems. Of the 273 offset agreements with Europe during the twelve-year period, 175 (64.1 percent) had offset percentages of 100 percent. Another 24 agreements specified offset percentages of greater than 100 percent, including two for which the offset percentage was at least 200 percent. In sum, 72.9 percent (by number) of offset agreements with Europe featured offset percentages of 100 percent or more during the period of 1993-2004.

Although Europe still accounts for the preponderance of offset agreements by value, non-European countries' offset requirement percentages are increasing significantly. For the period of 1993-2000, the average offset requirement for non-European countries totaled only 32.5 percent; for the period of 2001-2004, however, the average offset requirement was 72.8 percent. For 2004 alone, offsets totaled 93.2 percent of the value of U.S. weapon exports to non-European countries.

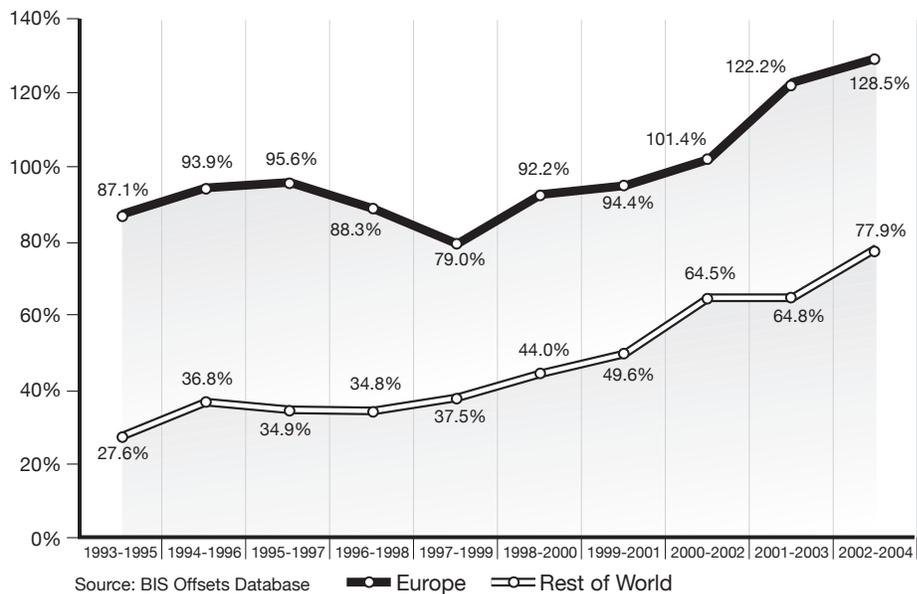
Middle Eastern countries, as well as many countries in Asia and in the western hemisphere, generally demand lower offset levels than European countries. Of the 240 offset agreements with non-European countries, 165 (68.8 percent) had offset percentages of 50 percent or less. Only 75 of the offset agreements (31.3 percent) had percentages of more than 50 percent, and 10 of these had offset requirements in excess of 100 percent.

The data show that over the twelve-year period, countries with developed, technically advanced economies typically have demanded higher levels of offsets than other countries. As more economies and their military programs advance technically, higher levels of offset requirements are likely to continue. More advanced economies are better able to absorb both direct and indirect offsets of all types. Their infrastructures and trained work forces are better developed, and are more likely, compared to other countries, to have in place a variety of defense and commercial industries among which to distribute offset transactions.

Are Offset Demands Increasing?

The data show not only that offset demands are increasing over time, but also that more countries outside Europe are demanding these higher offset percentages. Chart 4-3 shows that, although historically lower than European demands, offset requirements outside Europe are rising. Two-thirds of the non-European offset agreements valued at 100 percent or more of the export contract value have occurred since 1998; these 36 agreements with offset requirements of 100 percent or more, 14 were with Canada and another four were with Turkey. Moreover, in the last three years, countries entering into offset agreements with U.S. firms for the first time have demanded 100 percent or more, emulating their European counterparts.

**Chart 4-3. Percent Offsets for Europe vs. Rest of the World
(Weighted Moving Average, 1993-2004)**



In the last decade, shrinking worldwide defense expenditures and the overcrowding in the defense supplier sector have forced defense industries in many nations to consolidate. As sales opportunities narrowed, competition for such sales and related offsets became more intense. Higher-than-normal overhead related to low levels of capacity utilization in defense industries coupled with competitive pressures on prices also have squeezed corporate profits.

At the same time, foreign purchasing governments are under pressure to sustain their indigenous defense companies or to create new ones (defense and commercial) and, accordingly, are demanding more offsets. Significant, but decreasing, public outlays for foreign-made weapon systems become even more controversial, leading to higher offset demands to deflect political pressure and increase domestic economic development. In a growing number of cases, defense purchases are being driven by the competitiveness of the offset package offered rather than the quality and price of the weapon system purchased.

Report of the Interagency Team on Limiting the Adverse Effects of Offsets in Defense Procurement

In December 2003, President Bush signed into law a reauthorization of, and amendments to, the *Defense Production Act of 1950* (DPA). Section 7(c) of P.L. 108-195 amended Section 123(c) of the DPA by recommending that the President designate a chairman of an interagency team to consult with foreign nations on limiting the adverse effects of offsets in defense procurement without damaging the economy or the defense industrial base of the United States, or United States defense production or defense preparedness. The statute provides that the Interagency Team be comprised of the Secretaries of Commerce, Defense, Labor, and State, and the United States Trade Representative. A staff level Interagency Working Group was also established.

The law provides for the interagency team to send an annual report to Congress describing the results of offset consultations. The report is to be included as part of the annual assessment report to Congress on offsets in defense trade that is prepared by the U.S. Department of Commerce's Bureau of Industry and Security.

Domestic Consultations

The Interagency Team and Working Group, chaired by the Department of Defense, accomplished a number of important milestones during 2005. The first was identifying and meeting with domestic entities affected by offsets: U.S. defense prime contractors, subcontractors and suppliers to the prime contractors, labor representatives and industry advisors from the United States Trade Representative and Department of Commerce administered International Trade Advisory Committees. The organizations that participated in the domestic consultations included the Defense Industry Offset Association, National Defense Industrial Association, Aerospace Industries Association, American Shipbuilding Association, U.S. business and Industrial Council, AFL-CIO, International Association of Machinists and Aerospace Workers and the United Automobile, Aerospace and Agricultural Implement Workers of America.

The meetings were designed to allow the various domestic entities to inform the interagency team members of their views regarding offsets in defense trade and to make suggestions on what specific issues should be raised when consulting with U.S. trading partners. In many cases the responses by the various groups were in direct conflict with each other. The following are representative of the comments made by the domestic entities. They do not necessarily represent the view the interagency team. The interagency team will release its findings in its final report.

1. Greater than 90 percent of countries require mandatory offsets or industrial participation as part of international defense purchases.
2. Offsets are a persistent and growing problem.

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3. Generally, the prime contractor reports all transactions undertaken to meet offset requirements to the foreign government. This accounts for 70 to 100 percent of the offsets reported, although the amount directly fulfilled by the prime contractor varies significantly. The remaining portion (if any) of the offset is reported and fulfilled by:
 - U.S. defense subcontractors
 - Foreign defense subcontractors
 - U.S. non-defense subcontractors
 - Foreign non-defense subcontractors
 4. Adverse effects of offsets include:
 - Undercut domestic subcontractors and suppliers, and domestic industrial base, through loss of sales and enhancement or creation of foreign competitors;
 - Transfer technology and know-how as well as employee work-years to foreign firms, eroding U.S. industrial competitiveness;
 - Reduce support for U.S. Department of Defense programs and foreign military sales in specific congressional districts, regardless of any net beneficial effect on the defense industrial base;
 - Increase total cost of weapon systems for our foreign/coalition partners;
 - Increase program (sale and offset) risk: mandatory offset performance penalties increase the risk associated with export sales;
 - Foreign governments view offsets as a form of economic development aid to be gained through defense purchases; and
 - Perception of inequity - U.S. firms and the DoD should receive offset credits when buying any European and other foreign defense equipment and parts/components. This is not currently the case.
 5. Beneficial effects of offsets include:
 - Compliance with mandatory offset requirements makes it possible for U.S. companies to compete for foreign defense contracts;
 - Provide a vehicle for opening foreign defense markets for the introduction of U.S. goods and services;
 - Keep U.S. production lines open for certain defense systems not being procured or procured in uneconomic quantities by the DoD;
 - May reduce weapon system unit costs for all purchasers;
 - Maintain employee work-years for defense systems, at the prime and subcontractor level for portions of exports not subject to mandatory offsets; and
 - Promote interoperability with U.S. and coalition partner forces for those weapon systems using common parts/components and support systems.
 6. Certain offset requirements are perceived to be burdensome. Examples include:
 - Offsets with onerous terms and conditions, including large and non-liquidating penalties.
 - Offsets that require the use of directed offshore sources of supply for subcontracting and purchases (direct employee work-year loss).
 - Offsets that are outside the company's core expertise.
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- Offsets that require the transfer of technology, know-how and production capability.
7. Do the beneficial effects of offsets outweigh adverse effects?
 - Responses varied depending whether or not a U.S. company, industry or labor force were the target of the offset arrangement.
 - U.S. firms, industries or workers not covered by the offset arrangement usually benefited from the export sale.
 8. Should the U.S. government play an active role in helping U.S. firms negotiate offset agreements or ban offsets for specific economic sectors?
 - U.S. government should consider more international cooperative development programs as an incentive to reduce or eliminate offsets.
 - U.S. government should develop an offset policy for purchases of foreign systems or parts/components, to counter foreign offset demands.
 - U.S. government should negotiate enforceable guidelines at the multinational level to control the use and adverse effects of mandatory offsets.
 - U.S. government should regulate the use of offsets; should tighten and eliminate waivers to buy America statutes as a strategy to reduce or eliminate offset demands by our trading partners.
 - U.S. government should provide incentives to foreign companies/countries that do not engage in offsets.
 - U.S. government should not take any action that would unilaterally restrict U.S. companies from participating in offset transactions, as this would restrict business opportunities.
 9. Should U.S. commercial trade deficits be addressed in trade agreements, offset agreements or other agreements?
 - No - Restrictions on offsets could harm the U.S. defense industry, which has a defense trade surplus.
 - Yes - Negotiate to either eliminate offsets altogether, or reduce foreign offset requirements to 51 percent - similar to the *Buy American Act* (or eliminate Buy American waivers for countries granted Buy American waivers).
 10. What differences do you see between the DoD implementation or restrictions on foreign participation on DoD contracts and foreign countries' offset (sometimes called "industrial participation") requirements/
 - The U.S. Buy American restriction requires that a minimum of 51 percent of the value of the defense product purchased be built or sourced in the U.S. (restriction is waived for most allied nations). Most countries require a 100 percent offset for the value of the purchased system to be fulfilled by direct or indirect offset transactions.
 - The U.S. Buy American restriction is not a contractual requirement with a performance period and penalties for non-performance, as found with offset agreements.
 - The U.S. does not require indirect offsets (mandatory compensation not related to defense system purchased) when procuring foreign weapon systems or parts/omponents.
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Foreign Consultations Selection of Countries for Consultations

For the first round of consultations the Interagency Team selected France, Germany, Italy, and the United Kingdom. This group was selected because these countries sell defense systems in the global market and provide offsets, as well as procure defense systems and demand offsets or industrial participation. For the second round of consultations, the Team initially selected Canada, Greece, the Netherlands, Spain and Sweden. Denmark and Turkey were later added to the list. These seven countries were selected because they primarily procure defense systems from offshore suppliers and require mandatory offsets or industrial participation.

These eleven countries were also selected because their governments require high levels of offsets or industrial compensation when purchasing defense systems and services from U.S. defense contractors. Data collected by the U.S. Department of Commerce for 1993-2004 shows that combined, these countries account for 56 percent of all offset agreements (by value). Ten of the eleven countries selected for consultation are in Europe; Europe accounts for 65.5 percent of total offset agreements (by value).

Development of Consultation Questions

The Interagency Working Group developed a comprehensive set of questions for use during the planned consultations. These questions were designed to stimulate a dialogue with U.S. foreign counterparts, as well as attempt to find common ground for limiting the adverse effects of offsets through bilateral or multilateral consensus. The questions were based on the research of the Interagency Working Group Members and supplemented with the views and suggestions resulting from the domestic consultations.

Pre-Consultation Meetings in Washington, D.C.

The Interagency Working Group prepared for the foreign consultations by contracting and meeting with embassy representatives from the nine countries. These pre-consultation meetings in Washington, D.C. enabled the local embassy staffs to assist with in-country preparations for the planned foreign consultations. Embassy staffs also forwarded the U.S. government prepared questions to the proper ministries abroad for review and action in advance of the Interagency Working Group foreign consultations.

First Round of Consultations with Foreign Nations

The first round of consultations took place in mid-November 2005 with representatives from the governments of France, Germany, Italy, and the United Kingdom. The findings of these consultations are being reviewed and will be included in the next annual report.

Next Steps

The goal of the Interagency team is to complete its foreign consultations and submit a report to the U.S. Department of Commerce for inclusion in their annual assessment of offsets provided to congress in December 2006. At this time, the Interagency team has not determined any findings, drawn any conclusions, nor decided upon any recommendations as a result of this first round of foreign consultations. The second round of consultations is scheduled for early 2006.

Summary

Offset Agreements 1993-2004

During the twelve-year period of 1993-2004, U.S. companies reported entering into 513 offset agreements with 41 countries. Export sales totaled \$77.2 billion. Offset agreements related to those export contracts were valued at \$55.1 billion, or 71.4 percent of the export contract value, down from

73.8 percent for 1993-2003. Sales of aerospace defense systems (i.e., aircraft, engines, and missiles) were valued at \$64.8 billion and accounted for 84 percent of the total export contracts.

During the period of 1993-2004, European countries alone accounted for 65.1 percent of the value of offset agreements, but less than half (42.7 percent) of the value of related export contracts. European offset demands generally increased throughout the period, although the figure for 2004 was the second lowest recorded. Between 1993 and 2003, European offset demands as a percentage of exports increased by 75 percentage points, going from 78.3 percent in 1993 to 153.3 percent in 2003; in 2004, European offset demands averaged 63.9 percent. For 1993-2004, the European offset average was 99.1 percent.

Middle Eastern countries and most countries in Asia generally demand lower offset levels than European countries. Of the 239 offset agreements with non-European countries, 155 (64.9 percent) has offset percentages of 50 percent or less. Only 47 of the 39 offset agreements (19.7 percent) has percentages of more than 50 percent but less than 100 percent. Thirty-seven of the 239 (15.5 percent) has offset requirements of 100 percent or more.

Offset Transactions 2004

Offset transactions reported by U.S. companies reached \$4.9 billion in 2004, the highest for the twelve-year period and a 38.4 percent increase over 2003. Indirect transactions, those that are non-defense related, accounted for 46.6 percent of the value of offset transactions, down from 68.6 percent last year. This was the second lowest percentage of indirect offsets for the twelve-year period. At the same time, direct transactions accounted for 53.4 percent of the value of transactions in 2004. This was the second highest level of direct transactions and the second time direct offsets were over 50 percent during the twelve-year period.

Offset Transactions 1993-2004

For 1993-2004, U.S. companies reported 7,396 offset transactions in 44 countries. The actual value of the offset transactions from 1993 to 2004 was \$32.6 billion. Indirect offsets accounted for 58.9 percent of the total value of transactions and direct offsets made up 40.4 percent of the value. The remainder was unspecified direct or indirect.

The categories of purchases, subcontracts, and technology transfers accounted for 76.6 percent of the value of offset transaction activity during 1993-2004. These categories have consistently accounted for the majority of offset activity. Purchases accounted for 37 percent of the total value, and subcontracts accounted for 25 percent. The value of technology transfer offset transactions was 14.5 percent of the total value.

The majority of offset transactions fell in the manufacturing sectors, Standard Industrial Classification (SIC) 20-39; manufacturing-related transactions accounted for \$26 billion, or 79.7 percent of all transactions. Service-related transactions accounted for \$3.6 billion, or 11.1 percent of the total. Financial, insurance, and real estate industries totaled \$1.5 billion, approximately 4.5 percent of transactions for 1993-2004.

The Role of Multipliers

Multipliers are incentives used by purchasing countries to stimulate particular types of offset transactions. Prime contractors receive added credit toward their obligation above the actual value of the transaction when multipliers are used. In a small number of cases, a negative multiplier is used to discourage certain types of offsets. In Europe, 85.9 percent of transactions have no multiplier involved for the prime contractor when fulfilling the offset commitment. For North and South America, 84.6 percent of transactions have no multiplier involved; for Asia, the figure is 79.2 percent, and 88.7 percent for the Middle East and Africa.

Some categories of transactions were more likely to garner multipliers:

- 42.5 percent of Overseas Investment transactions
- 39.7 percent of Training transactions
- 26.6 percent of Technology Transfer Transactions had positive multipliers.

However, just 8.1 percent of subcontracts and 8.4 percent of purchases, the two largest categories, received multipliers. These two categories together accounted for 72 percent of the 7,396 transactions reported over the twelve-year period.

Findings

In 2004, U.S. defense weapons exports were at their lowest level since 1998, totaling \$4.9 billion. In conjunction with these exports, offset agreements totaled \$4.3 billion in 2004. The average of offset percentage for 2004 was 87.9 percent, down from 124.9 percent in 2003.⁶ This is a sharp decrease in value, but still the second highest recorded level of offset percentage in the 1993-2004 reporting period.

Offset transactions have reached their highest point since 1993. Transactions normally lag a few years behind the offset agreements that they fulfill. In 2004, transactions totaled \$4.9 billion, an increase of \$1.3 billion (38.4 percent) from 2003.⁶ This is due to the high level of export sales and related offset agreements since 2000.

Multipliers continue to be applied to only a small number of offset transactions. The average multiplier for the twelve-year period is 1.185. In 2004, the multiplier was 1.087. This 2004 multiplier means that, as a whole, the total credit value of the transaction is 8.7 percent more than the actual value. Therefore, the total actual value of transactions for 1993-2004 is \$32,570 million, but the credit value is \$38,595 million.

In 2004, direct transactions accounted for 53.4 percent, or \$2.6 billion, of the value of transactions for that year. This was the second highest level of direct transactions and the second time direct offsets were over 50 percent during the twelve-year period from 1993-2004. Indirect transactions, in contrast, accounted for 46.6 percent, or \$2.3 billion, of the value of offset transactions, down from 68.6 percent last year. This was the second lowest percentage of indirect offsets for the twelve-year period. The remaining 0.8 percent of the value was unspecified direct or indirect. From 1993-2004, direct offset transactions (related to weapon systems sold) accounted for just 40.4 percent, or \$13.2 billion, of the value of all transactions. Indirect offset transactions were valued at 58.9 percent, or \$19.2 billion, of the value of all transactions for the twelve-year period.

BIS has several ways of classifying offset data for analysis. One way is categorizing by global region, and then distinguishing by country. During 1993-2004, European countries and U.S. firms entered into the most number of offset agreements, had the highest total value of agreements, and typically demanded the highest offset percentages. U.S. firms reported 273 new offset agreements with European countries from 1993-2004, a total value of \$36.1 billion. In 2004, the European average offset percentage dropped to the lowest point in 10 years at 63.9 percent. This, however, has had minimal effect on the overall average level of offsets demanded. For the twelve-year period, the European average was 99.1 percent, down just 2.1 percentage points from the previous reporting

⁶ One large weapon system export in 2003 with an offset percentage of more than 170 percent skewed the data for that year. Without this export and its related offset agreements, the average offset percentage for 2003 would fall from 124.9 percent to 81.3 percent. The 2004 level of 87.9 percent would then be the highest percentage on record; this export also affected the average offset percentage for the entire period. With this sale and offset, the average offset percentage for 1993-2004 is 71.4 percent; without it the percentage is 66.6 percent.

period of 1993-2003. 72.9 percent of offset agreements with Europe from 1993-2004 future offset percentages of 100 percent or more.

Not only are offset demands increasing over time, but also more countries outside Europe are participating in the international defense weapons market and demanding higher offset percentages as compensation. Non-European countries entered into 18 defense export contracts, valued at \$4.03 billion, in 2004 with related offset agreements totaling \$3.8 billion. This is the highest recorded level - 93.2 percent - of offsets in the twelve-year period for non-European countries. In total, non-European countries had 240 agreements from 1993-2004, with export contracts valued at almost \$40.8 billion and offset agreements totaling a little more than \$19 billion, or 46.6 percent. BIS notes that two-thirds of the non-European offset agreements valued at 100 percent or more of the export contract value have occurred since 1998.

BIS has developed an estimate of employment impacts caused by offsets by using U.S. aerospace-related employment of value added data collected by the U.S. Department of Commerce, bureau of the Census.

U.S. prime contractors reported about \$7.3 billion in defense export contracts with offset agreements for 2003. According to the Census Bureau's Annual Survey of Manufacturers, the value added per employee for the aerospace product and parts manufacturing industry in 2003 was \$174,577. Dividing this figure into the 2003 defense export sales total results in a total of 41,776 work-years that were maintained by defense exports associated with offset agreements during 2003.⁷

For 2003, the \$7.3 billion in defense export contracts had a related \$9.1 billion in offset commitments. It takes on average almost seven years of offset transactions to fulfill an offset agreement, but in order to more accurately assess the impact of offset transactions on work years, BIS compared the export contract to the prime contractor's offset obligation contractually committed at the time of the sale.

Subcontracting, purchasing, co-production, and licensing offset transactions are most likely to shift production and sales from U.S. suppliers to overseas firms. Other categories of offset transactions (technology transfer, training, overseas investment, and marketing), in the short or long run, can shift sales from U.S. suppliers as well; however, their impact is more difficult to calculate. Therefore, BIS bases its estimate of employment impacts only on subcontracting, purchasing, co-production, and licensing offset transactions.

These conservative calculations are based on the assumption that the offset obligations entered into in 2003 are made up of nearly the same proportion of offset transaction categories as past offset obligations. Those categories which can be most directly related to employment - subcontracting, purchasing, co-production, and licensing - accounted for approximately 72 percent of the total value of offset obligations in 2003. Applying the same value added figure used above (\$174,477) leads to the loss of 37,450 work-years associated with the offset agreements entered into in 2003.

Based on these calculations, it appears that 2003 defense export sales of \$7.3 billion had a slight net positive effect on employment in the defense sector during that year (4,326 work years), although the net positive effect was diminished by the offset agreements. This compares to 2002 defense export sales of \$7.4 billion and related work-years of 47,122, offsets of \$6.1 billion and the loss of 25,450 work-years, for a net gain of 21,672 work-years. It should be noted that the 2003 analysis does not include the potential impacts of an additional \$809.9 million of technology transfer, training, and overseas investment transactions.

⁷ This calculation is based on the supposition that this value represents 100 percent U.S. content in all exports, which is not necessarily an accurate assumption.

PERSPECTIVES

Interactive Decision-Making for the International Arms Trade: the Offset Life Cycle Model

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Introduction

The concept of offsets is a relatively new marketing tool for most defense companies and governments. Offsets are being used by newly industrial countries to forge bold new trade strategies in order to become major players in global arms market. Exporters rely on offsets to find future business opportunities. The offset agreement is mainly for defense-related contracts, whether they are foreign military sales (FMS) or direct commercial sales (DCS). The principal players in an offset agreement include a supplier of defense related equipment in a developed country and a foreign government buyer. [Palia, 1993, 1992, 1991]

The details of the offset arrangement must be included in the contractual arrangements that involve defense articles and services for export. The two types of offsets are direct and indirect. Direct offsets are directly related to the items or services exported by the defense firm and usually include co-production, financing activities, training, directed subcontracting, investments in defense firms, concessions, transfers of technology and licensed production. Indirect offsets are unrelated to the exports referenced in the sales agreement. These might include purchases, investment, marketing and exporting assistance, training, technology transfer, and other foreign defense related projects. [U.S. Department of Commerce 2003]

The Environment of the World Arms Trade

During the worldwide depression of the 1930s, businesses and governments were unable to finance imports and exports due to “extensive exchange restrictions, large debts, soft currencies, and low foreign exchange reserves.” [Neuman 1985] Offsets arose in the late 1950s and early 1960s in response to the legitimate need to rebuild the defense industrial base in Western Europe and Japan. At that time, offset agreements may have been justifiable for reducing the impact of military equipment purchases on the budgets and trade accounts of these countries. Offsets have contributed to modernizing the arms inventories of the alliance, to contributing to rationalization, standardization, and interoperability, and to strengthening transatlantic ties in the defense of North Atlantic Treaty Organization (NATO) countries. [Neuman 1985] Today, offsets are used as a marketing tool by high technology exporters. In the meanwhile, buying governments can use offsets to decrease the burden of large defense purchases on their economy, to increase or preserve their countries’ jobs, and to improve and maintain their industrial technology base. [U.S. Department of Commerce 1996]

Since 1975, many countries purchasing major defense equipment have required offset agreements to boost their industrial economies. The world’s defense environment has been significantly changed in the world after the Cold War and the breakup of the Warsaw Pact [Waller 2003]. Within this new environment, mega-defense suppliers are chasing fewer customers, and offset packages play a more critical role in global defense procurement competitions. Originally, offsets were provided only by the U.S. and the former Soviet Union, but today they are provided by European countries

(U.K., France, Germany, and Italy), Japan, Israel, China and South Korea. Thus, offsets have already become a competitive tool in the defense market.

Offset Policy

The increasing use of offsets has motivated many countries to set national policies concerning the use of offsets in defense procurements. There are two different views about offset policies. The recipient's view is that offsets are an integral part of the sale itself rather than unrelated compensation practices. The supplier's view is that offsets improve the overall value of the sale. These conflicting views are useful in understanding how governments establish their offset policies.

Countries requiring offsets may be generally divided into four regions, Europe, Asia, Middle East, and North and South America, each with a slightly different view of offsets. [U.S. Department of Commerce 2003] In the Middle East, countries are looking for diversity in economics rather than building or maintaining the defense industry. Pacific Rim countries such as China, Korea, Taiwan, and Singapore are seeking technology transfer in aircraft design to compete in the world aerospace market. Europeans seem to be maintaining the status of their defense industries to be able to export their defense products. In North and South America, the focus is on economy, technology and jobs. [U.S. Department of Commerce 2003] In the U.S., the largest offset supplier, some firms report that, although they have to give up something in the offset process, they have gained market share in return. [U.S. Department of Commerce 1996]

Offset Roles and the Flow of Funds

The critical factors for executing an offset program are very complex and dynamic. When we discuss this issue, we need a thorough understanding of the major players and process in this competitive game. Earlier research concentrates on the relationships between sellers and buyers from a seller's perspective. [DISAM 2003, 1995]. We expand on this point and integrate it with the views of the buyer, creating a new illustration for the main players and the flow of funds for offsets under a government-to-government or a direct commercial sale. The new illustration includes the seller's players (executive branch, legislature, military, prime contractors and their subcontractors), and the buyer's players (recipient government's administration and legislature, local industries, military, and research and development (R&D) organizations). Most buyers focus on technology transfer for reducing R&D costs and shortening schedule of the life cycle, so they need national level R&D organization to take the new technology and transfer it to local industries. The relationships of the seller and recipient are depicted in below Figure 1.

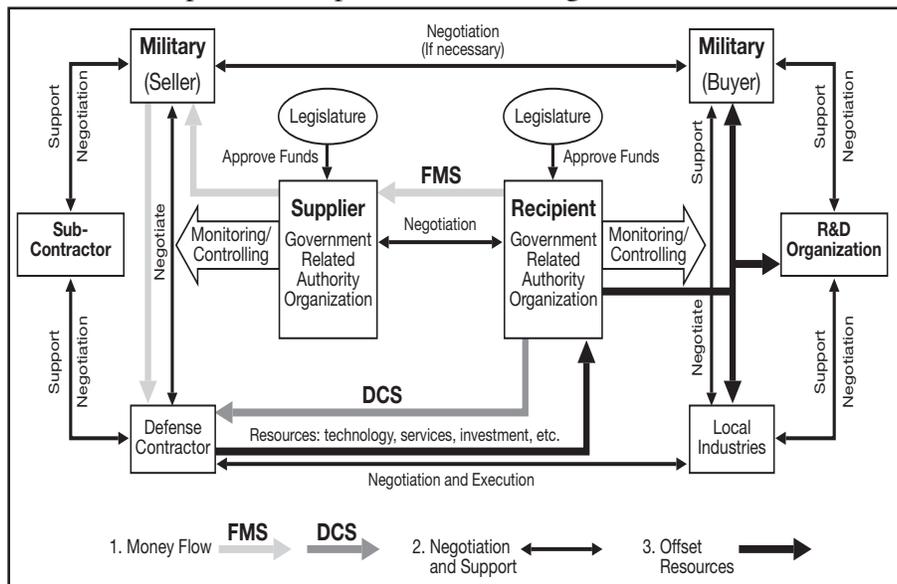


Figure 1. Illustration of the Relationship of the Buyer's and Seller's Offset

Any offset projects need capital to execute what they really want to achieve. However, the power of approving the budget is belongs to the legislature of either the buyer or the seller. The buyer's government transfers FMS or DCS funds to defense contractors as payment for the product. The defense contractor recovers expenditures associated with direct offset transactions through buyer's government payments for the sale. For indirect offsets, the seller's contractors are reimbursed only for administrative costs by the purchasing government; they recover any other costs through resale or marketing assistance for products manufactured in the purchasing country, by returns on their investments, or by other market mechanisms. Indirect offsets also may be related to the production of defense articles sold. Whether direct or indirect, offset transactions return funds to the purchasing country. The offset funds spent in the buyer's country to fulfill offsets are therefore a means by which the purchasing government redirects public expenditures back into its own country. The purchasing country distributes offset credits to execute its government's offset specific goals, for instance technology transfer, local procurement, local investment, cooperative R&D, marketing assistance or training.

Factors Related to Offsets

Perfect negotiation of an offset agreement that is satisfactory to both parties is a necessary first step in a successful ultimate outcome. [Bailey, 1982] However, the definition of a successful offset agreement can be seen from two different vantage points. The first one focuses on fulfillment of offset commitments, and the percentage of offsets actually achieved are criteria for success in offsets. [Farr 1992] The second view discusses success of the offset in terms of results. It could increase profits by making sales, and enhancing a firm's image or market position. It means balancing risks and benefits. We will discuss below the key factors for success relative to the recipients and suppliers.

Factors Related To The Buyers

When the buyer's government is interested in engaging a local firm in an offset program, there must be a local firm that is willing to make an investment and cooperate with the government's policy. Therefore, the desire to invest and the ambition to upgrade on the part of local firms are also important factors in the success of offset agreements. Both management experience and international offset experience are critical to success of international cooperative projects. [Farr 1992, Lecraw 1989]. If the buyer is not a potential competitor for the seller, the offset will probably be more successful because sellers would not be likely to share technology with nor buy products from a potential competitor. [Kremer, 1992] In addition, technical experience and capabilities of the buyer is one of the important success factors. [Weida 1996, Farr 1992, Francis 1987] Other factors related to the buyer are a stable political and economic environment and a good relationship with the seller's government. [Tien 2004, Verzariu 1985]

Factors Related to the Sellers

Most seller countries have offset policies that will generate more business opportunities in the world. The successful offset of the seller is related to use of a proactive strategy. [Weida 1996] The international experience of the seller is important to success in the offset agreement. [Verzariu 1985] Most researchers suggest that large producers are more likely to find success in offset agreements than are small companies. Prime contractors stand to gain more from offset deals because they can control more bargaining chips and can coerce subcontractors to assure part of the prime's offset obligations if they want to get the contract. [Weida 1996] Building an in-house team specializing in offsets rather than relying on outside sources is another factor for success in offset agreements. [Kremer 1992, Golden 1987] The next factors related to success are strong commitment and clear user support. [Farr 1992] The most important factor as we mentioned before is the support from top management in the seller's company. [Welt 1984] Without this support, it will be like wringing water

from a flint to achieve a practicable offset strategy. According to the above research, the authors have integrated the related factors in Table 1.

**Table 1. Offset Related Factors
Types of Players**

Buyer	Seller
Critical Factors for Success	Critical Factors for Success
International experience	Compatible goals
Offset experience	Proactive strategy
Not viewed as a competitor	In-house offset group
Technical experience	International experience
Sufficient financial resources	Offset experience
Stable environment	Large company
Willingness of local firms to cooperate	Support of top management
	Commitment to project

Offset Life Cycle Model

Offset requirements are an integral part of the process of request for proposal (RFP) [J. Alex Murray and Frank Horwitz, 1988]. The size of the offset obligation appears to be directly related to the degree of exclusiveness of technology used in the response to the RFP and the competition among the prime contractors. However, this is where shrewd negotiators test their capacity to reach practical arrangements. Because of the highly competitive characteristics of the defense market, it is imperative that management understand the offset process to build an optimum strategy which is part of the overall business plan for both seller and buyer. The offset specialty teams are composed of program managers, government officers, negotiators, financial experts, legal specialists, engineering personnel, users, and industries representatives. All offset team members must support the planning goals. The key person is the program manager who is responsible for the success or collapse of the offset program because he needs to coordinate and to integrate the opinions of different organizations and players in this competition game.

Phases of the Offset Life Cycle Model

Offsets are a complicated and dynamic program, and we have already surveyed offset goals, players, impact factors and teams. Now, we need to discuss the offset process. The authors have integrated the offset sequence of J. Alex Murray and Frank Horwitz (1988) into the weapon system acquisition life cycle concept from U.S. Department of Defense 5000.2 (2003) to develop “the offset life cycle model (TOLCM).” (See Figure 2.)

The offset life cycle is divided into four phases. Phase I is a preparation phase where offset players need to evaluate the seller’s and buyer’s capabilities and situations and then develop a proactive strategy. Phase II is a negotiation and decision process. According to the offset strategies created in phase I, the seller’s and buyer’s offset teams negotiate the offset agreement and then decide how to execute it. Phase III is the execution and audit phase. When both parties reach agreement, the arduous work begins. The buyer and seller will focus on how to smoothly fulfill the agreement and audit all processes to insure that they follow the agreed upon terms and conditions. The audit must

review the offset agreement to see if the desired results have been achieved. The last phase is to wind up the case brightly, or to touch on a lawsuit when one side cannot fulfill the offset agreements.

Phase I – Strategy Developing and Evaluation Stage

In this phase, the selling and buying governments follow their long-term national development plans to match economic missions, technology requirements, industries, and relationships with allies. When a government develops its offset policy, it needs an evaluation mechanism with a strategic-level view to decide which factors can affect the outcomes of the offset. In general, both buyer’s and seller’s governments evaluate the critical success factors in offsets by using policy, economic, capability and global environment viewpoints to map out their offset policy. In Table 2, we have integrated the results of previous research and constructed a framework for strategic evaluation of the offset proposal to be used at check point A in Figure 2.

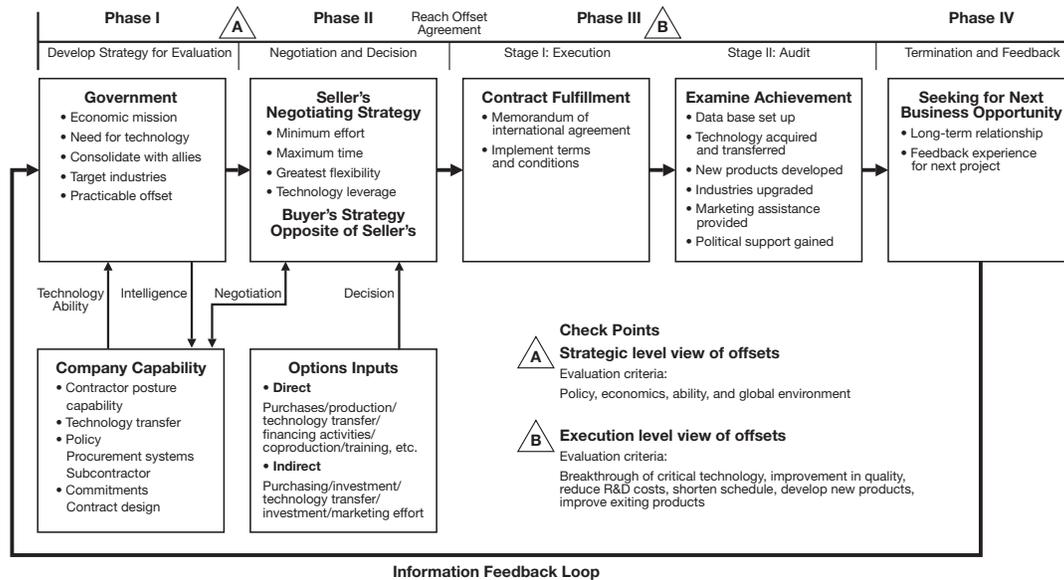


Figure 2. The Offset Life Cycle Model

Governments can use this framework to develop their own strategies. When the government has an explicit offset policy, it needs to be disseminated to companies. Another responsibility for the government is to provide the information about the partner countries or companies to contractors or local industries, which can then use this information to develop a company’s offset strategy. In the meanwhile, the company needs evaluate what kind of capability it has, such as technology capability, technology transfer policy, procurement system, subcontractor commitments, and contract design. However, the government’s offset policies are very much dependent on its own role in the process. For example, the U.S. government has a hands-off policy towards offsets. The U.S. government does not want to be involved too much in offsets, but in Taiwan the government wants to control and audit all offset processes.

Phase II – Negotiation and Decision

When the buyer and seller have developed an offset strategy in phase I, they will follow that logic to develop a negotiation strategy. A seller wants minimum effort, maximum time, the greatest flexibility, minimum technology transfer, and maximum credit multiples, which are the opposite of a buyer’s desires. Negotiation is a process, not an event, and it is used to resolve conflicts between parties. [Pia and Sorenson 2000] We argue that in purchasing projects involving offset negotiations

Table 2. Critical Factors for the Strategic Framework of Offset Execution

Aspect	Policy	Ability	Economy	Environment
Criteria	<ul style="list-style-type: none"> • Combine with national economic development • Degree of government support • Support of top management • Perfect laws and regulations • Proper government reward • Pressure of domestic industries • Legislature pressure • National security • Achievement of offset goals • Proactive strategy • Conflict between suppliers/recipient's policies and regulations 	<ul style="list-style-type: none"> • PM capability of in-house offset team • Formal offset organization/employee • Offset/International experience • Technological manpower capability • Industries' capabilities for absorbing high technology • Industrial competitive capability • Domestic industrialization level • International marketing capability • Difference of seller's and buyer's technological capability • Large company • Mature technology • Complex product • Independent military capability 	<ul style="list-style-type: none"> • Purchasing power • Economies of scale • Global economic situation • Sufficient financial resources • Large dollar value of target • Saving R and D expenditures • Prompting domestic economy • Promoting industry • Opportunity to add jobs 	<ul style="list-style-type: none"> • Stable political environment • Willingness and support by local industries • Buyer and seller formal relationship • Buyer and seller allied with strategy • Buyer and seller opposite international status • Pressure for cooperation on both sides • Not viewed as competitor • High autonomy

are inevitable when there is a difference in benefits to the seller and buyer. Obtaining the optimal benefit for the country is the final goal for government and industry in an offset project. Negotiation is essential to reach an agreement for the greatest benefit to the buyer's or seller's government. A negotiating position is derived from a thorough knowledge of the buyer's needs and motivations. The government of the buyer country can control access to the market under its jurisdiction to satisfy its needs. [Palia 1990] In the meanwhile, the companies of both the seller and buyer states need to negotiate with their related partners (see Figure 1) to decide whether to use direct or indirect offsets, or both, to fulfill the requirements and sign an offset agreement.

Phase III - Execution and Audit

Appropriate management is essential to the success of an offset project for both governments. In the execution and audit process, buyer and seller need to audit the process to obey the laws and regulations and record the procedure of the project which can satisfy all sides of the golden triangle of quality, price and delivery time [Trice 1990]. Efficiency is the quintessence of any kind of the project; if we need to evaluate the efficiency of project, we should have some standards and a methodology to compare progress against them. In the offset life cycle model, this phase belongs to the execution level. In order to review the efficiency of the offset project case by case, we set a check point (point B in Figure 2) to examine the project. In general, we used the data envelopment analysis method to identify input and output data to evaluate the effects of companies' implementation of offsets. Input factors are how many resources (including manpower, materials, and budget) companies need to put into the offset projects; in the meanwhile, output factors such as breakthroughs of critical technology, improving quality, reducing R&D costs and schedules, developing new products, or improving existing products are evaluation criteria at the execution level. We can use this method to check offset projects and identify whether finished cases were efficient or inefficient.

Phase IV - Termination and Feedback

We choose the efficient offset group in phase IV as the benchmark and feed back this information to the company and government so that the experience can be used to establish efficient criteria for selection of the most appropriate company for the next offset project. For a couple of years, the offset project is executed smoothly since all players join forces in this game. Both seller and buyer complete the offset case and prepare a pile of documents for the ending report. However, previous offset experience can show us some factors and rules for efficient selection, but the prime function is seeking future business opportunities.

Conclusion

This research belongs to systematic conceptual research and combines both seller and buyer conceptions. We reviewed advanced research of other scholars to refine the factors which determined successful offsets for seller and buyer. We know that the relationships between seller and buyer in an offset project are intricate. The program manager must take responsibility for integration of all the interactions of the offset players and their related requirements. We developed Figure 1 to illustrate the entire relationship of the players and flow of funds in the offset process. Offset projects are not a piece-by-piece process but should be a process concerned with the whole life cycle "from cradle to grave." We applied the life cycle concept to the offset process and created the offset life cycle model. [TOLCM] The TOLCM concisely describes the offset process from phase I to phase IV, and provides offset players concrete actions in each phase. In the meanwhile, we set the check points A and B in TOLCM where the strategy and performance can be audited and reviewed.

Offsets have become a well-established part of international arms trade. They will remain so well into the future. If technology is transferred at the right time, the gains will be greater than the losses [Weida 1996]. We conducted this research to provide a distinct process for mapping out usable offset procedures for both buyer and seller countries. Offsets must be examined not just as political

tactics in the global arms trade but as an opportunity to promote future business for the seller and a satisfactory exchange for the buyer. [Palia and Liesch 1997]. We do believe offsets should be a win-win policy.

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Projecting Soft Power Through English Language Training

By

Thomas Molloy

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I have taken pains to ensure that the facts in this article are accurate. If there are any factual errors, it is entirely my fault. The opinions and suggestions are my own and do not necessarily represent the thinking of the Air Force or the Defense Language Institute English Language Center.

Introduction

A sagacious, cynical friend of mine, whose candid, acerbic insights more often prove right than wrong, told me that the proposal below would be dead on arrival. He said, “Your pet rabbit is a cuddly little ball of fur to you, but every bureaucrat in the U.S. government is nurturing his own pet rabbit. Your little cutie is an ugly hair ball to these guys.” He added that to harried, monolingual bureaucrats, attempting to conceptualize ELT as Soft Power would seem to be a prodigious waste of brain cells. He added, “Soft Power is an amorphous, mushy blob” and “ELT is touchy-feely, cultural flotsam.” I hope my caustic friend is wrong.

The purpose of this article is fourfold: First, to proclaim the enormous Soft Power potential of ELT; second, to propose that the United States exploit this enormous potential by launching a veritable worldwide ELT Blitzkrieg, third to suggest that the Department of State assume responsibility for this initiative with the Defense Language Institute English Language Center (DLI) in an advisory role; and fourth to offer broad guidelines for implementation of the initiative.

Soft Power

In his seminal book *Soft Power*, Joseph, Nye Jr. answers the question “What is Soft Power?” as follows: “It is the ability to get what you want through attraction rather than coercion or payments. It arises from the attractiveness of a country’s culture, political ideals and policies.” Throughout the book he gives additional insights into the nature and applications of the Soft Power concept.

Anyone who has traveled abroad has observed the ubiquitous artifacts of American culture. On the streets you see the more banal artifacts: NBA Jerseys, ads for American films, Coca-Cola, icons of Pamela Anderson, skateboards, fast food, etc. In less conspicuous surroundings, foreign scholars examine the more sublime artifacts of our culture such as our Declaration of Independence, our Constitution, the Federalist Papers, and American football. Or, they read the works of Steinbeck, Faulkner, Poe, Hemingway, Thoreau, Frost etc. Or, they marvel at the brilliance of Dr. King’s triumphant leadership of the civil rights movement. With respect to understanding the legacy of the United States, the magnitude of the Soft Power of ELT is directly proportional to the number of people who strive to learn English to better understand this legacy. However, the potential Soft Power of ELT does not just derive solely from the attractive features of our culture. As we will see below, English language proficiency (ELP) has become a sine qua non for countries to function as members of the global economy. Around the globe, young officials aspiring to corporate or government leadership positions must possess a high degree of ELP to achieve their goal. This constitutes an absolute requirement for ELP, no matter what one thinks of American institutions and values. This absolute requirement exponentially magnifies the Soft Power potential of ELT.

Summary of Recommendations to Project English Language Training Soft Power

- The U.S. government should open English Language Training Centers (ELTCs) in major cities around the world.

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- The ELTCs should provide ELT to individuals who are either now influential or who are likely to be influential. That is to say, ELT should be offered to the “shakers and the movers.”
 - The U.S. Department of State should manage this ELT initiative.
 - The ELTCs should employ the Defense Language Institute English Language Center (DLI) ELT system.
 - DLI should serve in an advisory capacity until the ELTC program is firmly established.

Background Information

In the Summer 2003 edition of this Journal, there appeared an article authored by me and entitled English Language Training as a Projection of Soft Power. The basic premise of this article was that the United States could project an enormous amount of soft power by exercising the leverage inherent in the worldwide demand for ELT. The article alleged that the security assistance training community (SATC) generally fails to realize the immense importance of ELT to friends and allies around the world. The article posited that, even though the SATC did sponsor ELT for international military students (IMS), it viewed ELT more as an obstacle to be overcome in order to attend follow-on training (FOT) than as a good in its own right. Many IMSs regard ELT itself, not FOT, as the most significant element of U.S.-sponsored training. FOT gives them professional knowledge, but unless the IMSs can discuss this knowledge in fluent English, their career prospects are limited.

Status of the English Language

English is, de facto, the world’s lingua franca. Governments and corporations need a cadre of key personnel with a high level of ELP to be players on the world stage. The trend is that government and corporate officials without a high level of ELP are fated to be spectators in the cheap seats. In Ministry of Defense (MoD) circles, ELP is the ticket to participation in peacekeeping missions and joint military exercises; to participation in international conferences and attend U.S. military schools; to effective use of the Internet; to instant access to developments in the scientific, business, economic, and military spheres. Many members of the SATC seem unaware of the enormous importance of ELP to the IMSs. Just as the dollar is the world’s currency, so ELP is the universal currency of international discourse. To mix metaphors, “You can not leave home without it.”

With respect to Soft Power, it is hard to overstate the attractiveness of ELT. It is the perfect projection of soft power. It is, if you will, a “weapon of mass attraction.” In short, the U.S. government has a commodity (ELT) that many millions of international friends, potential friends, and even enemies ardently desire. We are in the enviable position of not having to employ marketing experts to create a demand for our product; there is already more demand than we can ever accommodate. The U.S. government’s ability to bestow ELT gives it the power to positively influence lives and reap a bonanza of good will. To be sure, in every country there are indigenous commercial and government-run ELT programs. Frequently, only a few select individuals are able to attend the government-run programs. Often these individuals have the same last names as prominent members of the government establishment. Most commercial ELT programs are expensive and too few of these mostly non-intensive programs lead to a high ELP level. The worldwide demand for quality ELT far outstrips the supply.

The Key to this Initiative Excellence Anonymous

The adage, “No one is a prophet in his own land.” Certainly holds true for DLI. Very few Americans know of its existence, including (believe it or not) some high level DoD officials. In contrast, the DLI logo is as familiar to many foreign military personnel as the Coca Cola logo. DLI, founded in 1954, is now training the sons and daughters of alumni. The MoDs in more than sixty countries, after a great deal of comparison shopping, have adopted the DLI American Language

Course (ALC) instructional materials. Most of these MoDs have little money to spend on training of any kind. Nevertheless, they consistently choose to spend a disproportionate amount of money on ELT. Bringing DLI teams to their countries in order to assist them in transitioning to the DLI system is a heavy financial burden. Yet, the demand for the deployment of DLI teams continues to grow, indicating that DLI clients realize the value they are getting for their money. DLI has a track record of transforming moribund ELT programs into dynamic, productive learning centers. Most security assistance officers (SAOs) actively encourage the deployment of DLI teams to their country. Yet, there are a few SAOs who vigorously oppose the deployment because they regard it as too expensive. They try to convince host-country officials to spend their money on “more worthy” items. In spite of such fitful opposition, the growth in demand is occurring. Unfortunately, some members of the SATC seem oblivious of DLI’s mission, let alone its preeminence.

I use the word “preeminence” advisedly. The reason that I wish to establish DLI’s preeminence is that I am proposing that the DLI system be used to implement the proposal to project ELT as Soft Power. You will note that I am not proposing that DLI be in charge of this initiative. The scope of this proposal goes well beyond the bounds of DLI’s charter. For this reason, I am suggesting that DLI serve in an advisory capacity to the Department of State.

Three Fatal Flaws

Establishing ELT programs is not rocket science, but, for one reason or another, the world is littered with aborted ELT start ups. In performing post mortems on dead ELT programs around the world, I discovered the three most common causes of premature death. These fatal flaws result from the inexperience of MoD managers in running ELT programs. Any one of these same three flaws could precipitate a management crisis in launching the ELTC initiative. These flaws are:

- Failure to get professional help in establishing the ELT program. Many MoD managers underestimate the amount of planning, coordination, and hands-on management required; consequently, they fail to hire the necessary expertise. “Do-it-yourself” ELT programs rarely succeed.
- Seeking professional help from the helpless. Many MoD managers uncritically heed the pedagogical advice of assorted academics, self-styled experts, none of whom has ever managed an intensive ELT program and some of whom are pushing a pet pedagogical fad with evangelical fervor. Incompatible fads cause classroom chaos and managerial gridlock. In the ESL field, just as in the field of education, most new fads lead to dismal results. ELT managers are well advised to shun fads and those who espouse them. It is best to follow tried and true methods. Of course, this entails a very slight risk. Someday there may actually be an ESL pedagogical breakthrough and one might be late in adopting it. However, given that, in my opinion, there hasn’t been a real breakthrough in hundreds of years, I think the odds are on one’s side. Do not mistake the burgeoning cornucopia of new terminology for demonstrable improvement in methodology.
- Relying on Unpaid Volunteers (UVs). Employing UVs appears to be an attractive option. With respect to cost, it is by far the most attractive way of staffing an ELTP. The fly in the ointment is the difficulty in managing ELTPs staffed by UVs. In a sense, they control ELTP management, which is totally beholden to their generosity. Moreover, employee turnover tends to be unacceptably high among UVs. Although UVs can be a useful source of supplementary assistance to an ELTP, management should never permit dependence on them. ELTP success or failure should never be a function of the role of UVs. Management simply does not exercise sufficient control over UVs to place the fate of the ELTP in their hands.

Defense Language Institute Expertise

Those individuals responsible for implementing the ELT Soft Power initiative should understand that DLI has “been there, done that.” Given the resources, DLI professionals could set up an effective ELT program in a relatively short period of time on a sand bar in the middle of the ocean. The hand-

picked teams that DLI deploys to evaluate ELT programs consist of highly intelligent, thoroughly knowledgeable, superbly competent professionals. They are the Overseas Program Managers (OPMs), DLI's Special Forces. They evaluate in-country ELTPs and brief their findings before departing the country. It is axiomatic that the measure of the significance of a briefing is the rank of the attendees. Attendees at DLI briefings typically include ministers of defense and other ministers of state as well as chiefs of armed services. That is to say that MoDs consider ELT to be a matter of utmost importance. DLI is justifiably proud of its OPMs, who dare to stand before these imposing potentates and tactfully, but forcefully, enumerate the deficiencies of their ELT programs. This might be considered "hazardous" duty, but time and time again they pull it off and receive the gratitude of the MoDs. The increasing demand for DLI expertise at overseas locations is testimony to the effectiveness of the OPMs. They know the ELT business, obviating the need for guesswork and experimentation. If the ELTC initiative falls into the clutches of academics, the likelihood is that practical experience will be rejected in favor of unproven pedagogical fads. A great deal of effort will be expended in a futile effort to reinvent the wheel.

Laboratory or Production Line?

DLIELC trainers tend to view the teaching of English differently than educators do. The differences spring from the inherent dichotomy between trainers and educators. It is sometimes difficult to verbalize the differences education and training, but the differences are real and significantly affect the implementation of ELTP programs. A colleague summed up the difference nicely by saying that she felt a sense of uneasiness when she got a note from her daughter's school that her daughter was now enrolled in "Sex Education." She said, had the note said her daughter was enrolled in "Sex Training," she would have immediately withdrawn her from school. Below are some principal differences between ELT and English Language Education (ELE). In the real world these characteristics form part of a continuum that yields hybrids. Nevertheless, ELT programs contain more "genes" from the left side and ELE programs more from the right side of the table below.

English Language Training vs English Language Education

Rigidly defines objectives	Loosely defines objectives
Standardized achievement tests	Instructor-made achievement tests
Prescribed curriculum, little instructor discretion	Instructor has considerable discretion in selecting course materials.
Course duration depends on student proficiency level	Fixed course duration
Top priority is language acquisition	Top priority is cultural appreciation
Instructor classroom performance is paramount	Instructor academic qualifications are paramount
Culture is a means to language acquisition	Language is a means to learn the culture
Little emphasis on pedagogical research	Emphasis on pedagogical research

Academics may tend to view ELT or ELE classes as laboratories in which they can conduct pedagogical research. They seek the recognition that comes with publishing a "research" piece in one of the ubiquitous, obscure educational journals. In my opinion, most of the articles published on language teaching methodology are frivolous and don't contribute one iota to the bank of knowledge. Furthermore, some of the experimentation is to the detriment of the students, who serve as lab rats. Academics may seize every opportunity to try out the latest fad, irrespective of the fact that most ELT fads quickly morph into yesterday's bad ideas. In contrast, DLIELC trainers look at ELTP as a production line. The raw material enters the production line, is processed, and emerges as a finished product manufactured according to specifications. Failure to meet production schedules or to meet

quality standards is not tolerated. DLIELC customers expect production of graduates who meet specifications.

Preeminence of Defense Language Institute

Because I am proposing that DLI serve in an advisory capacity to the Department of State in launching the ELTC initiative, it is incumbent upon me to establish that DLI has the necessary expertise and experience. In fact, DLI is the preeminent ELT institute in the world. Its preeminence is manifest in the following:

- American Language Course (ALC). The most evident manifestation of DLI's preeminence is the ALC, the most comprehensive, well organized ESL course to be found anywhere. The ALC consists of thirty-four sequenced instructional packages, each composed of a student text, an instructor text, and a language laboratory workbook. The latter is for use in audio language labs, which, on the resident campus, have all been replaced by interactive computer software. Each package takes from one to two weeks to teach. As far as I know, there is no commercial equivalent to the ALC, nor is there likely to be. In the 1970's, several international customers, who found aspects of American culture reflected in the ALC offensive (e.g., women in the workplace, dating, readings on democratic institutions etc.) or who wanted to introduce Specialized English Training (SET) in the ALC from day one (folly of amateurs), hired major corporations to produce an alternative curriculum. The corporations used a tried-and-true formula. They went out and hired experts with big names in the ESL curriculum business. These experts had earned their reputations by publishing text books on curriculum development and critiquing the work of others. Lamentably, none of them had ever managed a major curriculum project. They grossly underestimated the time, resources, level of expertise and scope of planning required to complete this massive curriculum effort. After spending lavishly, the corporations and their customers, much to their chagrin, discovered that they had produced nothing of value. In two instances I performed the postmortem for the client countries. If any of these projects succeeded, I am unaware of it. Today, when awarded ELT contracts, corporations tend to opt to use the ALC rather than let themselves get sucked into the quagmire of developing a new curriculum.

- Interactive Courseware. DLI also produces the finest computer-assisted interactive courseware. This software is designed specifically to support ALC objectives, although it can be and is used independently of the ALC. As far as I know, there is no commercial ELT software on the market that comes even close to the sophistication of DLI's.

Proficiency Testing English Comprehension Level Test

Part of the DLI mission is to develop, administer and manage the DoD-wide ECL tests. ECL tests are primarily used to screen IMSs for entry into CONUS FOT. It takes about 70 minutes to administer the pencil-and-paper version, administered at some 220 locations worldwide. This multiple-choice test has two parts: listening comprehension and reading comprehension. These two scores are combined and the test yields one score, the ECL score. There is an admission standard, stated in terms of ECL scores, for virtually all FOT courses attended by IMSs. DLI has created a computer-adaptive version of the ECL for use on its resident campus. For most organizations, computer-adaptive tests are a long-range goal; at DLI they are a reality. Compared to the pencil-and-paper versions of the ECL, the average student completes the ECL in about one third of the time with no loss in test reliability.

Oral Proficiency Interview

DLI also develops, administers and manages the Oral Proficiency Interview (OPI, a test that is given to individuals scheduled to attend a potentially hazardous FOT (e.g., flight training) and to those who are to attend FOT that is exceptionally linguistically challenging (e.g., English language instructor). Only certified DLI raters are authorized to give the OPI. It is an expensive test to administer. It takes two highly trained raters between 15 minutes and an hour to administer the OPI to one student. It is also necessary to maintain a costly, elaborate system to monitor and maintain

the reliability of this test. The OPI is given telephonically to CONUS training candidates all over the world. Because of time differences, at any hour of the day or night, one might find DLI OPI raters conducting telephonic interviews.

American Language Course Placement Test

Except for the lack of a computer-adaptive version, this test has essentially the same characteristics as the ECL and correlates very highly with it. DLI does not use this test on the resident campus. It is available for use by recognized ELT institutes to measure proficiency and to place students on the appropriate level of the ALC. In order to help thwart test compromise, DLI has developed and maintains 35 alternate forms.

Reliability of Proficiency Tests

The high reliability of DLI's global proficiency testing network is generally taken for granted—as if it were a naturally occurring phenomenon. Yet, those DLI experts responsible for the proficiency tests know that maintenance of reliability requires continuous, meticulous, intense, almost obsessive, management. Few people in the SATP community pause to contemplate the chaos that would ensue from a loss of proficiency test reliability. This doomsday scenario is ever present in the minds of the DLI custodians of these tests. No one understands better than they do that the reliability of the English language proficiency testing is the foundation of the SATP. It is essential that the OPI or ECL score achieved by IMSs before departure for CONU.S. be an accurate measure of ELP. Based on this in-country score, they are programmed for a certain number of weeks of ELT at DLI or for direct entry into FOT. If these scores prove to be inaccurate, the whole training pipeline feels the repercussions. The DLI goal is just-in-time training. That is, IMSs are tested in country; are programmed, based on their scores, for a specific number of weeks of DLI ELT; achieve their required ELP level in the allotted time, and seamlessly move on to FOT. In fact, this is the profile of the typical IMS. Without this high degree of reliability, the SAT pipeline would be chaotic and a lot of money would be wasted. If there were frequent, significant discrepancies between in-country scores and entry scores, it would often not be possible to reschedule FOT slots. Many of these slots would be lost to the country. DLI does all in its power, short of lowering standards, to graduate IMSs on time to attend their FOT. It is a tragic occurrence when IMSs fail to achieve their required ELP level. The IMS suffers the ignominy of failing and the country loses the benefit of the training, sometimes even having to pay a penalty to boot. Such incidents leave a bad taste in everyone's mouth. The reliability of the proficiency testing system is a testimony to the knowledge and dedication of a small cadre of DLI professionals.

Explosion of Anti-American Sentiment and the English Language Training Antidote

It is apparent to Americans who deal with foreigners or who read the foreign press that the reservoir of international good will toward the United States has been depleted in recent years. It's not only the usual suspects, the old, die-hard, "let's-do-it-right-next-time Marxists", who are vilifying the U.S. The "respectable" mainstream press of our "allies" has joined in and is engaged in bashing us with reckless abandon. Anti-U.S. sentiments and comments have not only become acceptable; they are de rigueur. It has become unfashionable for young people around the world to speak favorably about the U.S. I suggest that the cumulative effect of this massive propaganda barrage and the resulting hatred of America are potentially just as destructive to the interests of the U.S. as any weapons of mass destruction.

It does not strain my credulity to imagine a hypothetical intelligence officer from an allied country receiving reliable information concerning when and where a nuclear weapon is going to be detonated in New York City. Because he, like many of his colleagues, wants to see the U.S.A get its comeuppance, he sits on this information. Implausible? I do not think so. Have you talked to any of our "allies" lately? Have you heard the anger in their voices? Have you read the editorials in their newspapers?

Being an American and believing that we do a lot more good than harm in this world, I find it hard to understand how our image has become so tarnished. Yet, the fact remains that many now regard killing Americans as an act of piety that will earn eternal bliss.

The awesome economic and military power of the U.S. cannot vanquish the virulent anti-Americanism that prevails around the globe. Perversely, any hint that we will use our economic and military power to “influence” our detractors fans the embers of hatred into roaring flames. Economic sanctions and bombs, effective as they might be in some circumstances, don’t reduce hatred; they magnify it.

Proposal to Project English Language Training Soft Power

The U.S. government has at its disposal a powerful Weapon of Mass Attraction called ELT. It should launch a massive soft power blitzkrieg to bring ELT to influential people around the world. I make no claim that this blitzkrieg would be a panacea, but, based on my ELT experience, I would venture to say that it would significantly reduce the goodwill deficit. Over the years, the U.S. government has conducted ELT programs in foreign countries. The old USIS programs come to mind. These programs were immensely popular. Unfortunately, when budget cuts were made, these programs were among the first to be eliminated. Lamentably, few high level civilian or military officials seem to realize the power of ELT when it is not a stepping stone to FOT. Many regard it as a touchy-feely, cultural program on a par with flower arranging and knitting techniques. Because they haven’t experienced the ELT phenomenon, they just do not get it.

DLI employees continuously witness the awesome power of ELT to influence IMSs. Typical DLI instructors are awash in the outpouring of gratitude from their students. Instructors who spend several years at DLI can literally travel around the world and not spend a penny for food or lodging because their former students welcome them. DLI takes pride in the outpouring of IMS gratitude. Indeed, it is this very gratitude that is one of the most fulfilling aspects of working at DLI. Many IMSs forge life-long friendships with their instructors and sponsors. Language instructors and their students share an intimacy that is not found among other instructors or students of other subjects because language is at the very core of an individual’s humanity. Learning a foreign language is a humbling experience. The learner feels like a child, struggling to express the most basic concepts. For high ranking officers accustomed to expressing themselves clearly and decisively, the initial phase of learning a foreign language is especially stressful. DLI instructors share the pain and humiliation of these language learners. Instructors have to be tactful, empathetic and wise to bolster the morale of these students.

Many IMSs come to DLI with uninformed, but deeply-rooted, opinions about America. A few are openly hostile and many come with varying degrees of uneasiness about American values. Newly arrived IMSs will often tell you that money is the be-all and end-all for Americans; American women are promiscuous; Americans do not love their families; Americans abandon their aging parents; Americans are racists etc. During their stay at DLI, most of them learn that these preconceived notions about Americans do not seem to reflect the values of the Americans they meet. In fact, most seem to depart DLI with the realization that Americans are people with concerns, desires, and feelings similar to their own. Many of them become apologists for America and Americans when they return home.

DLI makes no attempt to brainwash IMSs while they are at DLI. They are given the opportunity to visit American institutions such as courts, elementary and secondary schools, shopping malls, universities, libraries, museums, cultural events, etc. DLI instructors are forbidden to discuss religious, political or controversial topics in class. The transformation in IMSs’ attitudes takes place, because as they become more proficient in English, they are better able to interact with Americans and to comprehend the media. America tends to sell itself.

Implementation of Proposal

Given the resources to deliver ELT worldwide to thousands of prominent international individuals, the U.S. government could effect a major change in attitude about America, its people, and its intentions. For the cost of one bomber, we could deploy a multitude of ELT instructors. The U.S. government should:

- Establish ELTCs in major cities around the world. These ELTCs should provide ELT to people who either now exercise or are likely to exercise significant influence on the military, economic, educational, cultural, or political establishments of their country.
- Establish admission standards for the ELTCs in each country.
- Negotiate ELTC admission quotas for officials of various government ministries as well as educational institutes, corporations, student organizations, labor unions, churches, charitable and fraternal organizations, and other worthy non-government organizations.
- Provide host-country officials with guidelines for selecting individuals for admission into the ELTCs.
- Monitor host-country adherence to the guidelines.
- Directly select only about 20 percent of the candidates admitted to the ELTC, allowing host country officials the prerogative of selecting the remaining 80 percent for admission.

English Language Training Courses

The ELTC should offer General ELT, Specialized English Terminology (SET) courses, and courses on American civilization and literature.

- General ELT. The goal of General ELT is to enhance performance in the four skills: listening, reading, writing and speaking. The target ELP level as measured by the Oral Proficiency Interview should be 2+/2.
- Specialized English Training. The goal of SET is to familiarize students with the technical jargon of a particular field in order to enhance their linguistic performance in that field. Some of the SET courses in common demand are military, medical, accounting, scientific, computer, and business terminology.
- Courses on American Civilization and Literature. The goal of these courses is to familiarize the students with American core values. These courses would be offered to individuals with an OPI level of 2+/2 or higher.

Intensive vs Non-Intensive English Language Training.

Intensive ELT is generally defined as 25 to 30 academic hours per week. At DLI/ELC, in addition to class attendance, students are typically assigned two or more hours of homework per day. Non-intensive ELT programs generally offer three to six academic hours per week. Non-intensive courses are sometimes used to raise ELP to a given ECL score required for admission into intensive ELT.

Proposed Curriculum

General English. DLI's American Language Course (ALC) should be the core curriculum for the general English course. The intensive version of the ALC consists of 34 instructional packages. Each package in turn consists of an instructor text, a student text, a book of homework exercises, and a language laboratory workbook. The ALC also has a strong audiovisual component consisting of audio tapes, video tapes, and interactive CD's. The audio-visual materials are designed to reinforce ALC lesson objectives. Students who complete the intensive ALC are able to function at the high intermediate to low advanced level of ELP. There is also a non-intensive version of the ALC consisting

of four instructional packages. Students who complete the non-intensive ALC typically function on the high beginning to low intermediate level of ELP.

SET: Commercially available materials should be used to provide SET.

English Language Training Course Standards

Admission Standards

Intensive ELT. In order to gain admission into the intensive ELTC [c36] program, candidates should achieve an American Language Course Placement Test (ALCPT) score of 40 or higher. DLI's experience has shown that students who achieve an ALCPT score of 40 generally possess the aptitude and/or motivation to achieve a significant level of ELP in a reasonable period of time.

Non-Intensive ELT. Entering students should be given the ALCPT to determine their level of ELP so they can be placed on the appropriate level of the ALC.

Course Completion Standards

Students must pass achievement tests, attend classes regularly, behave decorously, and complete assignments. Upon course completion, they must also have achieved the required ELP level.

Enforcement of Standards

It is imperative that ELTC graduation certificates have value. In order to give them value, standards must be rigorously enforced. Students failing to meet the standards must never be given a graduation certificate; rather, they must be eliminated from the ELTC. Prospective employers should be able to look at an ELTC graduation certificate and make assumptions about the graduate's ability to function in English. It should be noted that the fallout from failure to enforce standard is [c39] ruinous to any training program. At times it may seem politically advisable to waive standards for a VIP's son or daughter. I submit that waiving standards for these VIPs, while enforcing standards for other students is a form of corruption. Complicity in corruption, no matter how trivial or politically expedient it may seem, is still corruption and is almost never the right choice.

Attrition

Academic Attrition. As stated above, it is necessary to eliminate from the ELTC students failing to make satisfactory progress. Retention of such students undermines the seriousness of purpose of the ELTC. Non-learners pollute the academic environment to the detriment of instructors and students alike. In a well managed ELT program at an overseas location, the rate of academic attrition runs between 10 percent and 20 percent. Since the population of an ELTC is expected to be composed in large measure of the cognitive elite, a somewhat lower rate of attrition is anticipated.

Non-academic Attrition. In addition to academic attrition, it can be anticipated that some number of students will leave training for medical or personal reasons.

Formation of Classes

Homogeneous Grouping of Students. Classes should be grouped homogeneously. That is to say, that the students in a given class should be on roughly the same ELP level. Students whose ELP level lags behind or surges ahead of that of others in the class should be transferred to a class more commensurate with their ELP. Some trendy educationists, purportedly in the interests of egalitarianism, advocate heterogeneous grouping. It offends their sensibilities that some students progress faster than others. Allegedly, the weaker students suffer irreparable harm to their self-image if stronger students progress at a faster rate. Measured in these terms, heterogeneous grouping certainly succeeds in retarding progress of the best students. Only an avowed educationist could think that retarding the learning of anyone is a positive thing. [c41]

Student/Instructor Ratio. Class size should not exceed 10 students.

English Language Training Duration. Course duration should not be fixed. There are a number of variables that affect the duration of ELT. The two most salient are the student entry ELP level and the desired/required ELP level. It would often be necessary to negotiate the duration of ELT with the ministries or agencies of students who are government employees. It is anticipated that some students would require a year or more to attain the required ELP.

Expectations. It is essential that the ELTC managers and the customers, be they ministries, individuals or non-government organizations, share the same expectations of rate of ELP growth. Customers should not be surprised that it takes a long time to achieve a high ELP level. Typically, superiors, despite their recognition of the importance of ELP, are reluctant to release their subordinates for extended periods of ELT because they suffer from chronic manpower shortages. For example, the MoD may want to send a given officer on a peacekeeping mission. ELTC management determines that 25 weeks of intensive ELT will be required to meet the required ELP level, but the MoD might request that the ELTC get the student to the appropriate ELP level in 10 weeks. The ELTC response has to be, "We do not do miracles."

Achievements Testing. The ALC materials already include achievement tests designed to measure student achievement of each block of instruction. A DLI student must achieve a score of 70 percent in order to pass a block of instruction. Depending on circumstances, students achieving less than a 70 are counseled, brought before an academic board, washed back or provisionally advanced to the next block of instruction.

Tuition. The ELTCs should charge a nominal, nonrefundable tuition fee. This would motivate institutions to hold their ELTC students accountable for their performance and serve to deter individuals who are not serious about learning from seeking admission. [c48]

Staffing. There are several alternative ways to staff the ELTCs. To cite just three:

- Option 1. Hire a small cadre of experienced professionals to manage the ELTCs and recruit paid volunteers (a la the Peace Corps) who, after a suitable training period, would form the cadre of ELT instructors. The Peace Corps has been highly successful in using volunteer to teach ESL/EFL abroad. Following the Peace Corps model, terms of service could be two years. Instructors who perform in an exemplary manner should have the option of a two-year extension.
- Option 2. Staff the ELTCs with a cadre of career federal employees.
- Option 3. Set the standards and contract out ELTC management and instruction.

There are any number of permutations and combinations of these three alternatives. I am not going to discuss the pros and cons of each of these options. This would be a multi-faceted, lengthy discussion and this is not the forum for it. It is also a discussion that should not take place until at least tentative ELTC concept approval has been given

Factors in Choosing a Staffing Option

Here I would just like to set a context within which a discussion of staffing options should take place. The ELTC instructor is the tip of the soft power spear. EFL instructors form unique bonds with their students. As pointed out above, they observe their students at their most vulnerable. They are privy to the embarrassment of high ranking students trying to overcome their inhibitions to learn a new language. It is a humbling experience for these VIPs, accustomed to being in control, to find themselves in such a situation. [c52] In order for this fragile relationship between instructor and student to take root, there has to be mutual respect. The instructor must be tactful, personable and empathetic. In the eyes of the student, the ELT instructor is America. A single ELTC instructor can

do a great deal to enhance the image of the U.S., but one aberrant ECL instructor can undo the good done by ten good ones.

Comments on Instructor Qualifications

Current qualifications for DLI instructors are found at the following web site dlielc.org would generally serve the needs of the ELTCs. I would, however, recommend two changes:

- First, the ELTCs should not accept education degrees. DLI is now compelled to accept these as bona fide qualification. These degrees do not guarantee even basic literacy.
- Second, I would weight the selection process in favor of candidates who are proficient in a foreign language or who majored in English. Having conducted many evaluations of instructor classroom performance, I have formed the opinion that individuals who love language tend to be effective ESL and EFL language teachers.

Conclusion

Young foreign public servants, both civilian and military, find that their governments are establishing rigorous ELP standards for career advancement. ELP has become virtually essential for them to rise to positions of prominence in their respective hierarchies. They strive to improve their ELP often without the opportunity to take formal courses. Many feel a sense of desperation because at a certain point in their careers they will be required to demonstrate a high level of ELP or be shunted off the career track. It doesn't take much imagination to comprehend the gratitude they would feel if the U.S. government offered them the opportunity to achieve a high level of ELP.

About the Author

Mr. Molloy is a retired Department of Air Force Civilian. He spent almost 38 years at the Defense Language Institute English Language Center. During his tenure, he served as Chief of the General English Branch, Chief of the Evaluation Division, chief of Institutional Relations and Chief of the Programs Division. He spent some twenty years overseas as an English Language Training instructor, advisor, or manager. In addition, he did ELT consulting work on twenty countries and for several major corporations.

SECURITY ASSISTANCE COMMUNITY

International Colleagues at the National War College

By

Colonel Miguel Ricardo Reyers Cordero, Army of Ecuador
Joint Forces International Affairs Chief



National War College President Lieutenant General Michase M. Dunn, USAF, talking with Colonel Ihor Pastus Hyn, Ukraine Air Force at 2005 NDU graduation ceremony.

Carl von Clausewitz proposed that the study of the nature of war be approached in three parts: the people and their emotions, the militia with its tactical creativity, and the government with its politics. In this article, I use a similar three-part analogy to examine the international fellows program at National Defense University (NDU), and specifically at the National War College (NWC): first, the U.S. civilian and military instructors and students; second, American society as a whole; and third, the international students themselves.

Each of the three elements interacts with the others, generating an interdependency that has yielded important and surprising results during the two decades of international student participation. To gain a better understanding of the great benefits and successes achieved by all the components of this modern strategic triad, it is appropriate to examine each in turn.

The program of international student participation at National Defense University began in 1984. To date, 522 officers from different parts of the world have been trained at the component colleges. About half have studied at NWC. As the college is celebrating 60 years of educating U.S. military and civilian leaders, it should be noted that a third of its life span has included the participation of international military and civilian personnel. These guest students have enjoyed academic exploration with their U.S. colleagues, shared life experiences, and exchanged opinions in the classrooms, all of which have generated brotherhood among all involved.

American Instructors and Students

The first element of the triad, the American instructors and students, is the most important since the curriculum is a basic part of the professional career training of both military officers in each of the Armed Forces and of civilian leaders from various U.S. government agencies and institutions.



Former Chairman of the Joint Chiefs of Staff, General Richard B. Meyers, USAF, congratulates Colonel Salah Afifi, Egyptian Army, at the 2005 National War College graduation.

All U.S. participants arrive with extensive and unique experience and knowledge to share with a diversity of people who, from the first day of instruction, will be their colleagues in the classroom, seminars, research tasks, field trips, and other academic, social, athletic, and cultural activities throughout nearly a year of intense work. This combination tests many qualities such as willingness, patience, leadership, a capability for synthesis, judgment, and many others that will enable students to emerge as leaders capable of handling the delicate responsibilities demanded by future duties and assignments.

American students and instructors share unity and friendship with their U.S. colleagues and even more with the international students. Arriving in a new environment, the international students, with the help and collaboration of their U.S. peers, are able to advance in their studies and complete them. It has become clear that through the international students program, strong, long-lasting ties of

friendship are formed between the U.S. and international students. The interaction that occurs during seminar sessions, with the contributions of all participants, makes the international students feel like valued members of the group who can share their knowledge and opinions about the various subjects that make up the NWC curriculum.

Many of the friendships U.S. students have cultivated with their international colleagues have facilitated training events, operations, and other undertakings that the U.S. Armed Forces have conducted around the world. The contribution of an international colleague, whether a classmate or a graduate of another class year who has maintained close ties with instructors, is often able to satisfy an American friend's need. Many Ambassadors, technicians, specialists, and other personnel from various government agencies and institutions have had the good fortune to obtain assistance in their duties in another country through the help of an inter-national colleague.

Many U.S. officers and their families have shared pleasant experiences with foreign colleagues and their families, creating friendships that will endure for generations. Visits, lasting correspondence, and other examples of affection and fellowship strengthen ties not only between individuals and families, but also between the respective armed forces and countries.

In parallel, the entire staff of executives, professors, advisors, and personnel who handle NDU's administrative, teaching, and academic tasks deserve gratitude and admiration for their effort, dedication, and impartial devotion to the benefit of all students. Full-time guidance and assistance make it possible for all participants to advance in the learning process with sufficient clarity and comprehension of the subjects covered daily. The staff and faculty are a fundamental element in the solid structure and prestige earned over many years by NDU in general and NWC in particular.

United States Society

Since the international students program emanated from the Department of Defense (DoD), it has enjoyed the collaboration and participation of all the entities under DoD jurisdiction and many other institutions and agencies that are involved in the program to varying degrees.

But the greatest contribution is from American society as a whole since the curriculum includes numerous visits into the interior of the United States, where foreign officers have the unique opportunity to become acquainted in detail with various facets of political, economic, industrial, tourist, business, social, and military life. Even more intimate insights come when the officers live with host families as part of a magnificent effort by the Defense Orientation Conference Association, which does an unparalleled job of supporting and strengthening relations between the United States and the countries represented by the students.

The opportunity to thoroughly study each industry, business, farm, household, or tourist location enables the foreign officer to see first-hand and properly understand the U.S. citizen's philosophy of life, from the farmer to the executive, from the high-ranking soldier to the young recruit. This apprenticeship, in addition to that gained academically at the university, serves as a very real point of reference to the hopes, objectives, and goals of the American people, as well as to the negative aspects that must also be analyzed. International students thus get to see both sides of the coin.

These experiences with the broader U.S. society make foreign officers more confident in relating to their American friends, and in turn, U.S. citizens see officers from other parts of the world as being not unlike themselves, with qualities and flaws and feelings of friendship that are common to all nationalities, even when customs, religions, and cultures are diametrically opposed. This fosters a climate of camaraderie, openness, and sincere and lasting friendship. Above all, it generates a commitment from both sides to cement fraternal ties, not only with individuals, but also with their countries.

As an international student, I found it interesting to observe how deep inside the United States, perhaps in the homes of hosts, souvenir plaques were displayed, some many years old, with photographs of inter-national friends who were participants in the program. This was very encouraging and clearly showed the appreciation and fondness achieved in multiple contacts between extremely different cultures. These friend-ships are a multiplier of good will that may one day unite the world in a single entity of peace and harmony.

The International Students

As stated above, over 500 foreign guests have graduated since the beginning of the international student program. Each acted as a student ambassador, representing his country to colleagues, professors, and authorities throughout NDU.



Preparing Brazillian table at an International Fellows luncheon at the National War College.

Insecurity and lack of knowledge of the United States and its customs make foreign students seek out the support and understanding of their U.S. colleagues when they first arrive. In most cases, Americans have shown great willingness to guide their visitors in performing academic and other exacting tasks effectively in a language other than their own. Participating in trips around the country, personally experiencing many aspects of American life, being helped everywhere in an extraordinary manner, and having many concerns satisfied have all created in each foreign student a respect and admiration for the achievements of the United States in all aspects of its national development.

In addition, NDU allows foreign students to participate in athletic, cultural, and social events individually and often with their families, enabling them to always find friendly faces and doors open to any concerns. In this respect, the university's International Students Management Office, with its

excellent staff of highly trained and friendly professionals, plays a major role; tirelessly helping in the varied and often exacting requests of the students under its responsibility.

After completing an exhausting school year and graduating from their respective colleges, international students retain in their minds and hearts this fond and professional tie with everything that involves NDU and U.S. society as a whole. Back in our own countries, the moments we experienced continue to live in memory, and we seek to multiply these positive effects by reciprocating where we can, and making any effort when the opportunity arises as a show of gratitude for everything received during our stay as students.

This article is part of an initiative aimed at capturing the experiences of international students at the colleges of the NDU. It is difficult to interpret the feelings of each individual, but the effort has been made to present thoughts that are generally common to all participants.

In addition, this article is intended to express admiration and appreciation to the National War College on celebrating sixty years of institutional life as a guide and a trainer of military and civilian leaders, a source of excellent professionals, and a teacher of the strategists of new generations who, in common with their international friends and colleagues, will attempt to make the world a more harmonious place, free of the egotisms and problems that so greatly affect humanity.

As long as there is a former NDU student in any country in the world, there will be a friendly heart beating, one ready to be of use to its college, its university, and its eternal American friends. This is the sentiment of all of us who have traveled America's roads and worked conscientiously in its classrooms to obtain the education needed to face the challenges of the future in each of our nations.

Mobile Education Team Visits Bahrain

By
Lieutenant Colonel Mike Ericksen, U.S.AF
Defense Institute of Security Assistance Management

During the week of 15 January 2006, the Defense Institute of Security Assistance Management (DISAM) team of instructors conducted a ten day Foreign Purchaser Course for the military officers in the country of Bahrain. Arduous detail work by the Security Assistance Office and administrative staff of the American Embassy ensured superb support was provided to the DISAM team throughout the instructional visit. DISAM and the U.S. Office of Military Cooperation's (U.S.OMC) worked together for months prior to coordinate and resolve issues. The visit was hosted by the Bahrain Defense Force Training Directorate, which arranged excellent classroom facilities at the Bahrain Naval Support Activity in Juffair near the capital city of Manama. The DISAM team was headed by Dr. Craig Brandt, Deputy Commandant, and included three other instructors, Mr. John Clean, Mr. Mike Layton and Lieutenant Colonel Michael Ericksen. Budget conscious, DISAM instructors scheduled their arrivals and departures to meet a preplanned lector schedule. This proved to be a bit aggressive and had to be adjusted to accommodate some unexpected national days of commemoration. The curriculum was conducted in English and the course material was tailored to present Bahrain's unique FMS situation. Teaching materials were shipped and delivered to the U.S. embassy without incident.



Major Isa Mohamed Isa Mohamed confers with Lieutenant Colonel Adnan M. Abulla and Lieutenant Colonel Khalid A. Rahman Bin Hindi about logistics exercise scenerio.



1st Lieutenant Muhanna S. Nusuf and Captain Ahmed A. Ahmed compare results of homework assignment. 2nd Lieutenant Khalifa Salman Al Zayani looks-on from the background.

With the U.S.OMC and the Bahrain training managers assistance, the DISAM team set-up at the Naval facility on 15 January 2006 and commenced instruction on 16 January 2006. The classroom allocated to the MET was a well equipped and provided a comfortable learning environment. The staff provided outstanding computer, projection and technical support. During the opening ceremony, Dr. Brandt introduced the DISAM instructors presentations. The team was warmly welcomed by Lieutenant Colonel Adnan Mohamed Al-Suwaidi, the Bahrain Ministry of Defense, training Director. The nineteen personnel who attended the course were from four branches of the Bahrain military including the Army, Air Force, Navy and National Guard. The MET course objectives were to review current foreign military sales policies, emphasize security assistance legislation and policy, process, logistics, finance, acquisition, sustainment, training and automation. Several real world exercises requiring student participation. Active student participation in the class led to many frank

and open discussions about U.S. foreign military sales policies and procedures. The MET members enjoyed these exchanges and it appeared that the Bahraini participants found them useful as well. The Course ended on 25 January 2006 with a graduation ceremony, distribution of student diplomas and commencement addresses by Colonel Jaber Huwail (BDF Director of Training) and Colonel Khalid Matar of the Royal Bahrain Navy Maintenance Department. DISAM commends all the graduates. Each was very professional, eager to learn and quickly grasped even the most difficult concepts.



1st Lieutenant Maleed Y. Ebrahim works with 2nd Lieutenant Yosuf M. Yusuf to uncover solutions during a group study session. Captain Jassin S. Jassin in the background.



After graduation, a group of students speak with Lieutenant Colonel R. J. Colson, USEMB, OMC training officer.

Bahrain is an Arabic word meaning “Two Seas”. “Bahrain combines a modern infrastructure and comparatively liberal society with an authentic Gulf experience making it an ideal introduction to the Middle East. Attractions include historic sites such as the Qalat Al Bahrain castle and archaeological complex, the tens of thousands of ancient Dilmun Buria Mounds that dot the landscape, traditional Arab culture, shopping in the Kingdom’s malls and souks, and the opportunity to relax in the many hotel beach resorts and luxury spas”.

Bahrain is three and a half times the size of Washington, D.C. and as an archipelago of thirty-three islands does not share a land boundary with another country. A strategic position between East and West, fertile lands, fresh water, and pearl diving made Bahrain a centre of urban settlement throughout history. The islands were visited by the ships of Alexander the Great in the third century B.C.

Historical records referred to Bahrain as the “Life of Eternity”, “Paradise”, and the most likely the site of the Biblical Garden of Eden. It is considered to be one of the fifteen states that comprise the so-called “Cradle of Humanity” .



Bahrain is called the Pearl Round About of the Persian Gulf.

In 1970, Bahrain declared independence from Britain. Iran claims to Bahrain were abandoned in 1971 after the United Nations decided that the Bahrainis wished to remain independent.

According to the U.S. Department of State website, Bahrain was the first Gulf state to discover oil in 1931, which brought about rapid modernization and improvements. The country has diversified its economy since the 1970s. Bahrain has turned to petroleum processing and refining, and has transformed itself into an international banking center. The estimated population as of July 2005 is about 688,345.

About the Author

Lieutenant Colonel Michael Ericksen is an instructor, assistant Director of Administration and course manager of Missile Technology Control Regime (MTCR). Upon graduation from the University of Alabama with a degree in Biology/Chemistry, he was commissioned in the U.S.AF and received a Masters of Science Degree in Management. He spent fourteen years overseas. Prior to DISAM he served as the last Logistics Support Squadron commander at Kadena AB, Okinawa and Mission Support Group Commander at Ali Al Salem, Kuwait.



Grand Mosque (also known as Al Fateh Mosque). This is the largest mosque in the kingdom with a capacity of 7000 worshipers.

Defense Institute of Security Assistance Management Security Assistance Community Points of Contact

April 2006

The information which follows is the most current information available on "Points of Contact." As in previous listings, only office titles are shown, names of individuals are not shown. Considerable effort was made to verify the currency and accuracy of the information; however, the Defense Institute of Security Assistance Management (DISAM) welcomes any recommended additions, deletions, or corrections, and these will be published in our continuous updates. <http://www.disam.dsca.mil>.

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Washington, D.C. 20301-2800	(Unclassified) MEAN's DSN Fax: 664-6541
	(Unclassified) COMPT's Fax: 664-6538
	(Unclassified) SP.s Fax: 332-0075
	(Unclassified) HA/MA's Fax: 332-0075
	(Unclassified) GC's Fax: 664-6547
	(Unclassified) LPA's Fax: 664-6542
	(Unclassified) P3's Fax: 664-6540
	Web site: www.dsca.mil

DEFENSE INSTITUTE OF SECURITY ASSISTANCE MANAGEMENT (DISAM)

DISAM/(Office Symbol)	DSN: 785-5850
2475 K Street, Building 52	
Wright-Patterson AFB OH 45433-7641	
	Front Office (CC/DC) Commercial: (937) 255-5850 or 255-4276
	Front Office (DAA) Data Fax: (937) 255-4391
	Registrar (DAS) Commercial: (937) 255-4144
	Registrar Commercial Fax: (937) 255-3441
	Registrar DSN Fax: 785-3441
	Library Commercial (DAL): (937) 255-5567
	Library Fax: (937) 255-8258
	Library DSN Fax: 785-8258
	Directorate of Management Studies (DM) Commercial: (937) 255-5850
	Directorate of International Studies (DI) Commercial: (937) 255-5850
	Directorate of Research (DR) Commercial: (937) 255-2994
	Web site: https://disam.dsca.mil
	E-Mail Sample: john.smith@disam.dsca.mil

DEFENSE CONTRACT MANAGEMENT AGENCY (DCMA)

Defense Contract Management Agency	web site: http://home.dcma.mil/dcma-fbr/faq.htm
ATTN: DCMA-FBFR	
6350 Walker Lane, Suite 300	
Alexandria VA 22310	

DEFENSE INSTITUTE OF INFORMATION LEGAL STUDIES (DIILS)

Defense Institute of Information Legal Studies
441 Elliot Avenue
Newport RI 02841-1532

Commercial: (401) 841-1524 x1-175
DSN: 948-1524
(Unclassified) Data Fax: (401) 841-4570

DEFENSE FINANCE AND ACCOUNTING SERVICE (DFAS)

Defense Finance and Accounting Service
DFAS-HQ/ASP
1931 Jefferson Davis Highway, Room 421
Arlington VA 22240-5291

DSN: 327-5071
Web site: <http://www.dfas.mil>

Defense Finance and Accounting Service-Cleveland Center
1240 East 9th Street
Anthony J. Celebrezze Federal Bldg
Cleveland OH 44199-2055

DSN: 580-5511
Commercial: (216) 522-5511
Data Fax: (216) 522-6055

Defense Finance and Accounting Service-Columbus Center
P.O. Box 182317
Columbus OH 43218-2317

DSN: 869-7716
Commercial: (614) 693-7716
Data Fax: (869) 7601

Defense Finance and Accounting Service-Kansas City Center
1500 East Bannister Road
Security Manager, DFAS-KC/CO

DSN: 465-5350/3708
Commercial: (816) 926-5350/3708
Data Fax: DSN 465-1675

Defense Finance and Accounting Service Colorado Center (DFAS-DE)
6760 East Irvington Place
Denver CO 80279-2000

DSN: 926-6391
Commercial: (303) 676-7383
Data Fax: (DSN) 926-7369
Commercial Fax: (303) 676-7394

DEFENSE LOGISTICS AGENCY (DLA)

Director
Defense Logistics Agency
ATTN: International Programs Office, J-347
8725 John J. Kingman Road
Ft. Belvoir VA 22060-6220

Commercial: (703) 767-7565
DSN: 427-7565
Commercial Fax: (703) 767-7510
Website: <http://www.supply.dla.mil>

DEFENSE LOGISTICS INFORMATION SERVICE (DLIS)

Defense Logistics Information Service
ATTN: DLIS-KI
74 North Washington Street, Suite 7
Battle Creek MI 49016-3412

DSN: 932-4310/4328
Commercial: (269) 961-4310/4328
Web site: <http://www.dlis.dla.mil>
E-Mail: fms@dlis.dla.mil

DEFENSE INFORMATION SYSTEMS AGENCY (DISA)

Defense Information Systems Agency
ATTN: IN32
5600 Colombia Pike
Falls Church VA 22041-2717

Web site: <http://www.disa.mil/>

DEFENSE REUTILIZATION AND MARKETING SERVICE (DRMS)

Defense Reutilization and Marketing Service
74 North Washington Avenue
Federal Center
Battle Creek MI 49016-3412

DSN 661-5927
Commercial: (269) 961-5927
Web site: <http://wex.drms.dla.mil>

DEFENSE LANGUAGE INSTITUTE ENGLISH LANGUAGE CENTER (DLIELC)

Commandant
Defense Language Institute English Language Center
2235 Andrews Avenue
Lackland Air Force Base TX 78236-5259

DSN: 473-3540
Commercial: (210) 671-3540
Date Fax: DSN 473-2890
Web site: www.dlielc.org/

DEFENSE THREAT REDUCTION AGENCY (DTRA)

Defense Threat Reduction Agency
ATTN: RMBP
8725 John J. Kingman Road
MSC 6201
FT. Belvoir VA 22060-6201

Web site: <http://www.dtra.mil/index.cfm>

NATIONAL SECURITY AGENCY (NSA)

National Security Agency
9800 Savage Road
Suite 6575
Ft. Meade MD 20755-6576

Web site: <http://www.sa.gov/>

**NATIONAL GEOSPATIAL-INTELLIGENCE AGENCY (NGA)
OFFICE OF INTERNATIONAL AND POLICY**

National Geospatial-Intelligence Agency
Office of International and Policy
Mail Stop D-120
4600 Sangamore Road
Bethesda MD 20816-5033

Commercial: (301) 227-2029
Web site: <http://164.214.2.59/nimahome.html>

**OFFICE OF THE DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR DEFENSE EXPORTS
AND COOPERATION (DASA-DE&C)**

Office of the Assistant Secretary of the Army - Acquisitions,
Logistics and Technology (ASA(ALT))
ATTN: SAAL-ZA, RM 2E672
103 Army Pentagon
Washington D.C. 20310-0103

Commercial: (703) 697-5075
DSN: 227-5075
(Unclassified) Data Fax: (703) 614-7369
Web site: <https://webportal.saalt.army.mil/saalt/depdefensecoop.htm>

OFFICE OF THE DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR DEFENSE EXPORTS AND COOPERATION (DASA-DE&C)

Deputy Assistant Secretary of the Army for Defense Exports and Cooperation

ATTN:DASA-DE&C

1777 North Kent Street, Suite 8200

Arlington VA 22209

DSN: 425-8070

Commercial: (703) 588-8070

(Unclassified) Data Fax: (703) 588-8490

(Classified) Data Fax: (703) 588-8765

Web site: <https://webportal.saalt.army.mil/saalt/depdefensecoop.htm>

UNITED STATES ARMY SECURITY ASSISTANCE COMMAND (USASAC)

Commander

U.S. Army Security Assistance Command

5701 21st Street

Ft. Belvoir, VA 22060-5940

DSN: 656-2200

Commercial: (703) 806-2200

Data Fax: (703) 806-2203

Web site: www.usasac.army.mil

Operations and Logistics Directorate (AMSAC-OL)

54 M Avenue, Suite 1

New Cumberland PA 17070-5096

DSN: 771-6800

Commercial (717) 770-6800

DSN Fax: 771-7909

Data Fax Commercial: (717) 770-7909

SECURITY ASSISTANCE TRAINING FIELD ACTIVITY (SATFA-TRADOC)

Director

HQ TRADOC SATFA

173 Bernard Rd., Bldg 139

Attn: ATFA-XX

Ft. Monroe VA 23651-1003

DSN: 680-3800

Commercial: (757) 788-3800

(Unclassified) Data Fax: (757) 757-4142/3014

Web site: <http://www-satfa.monroe.army.mil>

ARMY FREIGHT FORWARDER ASSISTANCE

Deputy for Operations

U.S. Army Security Assistance Command

Attn: AMSAC-OL-LS-CS

54 M Avenue, Suite 1

New Cumberland PA 17070-5096

Commercial: (717) 770-6843

DSN: 771-6843

Message: TWX-CDRU.S.ADAC NEW CUMBERLAND PA//AMSAC-OL/T

UNITED STATES ARMY SECURITY ASSISTANCE TRAINING MANAGEMENT ORGANIZATION (USASATMO)

Commander SATMO

Attn: AOJK-SA Building D-2815, Ardennes Street

Ft. Bragg NC 28307-5000

DSN: 239-9108 (x119)

Commercial: (910) 432-9108

Data Fax Unclassified: (910) 432-3695

UNITED STATES ARMY WESTERN HEMISPHERE INSTITUTE FOR SECURITY COOPERATION (WHINSEC)

Western Hemisphere Institute for Security Cooperation (WHINSEC)

7011 Morrison Av., Ridgeway Hall, Room 352

Ft. Benning GA 31905-2611

DSN: 835-1631/1722

Data Fax: DSN 835-6964

Web site: www-benning.army.mil/whinsec

**UNITED STATES ARMY SIMULATION, TRAINING & INSTRUMENTATION
COMMAND (STRICOM)**

Commander
U.S. Army Simulation, Training and Instrumentation Command
Program Office for Simulation Training and Instrumentation
Attn: PEO-STRI
12350 Research Parkway
Orlando FL 32826-3276

DSN: 970-5104
Commercial: (407) 384-5104
Data Fax: (407) 384-5130
E-Mail: fms@peostri.army.mil
Web site: <http://www.stricom.army.mil/capo/fms.jsp>

UNITED STATES ARMY AVIATION AND MISSILE COMMAND (AMCOM)

Commander
U.S. Army Aviation and Missile Command
Attn: AMSAM-SA
Redstone Arsenal AL 35898-5000

DSN: 897-6908
Commercial: (256) 313-6908
Data Fax: (256) 313-6624
Web site: <http://www.redstone.army.mil/>

**UNITED STATES ARMY TANK-AUTOMOTIVE AND ARMAMENTS
COMMAND (TACOM)**

Commander
U.S. Army Tank-Automotive and Armaments Command
Attn: AMSTA-(CM-T)
Warren MI 48397-5000

DSN: 786-6585
Commercial: (810) 574-6585
Data Fax: (810) 574-7874
Website: <http://www.tacom.army.mil>

**UNITED STATES ARMY TANK-AUTOMOTIVE AND ARMAMENT
COMMAND ROCK ISLAND (TACOM-RI)**

Commander
U.S. Army Tank-Automotive and Armament Command
Attn: AMSTA-LC-TO
1 Rock Island Arsenal
Rock Island IL 61299-7630

Commercial (309) 782-0927/2360
DSN: 793-0927/2360
Data Fax: (309) 782-2896/7201
E-Mail: amsta-lc.to@ria.army.mil
Web site: <http://tri.army.mil/sac.index.htm>

UNITED STATES ARMY JOINT MUNITIONS COMMAND ROCK ISLAND

Commander
United States Army Joint Munitions Command-Rock Island
ATTN: AMSOS-SA
Data Fax: (309) 782-2250/2743
Rock Island IL 61299-6000

DSN: 793-3372/8576
Commercial: (309) 782-3372/8576
Web site: <http://www.osc.army.mil/sa/index.htm>

UNITED STATES ARMY MEDICAL MATERIEL AGENCY (USAMMA-ILO)

U.S. Army Medical Materiel Agency
Attn: MCMR-MMR-I
1423 Sultan Dr., Suite 100
Ft. Detrick MD 21782

DSN: 343-2058
Commercial: (301) 619-2058

UNITED STATES ARMY CORPS OF ENGINEERS (HQUSACE)

U.S. Army Corps of Engineers
441 G Street NW
ATTN: CEMP-M
Washington D.C. 20314-1000

U.S. DEPARTMENT OF THE AIR FORCE

<http://www.af.mil>

AIR FORCE FREIGHT FORWARDER ASSISTANCE

Headquarters Air Force Materiel Command
Transportation - Policy Division
ATTN: LGTT
Wright-Patterson Air Force Base OH 45433-5006

DSN: 787-3422
Commercial: (937) 257-3422
Commercial: (937) 257-3422
Fax: (937) 257-3371
Web site: <https://www.afmc-mil.wpafb.af.mil>

AIR FORCE SECURITY ASSISTANCE CENTER (AFSAC)

Air Force Security Assistance Center
1822 Van Patten Drive, Building 30210
Wright-Patterson Air Force Base OH 45433-7803

DSN: 787-1510 Ext 4449
Commercial: (937) 257-1510 Ext 4449
Fax: (937) 257-7647
E-mail: afsac.ccx.all@wpafb.af.mil
Web site: <https://rock.afsac.wpafb.af.mil>

DEPUTY UNDER SECRETARY OF THE AIR FORCE FOR INTERNATIONAL AFFAIRS (SAF/IA)

Deputy Under Secretary of the Air Force for International Affairs (SAF/IA)
1080 Air Force Pentagon
Washington D.C. 20330-1080

DSN: 425-8833
Commercial: (703) 588-8833
Fax: (703) 588-8380
Web site: <https://www.safia.hq.af.mil>

AIR FORCE SECURITY ASSISTANCE TRAINING (AFSAT) SQUADRON

AFSAT/(Office Symbol)
315 J Street West, Building 857
Randolph Air Force Base TX 78150-4354

DSN: 487-5961
Commercial: (210) 652-5961
Fax: (210) 652-4573
Web site: <https://aetc.af.mil/afsat>

AIR FORCE AIR LOGISTICS CENTERS

Oklahoma City Air Logistics Center/LGII
3508 D Avenue Bldg 201 West
Tinker Air Force Base OK 73145-3055

DSN: 336-3929
Commercial: (405) 736-3929
Fax: (405) 734-4651
Web site: <https://www.tinker.af.mil>

AIR FORCE AIR LOGISTICS CENTERS (continued)

Ogden Air Logistics Center/LGMS
6009 Wardleigh Road, Building 1209
Hill AFB UT 84056-5838
Web site: <https://www.hill.af.mil>
Warner Robins Air Logistics Center/LGF
480 2nd Street, Suite 200
Robins Air Force Base GA 31098-1640

DSN: 777-5184
Commercial: (801) 777-5184
Fax: (801) 586-3367

DSN: 468-2502
Commercial: (478) 926-2502
Fax: (478) 926-1725
Web site: <https://www.robins.af.mil>

CRYPTOLOGIC SYSTEMS GROUP (CSG)

CPSG
230 Hall Boulevard, Suite 201
San Antonio TX 78243-7057

DSN: 969-2087
Commercial: (210) 977-2087
(Unclassified) Data Fax: (210) 977-3437

HEADQUARTERS AIR COMBAT COMMAND (ACC)

HQ ACC/DOTS
205 Dodd Blvd, Suite 101
Langley Air Force Base VA 23665-2789

DSN: 574-3553
Commercial: (757) 764-3353
Fax: 574-2878
E-mail: acc.dots@langley.af.mil
[https://www.acc.af.mil/do/select\"DOTS\"](https://www.acc.af.mil/do/select\)

HEADQUARTERS PACIFIC AIR FORCES (PACAF)

HQ PACAF/XPPX
DSN: (Voice Code 315) 449-4944
25 E Street STE F-207
Hickam Air Force Base HI 96853-5417

Commercial (808) 449-4944
Fax: (808) 449-4826
E-mail: pacaf.xpzp@hickam.af.mil
Web site: <https://www.pacaf.af.mil>

HEADQUARTERS TWELFTH AIR FORCE (12AF)

U.S.SOUTHAF (612TOG/LAB)
2915 South Twelfth Air Force Drive, Suite 162
Davis-Monthan Air Force Base AZ 85707-4100

DSN: 228-0681
Commercial: (520) 228-0681
Fax: (520) 228-7009
Web site: <http://www.dm.af.mil/12afweb>

INTER-AMERICAN AIR FORCES ACADEMY (IAAFA)

Commandant
Inter-American Air Forces Academy
2431 Carswell Avenue
Lackland Air Force Base TX 78236-5609

DSN: 473-4109/4507
Commercial: (210) 671-4109/4507
Fax: (210)671-4571

UNITED STATES AIR FORCES IN EUROPE (USAFE)

HQ U.S.AFE/LGXP
Unit 3050 Box 105
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DSN: (Voice 314) 480-7793
Commercial: 49-6371-47-7793
Data Fax: DSN 480-9768
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