THE DISAM JOURNAL OF INTERNATIONAL SECURITY ASSISTANCE MANAGEMENT

Our feature about the Office of Deputy Under Secretary of the Air Force for International Affairs, provides terrific insight into the philosophy, mission, responsibilities, and programs challenges. Programs detailed include the Air Force's International Affairs Specialist, International Armaments Cooperation, and Foreign Comparative Testing. Regional programs in the Pacific and Latin America as well as specific country programs for Poland and Iraq also have dedicated articles. A special thank you to Mr. Lemkin and his great staff for a great effort in pulling so much timely information together.

The Air Force series comes just in front of a traditional insert into the DISAM Journal that looks at recent history of Arms Transfers to Developing Nations by Mr Richard Grimmett, an excellent report prepared annually for the Congressional Research Service. The report covers world wide arms transfer programs.

The Journal features an assortment of articles coming from remarks made in various forums by United States State Department officials regarding relationships with countries in the Pacific, South Asia, the Western Hemisphere, including key countries of China and Taiwan, India, and Colombia.

Remarks by Dr. Susilo Bambang Yudhoyono, the President of Indonesia came on the occasion of his induction into the International Hall of Fame at Fort Leavenworth, Kansas. Dr. Yudhoyono was a resident student at the Command and General Staff College in 1990-1991 and was elected to the presidency of Indonesia last year. What a testimony to benefits of international military education and training programs!

Tom Molloy (retired civilian employee at the Defense Language Institute - English Language Center provides his perspectives concerning the pros and cons of academic attrition in international training programs. In our Security Assistance Community, Shadi May writes an article about the mission, programs, and outcomes of the Army's Medical Department Center and School (AMEDDC&S) at Fort Sam Houston, Texas. An important policy update addressing the amendment of U.S. government-issued passports has been included in this Journal. Finally the DISAM Mobile Education Team is pleased to return to Romania after nine years.

Your inputs into the DISAM Journal indicate a lot of important and effective work being conducted by Security Cooperation personnel throughout the U.S. government. Thank you for your submission of articles and readership support of DISAM and the DISAM Journal publication. Most importantly thank you for your contribution to the fight in the Global War on Terrorism and the ultimate protection of our citizens!

RONALD H. REYNOLDS
Commandant

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FEATURE ARTICLES

International Relationships: Critical Enablers for Expeditionary Air and Space Operations

By
Bruce S. Lemkin
Deputy Under Secretary of the Air Force, International Affairs

We live in a world where relationships matter. Popular international support, legitimacy, and the shared values of our allies and partners are as important to winning the Global War on Terrorism (GWOT) as the capabilities of the air and space forces assigned to coalition headquarters. We share with our partners the common view that freedom for all should not be held hostage to the violence of the radical few and that moderation and tolerance are precious values that build global opportunity.

Deputy Under Secretary of the Air Force International Affairs

Strengthening alliances and partnerships is a national priority and a primary theme in the Quadrennial Defense Review (QDR). The Airmen and civilians in the Deputy Under Secretary of the Air Force, International Affairs (SAF/IA) live this priority, we are a critical enabler for our expeditionary air and space forces. We build the relationships that insure regional stability and access and work with partner air forces to meet requirements with the appropriate capabilities to assure their national security, bolster regional stability, and contribute to the security of the United States.

Our partner air forces understand the value of air and space power and its effective against the broad range of threats we will encounter in the coming years. In the face of traditional, irregular, catastrophic, or disruptive threats, air and space power's agility, precision, speed, and flexibility make the whole coalition team better. We have learned this lesson in joint training and operations; our partners have learned it by fighting side-by-side with us in Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF). SAF/IA has transformed and is continuing to change to meet the challenges of current operations, and we are laying the foundations of stronger alliances and partnerships based on air and space power. We have moved away from a security assistance focus that previously put foreign military sales (FMS) in the spotlight. Now we emphasize relationship-building activities involving more collaboration and partnership efforts. These activities include people-to-people contacts through our personnel exchange programs, as well as armaments cooperation activities that enhance interoperability with our friends and allies. A key planning tool in determining our strategies for relationship-building is politico-military analysis, understanding the economic, social, political, and cultural affects on military, air, and space issues. In order to meet ally and partner requirements, we seek to provide capabilities, not platforms. We work with experts from around the Air Force to build interoperability, logistics compatibility, complementary concepts of operations (CONOPS) and proficiency. We have implemented the International Affairs Specialist (IAS) Program to build a core of officers with

international affairs and regional expertise. All these transformational efforts lead to capable allies and partners who can stand with us in a fight that crosses borders, languages, and cultures.

> *Today, we face brutal and determined enemies - men who celebrate murder, incite suicide, and thirst for absolute power. These enemies will not be stopped by negotiations, or concessions, or appeals to reason. In this war, there is only one option - and that is victory.*
>
> *President George W. Bush*
> *27 May 2005*

Since September 11, 2001, a defining moment in history for our nation and the world, one thing became abundantly clear: There is no substitute for cooperation with allies and friends as we wage the global battle to defeat terrorism. In line with the U.S. strategy that recognizes allies and friends as indispensable to the war on terror, SAF/IA is working to change mind sets and perspectives. We initiate and sustain cooperative contacts with air forces around the globe. This is how SAF/IA builds, sustains, and expands the relationships that are the critical enablers for our expeditionary air and space force conducting global operations, and now, fighting a global war on terrorism. We support global Air Force operations; we assist our friends and partners in achieving the necessary capabilities to protect their interests, maintain security, deter aggressors, and win decisively. Most importantly, we ensure complementary and compatible capabilities that can be used with U.S. Joint Forces in training and operations. We are focusing our efforts on building relationships with allies and friends that make us individually and collectively stronger. Strengthening our defense relationships and developing the capability to cooperate with the U.S. improves our ability to build successful coalitions. To effectively cooperate with the U.S., our allies and friends must be interoperable and have complementary training, logistics, proficiency, and concepts of operations. Air Force efforts to build partnerships through military-to-military contacts, operator-to-operator talks, security assistance, armaments cooperation, technology transfer, and personnel exchange programs establish personal and institutional relationships. All of the mentioned relationships are the foundation of improved capabilities and enduring coalitions. This view of security cooperation is a departure from a previously held perception that security cooperation equals FMS. The expanded view of security cooperation offers many paths to achieving security objectives, U.S. objectives, ally and partner objectives, and regional objectives.

Shortly after my arrival in SAF/IA in the fall of 2003, we began work on the first ever *U.S. Air Force Security Cooperation Strategy* (AFSCS). Published in October 2004, our strategy was written with reference to *Department of Defense* (DoD) *Guidance and the Combatant Commander* (COCOM) *Theater Security Cooperation Strategies* (TSCS). It is subordinate to the *Security Cooperation Guidance* (SCG), and it supports and complements the TSCSs. Security cooperation activities in SAF/IA and throughout the Air Force support all National Defense Strategy objectives. Success in objective one, securing the United States from direct attack is critical for all of us. Our second objective, securing strategic access and retaining global freedom of actions are at the heart of what we do. SAF/IA does a great deal of work supporting the following objectives:

- Strengthen alliances;
- Partnerships; and
- Establish favorable security conditions.

Now, more than any time in recent history, Air Force security cooperation activities are at the center of our nation's security strategy. We are in an era of unprecedented responsibility and opportunity. President Bush, in this 2002 National Security Strategy said;

> No nation can build a safe, better world alone. Alliances and multilateral institutions can multiply the strength of freedom-loving nations.

Relationships are the linchpin to our approach to building capabilities. We have changed our focus in SAF/IA and implemented new programs to transform from an FMS centric to a relationship

based organization. We have accomplished much in the way of reform over the last two years, but continue to do more. Understanding the role relationships play in defining our mission is essential.

The transformation in SAF/IA is action that supports national and DoD Strategy. The *DoD Security Cooperation Guidance* (SCG) defines security cooperation (SC) as all DoD interactions with foreign defense establishments to:

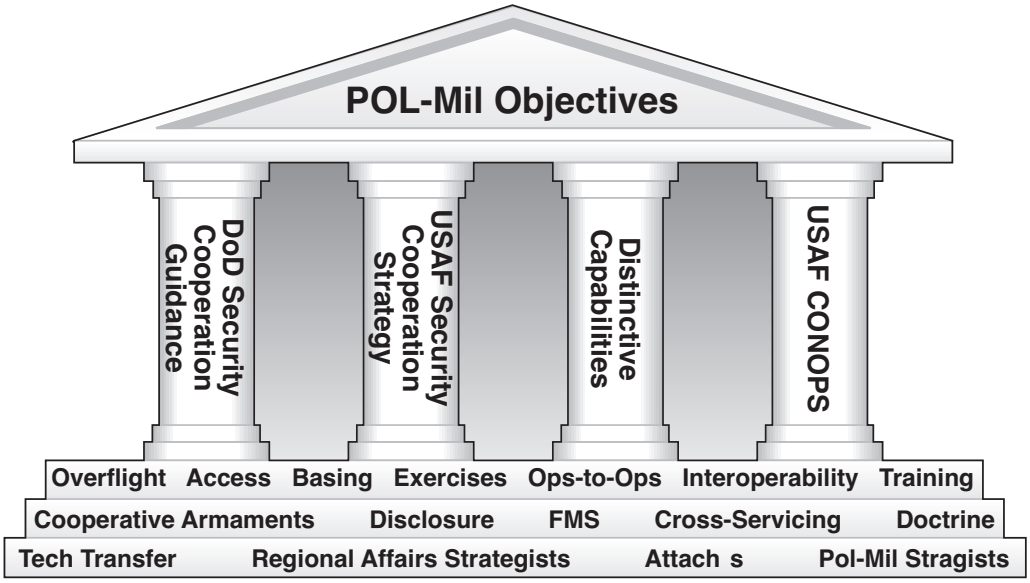
- Build defense relationships that promote specified U.S. interests;
- Develop allied and friendly military capabilities for self-defense and coalition operations, including allied transformation;
- Improve information exchange and intelligence sharing to help harmonize views on security challenges; and
- Provide U.S. forces with peacetime and contingency access and en route infrastructure.

From SAF/IA's perspective, we achieve our nation's politico-military objectives in peace and war using four pillars of support:

- DoD Security Cooperation Guidance;
- USAF Security Cooperation Strategy;
- Air Force Distinctive Capabilities; and
- USAF CONOPS.

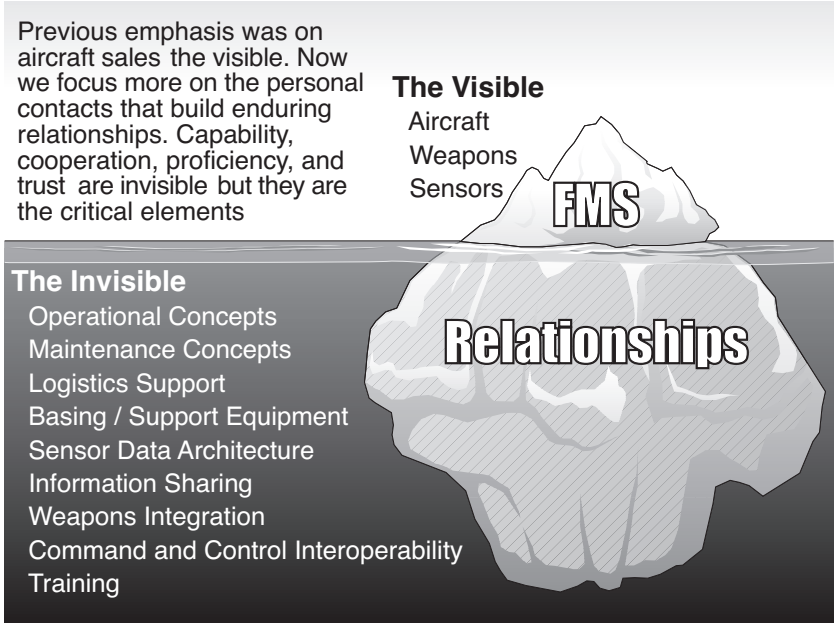
These pillars rest on the foundation provided by security cooperation tools such as basing and access agreements, exercises, cooperative armament development, FMS, and international affairs people like our attachés, regional affairs specialists and pol-mil strategists. Our Air Force delivers six distinctive capabilities; SAF/IA wants to be sure coalition air forces can also provide these capabilities. Coalition commanders need the following:

- Air and space superiority;
- Information superiority;
- Global attack;
- Precision engagement;
- Rapid global mobility; and
- Agile combat support.



U.S. ally and partner air forces help supply these capabilities. Some partners have decided to focus on one or two niche capabilities while others cover more. We work with all of them to build air force-to-air force relationships that produce tactical and operational concepts compatible with USAF CONOPS. We use the *Office of Security Defense Security Cooperation Guidance* and the *USAF Security Cooperation Strategy* to focus the programs, resources, people, and relationships that serve as a foundation for our global expeditionary operations.

The USAF and DoD have adopted a capabilities-based approach to meet emerging challenges, SAF/IA uses the same method. We have expanded the way we think and work to build capabilities with our allies and partners. It is no longer just the transfer of airplanes, weapons systems, and sensors. It is interoperability, CONOPS, training, logistics support, maintaining and improving proficiency. All contribute to the solid foundation of effective, enduring relationships that help provide the influence, interoperability, and access necessary for our expeditionary Air Force.



We approach other air forces with the goal of understanding their requirements. We then collaboratively determine what capabilities they need to meet those requirements. Because we can work most effectively with our allies and regional partners when our capabilities complement one another, we provide information to partners so they can allocate scarce resources while assuring the capabilities they need. When I meet with a foreign air chief or defense chief, instead of highlighting particular aircraft systems, I tell them that I am there to listen to their requirements and talk about how we can help them achieve the capabilities they need. This resonates well when we seek to build capability, we look below the surface, beyond jets on the tarmac. We recognize that we need to build common concepts of operations, increase levels of interoperability, share the perspectives that flow from similar training, and use common parts and supply systems. All of these discussions must take place early and cannot be divorced from aircraft, weapons, or sensor purchases. Security cooperation along these lines produces a proficient force that supplies the air component and coalition force commander with the capabilities they need to succeed in every mission from humanitarian relief to major combat operations.

Interoperability

The first question is, "what is it?" There are many definitions and variations on themes, but most leaders agree on at least one thing: they want more. When we talk about interoperability, we think in terms of command and control systems, aircraft, weapons, parts, and supply; common logistics, information and intelligence sharing architectures, and tactical communication; and targeting and situational awareness. Interoperability is almost always some mix of hardware, software, procedures, and training all are important. Sometimes trades must be made to balance requirements and resources. We work with partner air forces to evaluate these trades. Hardware and software are the most costly paths to interoperability, but they also yield the greatest returns. The most advanced system needs

trained operators who understand both the systems and the operating procedures. Interoperability is not just "things," it is people.

Our Armaments Cooperation Division is a key player in fostering interoperability among our friends and allies by pursuing agreements and relationships resulting in cooperative initiatives in research, development and acquisition. These efforts advance U.S. technology and help close technology gaps among allies, making coalitions more interoperable. More importantly, armaments cooperation makes allies increasingly potent. This bolsters coalition capabilities, and it allows combatant commanders to rely more heavily on support from allies. Examples of armaments cooperation activities include the development of unmanned air vehicles (UAVs), Joint Strike Fighter; interoperable tactical and intelligence networks and advanced space systems. These are capabilities that will shape the future battlefield. Projects like C2 Warrior with Australia provide advanced air battle management decision aids to enhance the air battle manager's situational awareness. Another example is The Network Centric Collaborative Targeting initiative with the United Kingdom that defines new technologies and operational concepts for the Joint/Coalition processing of Time Sensitive Targets.

Our Disclosure and Technology Transfer Division works closely with our Weapons Division, Armaments Cooperation Division and our Security Assistance Policy Division to cover all interoperability bases. Together with regional experts, they form a country team to analyze options, receive COCOM recommendations, and build the case for the release of appropriate technology and know-how. In collaboration with the partner air force, the Office of Defense Cooperation (ODC), defense contractors, the Air Force Security Assistance Center (AFSAC), and the Air Force Security Assistance Training Squadron (AFSAT), they develop plans to transfer the right mix of hardware, software, Air Force Tactics, Techniques, and Procedures (AFTTPs), and the training. Technology transfer is often appropriate in the pursuit of U.S. interests, but sometimes meets interagency or Congressional resistance; SAF/IA must make the case to our government. We must prove every transfer is a win-win proposition based on regional security considerations, competitor technology, and the focus of the relationships, risks, and mitigation plans.

One of the most important initiatives in SAF/IA is recapitalizing the human side of our business. In the past, we have delivered no clear career track for our foreign area officers, we failed to deliberately develop these officers, and we gave them no management priority in career field prioritization plans to ensure foreign area officers were available or assignable. We often found ourselves unable to fill key international affairs billets with properly trained and experienced officers. With no formal training program, our foreign area officer cadre relied heavily on self-obtained skills. We studied the problem and developed an action plan to transform our people. As a result, we established the International Affairs Specialist (IAS) Program to collectively develop and manage all international affairs officer skill requirements and are setting out to deliberately build a cadre of International Affairs Specialists.

The IAS Program is the answer to developing the full potential of our human capital. The IAS Program is managed along two distinct career paths. Both paths offer full command and promotion opportunity into the general officer grades. The Regional Affairs Strategist (RAS) is a regional expert with professional language skills and detailed cultural knowledge. The Politico-Military Affairs Strategist (PAS) is an international pol-mil specialist trained in international relations, political science, and strategy who provides a wide breadth of regional understanding. Selection for the IAS occurs after qualification in the officer's primary AFSC, normally at the 7-12 year point. Training for these career paths is gained through an Intermediate Development Education program in which RAS candidates earn a regionally focused advanced degree and the appropriate language training. They then embark on dual-track career development of alternating assignments in primary AFSC and RAS billets. PAS candidates, on the other hand, complete an international affairs-related advanced degree and receive managed career broadening with a focus on developing future leaders who understand pol-mil analysis and understand international affairs. Airmen need deliberately developed regional, language, and cultural skills because success in international affairs depends on getting the details

right. At the same time, it is highly nuanced and fraught with the opportunity for missteps. Security cooperation cannot be executed from a checklist; practitioners need understanding, insight, and creativity to build the relationships that will carry-through to Global War on Terrorism (GWOT) victory. Clear pictures of the cultures and politico-military environments of foreign nations enable us to tailor our security cooperation activities to ensure we achieve bilateral and regional objectives. The IAS Program develops the international experts who can see through the clutter to the underlying pictures and patterns, the vision we need.

Successful military relationships are founded on understanding and trust. International Airmen programs, professional exchange programs, security assistance, armaments cooperation, and a core of deliberately trained international affairs specialists are the tools we need to build these relationships. Security assistance and armaments cooperation provide the opportunity for International Affairs professionals to interact extensively with partner air forces, addressing financial, programmatic, legal, security, and other politico-military issues. Our International Airmen programs, including personnel exchange programs, Air Force attachés based around the world, and the IAS, help U.S. and foreign officers develop an appreciation for one another, and establish close ties and long lasting personal relationships. All these activities combine to produce enduring air force-to-air force relationships.

International relationships are the key enablers for Expeditionary Air Force operations. Our Air Force needs capable, interoperable, allies and coalition partners that are willing to join us in operations around the world. In humanitarian relief efforts, in response to emerging crises, and in achieving victory in the GWOT, allies and partners play a key role. The SAF/IA Team works everyday to build, sustain, and expand these relationships. We work with offices and agencies around the Air Force, with foreign attachés and our attaché corps, and with the combatant commanders air components to ensure that our forces are organized, trained, and equipped for coalition and allied operations in support of national and regional strategies and plans. We have transformed from an emphasis on FMS to a focus on air force-to-air force relationships and we are training a new generation of international affairs specials. We will continue to transform SAF/IA and provide new levels of security cooperation to build the relationships to support and enable our Airmen in operations around the world.

About the Author

Bruce S. Lemkin, a member of the Senior Executive Service, is the Deputy Under Secretary of the Air Force, International Affairs, Headquarters U.S. Air Force, Washington D.C. Mr. Lemkin graduated from the U.S. Naval Academy in 1971 with a Bachelor of Science degree in aerospace engineering. He completed Navy Nuclear Power Training in 1972 and entered the Navy's Nuclear Submarine Program and served in six nuclear submarines, including command of the attack submarine, USS Hyman G. Rickover, and the Trident ballistic missile submarine, USS Michigan. He served in numerous Pentagon assignments, including those on the Navy Staff as Nuclear Officer Program Manager, Deputy Director of Investment and Development, Head of Nuclear Affairs and International Negotiations, and Director and Deputy Director of the Strategy and Policy Division. As Chief of the Asia-Pacific Division with the Joint Staff, he negotiated landmark agreements with China, Japan, North Korea, South Korea, Vietnam and the Philippines.

Special Notice

A special thank you goes to Major Terra Tony Tunyavongs, USAF, SAF/IAG Politico-Military Affairs Advisor and Major Neal Schier, USAFR, SAF/IAG for their help with all articles from the Deputy Under Secretary of the Air Force, International Affairs. Their task was to ensure that the articles were written, proofed, and approved by public affairs in a timely manner.

A Short Primer on Deputy Under Secretary of the Air Force International Affairs

By
Lieutenant Colonel Michael J. McCarthy, USAF
Senior Executive Officer to
Deputy Under Secretary of the Air Force, International Affairs

SAF/IA's mission is to build, sustain, and expand relationships that are critical enablers for our expeditionary air and space force.

Bruce S. Lemkin
Deputy Under Secretary of the Air Force, International Affairs

Introduction

The Air Force has been engaging in international activities since its inception in 1947. Stuart Symington, the first Secretary of the Air Force, charged Cornelius Whitney, his Assistant Secretary of the Air Force (Civil Affairs), with managing "Air Force Functions in Civil and Military-Diplomatic Affairs," including coordinating with the Department of State and other agencies on international security. Over the years, international affairs and security matters expanded, became increasingly complex, and spread among various offices within the Secretariat and Air Staff. For example, during most of the 1950s, the Assistant Secretary of the Air Force (Materiel) maintained oversight for the management and execution of the Military Assistance Program (MAP), while within the Air Staff, the Deputy Chief of Staff (Materiel) had an Assistant for Mutual Security. Additionally, the General Counsel negotiated overseas basing rights, and the Deputy Chief of Staff (Comptroller) had an Assistant for Plans and International Affairs. By the late 1950s, the establishment of the Deputy Chief of Staff (Plans and Programs) also brought new offices for politico-military affairs, including an Assistant for National Security Council Affairs and an Assistant for Western Hemisphere Affairs.

By the early 1990s, responsibility for international affairs had spread through various offices in the Secretariat and the Air Staff. The Air Force leadership recognized the value of consolidating two related missions: politico-military analysis, previously primarily the responsibility of the Regional Plans Division of the Directorate of Plans and Programs (AF/XOXX), and the development and execution of security assistance programs, the responsibility of the Directorate of International Programs (AF/PRI). These functions, along with other international programs such as attaché affairs, international cooperative research and development, and foreign disclosure and technology transfer policy, were combined under the Deputy Under Secretary of the Air Force, International Affairs (SAF/IA), a position that was first established in 1966. These functions were also shifted from the Air Staff to the Secretariat, as the Deputy Under Secretary works directly for the Secretary of the Air Force.

SAF/IA's Vision: Create a synergistic center of excellence that serves as the ultimate source of politico-military affairs and international affairs expertise for the U.S. Air Force.

Mission and Responsibilities

SAF/IA is directly responsible for oversight and advocacy of the U.S. Air Force international programs and policies, except for specific operational issues such as global posture matters, unified command plan reviews, Operator-to-Operator/Airman-to-Airman Talks programs, and bilateral and multilateral exercises. With a heavy emphasis on politico-military affairs, SAF/IA's scope of responsibilities extends far beyond security cooperation and security assistance. Having responsibility for, oversight over, or interest in virtually every international activity conducted by Air

Force organizations allows SAF/IA to offer a more holistic perspective on building and maintaining international relations. As outlined in its draft Mission Directive, SAF/IA has the following specific responsibilities:

- Direct responsibility for politico-military affairs, security assistance programs, armaments cooperation programs, classified and controlled unclassified information disclosure policy, technology transfer, export control, international cooperative research and development efforts, U.S. attaché and security assistance officer affairs.
- Manages officer, enlisted, and civilian personnel exchange programs, professional military education and United States Air Force Academy appointments for foreign military trainees, coordination of senior Air Force officials' international travel, foreign dignitary visits to USAF installations, and all other international programs and activities.
- Serves as the Air Force office of primary responsibility and focal point for Office of the Secretary of Defense (OSD) and other military departments, Department of State and other U.S. government agencies for matters involving Air Force international interests.
- Formulates the Air Force position on joint, interdepartmental and interagency, matters relating to international activities, except for operational matters such as global posture, Operations-to-Operations/Airman-to-Airman Talks programs, unified command plan reviews, and bilateral and multilateral exercises, etc.
- Develops and implements policy guidance for the direction, global integration and supervision of Air Force international programs and activities.
- Provides policy and oversight to integrate Air Force and U.S. government objectives regarding international base rights, access agreements, Status of Forces Agreements and other treaty negotiations.
- Advises and supports the Office of the Secretary of the Air Force, the Office of the Chief of Staff, and civilian military officials of the Department of the Air Force concerning non-operational international activities.
- Provides oversight and advocacy of Air Force international programs and policies.
- Develops, disseminates, and implements the Air Force security cooperation strategy and other policy guidance for the direction, integration, and supervision of Air Force international programs and activities.

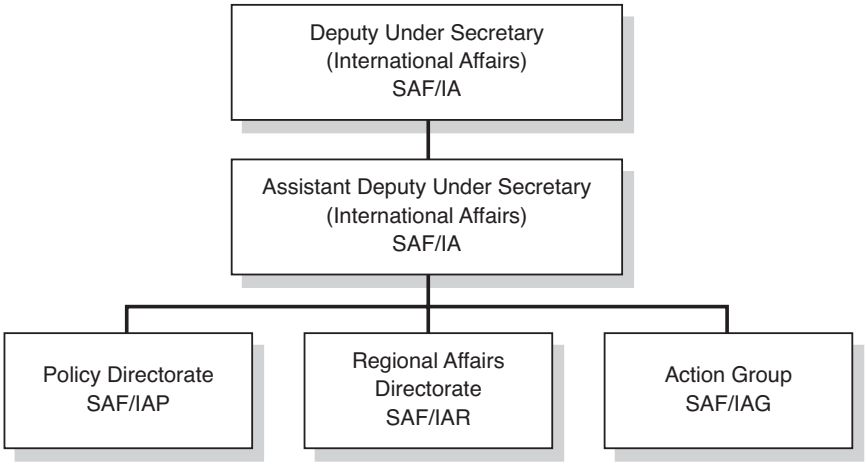
Leadership

Mr. Bruce S. Lemkin, a member of the Senior Executive Service, has served as the Deputy Under Secretary of the Air Force (International Affairs) since October 2003. In 1999, Mr. Lemkin retired from active duty in the Navy and became the Chief Negotiator, Special Assistant, and Senior Policy Adviser to the Executive Director of The Korean Peninsula Energy Development Organization, the international consortium carrying out the terms of the nuclear non-proliferation regime, the 1994 Agreed Framework with North Korea. Subsequently, he worked for an investment management firm as the Chief Operating Officer and Business Unit Manager, and later was an international consultant. In 2002, Mr. Lemkin returned to the federal government and served as Principal Deputy Assistant Secretary of the Air Force for Financial Management, until his present assignment.

Organization

Major General (S) Eric J. Rosborg is the Assistant Deputy Under Secretary of the Air Force International Affairs. SAF/IA has two directorates and a Staff Action Group, with nearly 180 authorized billets, including approximately 100 military personnel and 80 civilians. SAF/IA also has approximately twenty Individual Mobilization Augmentees (IMAs) billets. The SAF/IA front office is located in the Pentagon, while the directorates and Staff Action Group have their offices at 1500 Wilson Boulevard in Rosslyn, Virginia. SAF/IA also has three liaison offices, currently located in London, Bonn, and Paris. The Paris office is closing and a new liaison office is being established in Canberra, Australia.

Colonel Eric Herr leads the SAF/IA Action Group (SAF/IAG). SAF/IAG serves as the in-house think tank and has responsibility for many initiatives and programs that cut across normal staff divisions. For example, it developed the first-ever *USAF Security Cooperation Strategy* document and maintains the Air Force Security Cooperation Knowledgebase. SAF/IAG handles all joint actions and doctrine and strategy issues, and is also responsible for facilitating USAF participation in international air and trade shows. SAF/IAG can be reached at (703) 588-8972.



Mr. Richard Genaille is the Director of Policy (SAF/IAP). The Policy Directorate, which can be reached at (703) 588-8860, is organized functionally with five divisions:

- International Airman Division (SAF/IAPA), led by Colonel Robert Sarnoski, manages the International Affairs Specialist Program, the Air Force Attaché Program, and the Military Personnel Exchange Program. SAF/IAPA can be reached at (703) 588-8334.
- Plans and Operations Division (SAF/IAPC), led by Mr. Rod Shaw, provides corporate focus and management of SAF/IA's internal human resources, finances, and information systems. It also is responsible for the development of the Air Force civilian career field for international affairs. SAF/IAPC can be reached at (703) 588-8985.
- Foreign Disclosure and Technology Transfer Division (SAF/IAPD), led by Ms. Suzanne Szadai, is the designated Air Force disclosure authority for release of classified and controlled unclassified weapons systems, technologies and information to foreign governments and international organizations. SAF/IAPD can be reached at (703) 588-8890
- Armaments Cooperation Division (SAF/IAPQ), led by Colonel Helmut Reda, is responsible for identifying, establishing, and maintaining international cooperative research, development and acquisition programs with allied and friendly nations. SAF/IAPQ can be reached at (703) 588-8990.
- Security Assistance Policy Division (SAF/IAPX), led by Ms. Terry Bates, develops and implements security assistance policy and directives, manages international military education and training programs, and serves as the executive agent for policy, logistics, and manpower issues. SAF/IAPX can be reached at (703) 588-8970.

Brigadier General (S) Richard Devereaux, USAF is the Director of Regional Affairs (SAF/IAR). Within SAF/IAR are the Country Directors, who have the primary responsibility for developing, managing, and maintaining relationships with their assigned countries. The Country Directors have two primary tasks: provide politico-military expertise to Air Force decision makers; and oversee (and sometimes develop and execute) Air Force security assistance programs. Some Country Directors are responsible for a single country, while others may have many. SAF/IAR, which can be reached at (703) 588-8820, is organized regionally with six divisions:

- Europe/North Atlantic Treaty Organization (NATO)/Eurasia Division (SAF/IARE), led by Colonel Mike Howe, is responsible for the countries in Europe and Eurasia, including Central Asia and the Caucasus, as well as with NATO organizations. SAF/IARE can be reached at (703) 588-8830.

- Gulf States Division (SAF/IARG), led by Colonel John McCain, USAF, is responsible for Gulf Cooperation Council countries, including Saudi Arabia, Bahrain, United Arab Emirates, Qatar, Kuwait, Oman, and Yemen. SAF/IARG can be reached at (703) 588-8956.
- Americas Division (SAF/IARL), led by Colonel Curt Connell, USAF, is responsible for the nations of the Western Hemisphere, including Canada. SAF/IARL also supports System of Cooperation Among the American Air Forces (SICOFAA) and its annual Conference of the Chiefs of the American Air Forces (CONJEFAMER). SAF/IARL can be reached at (703) 588-8866.
- Middle East Division (SAF/IARM), led by Colonel Doug Gregory, USAF, is responsible for the countries in the Middle East and Africa (excluding the Arabian Peninsula), including Israel, Egypt, Jordan, and Pakistan. SAF/IARM can be reached at (703) 588-8918.
- Pacific Division (SAF/IARP), led by Colonel Richard Anderson, USAF, is responsible for the countries in Asia and the Pacific. SAF/IARP can be reached at (703) 588-8938.
- Weapons Division (SAF/IARW), led by Colonel Karl Johnson, USAF, establishes USAF weapon systems policy for foreign military sales and writes standardized weapon systems baselines establishing configurations and guidelines for allied and coalition interoperability. SAF/IARW can be reached at (703) 588-8857.

As shown above, the Policy Directorate is organized functionally, while the Regional Directorate (with the exception of the Weapons Division) is organized geographically. In reality, there are few issues that can be resolved within a single division or directorate. The organizational structure allows the staff to matrix experts from various divisions to address and resolve an issue. While this happens frequently on an informal basis, on major issues, such as the sale of a major weapon system or the preparation of a visit by the Secretary of the Air Force or Chief of Staff of the Air Force to a particular country, the staff will establish a Country Team with experts from the various divisions led by the appropriate Country Director from IAR.

External Relationships

For security assistance issues, SAF/IA has a unique relationship with the Air Force Security Assistance Center (AFSAC), which is part of the Air Force Material Command (AFMC), and the International Affairs Directorate of Air Education and Training Command (AETC/IA). Per an agreement with the commanders of AFMC and AETC, these two organizations, while still part of and responsive to their parent commands, also serve as directorates within SAF/IA. This relationship allows for greater interaction and coordination between the staffs, and ensures that Air Force security assistance programs are properly managed and executed. At times, the appropriate representatives from AFSAC or the Air Force Security Assistance Training Squadron (AFSAT) will serve on a Country Team for a particular project.

SAF/IA also works closely with the appropriate Air Force offices and organizations that participate in the foreign military sales (FMS) program, including other Secretariat and Air Staff offices, product and logistics centers, and training organizations. Country directors and SAF/IA action officers also routinely work with their counterparts in the Defense Security Cooperation Agency (DSCA), the Defense Technology Security Administration (DTSA), and the various Security Assistance Offices around the world on security assistance and disclosure issues. But, as its responsibilities range far beyond security assistance, it also has strong relationships with other organizations. For example, for politico-military affairs, the Country directors maintain close working relationships with their counterparts in AF/XOXX, the Office of the OSD, Joint Staff (JS), Unified Commands, Air Force Component Commands, Department of State (DoS), and the U.S. Defense and Air Attachés. Country Directors also work closely with the commanders and staffs of the air forces of their respective countries, and routinely meet with the foreign air and defense attachés stationed in Washington, D.C.

Summary

The Air Force has always recognized that maintaining strong relationships with allied and partner nations and air forces around the world is a critical enabler for conducting its global missions. Since 1947, there has always been a senior Air Force official responsible to the Secretary and Chief of Staff of the Air Force for managing these international affairs. Today, the Deputy Under Secretary of the Air Force (International Affairs), with a staff of approximately 180 personnel, fills this critical role. The Air Force approach to international affairs, unique among the services, provides a single organization for all international activities to ensure a holistic approach to building and maintaining relationships around the world.

About the Author

Lieutenant Colonel Michael J. McCarthy, USAF, was the Senior Executive Officer to the Deputy Under Secretary of the Air Force, International Affairs, Headquarters, U.S. Air Force, Washington, D.C. He earned a Bachelor of Arts Degree in International Studies of the Soviet Union from Ohio State University in 1984; a diploma in Russian Language from the Pushkin Institute of the Russian Language in Moscow, USSR, in 1984; a Master of Arts Degree in International Relations from Catholic University in 1996; a Master of Military Science Degree from U.S. Marine Corps Command and Staff College in 2000; and a Master of Airpower Studies Degree from American Military University in 2005. He is a career Intelligence officer with a variety of assignments, including one with an F-16 fighter squadron and an Information Warfare squadron, at the Air Staff and U.S. Air Forces in Europe, and with U.S. Central Command. He is currently assigned as a National Defense Fellow with the Centre of International Relations, Queens University, in Kingston, Canada.

United States Air Force International Affairs Specialist Program

By
Colonel Robert R. Sarnoski, USAF
Chief of the International Airmen Division,
Deputy Under Secretary of the Air Force, International Affairs

Today's dynamic security environment and expeditionary nature of air and space operations require a cadre of the United States Air Force (USAF) commissioned officers with international insight, foreign language proficiency, and cultural appreciation. These Airmen give the Air Force the required capability and depth in foreign area expertise and language skills to successfully sustain coalitions, pursue regional stability, and contribute to multi-national operations.

The International Affairs Specialist (IAS) Program offers commissioned Air Force officers exciting opportunities to learn and fully develop these key military skills applicable to the 21st century international security arena. Through a competitive process, candidates, officers at the mid-career point will be selected, assiduously developed, and employed in demanding international and politico-military assignments as international affairs specialists. These officers' career progression will be carefully managed so that they, while developing a strong foundation in international affairs, will remain viable and competitive in their primary career fields. The expertise that will be brought by IAS officers will prove to be a boon to Air Force expeditionary operations around the world.

Humble Beginnings

The Air Force Foreign Area Officer (FAO) Program was created in 1997, in response to the Department of Defense (DoD) Directive 1315.17, *Military Department Foreign Area Officer Programs*, which directed each military branch to create formal FAO programs that meet service-specific needs. The Air Force's program identified and tracked officers who possessed the cultural and linguistic skills for the potential to serve in FAO positions. However, no formal commitment existed to deliberately create or manage a well-trained cadre of officers with the regional expertise needed to effectively support DoD and Air Force global mission requirements. Key challenges that hampered the USAF FAO Program included the following:

- Lack of deliberate development. A viable FAO career track did not exist.
- No utilization leverage. No management priority was given in the primary career field assignment prioritization plans to ensure that FAOs were available or assignable.
- Heavy reliance on individual officers' self-obtained skills. With no formal training program, the viability and capabilities of the FAO cadre relied heavily on the individual officers' own initiative in developing their international outlook, language skills, and cultural appreciation.
- Career killer perception. Because there was no viable career track and little or no formal recognition of international skills as a critical warfighting enabler, the decision to be a foreign area officer was perceived as a career-ending move.

The 28 April 2005, revision to DoD Directive 1315.17, requires services to deliberately develop a corps of FAOs with the in-depth international skills required to represent the DoD in the conduct of politico-military activities and execution of military-diplomatic missions with foreign governments and military establishments. Consistent with the more demanding requirements of the new directive and the USAF *Force Development* concept, Air Force officers will now be deliberately developed (selected, trained, assigned, and retained) under the new IAS Program.

International Affairs Specialist Program Concept

Under the IAS Program, officers are competitively selected for IAS development at mid-career (typically at seven to twelve years commissioned service) and receive formal training and education with an appropriate follow-on assignments on one of two distinct development paths. Most will do this as a politico-military affairs strategist (PAS) in a well-managed, single career broadening

opportunity to gain international politico-military affairs experience. Others will engage in a more demanding developmental opportunity as a regional affairs strategist (RAS) formerly titled the Foreign Area Officers, with multiple IAS assignments designed to create a true regional expert possessing professional language skills. Both IAS paths are intended to be career-enhancing.

Politico-military affairs strategist (PAS, AFSC 16P). The PAS development opportunity is specifically geared to give our future senior leaders valuable politico-military (pol-mil) education and experience through a single, well-managed developmental assignment opportunity. PAS development occurs in conjunction with selection for Intermediate Developmental Education (IDE), typically around the ten to twelve year point in commissioned service. Officers designated on this IAS development path undertake a one-year pol-mil-oriented IDE program to receive an international affairs related advanced degree. IDE programs for this include the Air Command and Staff College (ACSC) with the pol-mil elective course; Naval Postgraduate School (NPS); English-speaking foreign staff colleges; or the USAF Political-Military Advisor (POLAD) Internship. PAS-designates will then serve in an international pol-mil affairs assignment on their first or second post-IDE assignment. Further developmental opportunities on the PAS track may be available as determined by the primary career field functional development team and the needs of the Air Force. Based on current requirements to fill 260 PAS positions (O-4 through O-6), 100 officers will be selected and trained through IDE as a PAS each year. To meet the current shortfall, well-qualified officers with an international affairs-focused advanced degree who did not accomplish IDE in-residence can also be used to fill PAS requirements, as determined by development teams.

Regional Affairs Strategist (RAS)

Rated:

	Foreign IDE –	RTF –	EUCOM/J-5 –	Sq CC –	SDE –	Gp CC or AIRA –	DATT or JCS/J-5 or Wg CC –	SAF/IA			
8	10	12	14	16	18	20	22	24	26	28	30

Non-rated:

IDE (NPS + DLI) –	SAO –	HAF –	Sq CC –	Foreign SDE –	Gp CC or AIRA –	DATT or JCS/J-5 or Wg CC –	OSD or HAF				
8	10	12	14	16	18	20	22	24	26	28	30

Pol-Mil Affairs Strategist (PAS)

Rated:

	ACSC –	SAF/IA –	RTF –	Sq CC –	SDE –	Gp CC or POLAD –	PACOM –	JCS/J-5 or Wg CC –	PACAF or HAF		
8	10	12	14	16	18	20	22	24	26	28	30

Non-rated:

	IDE –	EUCOM/J5 –	HAF –	Sq CC –	SDE –	SAF/IA –	Wg CC or POLAD –	USAFE/A2 –	DIA –	ACC/IN or AF/XOI	
8	10	12	14	16	18	20	22	24	26	28	30

Career Path Examples

Regional affairs strategist (RAS, AFSC 16F). Using a dual career path concept, the RAS development opportunity is geared toward creating a cadre of officers with in-depth regional expertise. RAS development ideally begins within the seven to twelve year commissioned service window. Officers designated on this IAS development path typically will complete a two-year education and training program, with variations due to foreign language training requirements. These rigorous programs include a regionally-focused advanced degree (area studies, international affairs, national security studies, etc), language studies, and in some cases, advanced language training through in-country immersion. RAS-designates then gain in-depth international experience and professional-level language skills by serving alternating assignments between their primary career field and IAS. Ideally, where possible, these assignments will be combined such that an assignment in a primary career field-related position occurs within the regional affairs officer's geographic area of specialization. This allows continued development of RAS skills while serving in the primary career field and provides an officer with international insight and skills to complement primary career field duties. This more demanding, dual career track must be carefully managed to ensure officers remain competitive and viable in both their primary career field and IAS career paths.

Based on current requirements to fill 250 RAS positions (O-4 through O-6), fifty-nine officers will be selected and trained as a RAS each year.

Implementation of the IAS Program will be accomplished using a three-year "ramp-up" to ease the impact on career fields. In the first selection process (PAS selection was completed this past summer 2005, and, at the time of this article's submission for publication, RAS selection is scheduled for fall 2005), approximately 50 percent, 50 PAS and 25 RAS of the actual selection and training requirements will be filled. In 2006, selection and training requirements will be increased to 75 percent and finally to 100 percent in the following years. Success of the IAS Program depends on the selection of the right officers and a carefully managed and deliberate career molding by the primary career field functional development teams, the Air Force International Affairs Secretariat (SAF/IA, as the career field manager), and the Air Force Personnel Center. Just like other developmental assignment opportunities, IAS development is geared to complement primary career field development, creating officers with essential international skills to enable expeditionary air and space operations.

The Air Force is determined to create these skills in our most competitive officers and make this a highly desired developmental path. Through well-established IAS requirements, there is a viable career path for IAS officers to general officer. Currently, several USAF international affairs related positions exist for general officers. Major general (O-8) billets include the Assistant Deputy Under Secretary of the Air Force (International Affairs), chief of the Office of Defense Cooperation (Turkey, Saudi Arabia, and Egypt), and commander of the Air Force Security Assistance Center. Also, the positions of defense attaché in China and Russia (rotational among the Services) and Director of Regional Affairs in the Office of the Deputy Under Secretary of the Air Force (International Affairs) exist for brigadier generals (O-7s).

The Air Force Reserve (AFRES) and Air National Guard (ANG) portions of the Total Force IAS concept require further discussion and development. To ensure successful Total Force IAS Program implementation, the Reserve and Guard components are currently developing implementation strategies meeting DoD requirements that fit with their unique missions and organizational structures.

While IAS implementation is proceeding at an aggressive pace, the full benefit of the transformation will take a decade or more to achieve. The first officers selected this year will begin training in 2006, and with IAS developmental assignments after training will eventually become the regional experts that the Air Force needs to conduct its global operations. Additionally, it will take several years for the required culture change to fully take hold. Long term IAS program success will depend on continued senior leader support, emphasizing this capability as a crucial mission enabler, promoting IAS as a viable secondary career path to competitive officers, and recognizing the value of these skills on promotion boards. Despite challenges, the goal is clear: develop professional Airmen with international insight, foreign language proficiency, and cultural understanding and appreciation. These skills represent crucial force multipliers that will significantly increase the effectiveness of air and space power.

About the Author

Colonel Robert R. Sarnoski, USAF, is chief of the International Airmen Division, Deputy Under Secretary of the Air Force, International Affairs, Headquarters U.S. Air Force, Washington, D.C. He earned a Bachelors of Science degree from the United States Air Force Academy in 1977 and a Master of Arts from Webster University in 1981. He is a command fighter pilot with over 3000 hours in the F-16, F-117, C-12, T-37 and T-38. He previously served as Defense Attaché to Thailand.

Air Force Security Cooperation Knowledgebase

By
Lieutenant Colonel David W. Hills, USAFR
Senior Security Cooperation Strategist, Scitor Corporation
and
Major Neal A. Schier, USAFR
Staff Officer to the Deputy Under Secretary of the Air Force, International Affairs

Many United States Air Force organizations are independently and simultaneously pursuing security cooperation goals. These efforts however, are not always coordinated, and frequently this lack of synchronized planning, strategy, and common information hinders the goal of building and sustaining security cooperation relationships. Additionally, Air Force security cooperation personnel are not always aware of the concurrent, in-theater, security cooperation activities of ambassadors, combatant and component commands, other branches of the armed forces, and various U.S. governmental agencies. This lack of visibility and awareness across the various organizations is the reason that many within the security cooperation community fail to gain a complete picture of all the security activities within a region.

While each of these participants certainly has a detailed overview of organizational activities in theater, until now there has been no single tool that could cut across regional, combatant, or major command boundaries to provide an accurate overview of all the ongoing regional security operations activities. What is important to one commander may be of little or no interest to another. Yet, if all the information pertaining to security cooperation were to be integrated and properly presented, an endeavor never before undertaken, one would be afforded an overview of all the activities within a region. This broad view would allow all the members of the security cooperation community to work together more efficiently in supporting the Air Force's expeditionary air and space operations.

The office of the Secretary of the Air Force, International Affairs (SAF/IA), provides this overview through the Air Force Security Cooperation Knowledgebase, an on-line secure portal that integrates and readily presents all the information that those engaged in security cooperation use daily. Not merely a database or web site, the Knowledgebase is a user-driven "one-stop" living workspace and information source for the Air Force security cooperation community. It is divided into eight sections that reflect the major areas of security cooperation efforts, and is intuitive, clear, and quite simple to navigate - even for the first time user.

The knowledgebase contains fully searchable libraries of security cooperation guidance, policy, and politico-military assessments. It presents information on senior leadership contacts, U.S. and foreign attaché rosters, personnel exchanges, military exercises, education, foreign military sales (FMS), direct commercial sales (DCS), and air and trade shows. Users can also find extensive guidance on cooperative agreements, technical programs, and international armaments cooperation, as well as Department of Defense, combatant commands, Air Force, and component command strategies. For users interested in conferences, symposiums, and meetings, full listings and details are easily accessed and displayed. Action and country desk officers will find various intelligence links, specific country information and foreign clearance guides, as well as the tools needed to prepare "read ahead" books for senior leader visits.

The focal point of the Knowledgebase however, is the Country Sites section. Here one finds a listing of every nation in the world along with maps, military and embassy contact numbers, country and regional strategies, country specific foreign military sales, officer exchange programs, politico-military analysis, and other valuable data.

Allowing the security cooperation users themselves, rather than an administrator or webmaster, to determine content, ensures that the Knowledgebase information remains current and relevant to security cooperation activities. Close adherence to the principle of a user-managed workspace

has made the Knowledgebase an indispensable resource when one is seeking security cooperation information.

Access to the Knowledgebase is provided for users from the Air Force and for authorized individuals within the security cooperation community, for example those working in a combatant or component command, on an embassy staff, or within another governmental agency. To access the Knowledgebase, simply point your SIPRNET browser to http://afsck.af.pentagon.smil.mil/default.aspx, and follow the directions. You can also contact the SAF/IA Knowledgebase team:

Mr. James Odom at (703) 588-8870 (DSN 425) or

Mr. David Hills at (703) 588-8962 (DSN 425)

The knowledgebase was designed specifically with the needs of the security cooperation user. Sign on and explore how it truly has become the preferred information source and workspace of the security cooperation community.

About the Authors

Lieutenant Colonel David W. Hills, USAFR, is the Senior Security Cooperation Strategist, Scitor Corporation, supporting the Staff Action Group, Deputy Under Secretary of the Air Force, International Affairs, Headquarters U.S. Air Force, Washington, D.C. He earned a Bachelor of Science in chemical engineering from the Massachusetts Institute of Technology in 1981, a Master of Science in systems management from the University of Southern California in 1987, and a Master of Science in national resources strategy from the Industrial College of the Armed Forces, National Defense University in 2001.

Major Neal A. Schier, USAFR, is serving as a staff officer to the Deputy Under Secretary of the Air Force for International Affairs, Headquarters United States Air Force, Washington, D.C. He is an airlift and commercial airline pilot with over 10,000 flying hours in the T37, T38, C141B, DC10, B737, A320, B757, B767, and B777 aircraft. He graduated with a B.A. in computer science from Furman University in 1983. He is a frequent commentator on European cultural affairs and is the author of numerous book reviews, opinions, and essays.

Transforming Poland's Military: A Focus on Western Concepts, Training, and Hardware

By
The Members of Europe, the North Atlantic Treaty Organization and the Eurasia Division
Deputy Under Secretary of the Air Force, International Affairs

Following the fall of the Berlin Wall and the dissolution of the Warsaw Pact, many former foes of the United States and North Atlantic Treaty Organization (NATO) sought to bring their militaries up to the standards of western nations. This was not an easy challenge. The strength of western military power does not rest solely on hardware but rather depends heavily on training methodologies and concepts of operations that differ greatly from those of the former Warsaw Pact nations.

Transforming Poland's military, a former Soviet bloc country, into a force capable of integrating with NATO and U.S.-led coalitions requires more than simple hardware commonality. While common hardware does indeed enable integration at the operational level and simplify logistical issues, considerable changes in training and operating concepts are also necessary. The Europe/NATO/Eurasia Division of the Air Force International Affairs Secretariat (SAF/IARE), by focusing on mutual goals, capabilities, and commonalities, is committed to supporting Poland's military transformation.

In this manner, SAF/IARE is involved in all aspects of Poland's efforts to transform its air force. The most visible evidence of this involvement is on the hardware side. In a program known as PEACE SKY, Poland agreed in 2002 to purchase thirty-six F-16C and 12 F-16D Block 52 aircraft. The first aircraft are to be delivered in late 2006 and deliveries are expected to continue through 2009. This purchase of 48 "latest off the production line" F-16s is a big step toward hardware commonality as a means toward enhanced interoperability between the air forces of Poland and the United States.

Training is an area of particular emphasis within the Polish Air Force. Poland is seeking enrollment for all future Polish F-16 pilots in the USAF-taught T-38 qualification course. After this T-38 course, Polish pilots will continue to fly the T-38 in the Introduction to Fighter Fundamentals (IFF) program and be taught how the USAF conducts air-to-air and air-to-surface missions. Finally, instructor pilots at the 162nd Fighter Wing of the Arizona Air National Guard will teach Polish pilots to fly and employ the F-16. Throughout these training programs, Polish pilots will learn more than simple "stick and rudder" skills. More importantly, they will come to understand the manner in which the USAF employs airpower.

The transformation of the Polish Air Force is further enhanced by its officers' attendance at the operational and strategic courses taught at the Air Command and Staff College and Air War College. These schools will help Polish officers alter their warfighting perspectives from the Cold War era Soviet dogma of sheer numerical superiority to the current U.S. approach toward conflict management and peacekeeping operations. The instruction of 600 field grade Polish officers in different concepts, theories, cultures, and values will significantly contribute to integrating their thinking and methodologies with those of Western forces.

The USAF will also offer extended Training Service Specialists (ETSS) and guest pilot programs. Under the ETSS program, the USAF will send two F-16 instructor pilots to Poland, who will spend two-year tours with the Polish Air Force developing continuation training, mission qualification training, and Polish basic pilot course training. The guest pilot program features a Polish pilot who, upon completing his F-16 certification, will remain at the 162nd Fighter Wing (162 FW) in Arizona, as an instructor pilot to teach follow-on Polish pilots. The guest pilot will eventually return to Poland to help the Polish Air Force establish its own F-16 basic course. By having the initial 37 F-16 pilots trained by the USAF and placing one of their own pilots in the 162 FW, the Polish Air Force will be well on its way to producing its own F-16 pilots whose training and capabilities mirror those of the

USAF. This is a key factor in ensuring the two nations' air forces can further integrate their operations and achieved hardware compatibility through foreign military sales.

To maintain the Polish Air Force's combat edge, the U.S. Air National Guard and Air Reserve have deployed, and will continue to deploy, annually to Poland to conduct F-16 training. In the past, these deployments have exposed the Polish Air Force to operational training and basic aircraft maintenance on the F-16. In the future, these visits will focus on continuing unit maintenance training. Members of the 183rd Fighter Wing of the Illinois Air National Guard and the 149th Fighter Wing of the Texas Air National Guard have already visited Poland to work with Polish maintainers using USAF procedures.

Logistics is also an important area of emphasis between SAF/IARE and Poland. The centerpiece of an effective logistical system is the ability to expeditiously move supplies to the right place when needed. To improve Poland's logistical capability, the Polish Air Force is acquiring five C-130 aircraft from the USAF. These tactical airlift aircraft will enhance Poland's ability to conduct day-to-day military supply operations within Poland as well as to lend Poland's support to international peacekeeping and disaster relief missions.

Poland's efforts to transform its military from Soviet-style doctrine, training, tactics, and operations to western standards and practices are consistent with our international security assistance policies and, ultimately, the United States' national security strategy. SAF/IARE is committed to supporting these efforts and will continue to provide a broad range of security cooperation activities.

International Armaments Cooperation: A Key to Coalition Interoperability

By
Thomas L. Koepnick
Armaments Cooperation Manager
Deputy Under Secretary of the Air Force, International Affairs

What is International Armaments Cooperation?

The Deputy Under Secretary of the Air Force/International Affairs (SAF/IA) has a number of programs for building relationships with friendly and allied air forces around the world. Sales of weapon systems and training via foreign military sales (FMS) help achieve commonality in equipment, support and usage. Personnel Exchange Programs foster people-to-people relationships that play a critical confidence building and familiarity role in future coalition efforts. The primary role of International Armaments Cooperation (IAC) is to promote rationalization, standardization and interoperability of Air Force defense equipment and capabilities and allies to ensure coalition success. In contrast to FMS, where the other nation is a customer paying for authorized products and services, IAC views the other nation as a partner. A "Quid pro Quo" approach is the fundamental feature of IAC in which both the U.S. and the partner nations share both risks and rewards in collaborative ventures. Our primary customers in IAC efforts are the operational, technical and acquisition communities of the USAF.

International armaments cooperation is an acknowledged component of the Department of Defense's (DoD's) acquisition strategy. DoD Directive (DoDD) 5000.1 and DoD Instruction (DoDI) 5000.2 govern the DoD systems acquisition process. Collectively, the DoD 5000 series guidance specifies the overarching principles, policy, conditions and procedures for program approval and progress through the milestones of the defense acquisition management framework. Specific requirements regarding various international considerations, including IAC, are also contained in the DoD 5000 series. DoDD 5000.1 policy states the Program Managers shall pursue IAC to the maximum extent feasible, consistent with sound business practice and with overall political, economic, technological and national security goals of the U.S. DoDD 5000.1 mandates that interoperability shall apply within and among U.S. forces and U.S. coalition partners. To this end, DoDD 5000.1 states that a cooperative development program with one or more allied nations is preferred to a new joint service or service-unique development program.

The majority of IAC activities are cooperative research and development (R&D) and acquisition projects and programs. IAC primarily consists of:

- Exchanges of technical information, scientists and engineers.
- R&D, test and evaluation (T&E), of defense technologies, subsystems, and systems or equipment.
- Cooperative production of defense articles or equipment resulting from a cooperative R&D program.
- Procurement and testing of foreign equipment, under the Foreign Comparative Testing Program, to determine its ability to satisfy USAF requirements.

Armaments Cooperation in SAF/IA

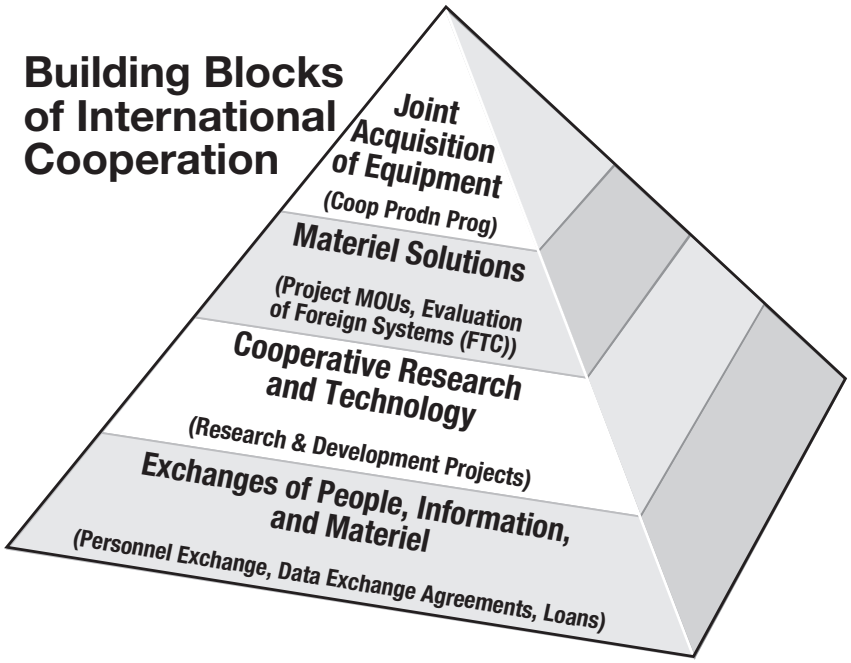
The Armaments Cooperation Division (SAF/IAPQ) engages foreign partners in R&D and acquisition planning, on a bilateral or multilateral basis, in equitably sharing resources and technology for the purpose of meeting common needs. Such IAC activities are realized through IAPQ advocacy and support. IAC is formally documented in international agreements - the development, negotiation, and conclusion of these agreements are delegated to the Air Force (and specifically to SAF/IA by SECAF) by the Department of Defense, see *Air Force Instruction 16-110*. The full range of the division's activities and responsibilities include:

- Issuing Air Force (AF) guidance and coordinating AF policy positions in IAC;
- Negotiating and establishing international agreements;
- Guiding AF participation in international fora;
- Identifying new international opportunities and common needs with foreign representatives;
- Identifying and capitalizing on foreign niche technologies to benefit USAF;
- Promoting commonality, standardization and interoperability with allies and friendly nations;
- Leading and facilitating assessment missions, and determining foreign potential and capability for new programs;
- Interacting with foreign representatives to improve cross-national awareness of programs and procedures;
- Budgeting and administering funds to support international programs, outreach and personnel exchanges; and
- Establishing and executing USAF IAC priorities and engagement strategy.

These responsibilities enable IAPQ to capture value for the USAF through the delivery of foreign niche technologies of benefit to the war fighter, while also assisting allied and friendly foreign nations with defense investment decisions to strengthen their security partnerships with the U.S.

Armaments Cooperation in Action

It can be useful to view IAC relationships as a pyramid. A complementary, mature relationship reflects the breadth of programs across all of the "building blocks" of cooperation, from basic science and technology through developmental programs. At the most basic level of cooperation, there are exchanges of people, information and materiel; broad and wide-reaching exchanges set the foundation of a relationship and allow identification of areas of commonality. As we move up the pyramid, the number of agreements becomes fewer and yet more specific. The complexity increases significantly at the top of the pyramid where cooperative efforts ultimately lead to the joint acquisition of equipment.



A summary look at the IAC portfolio provides a characterization of SAF/IA's efforts in IAC. At the end of 2004, the Air Force had nearly 500 IAC agreements with our international partners. More than one-third of the agreements were multilateral, involving the North Atlantic Treaty Organization (NATO) members and other allies. Of the bilateral agreements, the largest portfolios were represented by allies with significant defense industrial and research bases, such as the United Kingdom (U.K.), Australia, Canada, Germany and Israel. Nearly three-fourths of the IAC agreements are focused on cooperative research and development (R&D), hence the Air Force Research Laboratory is our largest

single customer. We are currently increasing our efforts to expand IAC in the Pacific by establishing a liaison office in Australia and pursuing proposed cooperation with Singapore and Taiwan.

Some of the specific cooperative defense initiatives SAF/IA is pursuing include the development of unmanned vehicles; development of interoperable tactical and intelligence networks for the sharing of time critical targeting information; and many technology sharing and information exchange agreements for critical elements of future combat capability. The U.S. and its closest allies are partners in the development of advanced space systems and also work closely in the development and production of advanced combat aircraft such as the Joint Strike Fighter (JSF), the next generation manned combat aircraft. JSF is a premiere example of a "cooperative production program" where the U.S. is collaborating multilaterally with eight other international partners in pursuit of enhanced allied interoperability, a critical component of development. All of this is being conducted with a focus on affordability, reducing the development cost, production cost, and cost of ownership of the JSF family of aircraft.

Fielded weapon systems can also benefit from IAC. A case in point is the C-130J. The C-130J is the latest addition to the C-130 fleet, bringing state-of-the-art technology to the tactical cargo-transport and troop-transport aircraft that has been in the Air Force inventory since 1954. The USAF has made extensive use of the C-130J in Operations Enduring Freedom and Iraqi Freedom. Australia, Denmark, Italy and the U.K. have purchased 63 C-130Js through direct commercial sales (DCS) and have signed a cooperative Memorandum of Understanding (MOU) with the USAF. The MOU enables the nations to cooperate and share funding of studies, technology insertion, design, development, production, modification and follow-on support. The MOU allows the USAF to capitalize on $31 million from four international partners. To date, two projects have been initiated under the MOU. The first project deals with cooperative software and systems upgrades, while the second project provides technical data analysis and testing to enable national certification officials to authorize C-130J operations in reduced vertical separation minimum airspace. With the prospect of long-term efforts in the Global War on Terrorism, we need to ensure that our coalition partners operating the C-130J have as much commonality and interoperability with us as possible.

In addition to cooperative research and development, SAF/IA can access foreign technology and capabilities through the DoD's Foreign Comparative Testing (FCT) Program. The intent of the FCT Program is to test and evaluate foreign non-developmental defense equipment to determine whether such equipment can satisfy valid USAF requirements. From bullets to aircraft loading equipment to nanotechnology, the FCT program provides funding for test articles and the testing and evaluation of foreign equipment. With a two year test to procure goal, the FCT program saves time, money and effort versus the lengthy traditional acquisition cycle. Through the FCT program, all of the services and U.S. Special Operations Command (USSOCOM) are afforded the opportunity to leverage our allies' technologies, and provide the warfighter with much needed equipment, in a rapid manner. Many FCT projects have reduced the total ownership cost of military systems, cutting overall acquisition and support expenditures while enhancing standardization, improving allied cross-service support, and promoting international cooperation and interoperability.

The USAF has always played a major role in the FCT program by identifying allied and friendly nations resources as a solution to our shortfalls. Over the past 20 years, $55 million has been awarded by OSD to the USAF, resulting in procurements in excess of $1 billion. An example of a USAF FCT program is the Next Generation Small Loader. The USAF had a requirement to acquire a 25K loader, which could be used with our cargo aircraft. Two foreign sources were identified with potential

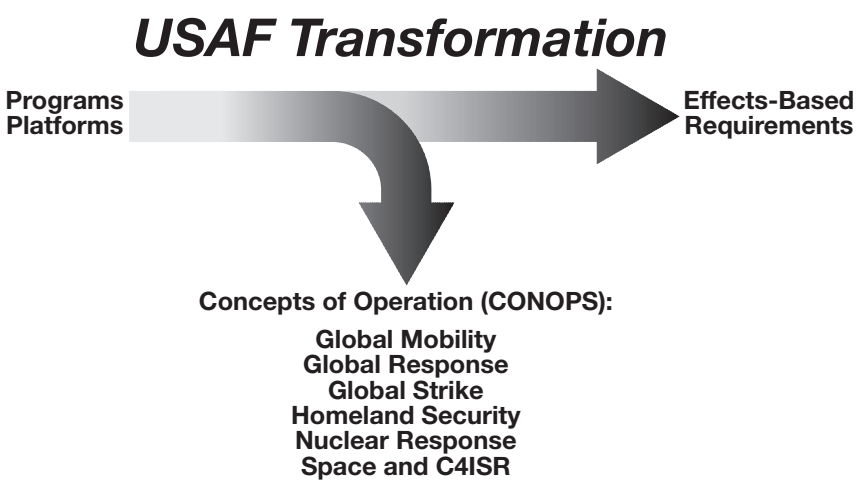
equipment to fulfill the requirement. After rigorous testing of the equipment, a single candidate was qualified as best value for the USAF, and procured.

Small Loader

International Armaments Cooperation Supports Air Force Transformation

The U.S. Air Force's Transformation Flight Plan from SECAF and CSAF offers a vision for the future. The U.S. Air Force has moved from concentrating on program and platform-centric requirements, to now defining requirements considering effects-based capabilities. These capabilities drive all aspects of planning including international cooperative endeavors in support of a transformational Air Force.

To make this essential shift, the U.S. Air Force has developed six concepts of operations (CONOPS): Global Mobility, Global Response, Global Strike, Homeland Security, Nuclear Response, and Space & C4ISR. All of SAF/IA's actions support one or more of these CONOPS in unique ways that merge the U.S.'s and allies' strengths and objectives.



As stated earlier, the relationships that the USAF builds with other nations' air forces through IAC agreements are the critical enablers for an expeditionary air force fighting a sustained global war. In building such relationships, SAF/IA not only facilitates the U.S. Air Force's ability to operate globally, but also to cooperate with allies to advance their own capabilities to protect their interests, maintain security and deter and fight aggressors independently or in concert with the U.S. These capabilities-based initiatives are not limited to aircraft, space systems, weapons systems and sensors – they are about interoperability, concepts of operations, training, logistics support, maintaining and improving proficiency, etc., forming a solid foundation for effective military-to-military, and industry-to-industry relationships.

Space is a critical element of transformation and SAF/IA is postured to seize opportunities to engage allies to advance national interests in enhanced capabilities, deepened interoperability, and cost-effective investment, while also leveraging those international partnerships to integrate the domestic owners and users of space systems. The USAF has cooperative efforts with key allies in several mission areas including position, navigation and timing; communications; meteorology; and intelligence, surveillance, and reconnaissance. Although similar to other cooperative defense initiatives, there are some key differences in the national security space enterprise where international cooperation is concerned. For example, cooperation with allies allows the U.S. to more fully utilize space systems. U.S. equipment and personnel on the ground will not be able to handle the mountains of data that will stream down from the advanced systems currently under development. In one particular Intelligence, Surveillance and Reconnaissance (ISR) mission area alone, the national security space community will launch one satellite per year over the next ten years, resulting in 32 times the amount

of data. In order to turn that data into information products useful to coalition leaders and warfighters, it must be down linked, exploited with various tools and techniques and disseminated in a timely fashion. The assumption of geographic reporting roles by key allies offers an optimal solution for alleviating this impossible burden on the U.S.'s analytic infrastructure. Such operational burden sharing arrangements, however, are most effective when they are based on cooperative research and development relationships established early in the program, providing allies with the opportunity to understand, train, and invest in future capabilities. Related to this is the reliance of space systems upon distributed mission ground stations to download and relay data as part of their operational architecture. Physics and orbital dynamics demand that the U.S. build and sustain solid relationships with allies to ensure the continuity of hosted ground systems required for networked operations. This relationship building requires sustained, high-level attention in order to address the myriad of issues accompanying hosted ground sites. These innovative approaches with our allies will advance research and development and acquisition programs, leverage allied investments to bring operational capabilities on-line early, exploit new systems to their fullest, thereby ensuring interoperability.

Interoperability and International Armaments Cooperation

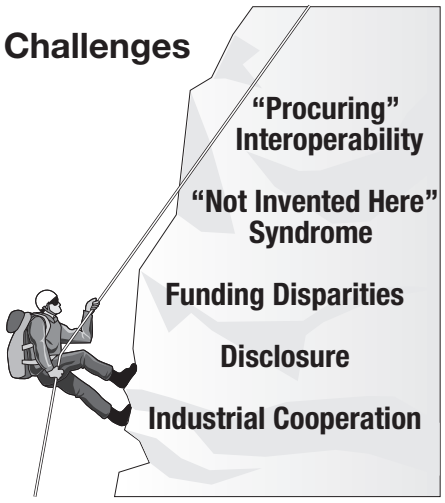
Coalition interoperability is the key success predictor in future joint missions. Whether working at the political level for commonality of purpose, or at the science and technology level developing joint requirements, harmonizing efforts will create tremendous synergy in joint military engagements from day one of a conflict.

The U.S. seeks to align its Air Force transformation strategy with the efforts of friendly and allied air forces as a critical and important part of the efforts from SAF/IA and the broader USAF. There are numerous ways that the U.S. and it friends and allies can work together to help achieve effective interoperability. A primary approach is to share critical technologies necessary to support current and future combat capability. In an interconnected world, facing terrorism and other transnational threats, the U.S. would prefer to not go it alone – having friends and allies with the appropriate capabilities to combat and defeat common enemies is essential. When we fly and fight together, coalition operations are proven force and success multipliers.

There is a global shortage of high-demand, low-density (HDLD) strategic assets. The Airborne Warning and Control System (AWACS) is an essential capability for coalition operations. NATO AWACS is an example of a cooperative program focused on achieving interoperability in coalition operations, in which many nations throughout Europe are collectively engaged. The program developed an airborne warning system consisting of a North Atlantic Treaty Organization (NATO) owned and operated core capability. The use of NATO AWACS in Operation Iraqi Freedom and the Global War on Terrorism (GWOT) provided vital aerial surveillance over the Atlantic while U.S. AWACS were deployed to the Middle East. The NATO AWACS program was able to expand the number of HDLD assets available for coalition tasking.

Challenges in International Armaments Cooperation

While there are many IAC initiatives underway, there will always be challenges. We all face the reality of political environments that sometimes make cooperation between nations difficult. The need for interoperability is often misinterpreted as U.S. government pressure to buy American. That is not the strategy of U.S. senior leadership. In some cases there is a need to protect critical defense sectors, but there is ample room for collaboration at both the industrial and government levels. The U.S. Air Force intends to encourage and seek ways to cooperate at the system and sub-system level to achieve interoperability goals without necessarily expecting that countries buy U.S.



Along the same lines, it is necessary to avoid becoming blinded by the "not invented here syndrome," in seeking to

purchase U.S. first, and U.S. only. It cuts both ways and many friends and allies act with similar motivations. For some sectors, there is even U.S. legislation to consider American manufacturers first. In all cases, though, such consideration need not be to the exclusion of foreign manufacturers with significant capabilities, particularly if it could result in procurements that are better, faster or cheaper.

One of the most often cited issues is the gap in defense expenditures, and the fact that the U.S. defense budget far exceeds every other nation. While the amount of money the U.S. expends is significantly higher, relative to all nations, the U.S. still experiences funding constraints and a need to prioritize. Although the U.S. industrial base is diversified, the U.S. government continues to seek collaborative opportunities for unique technologies and world-class expertise. Instead of cooperating across all technologies, it is important for our partners to seek ways for smarter cooperation and focus their efforts in specific areas ("technology niches") that serve to mutually advance capabilities and interoperability.

Another challenge to cooperation and information exchange is disclosure and export licensing processes that are currently under review. While the policies will not be revoked, the processes can be expedited and the U.S. DoD disclosure offices are making great headway in this area by prioritizing requests and accelerating the release of information through the appropriate channels.

Summary

Armaments cooperation is a fundamental element of the relationship that demands interoperability and synergy of capabilities. Cooperative endeavors and steadfast relationships are critical factors required to defeat an unconventional, agile, transnational enemy. With people as the crucial catalyst, relationships will continue to flourish at all levels, leading to ever-closer ties among nations, militaries and industries. There are a variety of resources available to further efforts in pursuit of coalition interoperability, critical on and above the battlefield. There are many examples of successful cooperative programs. We need to continue to identify unique opportunities for developing world-class technologies in support of transformational objectives. While there may be challenges along the way, history has taught us that they are surmountable, and as we increase our cooperative pursuits we also enhance the critical bonds of our international relationships. Armaments cooperation requires the same leadership commitment that has been demonstrated in the Global War on Terrorism, for it is an essential element in achieving victory.

About the Author

Thomas L. Koepnick is an armaments cooperation manager for the Deputy Under Secretary of the Air Force, International Affairs, Headquarters U.S. Air Force, Washington D.C. He earned a Bachelor of Arts from the University of Dayton in 1970, a Master of Arts from the Ohio State University in 1972, and a Ph.D. from the Ohio State University in 1976, focusing on Russo-Soviet history. His professional experience includes work as an analyst at the National Security Agency, country/case manager at the Air Force Security Assistance Center, and strategic planner at Headquarters Air Force Material Command.

Genesis of the New Iraqi Air Force: Security Assistance in Action

By
Colonel John M. McCain, USAF
Chief, Gulf Cooperation Council Division
Deputy Undersecretary of the Air Force, International Affairs

Operations Iraqi Freedom (OIF) and Enduring Freedom (OEF) continue to be the front lines in the Global War on Terrorism (GWOT). As the Commander in Chief and senior Department of Defense (DoD) officials have stated on numerous occasions, the GWOT is unlike any other war we have fought in the past, providing new challenges virtually daily against a cunning and ruthless enemy. One of these challenges is how, in the absence of a permanent Iraqi government and an established security assistance relationship, to begin rebuilding Iraq's Air Force.

The answer to that challenge began to emerge in January 2005, when the USAF transferred three C-130 aircrats to Iraq. This historic transfer was executed with extraordinary speed and met vital U.S. government goals. It demonstrated how security assistance has, and under the right circumstances can, meet the time-critical needs of our partners around the globe. The success of this transfer appears likely to form the basis for the expansion of traditional security assistance programs in Iraq, programs that could pay even greater dividends.

Background

Following the success of OIF in April 2003, it seemed as though the obvious demands for creating Iraqi police, border, and security forces, largely a U.S. Army and Marine Corps responsibility, were to dominate the agenda for some time. As often happens in a dynamic and changing environment, politico-military challenges can rapidly turn into opportunities that demand immediate action.

The rebirth of Iraq's airlift squadron emerged from the Iraqi political situation in the summer and fall of 2004. The Coalition Provisional Authority (CPA), under the leadership of Ambassador Paul Bremer stood down on 29 June 2004, handing sovereignty to the new Iraqi Interim Government (IIG) led by Prime Minister Iyad Allawi, who became the first Iraqi head of government since Saddam Hussein became president in 1979. The new government was on a timeline to hold the nation's first free elections on 30 January 2005, with the eyes of the world closely monitoring events, particularly the violent insurgency fueled by native and foreign extremist elements. The elections were to be a historic moment in the history of Iraq and a critical metric of coalition progress toward a more stable and peaceful Middle East.

In mid-October 2004, the IIG made a request to senior U.S. government leaders for air transport assets, preferably C-130 aircraft, to be used as executive transport for Mr. Allawi. The U.S. and its coalition partners had provided airlift support to the IIG head-of-state in the prior months, but the real desire was for an Iraqi-owned aircraft marked with Iraqi colors. The IIG was struggling to establish its legitimacy to the Iraqi people and needed to demonstrate a measure of independence from the coalition, especially leading up to the most important elections in the nation's history. The timeline was ambitious; Iraq wanted the aircraft as soon as possible, preferably early in January 2005. The request made its way through the Office of the Secretary of Defense channels to the Joint Staff and then to the Deputy Under Secretary of the Air Force for International Affairs (SAF/IA) for action.

The mission was to provide the IIG with fully operational C-130 aircraft, properly configured for operations in a combat environment and equipped with the appropriate spare parts, support, maintenance, and training package to sustain operations, all in less than ninety days. It became immediately apparent to SAF/IA and other key U.S. Air Force (USAF) and Department of Defense agencies and offices that this challenge could not be met with a normal foreign military sales (FMS) case. There was no time for the "business as usual" approach, no time for paradigm paralysis, this program required a full-court-press by all interagency stakeholders to deliver aircraft quickly and in

the proper configuration, and it had to move rapidly from planning to implementation. How do you stand up a C-130 mission for a new and emerging Air Force that has never flown the aircraft, in a country struggling to get on its feet battling a rampant insurgency, with no formal security assistance relationship or recent history or knowledge of foreign military sales?

SAF/IA formed a working group in early November 2004 comprising key USAF agencies to tackle the task. Early members of the C-130 transfer team included the following representatives:

- AF/XOOC;
- Logistics, Legal, Training, Programming, and Plans Communities; and
- Air Force Security Assistance Center (AFSAC).

Quickly joining the effort were C-130 experts from the:

- Air Mobility Command (AMC);
- Warner Robins Air Logistics Center (WR-ALC);
- Air Force Security Assistance Training Squadron (AFSAT); and
- Air Education and Training Command's International Affairs Office.

The team worked closely with U.S. Central Command (CENTCOM) and CENTAF leadership, particularly the deployed Director of Mobility Forces (DIRMOBFOR) in the CENTCOM AOR and the Multinational Security Transition Command-Iraq (MNSTC-I).

SAF/IA quickly determined that communication among all stakeholders was vital to success. Early in the planning process, SAF/IA staff members initiated weekly teleconferences to help maintain program focus, adjust to changing scenarios, and answer non-stop questions. Myriad questions covering a broad spectrum of issues were raised, researched, answered, crosschecked, and then readdressed. Most significant of the challenges were sourcing the aircraft, funding and sustaining the mission, building the FMS case for a customer with no C-130 infrastructure or experience, training of both aircrews and maintainers, English language training, in-country support of the mission, and oversight until such time as the Iraqis were able to completely run the operation. Interagency cooperation amongst key stakeholders, particularly Defense Security Cooperation Agency's Country Program Director for Iraq, representatives from Joint Staff J-4; and officials from Office of the Secretary of Defense (OSD) (Policy) and the Department of State was absolutely critical to ensure that the multiplicity of details were addressed.

Sourcing and Delivering the Aircraft

The USAF determined that three C-130E aircraft could be provided to Iraq via the excess defense articles (EDA) program. These aircraft, older 1962 and 1963 models, were made available for transfer to Iraq as part of the planned drawdown of the USAF's C-130E fleet. All aircraft were in serviceable condition and equipped with appropriate defensive systems for operating in a combat environment. HQ AMC coordinated preparation of the aircraft for delivery to Iraq, and the aircraft were flown into the AOR on an AMC directed operational mission.

Funding

One of the biggest challenges was supporting and sustaining the three C-130s once they were delivered to Iraq. Although EDA C-130s were available, the USAF had virtually no EDA spare parts or support equipment for C-130s available. Neither the Iraqi Ministry of Defense (MOD) nor the Iraqi Air Force had the resources necessary to facilitate purchasing the spare parts, support, and training packages required to ensure mission success. In addition, executing and funding a traditional FMS support case was not feasible in the short time available, especially when neither Iraqi national funds nor foreign military financing (FMF) were available to fund it.

Resolving these dilemmas, which otherwise would have jeopardized the C-130 transfer, required extensive USAF and interagency coordination. The solution was to find an available U.S. funding source to pay for interim mission support, covering a ninety-day period beginning when the aircraft were delivered and ending when the USAF completed, and Iraq accepted, a follow-on FMS support

case. MNSTC-I leadership agreed to provide the funding bridge necessary to train and equip Iraqi armed forces needed to facilitate the stand up of the C-130 mission. The government of Iraq (GOI) was then expected to fund a two-year FMS sustainment case, beginning in April 2005, to ensure long-term mission success.

Case Development

AFSAC, AFSAT, and the C-130 systems program office at WR-ALC worked tirelessly to design and rapidly build both the pseudo FMS case and follow-on two-year FMS sustainment case. Representatives from AFSAC, AFSAT, and WR-ALC determined what the cases should contain, line values, provisos, and other details. Processes that normally take four months or longer were accomplished in two to three weeks.

Classified Equipment Disclosure Issues

The transfer of C-130 aircraft to Iraq required a disclosure of U.S. classified military information (CMI) to support an integrated infrared defensive self-protection system. Authority to release U.S. CMI must be authorized or delegated by *National Disclosure Policy* to a respective military service. If the USAF, or any military service, does not possess the necessary disclosure authority, it must engage the inter-agency process for an *Exception to National Disclosure Policy* (ENDP).

To obtain the necessary release authority, the USAF, led by SAF/IA as the Air Force principle disclosure authority, petitioned the National Disclosure Policy process for an ENDP to provide U.S. CMI to the IIG. This step was a critical path to ensure that the newly transferred Iraqi C-130 aircraft met the requirements for combined U.S. and Iraqi operations in a combat environment.

A number of conditions must be satisfied before a representative of the U.S. government can release classified military information to a foreign government. First, any transfer of U.S. CMI must be accomplished via government-to-government channels. Second, the recipient government must afford U.S. CMI the same degree of security protection given to it by the U.S., to include no third-party transfer of the information without U.S. government approval. Due to the interim nature of the Iraqi government and other challenges in January 2005, applicable safe-guards were created to protect U.S. CMI while Iraq builds the governmental institutions necessary to meet the required conditions over the long term.

The process for obtaining exceptions to *National Disclosure Policy* is very deliberate, but remains responsive to special requirements similar to those generated to support the transfer of C-130 aircraft to Iraq. Disclosure of U.S. CMI is an essential component to increasing inter-operability with our allies and partners throughout the world, and in the case of Iraq, provided a unique opportunity to establish a special military-to-military relationship with the new Iraqi Air Force.

Training

The C-130 aircraft had never been a part of the Iraqi Air Force inventory, so no Iraqi aviators or maintainers had any prior C-130 experience. No training infrastructure (classrooms, aircrew training devices, training materials) existed in Iraq, and no Iraqi students were programmed into any USAF C-130 training programs. Fortunately, the Royal Jordanian Air Force (RJAF) had reached an earlier agreement during the CPA's tenure to provide some initial qualification training to a small number of Iraqi aircrews and maintenance personnel. The RJAF flies the C-130H model and did a superb job training the initial Iraqi Air Force aircrews and maintainers in the C-130. This provided the Iraqi Air Force the critical jump start they needed for familiarization with the aircraft.

The AFSAT C-130 program manager took on the enormous task of building an Iraqi training program from scratch in a matter of a few short weeks. Working with headquarters AMC Operations and Training Division, as well as with Lockheed Martin Simulation Training and Support, the team rapidly designed a unique C-130H to C-130E differences course to train eight Iraqi Air Force crews. Additionally, this team put all training support contracts in place and helped to arrange the transportation and support of the Iraqi students to Little Rock Air Force Base for two weeks of aircrew simulator and classroom training that began in February 2005. A USAF maintenance training team

was also identified and established at the final C-130 beddown location in Iraq to provide Iraqi Air Force maintenance personnel these critical skills.

English language proficiency among the Iraqis has proven to be one of the biggest challenges the training community faces and will continue to be a challenge for years to come. Under Saddam Hussein's regime, English was not emphasized in Iraqi schools. Although many Iraqi aircrews had reasonable English abilities, Iraqi Air Force maintainers often had little or no English language knowledge. Consequently AFSAT worked with the Defense Language Institute (DLI) to send a team to Iraq to teach the C-130 maintenance personnel English, and this training is proving to be quite valuable. These English instructors designed a course for the Iraqis tailored to their individual comprehension levels and coordinated with their daily C-130 maintenance training schedules.

Concept of Operations

While activity was underway stateside to stand up the mission in short order, the Director of Mobility Forces, Brigadier Geneneral Mark Zamzow, USAF was leading efforts in the AOR to ensure success when the aircraft arrived. Working with U.S. Central Command (CENTCOM) and CENTAF senior leadership, a bed down location for the Iraqi C-130E aircraft was identified and a USAF C-130E unit was deployed there as part of a previously determined requirement. Co-locating USAF and Iraqi C-130 units would prove essential in providing the USAF oversight and expertise needed to ensure safe operations. To augment the deployed USAF C-130 unit, CENTAF requested a group of instructor-qualified USAF C-130 aircrew and maintenance personnel to deploy to Iraq in support of the C-130E transfer mission. The group, dubbed the Advisory Support Team (AST), assists the Iraqis in honing their operational skills. They coach and mentor the Iraqi C-130 personnel daily while striving to grow our very young military-to-mililitary relationship with the new Iraqi Air Force. It is important to note that all USAF members of the AST were volunteers to deploy into Iraq and serve in this unique, historic capacity. This is a great credit to the culture of the U.S. Air Force.

Challenges Ahead

Transfer of C-130s to Iraq represented only the beginning of what we hope will be a long and cooperative USAF-Iraqi Air Force relationship. As the U.S. government helps Iraq to take responsibility for its own security, the same expectation applies for Iraqi support of its C-130s. Accordingly, Iraq's acceptance of a $109M follow-on, Iraq-funded C-130 support case in April 2005, the first FMS case ever accepted by Iraq—was cause for optimism. Unfortunately, as the Iraqi insurgency has reduced Iraqi oil exports and economic activity, the Iraqi government has been unable to fund the new case, leaving the case as the only funding source supporting the mission. This unforeseen situation is requiring the USAF to stretch the case, originally designed for ninety days of support, to last as long as possible. Additionally, logistics support for these three aircraft is placing a burden on the USAF's C-130 supply system as Iraq's delay in funding the sustainment case continues. These are just some examples of the issues continuing to challenge the USAF security assistance community, and the community has so far responded with the same skill and speed with which it addressed the original Iraqi case.

Despite these funding challenges, MNSTC-I and the Iraqis have been so impressed by the full-spectrum support the USAF has provided to the C-130 program via the FMS process that they have expressed interest in opening more FMS cases supporting other Iraqi Air Force aircraft. By responsively supporting all aspects of aircraft operations and sustainment, FMS has proven itself superior in Iraq to commercial alternatives. Aside from the tremendous professional and personal relationships that grew between Iraqi and USAF personnel, encouraging the Iraqi Air Force to open more FMS cases in the future is one of the most important benefits of the C-130 transfer.

Lessons Learned

Although many aspects of the Iraq C-130 transfer were unique, this case still provides lessons that may be applied to future cases.

- The value of top-level support: Once the Joint Staff asked the USAF to do whatever it took to support Iraq's request for airlifters, senior USAF leaders gave the project top priority, freeing people and resources to do the mission and meet the suspense. Support from the combatant command and the interagency group was equally strong, enabling the rapid identification of funds for spares, support, and training. When time is short and problems are unique, there is no substitute for being the top priority on everyone's list.
- Division of labor: Meeting numerous challenges on a tight timeline required simultaneous efforts by multiple USAF organizations. AF/XP led the sourcing of aircraft; AF/IL led the sourcing of spares; AFSAC and AFSAT put the pseudo FMS case together; AMC prepared and moved the aircraft; CENTAF deployed the needed personnel and developed the CONOPS; and many others contributed to the project. The parallel efforts of a USAF-wide team of experts combined to make the C-130 transfer successful.
- Open two-way communications: Many times during this project, problems were identified that put the timeline at risk. By allowing all concerned organizations to identify issues, freely proposing and vetting a variety of solutions, and clearly disseminating approved responses, the team did not allow difficulties to derail its efforts.
- SAF/IA as orchestrator: It took efforts across the USAF to make the C-130 transfer work, but only SAF/IA was in a position to coordinate those efforts. No other USAF organization combined the advantages of access to the interagency and USAF senior leaders, experience coordinating security assistance programs, contacts within the combatant command and MAJCOMs, politico-military expertise, and in-house know-how with respect to weapon systems, policy, and foreign disclosure. Additionally, no other USAF organization was in a position to coordinate the numerous parallel planning efforts described already.

Summary

On 14 January 2005, the USAF successfully transferred three C-130E aircraft to the IIG one day after implementing the accompanying FMS support case, and one day prior to the Joint Staff's deadline. The transfer ceremony culminated an intense three months of hard work by a group of USAF and interagency professionals who maintained focus on the task and were committed to mission success. This transfer is a vivid example of the intersection of political and military affairs and the role of security assistance in support of U.S. national objectives. When called upon to respond, the defense security cooperation community can achieve superb results that will reap dividends for years to come.

About the Author

Colonel John M. McCain, USAF, is chief of the Gulf Cooperation Council Division, Deputy Under Secretary of the Air Force, International Affairs, Headquarters U.S. Air Force, Washington, D.C. He earned a Bachelor of Science degree from Clemson University in 1983, and a Master of Business Administration in Aviation degree from Embry-Riddle Aeronautical University in 1993. He is a master navigator with over 2,700 flying hours in the KC-135 aircraft. He has held a variety of assignments in operations and training including assignments as an operational programming officer at Headquarters Air Mobility Command, Commander of an Air Education and Training Command Squadron, and Vice Commandant of the Air and Space Basic Course, Air University, Maxwell Air Force Base, Alabama.

Security Cooperation with Latin America

By
Colonel Curt Connell, USAF
Chief of the Americas Division, Deputy Under Secretary of the Air Force, International Affairs

The United States Air Force (USAF) Security Cooperation activities with Latin America are building strong relationships with our neighbors and coalition partners to secure the hemisphere and facilitate power projection. The United States takes great interest in Latin America because of geographic proximity, economic ties, and our shared democratic ideals. Without effective security cooperation, central and southern nations could lose sovereignty to narcotics trafficking, radical terrorists affiliated with Hamas and al Qaeda, and illegitimate states that join forces to present a serious threat to peace and stability. Therefore, bilateral and regional programs in Latin America are of particular importance.

Transformation efforts by the Deputy Undersecretary of the Air Force, International Affairs (SAF/IA), focus on building, sustaining, and expanding relationships as key enablers to our expeditionary air and space force and mutual security interests. Strong relationships are founded by working with our partners to determine requirements and develop capabilities to achieve internal host nation goals as well as facilitate coalition integration. There are a number of bilateral and regional programs, such as the Chilean F-16 Peace Puma program and the System of Cooperation Among the American Air Forces (SICOFAA), which illustrate the ongoing development of relationships between countries within the Western Hemisphere.

1st Peace Puma Jet at rollout 14 April 2005.

The Chilean F-16 Peace Puma program will be the cornerstone of a twenty-five year period of close cooperation between the USAF and Chilean Air Force (CAF). The Peace Puma program will provide Chile with the latest in multi-role fighters, thereby strengthening the region's air defense and strike capabilities. In January 2006, the Chilean Air Force will take delivery of the first of ten Block 50 F-16s. These state-of-the-art aircraft represent the very best aspects of the security cooperation program in pursuit of our two nations' mutual goals. Peace Puma will support the defense and security requirements of our Chilean partners in the most expeditious and cost effective manner possible. They will be the centerpiece of our Air Force-to-Air Force relationship and are a significant milestone furthering U.S. and Chilean relations as our nations adapt to overcome the threats poised by regional and global adversaries.

Peace Puma Jets being manufactured.

In addition to hardware upgrades, the Peace Puma program serves to enhance professional relationships and foster technical expertise.

Developing personnel is vital to security cooperation as our nations organize, train, and equip for defense challenges across the spectrum of military operations. Airmen-to-Airmen programs build professional relationships based on shared tactical and operational competencies, and personal relationships based on trust and shared experiences. These professional and personal relationships are the foundations we are laying in Chile, much as we did with the Royal Air Force in WWI and WWII. In addition to Chile, we are expanding these cooperative relationships throughout Latin America by developing regional goals and programs. One of these programs is the Conference of the American Air Chiefs (CONJEFAMER).

In 1961, General Thomas D. White, then Chief of Staff of the United States Air Force, first conceived the idea of a Conference of the Air Chiefs of the Americas (CONJEFAMER) to "promote greater understanding and cooperation among the air forces of the Americas with a view toward hemispheric security." The first CONJEFAMER was designed to bring freedom from risk, danger, doubt, anxiety, or fear, and to create an environment of confidence among the air forces in the Western Hemisphere. For the last 45 years, the air chiefs of twenty-four countries (eighteen members and six observers) have met and focused on similarities rather than differences, to shared ideals, experiences, and interests in a cooperative, apolitical atmosphere with a mutually agreed upon procedure and protocol.

A group photo of the 45th CONJEFAMER 2005.

From this first conference, grew the System of Cooperation Among the American Air Forces (SICOFAA), with the annual CONJEFAMER as its centerpiece event. SICOFAA consists of five committees: Personnel, Information, Operations, Logistics, and Science and Technology. Committee recommendations are forwarded to the CONJEFAMER for action by the air chiefs. For 45 years, through a cold war and other world crises, SICOFAA has continued the tradition of meeting annually. This year, the USAF hosted twenty commanders and representatives at the XLV CONJEFAMER held 5-8 June 2005, at the Biltmore Hotel in Coral Gables, Florida.

At the 2005 CONJEFAMER, the Air Chiefs agreed to carry out twenty-one separate items for the 2005-2006 cycle. Included is an agreement of "Cooperation Information Exchange Amongst SICOFAA Members Regarding Unidentified Aircraft," which establishes data exchange procedures between member countries when dealing with unidentified flights in the region. The air chiefs also agreed to study the impact of commercial air traffic control on global military air operations as the increasing volume of civilian air traffic may restrict military air operations. The study may lead to the development of a multi-national proposal to designate airspace for military aircraft. In addition, the Air Chiefs agreed to adopt a strategic planning process for SICOFAA activities.

The most valuable asset of CONJEFAMER continues to be the venue it provides members to meet as a full body as well as conduct bilateral or multilateral meetings. The bilateral and multilateral meetings, though not an official part of the conference, have proven to be an integral part of building trust and confidence. This year alone, the USAF was able to meet bilaterally with ten countries to

discuss security assistance and cooperation issues. Among the issues discussed were ways to expand and re-vitalize personnel exchanges, modernize aircraft fleets, and cooperate on combating illicit air traffic.

From its conception, SICOFAA has grown into a vibrant organization with a great future, pursuing collective interests in the Americas. SICOFAA reaffirms the long-standing principle to maintain and to strengthen the environment of trust and professional cooperation among the Western Hemisphere's air forces. SICOFAA's motto affirms the spirit of cooperation with, Unidos-Aliados (United-Allied).

SICOFFA Seal

SAF/IA has many successful projects helping to achieve the mission of building, sustaining, and expanding relationships that are critical enablers for our expeditionary air and space forces conducting global operations and fighting the war on terrorism. While SAF/IA conducts security cooperation activities worldwide, and while there are many ongoing successful initiatives in the Americas, the Peace Puma program and SICOFAA are two significant programs strengthening collective security and coalition integration.

About the Author

Colonel Curt Connell, USAF, is the chief of the Americas Division, Deputy Under Secretary of the Air Force, International Affairs, Headquarters USAF, Washington D.C. He earned a Bachelor of Science degree from the University of Nebraska-Lincoln, and a Masters in Aeronautical Science from Embry-Riddle. His professional experience includes piloting the T-37, C-141, C12, and E-4B aircraft. Additionally, he commanded the E-4B squadron at Offutt Air Force Base, Omaha, Nebraska, and attended Harvard University on a National Defense Fellowship.

Security Cooperation with the Pacific

By
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Director for Japan, Mongolia, and Bhutan
and
Captain Kenneth T. Cushing, USAF
Deputy Country Director for India
Deputy Under Secretary of the Air Force, International Affairs

The IARP division of the Air Force International Affairs Secretariat (SAF/IA) represents the Air Force's security assistance oversight for US Pacific Command's (PACOM) area of responsibility (AOR). This AOR covers over 50 percent of the earth's surface, 60 percent of its population, and 34 percent of the global economy. It comprises a wide diversity of cultures, political systems, and military challenges. The world's largest democracy (India), three of the world's remaining communist regimes (China, Vietnam, and North Korea), and the nation with the world's largest Muslim population (Indonesia), all fall within the purview of the Pacific division. Militarily, the threat of North Korea remains as the most destabilizing influence, but the dramatic rise of China's military capabilities, India's increasing regional role, and the less visible, but often dramatic, Global War on Terrorism in key countries such as the Philippines and Indonesia exemplify the wide array of challenges in the region.

To meet these challenges, SAF/IARP works within areas of overlap in which U.S. national interests are coincident with those of the host nation. SAF/IARP seeks to expand this overlap by promoting mutual understanding and goodwill between the USAF and host nation air forces. IARP, in coordination with other SAF/IA divisions, determines the scope and nature of training programs, foreign military sales (FMS) programs, cooperative armaments development, personnel exchange programs, and high level visits between USAF senior officials and host nation leadership.

IARP's role has transformed in recent years, from managing and administering FMS programs, to cultivating and maintaining politico-military affairs expertise for the countries with which it interacts. The goal is to deepen cooperation, interoperability, and understanding over a broad range of security issues. Originally, efforts toward meeting these goals concentrated on working with in-country security assistance offices (SAOs) to respond to FMS requests. Increasingly, however, activities are now geared toward addressing mutually beneficial programs that will lead to greater regional stability, including US and coalition capability to respond to contingencies and crises in the region. Two examples serve to highlight IARP's efforts in the Pacific region: India's pursuit of a new multi-role combat aircraft (MRCA), and an overarching effort to develop an integrated C4ISR network in the Pacific.

India relied heavily upon Soviet-made weapons and technical support until the collapse of the Soviet Union and the 1991 Gulf War. Relations between the U.S. and India improved throughout the 1990s but suffered a setback upon India's test detonation of a nuclear weapon in 1998. The Clinton administration promptly imposed sanctions prohibiting military interaction and limiting political relations. The aftermath of the September 11, 2001 terrorist attacks, however, sparked a renewed American interest in South Asia and subsequently forced both the US and India to reconsider their strategic relationship. High-level contacts have resulted in codified agreements such as the Next Steps in Strategic Partnership and a ten-year defense agreement between the two countries. Equally important have been the growing organizational and military ties between the U.S. and India.

USAF relations with the Indian Air Force (IAF) have progressed apace with U.S. policy as indicated by the highly publicized and successful Exercise Cope India 2004. The USAF returned for Cope India 2005 in November. Currently, the IAF is seeking up to 126 fighter aircraft through its MRCA program. Both the F-16 and the F/A-18 have been identified as potential candidates. USAF has supported India's requests for information on the F-16, for which SAF/IA is planning to send a

delegation to India in the fall to brief the IAF. A significant purchase of a USAF-operated fighter by India would form the basis for a vibrant and enduring relationship between the two air forces. It would promote interoperability through shared weapon systems and cooperation through follow-on training requirements and exercise participation. Mutual understanding would be further enhanced by professional military education (PME), cultural exchanges, and senior level interaction between air forces. While there are still hurdles on both sides, India continues to consider non-U.S. Aircraft in their search for an MRCA. The potential for future cooperation between the two countries reflects a burgeoning relationship that was, until recently, inconceivable.

The idea of a shared Command, Control, Communications, Computer, Intelligence, Surveillance, and Reconnaissance (C4ISR) infrastructure in the Pacific further reflects the proactive stance of IARP in security cooperation matters. The proven versatility and value of Unmanned Aerial Vehicles (UAVs) in prosecuting the Global War on Terrorism has sparked marked interest by US allies and partners in the Pacific region. The sheer scale of the geographic expanse, the importance of sea lines of communication (e.g., a quarter of all world trade passes through the Straits of Malacca), the instability induced by terrorist and criminal organizations, and the unpredictability of North Korea regarding proliferation of Weapons of Mass Destruction (WMD) have forced the U.S. and partner nations to reevaluate the need to have offshore surveillance capability.

Given the vast size of the Pacific, it is currently not possible to have broad ISR coverage over all areas of interest. Additionally, there is no adequate maritime sensor package for UAV platforms that will likely become the mainstay of U.S. Pacific Command (PACOM's) ISR capability in the near future. While other nations may not have the tremendous coverage requirement that PACOM does, they still often have surveillance requirements needs that extend well beyond their territorial waters. Japan, for example, receives 80 percent of its oil through the Straits of Malacca. In the future, SAF/IA envisions a networked C4ISR system among the U.S. Pacific partners that would allow real-time sharing of intelligence through the interoperability of UAV sensors and other collection methods (e.g., shared early warning radar, satellite imagery, etc.). This capability would serve to protect vital areas from the threats of terrorism, piracy, smuggling, WMD proliferation, and potentially, even ballistic missiles. It is conceivable, for example, that in the future PACOM might receive real-time data from a high altitude long endurance (HALE) UAV and subsequently alert a Proliferation Security Initiative (PSI) partner to intercept a shipment of WMD-related materials bound for a terrorist organization. The post September 11, 2001 necessity for sharing information has broken down many of the information barriers that previously had led even close allies to withhold vital information from one another. Japan and Australia are soon expected to make decisions regarding a UAV program, and other countries in the region are also considering acquiring UAVs. UAVs fall under the purview of the Missile Technology Control Regime (MTCR), and each case must be handled on its own merits, but the potential for a synchronized and linked regional C4ISR network would be invaluable in promoting regional stability.

While India's fighter needs and the C4ISR in the Pacific are just two of SAF/IARP's activities, the division continually strives to expand security cooperation in the region. SAF/IARP played the USAF's lead role in the recent purchase of F-15Ks by Korea and is presently serving as a focal point in Singapore's Next Fighter Replacement Program, Thailand's consideration to both upgrade and purchase additional F-16s, and Japan's emerging F-X fighter replacement program. SAF/IARP also has worked closely with Malaysia's first major purchase of a USAF weapon (AIM-120 air-to-air missiles) in twelve years.

Many expert commentators have speculated that the 21st century will be the "Pacific Century," for not only does the region harbor great potential for progress, but it is also ripe for conflict. Future considerations for security cooperation will undoubtedly include such issues as the tensions in Korea, acrimony between China and Taiwan, China's further integration into the global economy and polity, Indonesia's emergence as a strong Muslim nation, and the continuing delicacy of relations between India and Pakistan. All these situations have possible global economic and security ramifications.

SAF/IARP realizes these ramifications and it is committed to supporting US policy through active and expanding engagement with the nations of the Pacific.

About the Authors

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Captain Kenneth T. Cushing, USAF, is an intelligence weapons officer and is the deputy country director for India, Deputy Under Secretary of the Air Force for International Affairs. He holds a B.S. in history from the United States Air Force Academy, an M.A. in management from American Military University, and an M.A. in organizational management from The George Washington University.

Foreign Comparative Testing Program

By
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Picture this; you are deployed overseas in Operation Iraqi Freedom or Operation Enduring Freedom on a mission with other coalition forces. As you engage the enemy thorough coalition operations, you notice that your coalition partners have a piece of equipment that really makes a difference. You wish your military service had that piece of gear and wonder, how soon could I get my hands on that equipment, and what would it really take to get the item into service?

What if I was to tell you that U.S. warfighters can rapidly (six months to three years depending on the item and restrictions) get their hands on superior foreign equipment and technology they see while serving in friendly foreign counties around the world? What if I were to tell you that this includes the time to test and field the equipment? The answer, we can do just that via the Foreign Comparative Testing (FCT) Program managed from Comparative Testing Office (CTO) in the Office of the Under Secretary of Defense (Acquisition, Technology & Logistics). From bullets to aircraft loading equipment to nanotechnology, the FCT program provides funding for test articles and the testing and evaluation of foreign equipment. Additionally, since the Office of the Secretary of Defense (OSD) and Congress approve the projects, procurement funding is virtually locked-in for the specific projects. FCT gives the U.S. warfighter a way to acquire needed assets within 6-24 months of submitting a proposal. Candidate projects are submitted annually to the Office of the Secretary of Defense (OSD) by June, and funding is normally released by mid-October. With a two year test to procure goal, the FCT program saves time, money and effort versus the lengthy traditional acquisition cycle.

Since its inception in 1980, the Foreign Comparative Testing Program has funded over 528 projects with $932 million, resulting in procurements in excess of $6.7 billion in fiscal year 2005 constant year dollars. Fifty-five million dollars has been awarded to the USAF over the past twenty years, resulting in procurements in excess of $1 billion.

Through the FCT Program, all of the military services are afforded the opportunity to leverage our allies' technologies, and provide the warfighter with much needed equipment, in a rapid manner. Each military service has a program office dedicated to supporting the FCT Program. The efforts of each program office allow the program to grow stronger and gain support and interest from warfighters and foreign vendors alike. The representatives from each of the military services attend all major international Air Shows, as well as conduct industry tour of various nations, looking for equipment that could satisfy the needs of the Airmen, Soldiers, Sailors, and Marines.

Successful FCT projects result from world-class foreign defense items produced by allied and other friendly countries, strong U.S. user advocacy and support, a valid operational requirement, and solid procurement potential. Many FCT projects have reduced the total ownership cost of military systems, cutting overall acquisition and support expenditures while enhancing standardization and interoperability, improving allied cross-service support, and promoting international cooperation and interoperability.

The USAF has always played a major role in the FCT Program by identifying allied and friendly-nations resources as a solution to our shortfalls. Examples of USAF FCT programs are:

- Next generation small loader: The USAF had a requirement to acquire a 25K loader, which could be used with our cargo aircraft. Two foreign sources were identified with potential equipment to fulfill the requirement. After rigorous testing of the equipment, in accordance with USAF standards, a single candidate was qualified as best value for the USAF, and procured.

- MEMS Inertial Measurement Unit: The Mirco-Electro Mechanical System Inertial Measurement Unit was the solution to creating a better guidance system, which was smaller, lighter, and more efficient, allowing missile systems to carry a larger, heavier payload.
- 20 MM Replacement Rounds: The USAF 20MM rounds had been condemned to "emergency use only", due to misfiring in the chambers, putting USAF pilots and aircraft at risk. Two foreign sources were identified to fulfill this shortfall, and were tested in accordance with Department of Defense standards and requirements to identify the best replacement rounds to fill the USAF stockpile.

There is a complementary domestic program to FCT called the Defense Acquisition Challenge Program (DACP). The purpose of DACP is very similar to FCT, but DACP focuses solely on getting domestic solutions rapidly to the warfighter.

For more information on these two special programs, go to http://www.safia.hq.af.mil/fct for the USAF Foreign Comparative Testing Program and http://www.acq.osd.mil/cto/ for the Defense Acquisition Challenge Program (DACP).

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LEGISLATION AND POLICY

Conventional Arms Transfers to Developing Nations, 1997-2004

By
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[The following are excerpts from the Conventional Arms Transfers to Developing Nations, 1997-2004, August 29, 2005. Note: Not all sections, tables, or figures are included. Those that are included will keep their original section, table, and or figure number. The report in its entirety can be viewed at the following web site: http://fas.org/asmp/resources/govern/109th/CRSRL33051.pdf.]

Summary

This report is prepared annually to provide unclassified quantitative data on conventional arms transfers to developing nations by the United States and foreign countries for the preceding eight calendar years. Some general data are provided on worldwide conventional arms transfers, but the principal focus is the level of arms transfers by major weapons suppliers to nations in the developing world.

Developing nations continue to be the primary focus of foreign arms sales activity by weapons suppliers. During the years 1997-2004, the value of arms transfer agreements with developing nations comprised 62.7 percent of all such agreements worldwide. More recently, arms transfer agreements with developing nations constituted 57.3 percent of all such agreements globally from 2001-2004, and 58.9 percent of these agreements in 2004.

The value of all arms transfer agreements with developing nations in 2004 was nearly $21.8 billion. This was a substantial increase over 2003, and the highest total, in real terms, since 2000. In 2004, the value of all arms deliveries to developing nations was nearly $22.5 billion, the highest total in these deliveries values since 2000 (in constant 2004 dollars).

Recently, from 2001-2004, the United States and Russia have dominated the arms market in the developing world, with the United States ranking first and Russia second each of the last four years in the value of arms transfer agreements. From 2001-2004, the United States made $29.8 billion in arms transfer agreements with developing nations, in constant 2004 dollars, 39.9 percent of all such agreements. Russia, the second leading supplier during this period, made $21.7 billion in arms transfer agreements, or 29.1 percent.

In 2004, the United States ranked first in arms transfer agreements with developing nations with nearly $6.9 billion or 31.6 percent of these agreements. Russia was second with $5.9 billion or 27.1 percent of such agreements. In 2004, the United States ranked first in the value of arms deliveries to developing nations at nearly $9.6 billion, or 42.6 percent of all such deliveries. Russia ranked second at $4.5 billion or 20 percent of such deliveries. France ranked third at $4.2 billion or 18.7 percent of such deliveries.

During the 2001-2004 period, China ranked first among developing nations purchasers in the value of arms transfer agreements, concluding $10.4 billion in such agreements. India ranked second at $7.9 billion. Egypt ranked third at $6.5 billion. In 2004, India ranked first in the value of arms transfer agreements among all developing nations weapons purchasers, concluding $5.7 billion in such agreements. Saudi Arabia ranked second with $2.9 billion in such agreements. China ranked third with $2.2 billion.

Introduction

This report provides unclassified background data from U.S. government sources on transfers of conventional arms to developing nations by major suppliers for the period 1997 through 2004. It also includes some data on world-wide supplier transactions. It updates and revises the report entitled *Conventional Arms Transfers to Developing Nations, 1996-2003*, published by the Congressional Research Service (CRS) on August 26, 2004 (CRS Report RL32547).

The data in the report illustrate how global patterns of conventional arms transfers have changed in the post-Cold War and post-Persian Gulf War years. Relationships between arms suppliers and recipients continue to evolve in response to changing political, military, and economic circumstances. Nonetheless, the developing world continues to be the primary focus of foreign arms sales activity by conventional weapons suppliers. During the period of this report, 1997-2004, conventional arms transfer agreements (which represent orders for future delivery) to developing nations have comprised 62.7 percent of the value of all international arms transfer agreements. The portion of agreements with developing countries constituted 57.3 percent of all agreements globally from 2001-2004. In 2004, arms transfer agreements with developing countries accounted for 58.9 percent of the value of all such agreements globally. Deliveries of conventional arms to developing nations, from 2001-2004, constituted 63.2 percent of all international arms deliveries. In 2004, arms deliveries to developing nations constituted 64.6 percent of the value of all such arms deliveries worldwide.

The data in this new report supersede all data published in previous editions. Since these new data for 1997-2004 reflect potentially significant updates to and revisions in the underlying databases utilized for this report, only the data in this most recent edition should be used. The data are expressed in U.S. dollars for the calendar years indicated, and adjusted for inflation. U.S. commercially licensed arms exports values are incorporated in the main delivery data tables, and noted separately. Excluded are arms transfers by any supplier to sub national groups. The definition of developing nations, as used in this report, and the specific classes of items included in its values totals are found in the text that follows.

Calendar Year Data Used

All arms transfer and arms delivery data in this report are for the calendar year or calendar year period given. This applies to both U.S. and foreign data alike. The United States government departments and agencies publish data on U.S. arms transfers and deliveries but generally use the United States fiscal year as the computational time period for these data. (A U.S. fiscal year covers the period from October 1 through September 30). As a consequence, there are likely to be distinct differences noted in those published totals using a fiscal year basis and those provided in this report which use a calendar year basis for its figures. Details on data used are outlined in footnotes at the bottom of Tables 1, and 2.

Constant 2004 Dollars

Throughout this report values of arms transfer agreements and values of arms deliveries for all suppliers are expressed in U.S. dollars. Values for any given year generally reflect the exchange rates that prevailed during that specific year. In many instances, the report converts these dollar amounts (current dollars) into constant 2004 dollars. Although this helps to eliminate the distorting effects of U.S. inflation to permit a more accurate comparison of various dollar levels over time, the effects of fluctuating exchange rates are not neutralized. The deflators used for the constant dollar calculations in this report are those provided by the U.S. Department of Defense and are set out at the bottom of tables 1, 2, 8, and 9. Unless otherwise noted in the report, all dollar values are stated in constant terms. Because all regional data tables are composed of four-year aggregate dollar totals (1997-2000 and 2001-2004), they must be expressed in current dollar terms. Where tables rank leading arms suppliers to developing nations or leading developing nation recipients using four-year aggregate dollar totals, these values are expressed in current dollars.

Table 1. Arms Transfer Agreements with Developing Nations, by Supplier, 1997-2004
(in millions of current U.S. dollars)

	1997	1998	1999	2000	2001	2002	2003	2004	1997-2000
United States	3,463	5,936	8,020	12,490	6,631	8,564	6,290	6,876	58,270
Russia	3,300	2,100	3,300	6,200	5,400	5,300	4,100	5,900	35,600
France	900	5,300	1,100	2,200	700	400	500	1,000	12,100
United Kingdom	1,000	1,000	1,100	0	200	700	0	3,200	7,200
China	1,300	500	2,500	500	1,000	400	300	600	7,100
Germany	100	1,400	2,000	900	100	100	0	0	4,600
Italy	300	0	500	100	200	0	300	600	2,000
All Other European	1,300	1,400	4,000	1,400	1,000	1,300	2,200	1,300	13,900
All Others	700	1,000	1,600	2,000	1,600	1,300	900	2,300	11,400
Total	**12,363**	**18,636**	**24,120**	**25,790**	**16,831**	**18,064**	**14,590**	**21,776**	**152,170**
*Dollar inflation Index:(2004=1.00)	0.8215	0.8432	0.8632	0.8860	0.9119	0.9382	0.9635	1	0

Source: U.S. Government

Note: Developing nations category excludes the U.S., Europe, Canada, Japan, Australia and New Zealand. All data are for the calendar year given except for U. S. MAP (Military Assistance Program), IMET (International Military Education and Training), and Excess Defense Article data which are included for the particular fiscal year. All amounts given include the values of all categories of weapons, spare parts, construction, all associated services, military assistance, excess defense articles, and training programs. Statistics for foreign countries are based upon estimated selling prices. All foreign data are rounded to the nearest $100 million. The United States total in 2000 includes a $6.432 billion licensed commercial agreement with the United Arab Emirates for 80 F-16 aircraft. *Based on Department of Defense Price Deflator.

Definition of Developing Nations and Regions

As used in this report, the developing nations category includes all countries except the United States, Russia, European nations, Canada, Japan, Australia, and New Zealand. A listing of countries located in the regions defined for the purpose of this analysis Asia, Near East, Latin America, and Africa is provided at the end of the report.

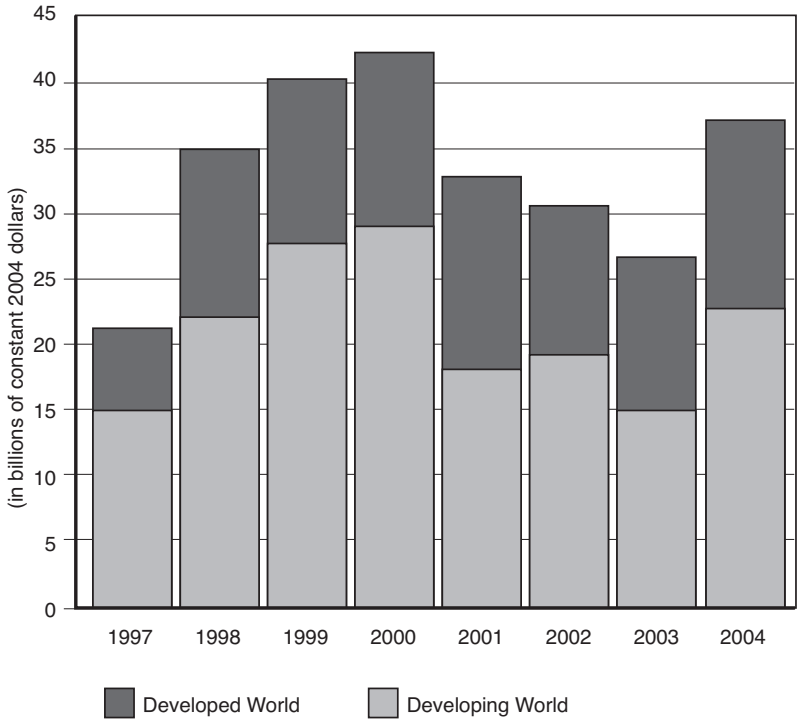
Arms Transfer Values

The values of arms transfer agreements (or deliveries) in this report refer to the total values of arms orders (or deliveries as the case may be) which include all categories of weapons and ammunition, military spare parts, military construction, military assistance and training programs, and all associated services.

Major Findings

General Trends in Arms Transfers Worldwide

The value of all arms transfer agreements worldwide (to both developed and developing nations) in 2004 was nearly $37 billion. This is a significant increase in arms agreements values over 2003, and is the first year that total arms agreements have increased since 2000. Chart 1.



Source: U.S. Government

Chart 1. Arms Transfer Agreements Worldwide, 1997-2004 Developed and Developing Worlds Compared.

In 2004, the United States led in arms transfer agreements worldwide, making agreements valued at nearly $12.4 billion (33.5 percent of all such agreements), down notably from $15.1 billion in 2003. Russia ranked second with $6.1 billion in agreements (16.5 percent of these agreements globally), up notably from nearly $4.4 billion in 2003. The United Kingdom ranked third, its arms transfer agreements worldwide standing at $5.5 billion in 2004, up significantly from $311 million in 2003. The United States and Russia collectively made agreements in 2004 valued at nearly $18.5 billion, about 50 percent of all international arms transfer agreements made by all suppliers. Figure 1.

For the period 2001-2004, the total value of all international arms transfer agreements ($130.2 billion) was lower than the worldwide value during 1997-2000 ($139.2 billion), a decrease of 6.5 percent. During the period 1997-2000, developing world nations accounted for 67.7 percent of the value of all arms transfer agreements made worldwide. During 2001-2004, developing world nations accounted for 57.3 percent of all arms transfer agreements made globally. In 2004, developing nations accounted for 58.9 percent of all arms transfer agreements made worldwide. Figure 1.

In 2004, the United States ranked first in the value of all arms deliveries worldwide, making nearly $18.6 billion in such deliveries or 53.4 percent. This is the eighth year in a row that the United States has led in global arms deliveries, reflecting the magnitude of U.S. post-Persian Gulf War arms transfer agreements which are now being implemented. Russia ranked second in worldwide arms

deliveries in 2004, making $4.6 billion in such deliveries. France ranked third in 2004, making $4.4 billion in such deliveries. These top three suppliers of arms in 2004 collectively delivered over $27.5 billion, 79.3 percent of all arms delivered worldwide by all suppliers in that year. Figure 2.

Figure 1. Worldwide Arms Transfer Agreements, 1997-2004 and Suppliers' Share with Developing World (in millions of constant 2004 U.S. dollars)

Supplier	Worldwide Agreements Value 1997-2000	Percentage of Total with Developing World
United States	53,588	76.50
Russia	19,200	90.60
France	15,633	71.20
United Kingdom	5,886	62.40
China	6,567	85.80
Germany	13,107	39.00
Italy	2,113	50.00
All Other European	15,659	60.40
All Others	7,428	82.80
Total	**139,181**	**67.70**
Supplier	**Worldwide Agreements Value 2001-2004**	**Percentage of Total with Developing World**
United States	54,319	54.90
Russia	22,565	96.60
France	11,088	24.50
United Kingdom	7,105	58.60
China	2,434	100.00
Germany	5,277	41.00
Italy	2,749	41.10
All Other European	15,509	39.10
All Others	9,149	58.70
Total	**130,195**	**57.30**
Supplier	**Worldwide Agreements Value 2004**	**Percentage of Total with Developing World**
United States	12,391	5.50
Russia	6,100	96.70
France	4,800	20.80
United Kingdom	5,500	58.20
China	600	100.00
Germany	200	0.00
Italy	600	100.00
All Other European	4,300	30.20
All Others	2,500	92.00
Total	**36,991**	**58.90**

Source: U.S. Government

The value of all international arms deliveries in 2004 was nearly $34.8 billion. This is a nominal decrease in the total value of arms deliveries from the previous year (a fall of $874 million). However, the total value of such arms deliveries worldwide in 2001-2004 ($131.2 billion) was substantially lower in the value of arms deliveries by all suppliers worldwide from 1997-2000 ($181.2 billion, a decline of over $50 billion). Figure 2, Charts 7 and 8.

Figure 2. Worldwide Arms Deliveries, 1997-2004 and Suppliers' Share with Developing World (in millions of constant 2004 U.S. dollars)

Supplier	Worldwide Deliveries Value 1997-2000	Percentage of Total to Developing World
United States	76,202	63.20
Russia	14,807	81.10
France	24,969	87.80
United Kingdom	26,295	98.50
China	3,651	90.50
Germany	7,255	28.90
Italy	1,874	69.50
All Other European	15,989	67.70
All Others	10,205	44.90
Total	**181,247**	**71.80**

Supplier	Worldwide Deliveries Value 2001-2004	Percentage of Total to Developing World
United States	53,967	54.90
Russia	17,625	95.70
France	11,626	78.90
United Kingdom	17,149	76.60
China	3,053	93.20
Germany	4,914	27.20
Italy	1,387	38.20
All Other European	11,096	36.30
All Others	10,400	51.60
Total	**131,217**	**63.20**

Supplier	Worldwide Deliveries Value 2004	Percentage of Total to Developing World
Russia	4,600	97.80
France	4,400	95.50
United Kingdom	1,900	68.40
China	700	85.70
Germany	900	55.60
Italy	100	100.00
All Other European	1,200	41.70
All Others	2,400	50.00
Total	**16,200**	**64.60**

Source: U.S. Government

Developing nations from 2001-2004 accounted for 63.2 percent of the value of all international arms deliveries. In the earlier period, 1997-2000, developing nations accounted for 71.8 percent of the value of all arms deliveries worldwide. In 2004, developing nations collectively accounted for 64.6 percent of the value of all international arms deliveries. Figure 2 and Table 2A.

The decline in weapons orders worldwide since 2000 has been notable. Global arms agreement values have fallen from $42.1 billion in 2000 to about $37 billion in 2004. Were it not for the conclusion of a few very large orders in 2004, the total for that year likely would have been lower than the previous year. Some of the major weapons orders placed in 2004 were deferred purchases that were

finally concluded after years of negotiations. It has increasingly become the practice of developed nations in recent years to seek to protect important elements of their national military industrial bases by limiting arms purchases from other developed nations. They have placed greater emphasis on joint production of various weapons systems with other developed nations as a more effective way to preserve a domestic weapons production capability, while sharing the costs of new weapons development, both for their own militaries, as well as for export. Some leading weapons producers have been forced to consolidate sectors of their domestic defense industry in the face of intense foreign competition, while other supplying nations have chosen to manufacture items for niche arms markets where their specialized production capabilities provide them with important advantages in the evolving international arms marketplace.

Because the arms market in recent years has become so intensely competitive, supplying states have come to emphasize sales efforts directed toward regions and nations where individual suppliers have had competitive advantages resulting from well established military support relationships with the prospective customers. The potential has developed within Europe for arms sales to nations that have recently become members of the North Atlantic Treaty Organization (NATO), that are modernizing their basic force structures, and that are replacing obsolete systems. There are inherent limitations on these intra-European sales due to the smaller defense budgets of many of the prospective client states. Yet creative seller financing options, as well as the use of co-assembly, coproduction, and counter-trade, to offset costs to the purchasers, has resulted in some contracts being signed. Competition seems likely between the United States and European countries or consortia over the prospective arms contracts within the European region in the years ahead. Such sales have the potential to compensate for lost contracts resulting from reduced demand for weapons from other clients in the developing world.

More recently, various developing nations have reduced their weapons purchases primarily due to their lack of sufficient funds to pay for such weaponry. Even those prospective arms purchasers in the developing world with significant financial assets continue to exercise caution before embarking upon new and costly weapons procurement programs. The spike in the price of oil, while a boon to the oil producing nations, has caused economic difficulties for many consuming states. The unsettled state of the world economy has influenced a number of developing nations to upgrade existing weapons systems in their inventories, while limiting their purchases of newer ones. There has also been a notable reduction in new arms agreements by a number of nations in the developing world, due to the substantial arms purchases these countries made in the 1990s. Several of them are curtailing their purchases while they absorb and integrate previously acquired weapons systems into their force structures.

Presently, there appear to be fewer large weapons purchases being made by developing nations in the Near East, while a relatively larger increase in purchases are being made by developing nations in Asia, lead principally by China and India. While these apparent trends are subject to abrupt change based on the strength of either the international or regional economies, the strength of individual economies in various nations in the developing world continues to be a very significant factor in the timing of their arms purchasing decisions.

Some nations in Latin America, and, to a much lesser extent, in Africa, have expressed interest in modernizing important sectors of their military forces, yet many states in these regions also continue to be constrained by their limited financial resources. The limited availability of seller-supplied credit and financing seems likely to continue to be a factor that inhibits conclusion of major weapons deals in these regions of the developing world.

General Trends in Arms Transfers to Developing Nations

The value of all arms transfer agreements with developing nations in 2004 was nearly $21.8 billion, a significant increase over the $15.1 billion total in 2003. This was the highest annual total, in real terms, since 2000. In 2004, the value of all arms deliveries to developing nations (about $22.5

billion) was a clear increase from the value of 2003 deliveries (nearly $20.8 billion), and the highest total since 2000. Charts 1, 7, 8, Figure 1, 2, Tables 1A and 2A.

Recently, from 2001-2004, the United States and Russia have dominated the arms market in the developing world, with the United States ranking first each of the last four years in the value of arms transfer agreements. From 2001-2004, the United States made $29.8 billion in arms transfer agreements with developing nations, 39.9 percent of all such agreements. Russia, the second leading supplier during this period, made $21.7 billion in arms transfer agreements or 29.1 percent. The United Kingdom (U.K.), the third leading supplier, from 2001-2004 made about $4.2 billion or 5.6 percent of all such agreements with developing nations during these years. In the earlier period (1997 through 2000) the United States ranked first with $34.6 billion in arms transfer agreements with developing nations or 36.8 percent; Russia made $17.3 billion in arms transfer agreements during this period or 18.4 percent. France made $11.1 billion in agreements or 11.8 percent. Table 1A.

During the years from 1997-2004, most arms transfers to developing nations were made by two to three major suppliers in any given year. The United States has ranked first among these suppliers every year during this eight year period. Russia has been a strong competitor for the lead in arms transfer agreements with developing nations, ranking second every year from 1999 through 2004. Despite the larger traditional client base for armaments held by other Major West European suppliers, Russia's successes in securing new arms orders suggests that despite the traditional marketing advantage held by Major West European competitors, Russia is likely to continue to rank higher in the value of new arms agreements than other key European arms suppliers, for the near term. However, Russia's largest value arms transfer agreements continue to be with two countries, China and India. Russian success in the arms trade with developed nations in the future will depend on its ability to expand its client base. To this end, Russia has sought to expand its prospects in Southeast Asia. The Russian government has also stated that it has adopted more flexible payment arrangements for its prospective customers in the developing world, and is seeking to enhance the quality of its follow-on support services to make Russian products more attractive and competitive.

European arms suppliers such as France, the United Kingdom and Germany occasionally conclude notably large orders with developing countries, based on either long-term supply relationships or their having specialized weapons systems they can readily provide. Nevertheless, the United States continues to appear best equipped to secure new arms agreements with developing nations that are able to afford major new arms purchases. Prospects for purchases of new and highly expensive weapons by many developing countries seem likely to be limited in the near term, given the unsettled state of the international economy, and the paucity of funds for such undertakings in the procurement budgets of several developing nations. Consequently, the overall level of the arms trade with developing nations, which has been generally declining in the years since 2000, despite the notable level of agreements in 2004, is likely to remain relatively static or continue to decline in the near term, even though a few wealthier developing nations may make some significant arms purchases on occasion.

Arms suppliers in the tier below the United States and Russia, such as China, other European, and non-European suppliers, have participated in the arms trade with developing nations at a much lower level. However, these suppliers are capable, on occasion, of making an arms deal of significance. Most of their annual arms transfer agreements values totals during 1997-2004 have been relatively low, and are based upon generally smaller transactions of less sophisticated military equipment. It is unlikely that most of these countries will be able to rise to the status of a major supplier of advanced weaponry on a consistent basis. Tables 1A, 1F, 1G, 2A, 2F and 2G.

United States

In 2004, the total value in real terms of United States arms transfer agreements with developing nations rose to nearly $6.9 billion from $6.5 billion in 2003. The U.S. share of the value of all such agreements was 31.6 percent in 2004, down from a 43.1 percent share in 2003. Charts 1, 3 and 4, Figure 1, Tables 1A and 1B.

Table 1A. Arms Transfer Agreements with Developing Nations, by Supplier, 1997-2004
(in millions of constant 2004 U.S. dollars)

	1997	1998	1999	2000	2001	2002	2003	2004	1997-2004
United States	4,215	7,035	9,291	14,097	7,272	9,128	6,528	6,876	64,442
Russia	4,017	2,489	3,823	6,998	5,922	5,649	4,255	5,900	39,053
France	1,096	6,281	1,274	2,483	768	426	519	1,000	13,847
United Kingdom	1,217	1,185	1,274	0	219	746	0	3,200	7,841
China	1,582	593	2,896	564	1,097	426	311	600	8,069
Germany	122	1,659	2,317	1,016	110	107	0	0	5,331
Italy	365	0	579	113	219	0	311	600	2,187
All Other European	1,582	1,659	4,634	1,580	1,097	1,386	2,283	1,300	15,521
All Others	852	1,185	1,854	2,257	1,755	1,386	934	2,300	12,523
Total	**15,048**	**22,086**	**27,942**	**29,108**	**18,459**	**19,254**	**15,141**	**21,776**	**168,814**

Source: U.S. Government

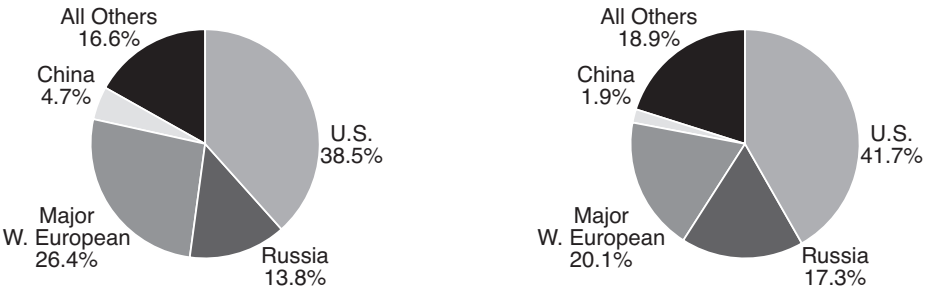
Table 1B. Arms Transfer Agreements with Developing Nations, by Supplier, 1997-2004
(expressed as a percent of total, by year)

	1997	1998	1999	2000	2001	2002	2003	2004
United States	28.01%	31.85%	33.25%	48.43%	39.40%	47.41%	43.11%	31.58%
Russia	26.69%	11.27%	13.68%	24.04%	32.08%	29.34%	28.10%	27.09%
France	7.28%	28.44%	4.56%	8.53%	4.16%	2.21%	3.43%	4.59%
United Kingdom	8.09%	5.37%	4.56%	0.00%	1.19%	3.88%	0.00%	14.70%
China	10.52%	2.68%	10.36%	1.94%	5.94%	2.21%	2.06%	2.76%
Germany	0.81%	7.51%	8.29%	3.49%	0.59%	0.55%	0.00%	0.00%
Italy	2.43%	0.00%	2.07%	0.39%	1.19%	0.00%	2.06%	2.76%
All Other European	10.52%	7.51%	16.58%	5.43%	5.94%	7.20%	15.08%	5.97%
All Others	5.66%	5.37%	6.63%	7.75%	9.51%	7.20%	6.17%	10.56%
[Major West European*	18.60%	41.32%	19.49%	12.41%	7.13%	6.64%	5.48%	22.04%]
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Source: U.S. Government

*Major West European category includes France, United Kingdom, Germany, Italy.

In 2004, the value of U.S. arms transfer agreements with developing nations was primarily attributable to a number of purchases by a wide variety of U.S. clients in the Near East and in Asia, instead of a couple of very expensive contracts with one or two countries. These arms agreement totals illustrate the U.S. advantage of having well established defense support arrangements with weapons purchasers worldwide.



Source: U.S. Government

Chart 2. Arms Transfer Agreements Worldwide (supplier percentage of value).

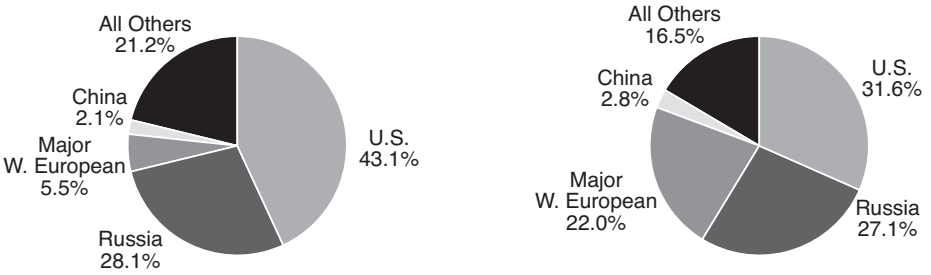
U.S. agreements with all of its clients in 2004 include not only sales of major weapons systems, but also the upgrading of systems previously provided. The U.S. totals also include agreements for a wide variety of spare parts, ammunition, ordinance, training, and support services which, in the aggregate, have significant value. Among major weapons systems agreements the United States concluded in 2004 with developing nations were: with Egypt for three Fast Missile Craft, and associated weapons for $536 million; with Taiwan for two UHF long-range early warning radars for $436 million; with Brazil for 10 UH-60L Black Hawk helicopters for $183 million; with Egypt for 100 High Mobility Multi-purpose Wheeled vehicles for $105 million; with Egypt for the upgrading of four Chinook helicopters to the CH47D configuration for $103 million; with Israel for 6 AH-64D Apache Longbow helicopters for $67 million; with Oman for 1 AN/AAQ-24 (V) NEMESIS Countermeasures system; and with Pakistan for 1 Cobra combat helicopter. The United States also concluded agreements for the sale of various missile systems to nations in both the Near East and in Asia.

It must be emphasized that the sale of munitions, upgrades to existing systems, spare parts, training and support services to developing nations worldwide account for a very substantial portion of the total value of U.S. arms transfer agreements. A large number of countries in both the developing and developed world have, over decades, acquired and continue to utilize a wide range of American weapons systems, and have a continuing requirement to support, modify, and replace them.

Russia

The total value of Russia's arms transfer agreements with developing nations in 2004 was $5.9 billion, a notable increase from $4.3 billion in 2003, placing a strong second in such agreements with the developing world. Russia's share of all developing world arms transfer agreements decreased slightly, falling from 28.1 percent in 2003 to 27.1 percent in 2004. Charts 1, 3 and 4 Figure 1, and Tables 1A, 1B and 1G.

Russian arms transfer agreements totals with developing nations have been notable during the last four years. During the 2001-2004 period, Russia ranked second among all suppliers to developing countries, making $21.7 billion in agreements (in constant



Source: U.S. Government

Chart 3. Arms Transfer Agreements with Developing Nations (supplier percentage of value).

2004 dollars). Russia's status as the second leading supplier of arms to developing nations stems from an increasingly successful effort to overcome the significant economic and political problems associated with the dissolution of the former Soviet Union. The traditional arms clients of the former Soviet Union were generally less wealthy developing countries valued as much for their political support in the Cold War, as for their desire for Soviet weaponry. Many of these traditional Soviet client states received substantial military aid grants and significant discounts on their arms purchases. After the breakup of the Soviet Union in December 1991 these practices were greatly curtailed. The Russia that emerged in 1991 consistently placed a premium on obtaining hard currency for the weapons it sold. Faced with stiff competition from Western arms suppliers in the 1990s, Russia gradually adapted its selling practices in an effort to regain and sustain an important share of the developing world arms market.

Russian leaders have made important efforts, in recent years, to provide more flexible and creative financing and payment options for prospective arms clients. It has also agreed to engage in counter-trade, offsets, debt-swapping, and, in key cases, to make significant licensed production agreements in order to sell its weapons. The willingness to license production has been a central element in several cases involving Russia's principal arms clients, China and India. Russia's efforts to expand its arms customer base have been met with mixed results. In the early 1990s, Russia developed a supply relationship with Iran, providing that country with MiG-29 fighter aircraft, Su-24 fighter-bombers, T-72 Main Battle Tanks, and Kilo-class attack submarines. Although new Russian sales to Iran were suspended for a period from 1995-2000 in accordance with an agreement with the United States, Russia now asserts its option to sell arms to Iran should it choose to do so. Despite discussions held between Russia and Iran on prospective future arms purchases, there has not been, as of this date, major new Iranian procurement from Russia of advanced weapons systems, comparable to the types and quantities obtained in the early 1990s. Russia's arms sales efforts, apart from those with China and India, seem focused on Southeast Asia, where it has had some success in securing arms agreements with Malaysia, Vietnam and Indonesia, although recurring financial problems of some clients in this region have hampered significant growth in Russian sales to them. Similarly, Russian combat fighter aircraft sales have been made in recent years to Algeria and Yemen. Elsewhere in the developing world Russian military equipment still holds attractions because it ranges from the most basic to the highly advanced, and can be less expensive than similar arms available from other major suppliers.

Russia continues to confront a significant obstacle in breaking into arms markets traditionally dominated by Western suppliers, namely, its perceived inability to provide consistent high-quality follow-on support, spare parts, and training for the weapons systems it sells. There is an almost ingrained reluctance on the part of many developing nations to purchase advanced armaments from a supplier like Russia that is still engaged in reorganization and rationalization of its defense production base, when more stable, well-known, and established sources of such weapons exist. Aerospace systems continue to be Russia's strong suit in arms sales, but in the absence of major new research and development efforts in this and other military equipment areas future Russian foreign arms sales may be more difficult to make. Some military research and development programs do exist in Russia, but the other major arms suppliers in the West are currently in the process of developing and producing weaponry much more advanced than those in existing Russian programs.

Nonetheless, Russia continues to have very significant on-going arms transfer programs involving China and India, which should provide it with sustained business during this decade. On the basis of agreements concluded starting in the mid-1990s, Russia has sold major combat fighter aircraft, and main battle tanks to India, and has provided other major weapons systems though lease or licensed production. In 2004, Russia concluded a major agreement with India for the transfer, following modernization, of the aircraft carrier Admiral Gorshkov, together with 12 MiG-29K fighters, four MiG-29KUB training jets, as well as six to eight Ka-28 Helix-A and Ka-31 Helix-B helicopters for about $1.5 billion. China, however, continues to be a central client for Russia's arms export program,

particularly in aircraft and naval systems. Since 1996, Russia has sold China Su-27 fighter aircraft and agreed to licensed production of them. It has also sold the Chinese quantities of Su-30 multi-role fighter aircraft, Sovremenny-class destroyers equipped with Sunburn anti-ship missiles, and Kilo-class Project 636 submarines. Russia has also sold the Chinese a variety of other weapons systems and missiles. In 2004, Russia sold China eight battalions of S-300PMU-2 Air Defense Missile Systems for nearly $1 billion. It also concluded a $900 million agreement with China for engines for the Chinese J-10 fighter aircraft.

China

China was an important arms supplier to certain developing nations in the 1980s, primarily through arms agreements with both combatants in the Iran and Iraq war. From 2001-2004, the value of China's arms transfer agreements with developing nations has averaged about $600 million annually, while fluctuating considerably from year to year. During the period of this report, the value of China's arms transfer agreements with developing nations peaked in 1999 at $2.9 billion. Its sales figures that year resulted generally from several smaller valued weapons deals in Asia, Africa, and the Near East, rather than one or two especially large sales of major weapons systems. Similar arms deals with small scale purchasers in these regions continue. In 2004, China's arms transfer agreements total was $600 million, consistent with its average total in most recent years. For most of the mid-1990s on, China's principal focus has not been on selling arms but on advancing a significant military procurement program, aimed at modernizing its own military forces, with Russia serving as its principal supplier of advanced combat aircraft, submarines, surface combatants, and air defense systems. Tables 1A, 1G, 1H and Chart 3.

Few clients for weapons with financial resources have sought to purchase Chinese military equipment during the eight year period of this report, because much is less advanced and sophisticated than weaponry available from Western suppliers or Russia. China does not appear likely to be a major supplier of conventional weapons in the international arms market in the foreseeable future. Its likely clients are states in Asia and Africa seeking quantities of small arms and light weapons, rather than major combat systems. At the same time, China is an important source of missiles in the developing world arms market. China supplied Silkworm anti-ship missiles to Iran. Credible reports persist in various publications that China has sold surface-to-surface missiles to Pakistan, a long-standing client. Iran and North Korea have also reportedly received Chinese missile technology. Credible reports of this nature raise important questions about China's stated commitment to the restrictions on missile transfers set out in the Missile Technology Control Regime (MTCR), including its pledge not to assist others in building missiles that could deliver nuclear weapons. Given its continuing need for hard currency, and the fact that it has some military products, particularly missiles that some developing countries would like to acquire, China can present an important obstacle to efforts to stem proliferation of advanced missile systems to some areas of the developing world where political and military tensions are significant, and where some nations are seeking to develop asymmetric military capabilities.

Major West European Suppliers

The four major West European suppliers:

- France;
- United Kingdom;
- Germany; and
- Italy

As a group, registered a significant increase in their collective share of all arms transfer agreements with developing nations between 2003 and 2004. This group's share rose from 5.5 percent in 2003 to 22 percent in 2004. The collective value of this group's arms transfer agreements with developing nations in 2004 was $4.8 billion compared with a total of $830 million in 2003. Of these four nations, the United Kingdom was the leading supplier with $3.2 billion in agreements in 2004, a substantial

increase from essentially no agreements in 2003. An important portion of the United Kingdom's total in 2004 was attributable to a $1.8 billion agreement with India for 66 Hawk advanced jet trainers, and a large agreement totaling in excess of $1 billion with Saudi Arabia under the Al Yamamah military procurement arrangement. France increased its agreements total to $1 billion in 2004 from $519 million in 2003, aided by a contract to provide support for Saudi Arabia's Crotale air defense systems, and Shahine ground-to-air missiles for about $410 million. Italy increased its arms transfer agreements with the developing world from $311 million in 2003 to $600 million in 2004. Germany registered effectively no new developing world arms orders in 2004. Charts 3, 4, Tables 1A and 1B.

The four major West European suppliers collectively held a 22 percent share of all arms transfer agreements with developing nations during 2004. In the period after the Persian Gulf war, the major West European suppliers generally maintained a notable share of arms transfer agreements. But more recently this share has declined, despite the large collective values total for the four nations in 2004. During the 2001-2004 period, they collectively held 11 percent of all arms transfer agreements with developing nations ($8.2 billion). Individual suppliers within the major West European group have had notable years for arms agreements, especially France in 1998 and 2000 ($6.3 billion and $2.5 billion respectively). The United Kingdom also had a large agreement year in 2004 ($3.2 billion), and at least $1.2 billion in agreements in 1997, 1998, and 1999. Germany concluded arms agreements totaling $1.7 billion in 1998, with its highest total at $2.3 billion in 1999. For each of these three nations, large agreement totals in one year have usually reflected the conclusion of very large arms contracts with one or more major purchasers in that particular year. Tables 1A and 1B.

Traditionally, Major West European suppliers have had their competitive position in weapons exports strengthened through strong government marketing support for their foreign arms sales. Since they can produce both advanced and basic air, ground, and naval weapons systems, the four major West European suppliers have competed successfully for arms sales contracts with developing nations against both the United States, which has tended to sell to several of the same clients, and with Russia, which has sold to nations not traditional customers of either the West Europeans or the U.S. The demand for U.S. weapons in the global arms marketplace, from a large established client base, has created a more difficult environment for individual West European suppliers to secure large new contracts with developing nations on a sustained basis. Furthermore, with the decline in demand by key Near East countries for major weapons purchases, the levels of new arms agreements by Major West European suppliers have fallen off notably.

As the result of these factors, some of these suppliers have begun to phase out production of certain types of weapons systems, and have increasingly engaged in joint production ventures with other key European weapons suppliers or even client countries in an effort to sustain major sectors of their individual defense industrial bases, even if a substantial portion of the weapons produced are for their own armed forces. The Eurofighter project is one example; Eurocopter is another. Some European suppliers have also adopted the strategy of cooperating in defense production ventures with the United States such as the Joint Strike Fighter (JSF), to both meet their own requirements for advanced combat aircraft, and to share in profits resulting from future sales of this aircraft.

Regional Arms Transfer Agreements

A major stimulus to new weapons procurements in the Near East region was the Persian Gulf crisis of August 1990 through February 1991. This crisis, culminating in a war to expel Iraq from Kuwait, created new demands by key purchasers such as Saudi Arabia, Kuwait, the United Arab Emirates, and other members of the Gulf Cooperation Council (GCC), for a variety of advanced weapons systems. Egypt and Israel continued their modernization and increased their weapons purchases from the United States. The Gulf states' arms purchase demands were not only a response to Iraq's aggression against Kuwait, but a reflection of concerns regarding perceived threats from a potentially hostile Iran. It remains to be seen whether Gulf states' assessments of the future threat environment in the post-Saddam Hussein era in Iraq will lead to long-term declines in their arms purchases.

In recent years, the position of Saudi Arabia as principal arms purchaser in the Persian Gulf has notably leveled off. In the period from 1997-2000, Saudi Arabia's total arms agreements were valued at $4.9 billion. For the period from 2001-2004, Saudi Arabia's total arms agreements were $5.6 billion. In Asia, efforts in several developing nations have been focused on upgrading and modernizing defense forces, and this has led to important new conventional weapons sales in that region. Since the mid-1990s, Russia has become the principal supplier of advanced conventional weaponry to China selling fighters, submarines, destroyers, and missiles while maintaining its position as principal arms supplier to India. Russia has also made progress in expanding its client base in Asia, receiving aircraft orders from Malaysia, Vietnam, and Indonesia. India, has also expanded its weapons supplier base, purchasing in 2004 from Israel, the Phalcon early warning defense system aircraft for $1.1 billion. The data on regional arms transfer agreements from 1997-2004 continue to reflect that Near East and Asian nations are the primary sources of orders for conventional weaponry in the developing world.

Near East

The Near East has historically been the largest arms market in the developing world. In 1997 through 2000, it accounted for 49.2 percent of the total value of all developing nations arms transfer agreements (about $37 billion in current dollars), ranking it first ahead of Asia which ranked second with 41.2 percent of these agreements. However, during 2001-2004, the Asia region accounted for 49.2 percent of all such agreements ($34.9 billion in current dollars), placing it first in arms agreements with the developing world. The Near East region ranked second with $28.5 billion in agreements. Tables 1C and 1D.

The United States dominated arms transfer agreements with the Near East during the 1997 through 2000 period with 61.1 percent of their total value ($22.6 billion in current dollars). France was second during these years with 14.9 percent ($5.5 billion in current dollars). Recently, from 2001-2004, the United States accounted for 65.9 percent of arms agreements with this region ($18.8 billion in current dollars), while Russia accounted for 9.1 percent of the region's agreements ($2.6 billion in current dollars). Chart 5, Tables 1C and 1E.

Asia

Asia has historically been the second largest developing world arms market. Yet in 2001-2004, Asia ranked first, accounting for 49.2 percent of the total value of all arms transfer agreements with developing nations ($34.9 billion in current dollars).

In the earlier period, 1997-2000, the region accounted for 41.2 percent of all such agreements ($30.9 billion in current dollars), ranking second. Tables 1C and 1D

In the earlier period (1997-2000), Russia ranked first in the value of arms transfer agreements with Asia with 36.9 percent ($11.4 billion in current dollars). The United States ranked second with 19.5 percent ($6 billion in current dollars). The major West European suppliers, as a group, made 24.9 percent of this region's agreements in 1997-2000. In the later period (2001-2004), Russia ranked first in Asian agreements with 48.1 percent ($16.8 billion in current dollars), primarily due to major combat aircraft, and naval system sales to India and China. The United States ranked second with 21.3 percent ($7.4 billion in current dollars). The major West European suppliers, as a group, made 9.7 percent of this region's agreements in 2001-2004. Chart 6 and Table 1E.

Leading Developing Nations Arms Purchasers

India was the leading developing world arms purchaser from 1997 through 2004, making arms transfer agreements totaling $15.7 billion during these years (in current dollars). In the 1997 through 2000 period, the United Arab Emirates (UAE) ranked first in arms transfer agreements at $13.3 billion (in current dollars). In 2001-2004, however, China ranked first in arms transfer agreements, with a dramatic increase to $10.4 billion from $4.9 billion in the earlier 1997-2000 period (in current dollars). This increase reflects the military modernization effort by China, beginning in the mid-1990s, and based primarily on major arms agreements with Russia. The total value of all arms transfer

agreements with developing nations from 1997 through 2004 was $152.2 billion in current dollars. Thus India alone was responsible for 10.3 percent of all developing world arms transfer agreements during these eight years. In the most recent period, 2001 through 2004, China made $10.4 billion in arms transfer agreements (in current dollars). This total constituted 14.6 percent of all arm transfer agreements with developing nations during these four years ($71.3 billion in current dollars). India ranked second in arms transfer agreements during 2001 through 2004 with $7.9 billion (in current dollars), or 11.1 percent of the value of all developing world arms transfer agreements. Tables 1, 1H, 1I and 1J.

The values of the arms transfer agreements of the top ten developing world recipient nations in both the 1997-2000 and 2001-2004 periods accounted for the largest portion of the total developing nations arms market. During 1997-2000, the top ten recipients collectively accounted for 71.3 percent of all developing world arms transfer agreements. During 2001-2004, the top ten recipients collectively accounted for 67.9 percent of all such agreements. Arms transfer agreements with the top ten developing world recipients, as a group, totaled $16.8 billion in 2004 or 77.1 percent of all arms transfer agreements with developing nations in that year. This reflects the continued concentration of major arms purchases by developing nations within a few countries. Tables 1, 1I and 1J.

India ranked first among all developing world recipients in the value of arms transfer agreements in 2004, concluding $5.7 billion in such agreements. Saudi Arabia ranked second in agreements in 2004 at $2.9 billion. China ranked third with $2.2 billion in agreements. Five of these top ten recipients were in the Asian region, five were in the Near East. Table 1J

The United Arab Emirates was the leading recipient of arms deliveries among developing world recipients in 2004, receiving $3.6 billion in such deliveries. Saudi Arabia ranked second in arms deliveries in 2004 with $3.2 billion. China ranked third with $2.7 billion. Table 2J

Arms deliveries to the top ten developing nation recipients, as a group, were valued at $17.7 billion, or 78.8 percent of all arms deliveries to developing nations in 2004. Five of these top ten recipients were in Asia; four were in the Near East; one was in Africa. Tables 2 and 2J

Weapons Types Recently Delivered to Near East Nations

Regional weapons delivery data reflect the diverse sources of supply of conventional weaponry available to developing nations. Even though the United States, Russia, and the four major West European suppliers dominate in the delivery of the fourteen classes of weapons examined, it is also evident that the other European suppliers and some non-European suppliers, including China, are capable of being leading suppliers of selected types of conventional armaments to developing nations.

Weapons deliveries to the Near East, historically the largest purchasing region in the developing world, reflect the substantial quantities and types delivered by both major and lesser suppliers. The following is an illustrative summary of weapons deliveries to this region for the period 2001-2004 from Table 5 (see original report to view Table 5):

United States

- 401 tanks and self-propelled guns
- 36 APCs and armored cars
- 2 major surface combatants
- 4 minor surface combatants
- 31 supersonic combat aircraft
- 12 helicopters
- 347 surface-to-air missiles
- 122 anti-ship missiles

Russia

- 10 tanks and self-propelled guns
- 190 APCs and armored cars
- 30 supersonic combat aircraft
- 60 helicopters

- 1,000 surface-to-air missiles

China

- 20 Artillery pieces
- 40 APCs and armored cars
- 5 minor surface combatants
- 70 anti-ship missiles

Major West European Suppliers

- 300 tanks and self-propelled guns
- 70 artillery pieces
- 30 APCs and armored cars
- 5 major surface combatants
- 26 minor surface combatants
- 5 guided missile boats
- 30 supersonic combat aircraft
- 20 helicopters

All Other European Suppliers

- 270 tanks and self-propelled guns
- 130 APCs and armored cars
- 1 major surface combatant
- 28 minor surface combatants
- 10 supersonic combat aircraft
- 540 surface-to-air missiles

All Other Suppliers

- 270 APCs and armored cars
- 80 minor surface combatants
- 20 helicopters
- 40 surface-to-surface missiles
- 20 anti-ship missiles

Large numbers of major combat systems were delivered to the Near East region from 2001-2004, specifically, tanks and self-propelled guns, armored vehicles, major and minor surface combatants, supersonic combat aircraft, helicopters, air defense and anti-ship missiles. The United States and Russia made significant deliveries of supersonic combat aircraft and anti-ship missiles to the region. The United States, Russia, and European suppliers in general were principal suppliers of tanks and self-propelled guns, APCs and armored cars, surface-to-air missiles, as well as helicopters. Three of these weapons categories, supersonic combat aircraft, helicopters, and tanks and self-propelled guns are especially costly and are an important portion of the dollar values of arms deliveries by the United States, Russia, and European suppliers to the Near East region during the 2001 through 2004 period.

The cost of naval combatants is also generally high, and suppliers of such systems during this period had their delivery value totals notably increased due to these transfers. Some of the less expensive weapons systems delivered to the Near East are still deadly and can create important security threats within the region. In particular, from 2001-2004, the United States delivered 122 anti-ship missiles to the Near East region while China delivered 70. The United States delivered two major surface combatants and four minor surface combatants to the Near East, while the major West European suppliers collectively delivered five guided missile boats, 5 major surface combatants, and 26 minor surface combatants. Other non-European suppliers delivered 80 minor surface combatants, as well as 40 surface-to-surface missiles, a weapons category not delivered by any of the other major weapons suppliers during this period to any region.

United States Commercial Arms Exports

The United States commercial deliveries data set out below in this report are included in the main data tables for deliveries worldwide and for deliveries to developing nations collectively. They are presented separately here to provide an indicator of their overall magnitude in the U.S. aggregate deliveries totals to the world and to all developing nations. The United States is the only major arms

supplier that has two distinct systems for the export of weapons: the government-to-government foreign military sales (FMS) system, and the licensed commercial export system. It should be noted that data maintained on U.S. commercial sales agreements and deliveries are incomplete, and are not collected or revised on an on-going basis, making them significantly less precise than those for the U.S. FMS program which accounts for the overwhelming portion of U.S. conventional arms transfer agreements and deliveries involving weapons systems. There are no official compilations of commercial agreement data comparable to that for the FMS program maintained on an annual basis. Once an exporter receives from the Department of State a commercial license authorization to sell which is valid for four years there is no current requirement that the exporter provide to the Department of State, on a systematic and on-going basis, comprehensive details regarding any sales contract that results from the license approval, including if any such contract is reduced in scope or cancelled. Nor is the exporter required to report that no contract with the prospective buyer resulted. Annual commercial deliveries data are obtained from shipper's export documents and completed licenses returned from ports of exit by the U.S. Customs Service to the Office of Defense Trade Controls (PM/DTC) of the Department of State, which makes the final compilation of such data. This process for obtaining commercial deliveries data is much less systematic and much less timely than that taken by the Department of Defense for government-to-government FMS transactions. Recently, efforts have been initiated by the U.S. government to improve the timeliness and quality of U.S. commercial deliveries data. The values of U.S. commercial arms deliveries to all nations and deliveries to developing nations for fiscal years 1997-2004, in current dollars, according to the U.S. Department of State, were as follows:

Fiscal Year	Commercial Deliveries (Worldwide)	Commercial Deliveries (to Developing Nations)
1997	$1,818,000,000	$1,141,000,000
1998	$2,045,000,000	$798,000,000
1999	$654,000,000	$323,000,000
2000	$478,000,000	$233,000,000
2001	$821,000,000	$588,000,000
2002	$341,000,000	$213,000,000
2003	$2,727,000,000	$342,000,000
2004	$7,618,000,000	$2,625,000,000

Summary of Data Trends, 1997-2004

Tables 1 through 1J present data on arms transfer agreements with developing nations by major suppliers from 1997-2004. These data show the most recent trends in arms contract activity by major suppliers. Delivery data, which reflect implementation of sales decisions taken earlier, are shown in Tables 2 through 2J. These data sets reflect the comparative order of magnitude of arms transactions by arms suppliers with recipient nations expressed in constant dollar terms, unless otherwise noted.

What follows is a detailed summary of data trends from the tables in the report. The summary statements also reference tables and/or charts pertinent to the point(s) noted. Where graphic representations of some major points are made in individual charts, their underlying data are taken from the pertinent tables of this report.

Total Developing Nations Arms Transfer Agreement Values

Table 1 shows the annual current dollar values of arms transfer agreements with developing nations. Since these figures do not allow for the effects of inflation, they are, by themselves, of somewhat limited use. They provide, however, the data from which Table 1A (constant dollars) and Table 1B (supplier percentages) are derived. Some of the more noteworthy facts reflected by these data are summarized below.

- The value of all arms transfer agreements with developing nations in 2004 was $21.8 billion. This was a substantial increase over 2003, and the highest total, in real terms, for arms transfer agreements with developing nations since 2000. Tables 1 and 1A, Chart 1

- The total value of United States agreements with developing nations rose slightly from $6.5 billion in 2003 to $6.9 billion in 2004. The United States' share of all developing world arms transfer agreements fell significantly from 43.1 percent in 2003 to 31.6 percent in 2004. Tables 1A, 1B, and Chart 3.
- In 2004, the total value, in real terms, of Russian arms transfer agreements with developing nations increased notably from the previous year, rising from $4.3 billion in 2003 to $5.9 billion in 2004. The Russian share of all such agreements declined from 28.1 percent in 2003 to 27.1 percent in 2004. Charts 3, 4, and Tables 1A and 1B.
- The four major West European suppliers, as a group (France, United Kingdom, Germany, Italy), registered a significant increase in their collective share of all arms transfer agreements with developing nations between 2003 and 2004. This group's share rose dramatically from 5.5 percent in 2003 to 22 percent in 2004. The collective value of this group's arms transfer agreements with developing nations in 2004 was $4.8 billion compared with a total of $830 million in 2003. Tables 1A, 1B, Charts 3 and 4.
- The United Kingdom registered a substantial increase in its share of all arms transfer agreements with developing nations, rising from essentially nil in 2003 to 14.7 percent in 2004. The value of its agreements with developing nations rose dramatically from essentially nil in 2003 to $3.2 billion in 2004. Tables 1A and 1B
- In 2004, the United States ranked first in arms transfer agreements with developing nations at $6.9 billion. Russia ranked second at $5.9 billion. Charts 3 and 4, Tables 1A, 1B and 1G

Regional Arms Transfer Agreements, 1997-2004

Table 1C gives the values of arms transfer agreements between suppliers and individual regions of the developing world for the periods 1997-2000 and 2001-2004. These values are expressed in current U.S. dollars.[1] Table 1D, derived from Table 1C, gives the percentage distribution of each supplier's agreement values within the regions for the two time periods. Table 1E, also derived from Table 1C, illustrates what percentage share of each developing world region's total arms transfer agreements was held by specific suppliers during the years 1997-2000 and 2001-2004. Among the facts reflected in these tables are the following:

Near East

- The Near East has historically been the largest arms market in the developing world. In 1997-2000, it accounted for nearly 49.2 percent of the total value of all developing nations arms transfer agreements (about $37 billion in current dollars), ranking it first ahead of Asia which ranked second with 41.2 percent of these agreements. However, during 2001-2004, the Asia region accounted for 49.2 percent of all such agreements ($34.9 billion in current dollars), placing it first in arms agreements with the developing world. The Near East region ranked second with during 2001-2004 with $28.5 billion in agreements. Tables 1C and 1D
- The United States dominated arms transfer agreements with the Near East during the 1997-2000 period with 61.1 percent of their total value ($22.6 billion in current dollars). France was second during these years with 14.9 percent ($5.5 billion in current dollars). Recently, from 2001-2004, the United States accounted for 65.9 percent of arms agreements with this region ($18.8 billion in current dollars), while Russia accounted for 9.1 percent of the region's agreements ($2.6 billion in current dollars). Chart 5, Tables 1C and 1E.
- For the period 1997-2000, the United States concluded 75.5 percent of its developing world arms transfer agreements with the Near East. In 2001-2004, the U.S. concluded 66.2 percent of its agreements with this region. Table 1D.
- For the period 1997-2000, the four major West European suppliers collectively made 44 percent of their developing world arms transfer agreements with the Near East. In 2001-2004, the major West Europeans made 46.5 percent of their arms agreements with the Near East. Table 1D.
- For the period 1997-2000, France concluded 61.8 percent of its developing world arms transfer agreements with the Near East. In 2001-2004, France made 59.3 percent of its agreements with the Near East. Table 1D

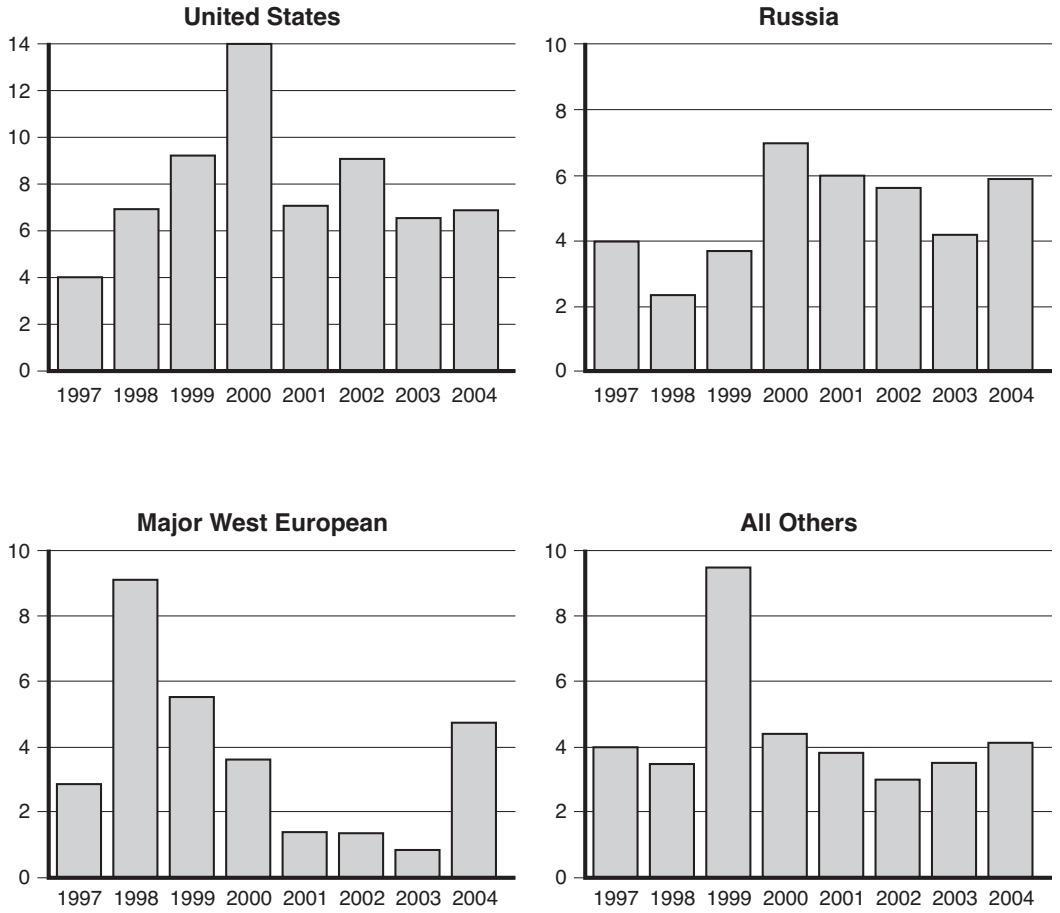
1 Because these regional data are composed of four-year aggregate dollar totals, they must be expressed in current dollar terms.

• For the period 1997-2000, the United Kingdom concluded 24 percent of its developing world arms transfer agreements with the Near East. In 2001-2004, the United Kingdom made 45 percent of its agreements with the Near East. Table 1D

• For the period 1997-2000, China concluded 34.1 percent of its developing world arms transfer agreements with the Near East. In 2001-2004, China made 34.8 percent of its agreements with the Near East. Table 1D

• For the period 1997-2000, Russia concluded 15 percent of its developing world arms transfer agreements with the Near East. In 2001-2004, Russia made 12.7 percent of its agreements with the Near East. Table 1D

• In the earlier period (1997-2000), the United States ranked first in arms transfer agreements with the Near East with 61.1 percent. France ranked second with 14.9 percent. Russia ranked third with 5.9 percent. The major West European suppliers, as a group, made 17.8 percent of this region's agreements in 1997-2000. In the later period (2001-2004), the United States again ranked first in Near East agreements with 65.9 percent. Russia ranked second with 9.1 percent. The major West European suppliers, as a group, made 14 percent of this region's agreements in 2001-2004. Table 1E and Chart 5.



Source: U.S. Government

Chart 4. Arms Transfer Agreements with Developing Nations by Major Supplier, 1997-2004 (billions of constant 2004 dollars)

Table 1C. Regional Arms Transfer Agreements, by Supplier, 1997-2004
(in millions of current U.S. dollars)

	Asia		Near East		Latin America		Africa	
	1997-2000	**2001-2004**	**1997-2000**	**2001-2004**	**1997-2000**	**2001-2004**	**1997-2000**	**2001-2004**
United States	6,034	7,426	22,577	18,779	1,215	1,995	83	161
Russia	11,400	16,800	2,200	2,600	200	500	900	600
France	3,000	900	5,500	1,600	400	100	0	100
United Kingdom	1,800	2,200	600	1,800	0	0	100	0
China	2,300	1,300	1,500	800	0	0	600	200
Germany	2,500	100	400	100	0	100	0	600
Italy	400	200	100	500	100	200	100	100
All Other European	1,000	2,700	2,700	1,400	900	600	1,300	700
All Others	2,500	3,300	1,400	900	500	1,200	800	500
[Major West European*	7,700	3,400	6,600	4,000	500	400	200	800]
Total	**38,634**	**38,326**	**43,577**	**32,479**	**3,815**	**5,095**	**4,083**	**2,961**

Source: U.S. Government

Note: All foreign data are rounded to the nearest $100 million. The United States total for Near East in 1997-2000 includes a $6.432 billion licensed commercial agreement with the United Arab Emirates in 2000 for 80 F-16 aircraft.

*Major West European category includes France, United Kingdom, Germany, Italy.

Table 1D. Percentage of Each Supplier's Agreements Value by Region, 1997-2004

	Asia		Near East		Latin America		Africa		Total	
	1997-2000	**2001-2004**	**1997-2000**	**2001-2004**	**1997-2000**	**2001-2004**	**1997-2000**	**2001-2004**	**1997-2000**	**2001-2004**
United States	20.17%	26.18%	75.49%	66.21%	4.06%	7.03%	0.28%	0.57%	100.00%	100.00%
Russia	77.55%	81.95%	14.97%	12.68%	1.36%	2.44%	6.12%	2.93%	100.00%	100.00%
France	33.71%	33.33%	61.80%	59.26%	4.49%	3.70%	0.00%	3.70%	100.00%	100.00%
United Kingdom	72.00%	55.00%	24.00%	45.00%	0.00%	0.00%	4.00%	0.00%	100.00%	100.00%
China	52.27%	56.52%	34.09%	34.78%	0.00%	0.00%	13.64%	8.70%	100.00%	100.00%
Germany	86.21%	11.11%	13.79%	11.11%	0.00%	11.11%	0.00%	66.67%	100.00%	100.00%
Italy	57.14%	20.00%	14.29%	50.00%	14.29%	20.00%	14.29%	10.00%	100.00%	100.00%
All Other European	16.95%	50.00%	45.76%	25.93%	15.25%	11.11%	22.03%	12.96%	100.00%	100.00%
All Others	48.08%	55.93%	26.92%	15.25%	9.62%	20.34%	15.38%	8.47%	100.00%	100.00%
[Major West European*	51.33%	39.53%	44.00%	46.51%	3.33%	4.65%	1.33%	9.30%	100.00%	100.00%]
Total	**41.19%**	**49.15%**	**49.23%**	**40.08%**	**4.41%**	**6.61%**	**5.17%**	**4.17%**	**100.00%**	**100.00%**

Source: U.S. Government

*Major West European category includes France, United Kingdom, Germany, Italy.

Table 1E. Percentage of Total Agreements Value by Supplier to Regions, 1997-2004

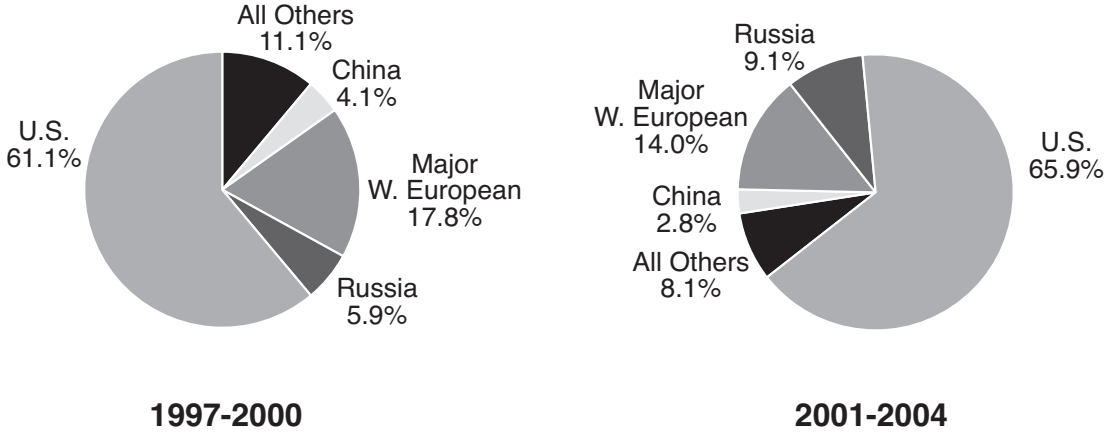
	Asia		Near East		Latin America		Africa	
	1997-2000	**2001-2004**	**1997-2000**	**2001-2004**	**1997-2000**	**2001-2004**	**1997-2000**	**2001-2004**
United States	19.51%	21.26%	61.06%	65.94%	36.65%	42.49%	2.14%	5.44%
Russia	36.85%	48.10%	5.95%	9.13%	6.03%	10.65%	23.18%	20.26%
France	9.70%	2.58%	14.87%	5.62%	12.07%	2.13%	0.00%	3.38%
United Kingdom	5.82%	6.30%	1.62%	6.32%	0.00%	0.00%	2.58%	0.00%
China	7.44%	3.72%	4.06%	2.81%	0.00%	0.00%	15.45%	6.75%
Germany	8.08%	0.29%	1.08%	0.35%	0.00%	2.13%	0.00%	20.26%
Italy	1.29%	0.57%	0.27%	1.76%	3.02%	4.26%	2.58%	3.38%
All Other European	3.23%	7.73%	7.30%	4.92%	27.15%	12.78%	33.48%	23.64%
All Others	8.08%	9.45%	3.79%	3.16%	15.08%	25.56%	20.60%	16.89%
[Major West European*	24.89%	9.73%	17.85%	14.05%	15.08%	8.52%	5.15%	27.02%]
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Source: U.S. Government

*Major West European category includes France, United Kingdom, Germany, Italy.

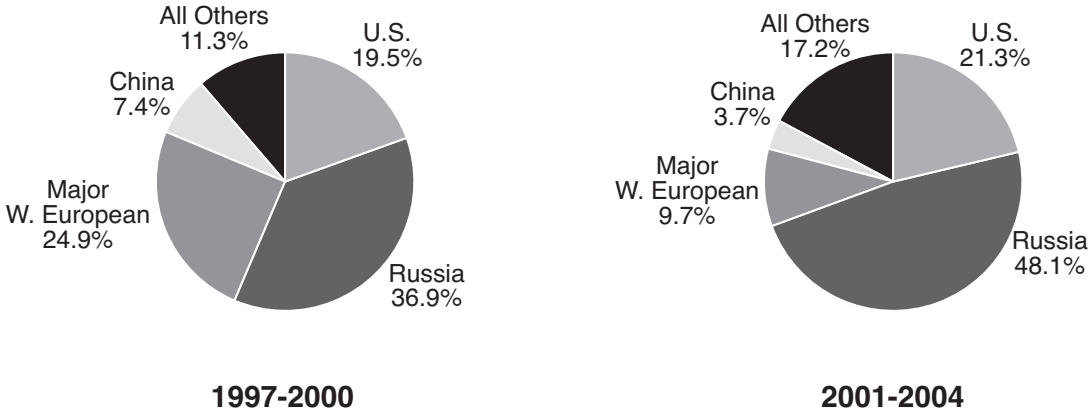
Asia

- Asia has historically been the second largest arms market in the developing world. Yet in 2001-2004, Asia ranked first, with 49.2 percent of the total value of all arms transfer agreements with developing nations ($34.9 billion in current dollars). In the earlier period, 1997-2000, the region accounted for 41.2 percent of all such agreements ($30.9 billion in current dollars), ranking second. Tables 1C and 1D.
- In the earlier period (1997-2000), Russia ranked first in the value of arms transfer agreements with Asia with 36.9 percent ($11.4 billion in current dollars). The United States ranked second with 19.5 percent ($6 billion in current dollars). The major West European suppliers, as a group, made 24.9 percent of this region's agreements in 1997-2000. In the later period (2001-2004), Russia ranked first in Asian agreements with 48.1 percent ($16.8 billion in current dollars), primarily due to major combat aircraft and naval craft sales to India and China. The United States ranked second with 21.3 percent ($7.4 billion in current dollars). The major West European suppliers, as a group, made 9.7 percent of this region's agreements in 2001-2004. Chart 6 and Table 1E.



Source: U.S. Government

Chart 5. Arms Transfer Agreements with Near East
(supplier percentage of value)



Source: U.S. Government

Chart 6. Arms Transfer Agreements with Developing Nations in Asia
(supplier percentage of value)
(excludes Japan, Australia, and New Zealand)

Latin America

- In the earlier period, 1997-2000, the United States ranked first in arms transfer agreements with Latin America with 36.7 percent. France ranked second with 12.1 percent. The major West European suppliers, as a group, made 15.1 percent of this region's agreements in 1997-2000. In the later period, 2001-2004, the United States ranked first with 42.5 percent. Russia ranked second with 10.7 percent. All other non-European suppliers collectively made 25.6 percent of the region's agreements in 2001-2004. Latin America registered a significant increase in the total value of its arms transfer agreements from 1997-2000 to 20012004 rising from $3.3 billion in the earlier period to $4.7 billion in the latter. Tables 1C and 1E.

Africa

- In the earlier period, 1997-2000, Russia ranked first in agreements with Africa with 23.2 percent ($900 million in current dollars). China was second with 15.5 percent. The non-major European suppliers, as a group, made 33.5 percent of the region's agreements in 1997-2000. The United States made 2 percent. In the later period, 2001-2004, Russia and Germany tied for first in agreements with 20.3 percent each ($600 million each). China ranked third with 6.8 percent ($200 million). The major West European suppliers, as a group, made 27 percent of this region's agreements in 2001-2004 ($800 million). All other European suppliers collectively made 23.6 percent ($700 million). The United States made 5.4 percent. Africa registered a notable decline in the total value of its arms transfer agreements from 1997-2000 to 2001-2004, falling from $3.9 billion in the earlier period to about $3 billion in the latter (in current dollars). This decline is attributable to the fact that arms orders of South Africa, as part of its new defense procurement program, were placed during the earlier time period. Tables 1C and 1E.

Arms Transfer Agreements With Developing Nations, 1997-2004: Leading Suppliers Compared

Table 1F gives the values of arms transfer agreements with the developing nations from 1997-2004 by the top eleven suppliers. The table ranks these suppliers on the basis of the total current dollar values of their respective agreements with the developing world for each of three periods including; 1997-2000, 2001-2004 and 1997-2004. Among the facts reflected in this table are the following:

- The United States ranked first among all suppliers to developing nations in the value of arms transfer agreements from 2001-2004 ($28.4 billion), and first for the entire period from 1997-2004 ($58.3 billion).
- Russia ranked second among all suppliers to developing nations in the value of arms transfer agreements from 2001-2004 ($20.7 billion), and second from 1997-2004 ($35.6 billion).
- The United Kingdom ranked third among all suppliers to developing nations in the value of arms transfer agreements from 2001-2004 ($4.1 billion), and fourth from 1997-2004 ($7.2 billion).
- France ranked fourth among all suppliers to developing nations in the value of arms transfer agreements from 2001-2004 ($2.6 billion), and third from 1997-2004 ($12.1 billion).
- Israel ranked fifth among all suppliers to developing nations in the value of arms transfer agreements from 2001-2004 ($2.5 million), and seventh from 1997-2004 ($4.2 billion).

Table 1F. Arms Transfer Agreements with Developing Nations, 1997-2004: Leading Suppliers compared (in millions of current U.S. dollars)

Rank	Supplier	Agreements Value 1997-2000
1	United States*	29,909
2	Russia	14,900
3	France	9,500
4	China	4,800
5	Germany	4,400
6	United Kingdom	3,100
7	Sweden	2,400
8	Israel	1,700
9	Ukraine	1,300
10	Belarus	1,100
11	North Korea	1,000
Rank	**Supplier**	**Agreements Value 2001-2004**
1	United States	28,361
2	Russia	20,700
3	United Kingdom	4,100
4	France	2,600
5	Israel	2,500
6	China	2,300
7	Ukraine	2,000
8	Italy	1,100
9	Netherlands	1,100
10	Poland	900
11	South Africa	600
Rank	**Supplier**	**Agreements Value 1997-2004**
1	United States*	58,270
2	Russia	35,600
3	France	12,100
4	United Kingdom	7,200
5	China	7,100
6	Germany	4,600
7	Israel	4,200
8	Ukraine	3,300
9	Sweden	2,400
10	Italy	2,000
11	Belarus	1,300

Source: U.S. Government

Note: All foreign data are rounded to the nearest $100 million. Where rounded data totals are the same, the actual rank order is maintained.

*The United States total includes a $6.432 billion licensed commercial agreement with the United Arab Emirates in 2000 for 80 F-16 aircraft.

Arms Transfer Agreements With Developing Nations in 2004: Leading Suppliers Compared

Table 1G ranks and gives for 2004 the values of arms transfer agreements with developing nations of the top eleven suppliers in current U.S. dollars. Among the facts reflected in this table are the following:

- The United States, Russia, and the United Kingdom, the year's top three arms suppliers, ranked by the value of their arms transfer agreements, collectively made agreements in 2004 valued

at nearly $16 billion, 73.4 percent of all arms transfer agreements made with developing nations by all suppliers ($21.8 billion).

- In 2004, the United States ranked first in arms transfer agreements with developing nations, making $6.9 billion in such agreements, or 31.6 percent of them.
- Russia ranked second and the United Kingdom third in arms transfer agreements with developing nations in 2004, making $5.9 billion and $3.2 billion in such agreements respectively.
- Israel ranked fourth in arms transfer agreements with developing nations in 2004, making $1.2 billion in such agreements, while France ranked fifth with $1 billion.

Table 1G. Arms Transfer Agreements with Developing Nations in 2004: Leading Suppliers Compared (in millions of current U.S. dollars)

Rank	Supplier	Agreements Value 2004
1	United States	6,876
2	Russia	5,900
3	United Kingdom	3,200
4	Israel	1,200
5	France	1,000
6	China	600
7	Italy	600
8	Ukraine	400
9	South Africa	400
10	Netherlands	400
11	Libya	300

Source: U.S. Government
Note: All foreign data are rounded to the nearest $100 million.
Where rounded data totals are the same, the actual rank order is maintained.

Arms Transfer Agreements With Near East 1997-2004: Suppliers And Recipients

Table 1H gives the values of arms transfer agreements with the Near East nations by suppliers or categories of suppliers for the periods 1997-2000 and 2001-2004. These values are expressed in current U.S. dollars. They are a subset of the data contained in Tables 1 and 1C. Among the facts reflected by this table are the following:

- For the most recent period, 2001-2004, the principal purchasers of U.S. arms in the Near East region, based on the value of agreements were:
  - Egypt ($5.7 billion),
  - Israel ($4.4 billion), and
  - Saudi Arabia ($3.8 billion).

The principal purchasers of Russian arms were:

- Yemen($600 million), Iran ($400 million);
- Israel ($300 million);
- Egypt, Morocco, and Syria ($200 million each).

The principal purchasers of arms from China were

- Egypt ($300 million);
- Iran and Kuwait ($200 million each).

The principal purchasers of arms from the four major West European suppliers, as a group, were:

- Saudi Arabia ($1.7 billion);

Table 1H. Arms Transfer Agreements with Near East, by Supplier
(in millions of current U.S. dollars)

Recipient Country 1997-2000	U.S.	Russia	China	Major West European	All Other European	All Others	Total
Algeria	0	600	200	0	500	100	1,400
Bahrain	600	0	0	0	0	0	600
Egypt	5,500	100	500	100	100	0	6,300
Iran	0	400	600	100	0	400	1,500
Iraq	0	0	0	0	200	0	200
Israel	4,900	0	0	0	0	100	5,000
Jordan	200	0	0	300	0	100	600
Kuwait	500	0	200	0	0	100	800
Lebanon	0	0	0	0	0	0	0
Libya	0	100	0	0	200	400	700
Morocco	0	0	0	100	300	0	400
Oman	0	0	0	300	0	0	300
Qatar	0	0	0	0	0	0	0
Saudi Arabia	4,100	0	0	0	800	0	4,900
Syria	0	300	0	100	100	100	600
Tunisia	0	0	0	0	0	0	0
United Arab Emirates	6,800	600	0	5,600	200	100	13,300
Yemen	0	0	0	0	200	200	400

Recipient Country 2001-2004	U.S.	Russia	China	Major West European	All Other European	All Others	Total
Algeria	0	200	0	0	0	100	300
Bahrain	300	0	0	100	0	100	500
Egypt	5,700	200	300	100	200	0	6,500
Iran	0	400	200	0	100	100	800
Iraq	0	100	0	300	200	100	700
Israel	4,400	300	0	0	100	0	4,800
Jordan	900	0	0	0	100	100	1,100
Kuwait	1,800	100	200	0	0	200	2,300
Lebanon	0	0	0	0	0	0	0
Libya	0	100	0	0	0	300	400
Morocco	0	200	0	0	0	100	300
Oman	1,000	0	0	1,200	0	0	2,200
Qatar	0	0	0	0	0	0	0
Saudi Arabia	3,800	0	0	1,700	0	100	5,600
Syria	0	200	0	0	0	100	3,000
Tunisia	0	0	0	0	0	0	0
United Arab Emirates**	700	100	0	500	400	0	1,700
Yemen	0	600	100	0	100	100	900

Source: U.S. Government

Note: 0=data less than $50 million or nil. All data are rounded to nearest $100 million. *Major West European includes France, United Kingdom, Germany, and Italy totals as an aggregate figure. **The United States total for 1997-2000 includes a $6.432 billion licensed commercial agreement with the United Arab Emirates in 2000 for 80 F-16 aircraft.

- Oman ($1.2 billion), and
- United Arab Emirates ($500 million).

The principal purchasers of arms from all other European suppliers collectively were

- United Arab Emirates ($400 million); and
- Egypt and Iraq ($200 million each).

The principal purchasers of arms from all other suppliers combined were Libya ($300 million), and Kuwait ($200 million).

- For the period from 2001-2004, Egypt made $6.5 billion in arms transfer agreements. The United States ($5.7 billion), was its largest supplier. Saudi Arabia made $5.6 billion in arms transfer agreements. Its major suppliers were the United States ($3.8 billion), and the four major West European suppliers ($1.7 billion). Israel made $4.8 billion in arms transfer agreements. Its principal supplier was the United States ($4.4 billion). Kuwait made $2.3 billion in arms transfer agreements. Its principal supplier was: the United States ($1.8 billion).
- The total value of arms transfer agreements by China with Iran fell from $600 million to $200 million during the periods from 1997-2000 to 2001-2004 respectively. The value of Russia's arms transfer agreements with Iran was $400 million in both periods.
- The value of arms transfer agreements by the United States with Saudi Arabia fell slightly from the 1997-2000 period to the 2001-2004 period, declining from $4.1 billion in the earlier period to $3.8 billion in the later period. Saudi Arabia still made 67.9 percent of all its arms transfer agreements with the United States during 2001-2004. Meanwhile, arms transfer agreements by the United Arab Emirates with all suppliers decreased significantly from 1997-2000 to 2001-2004, falling from $13.3 billion to $1.7 billion.

Arms Transfers to Developing Nations, 1997-2004: Agreements With Leading Recipients

Table 1I gives the values of arms transfer agreements made by the top ten recipients of arms in the developing world from 1997-2004 with all suppliers collectively. The table ranks recipients on the basis of the total current dollar values of their respective agreements with all suppliers for each of three periods; 1997-2000, 2001-2004 and 1997-2004. Among the facts reflected in this table are the following:

- India was the leading developing world arms purchaser from 1997-2004, making arms transfer agreements totaling $15.7 billion during these years (in current dollars). In the 1997-2000 period, the United Arab Emirates ranked first in arms transfer agreements at $13.3 billion (in current dollars). In 2001-2004, however, China ranked first in arms transfer agreements, with a dramatic increase to $10.4 billion from $4.9 billion in the earlier period (in current dollars). This increase reflects the military modernization program of China, beginning in the mid-1990s, and based primarily on major arms agreements with Russia. The total value of all arms transfer agreements with developing nations from 1997-2004 was $152.2 billion in current dollars. Thus India alone was responsible for 10.3 percent of all developing world arms transfer agreements during these eight years. In the most recent period, 2001-2004, China made $10.4 billion in arms transfer agreements (in current dollars). This total constituted 14.6 percent of all arm transfer agreements with developing nations during 2001-2004, which totaled $71.3 billion. India ranked second in arms transfer agreements during 2001-2004 with $7.9 billion (in current dollars), or 11.1 percent of the value of all developing world arms transfer agreements. Tables 1, 1H, 1I and 1J.
- During 1997-2000, the top ten recipients collectively accounted for 71.3 percent of all developing world arms transfer agreements. During 2001-2004, the top ten recipients collectively accounted for 67.9 percent of all such agreements. Tables 1 and 1I.

Table 1I. Arms Transfer Agreements of Developing Nations, 1997-2004
Agreements by the Leading Recipients
(in millions of current U.S. dollars)

Rank	Recipient	Agreements Value 1997-2000
1	United Arab Emirates.*	13,300
2	India	7,800
3	Egypt	6,300
4	South Africa	5,100
5	Israel	5,000
6	Saudi Arabia	4,900
7	China	4,900
8	South Korea	4,900
9	Singapore	3,000
10	Malaysia	2,500
Rank	**Recipient**	**Agreements Value 2001-2004**
1	China	10,400
2	India	7,900
3	Egypt	6,500
4	Saudi Arabia	5,600
5	Israel	4,800
6	South Korea	3,300
7	Malaysia	2,900
8	Pakistan	2,500
9	Kuwait	2,300
10	Oman	2,200
Rank	**Recipient**	**Agreements Value 1997-2004**
1	India	15,700
2	China	15,300
3	United Arab Emirates.*	15,000
4	Egypt	12,800
5	Saudi Arabia	10,500
6	Israel	9,800
7	South Korea	8,200
8	Malaysia	5,400
9	South Africa	5,300
10	Pakistan	4,300

Source: U.S. Government

Note: All foreign data are rounded to the nearest $100 million. Where rounded data totals are the same, the actual rank order is maintained.

*The U.A.E. Total includes a $6.432 billion licensed commercial agreement with the United States in 2000 for 80 F-16 aircraft.

Arms Transfers to Developing Nations in 2004: Agreements With Leading Recipients

Table 1J names the top ten developing world recipients of arms transfer agreements in 2004. The table ranks these recipients on the basis of the total current dollar values of their respective agreements with all suppliers in 2004. Among the facts reflected in this table are the following:

- India ranked first among all developing nations recipients in the value of arms transfer agreements in 2004, concluding $5.7 billion in such agreements. Saudi Arabia ranked second with $2.9 billion. China ranked third with $2.2 billion.
- Five of the top ten developing world recipients of arms transfer agreements in 2004 were in Asia. Five were in the Near East.

• Arms transfer agreements with the top ten developing world recipients, as a group, in 2004 totaled $16.8 billion or 77.1 percent of all such agreements with the developing world, reflecting a continuing concentration of developing world arms purchases among a few nations. Tables 1 and 1J.

Table 1J. Arms Transfer Agreements of Developing Nations in 2004

Rank	Recipient	Agreements Value 2004
1	India	5,700
2	Saudi Arabia	2,900
3	China	2,200
4	Egypt	1,700
5	Oman	1,000
6	Israel	900
7	Pakistan	800
8	Taiwan	600
9	Afghanistan	500
10	U.A.E.	500

Source: U.S. Government

Note: All foreign data are rounded to the nearest $100 million. Where rounded data totals are the same, the actual rank order is maintained.

Developing Nations Arms Delivery Values

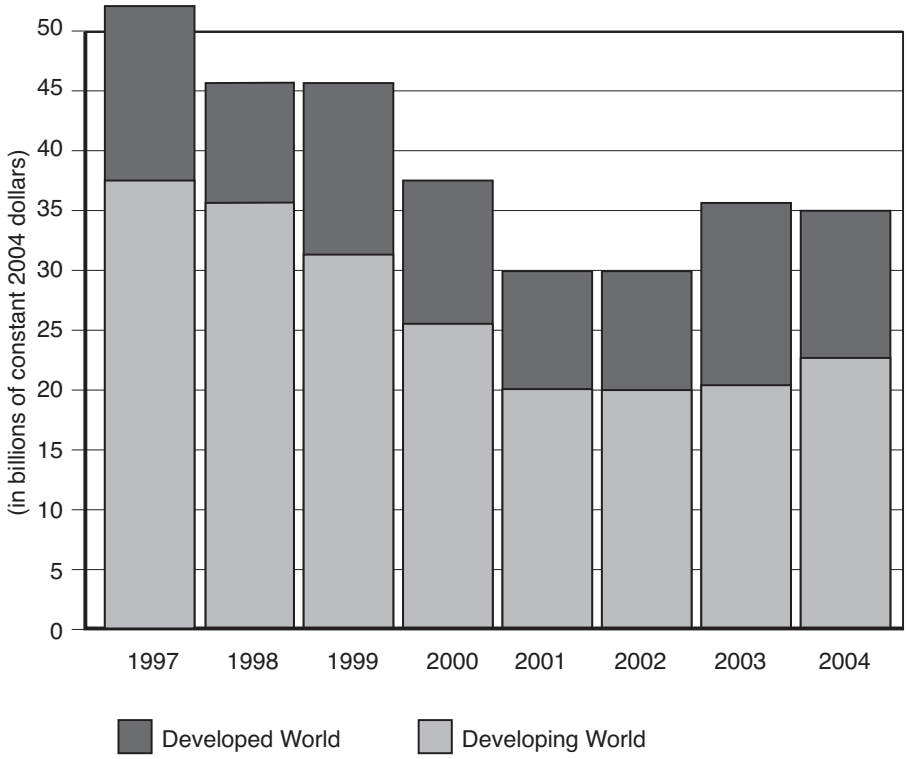
Table 2 shows the annual current dollar values of arms deliveries (items actually transferred) to developing nations by major suppliers from 1997-2004. The utility of these particular data is that they reflect transfers that have occurred. They provide the data from which Table 2A (constant dollars) and Table 2B (supplier percentages) are derived. Some of the more notable facts illustrated by these data are summarized below.

• In 2004 the value of all arms deliveries to developing nations ($22.5 billion) was a notable increase in deliveries values from the previous year, ($20.8 billion in constant 2004 dollars). Charts 7, 8, and Table 2A.

• The U.S. share of all deliveries to developing nations in 2004 was 42.6 percent, a substantial increase from 30.1 percent in 2003. In 2004, the United States, for the eighth year in a row, ranked first in the value of arms deliveries to developing nations ($9.6 billion) (in constant 2004 dollars). The second leading supplier in 2004 was Russia at $4.5 billion. Russia's share of all deliveries to developing nations in 2004 was 20 percent, essentially unchanged from 2003. France, the third leading supplier in 2004, made $4.2 billion in deliveries. France's share of all arms deliveries to developing nations in 2004 was 18.7 percent, up from 12 percent in 2003. The share of major West European suppliers deliveries to developing nations in 2004 was 27.2 percent, down from 36 percent in 2003. Tables 2A and 2B.

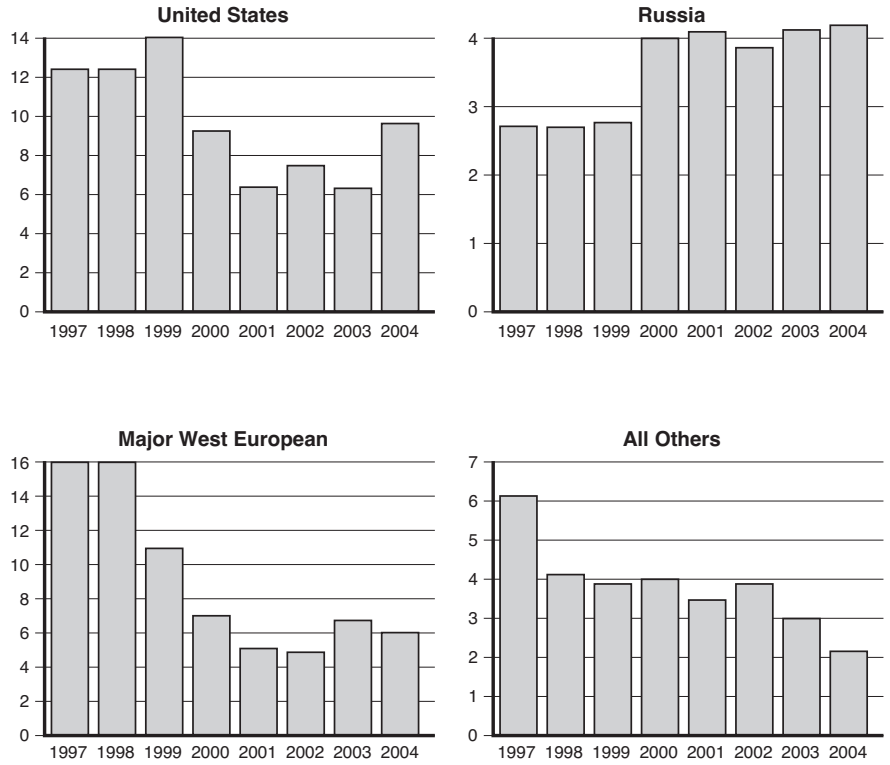
• The total value of all arms deliveries by all suppliers to developing nations from 2001-2004 ($82.9 billion in constant 2004 dollars) was dramatically lower than the value of arms deliveries by all suppliers to developing nations from 1997-2000 ($130.1 billion in constant 2004 dollars). Table 2A

• During the years 1997-2004, arms deliveries to developing nations comprised 68.2 percent of all arms deliveries worldwide. In 2004, the percentage of arms deliveries to developing nations was 64.6 percent of all arms deliveries worldwide. Table 2A and Figure 2



Source: U.S. Government

Chart 7. Arms Deliveries Worldwide 1997-2004 Developed and Developing Worlds Compared.



Source: U.S. Government

Chart 8. Arms Deliveries to Developing Countries by Major Supplier, 1997-2004 (in billions of constant 2004 dollars)

Table 2. Arms Deliveries to Developing Nations, by Supplier, 1997-2004
(in millions of current U.S. dollars)

	1997	1998	1999	2000	2001	2002	2003	2004	Total 1997-2004
United States	10,170	10,450	12,213	8,164	5,851	6,926	6,035	9,557	69,366
Russia	2,200	2,300	2,700	3,600	4,100	3,400	4,100	4,500	26,900
France	6,100	7,000	3,500	1,900	900	1,400	2,400	4,200	27,400
United Kingdom	6,400	3,300	4,500	4,700	3,700	3,400	4,000	1,300	31,300
China	1,100	600	400	700	700	800	600	600	5,500
Germany	400	200	700	500	100	0	700	500	3,100
Italy	400	200	500	0	200	100	100	100	1,600
All Other European	3,000	2,100	2,100	2,000	1,100	1,200	1,000	500	13,000
All Others	1,100	1,000	800	1,000	1,300	1,500	1,100	1,200	9,000
Total	**30,870**	**27,150**	**27,413**	**22,564**	**17,951**	**18,726**	**20,035**	**22,457**	**187,166**
Dollar inflation index: (2004=1.00)	0.8215	0.8438	0.8632	0.8860	0.9119	0.9382	0.9635	1	

Source: U.S. Government

Note: Developing nations category excludes the United States, Russia, Europe, Canada, Japan, Australia, and New Zealand. All data are for the calendar year given, except for U.S. MAP (Military Assistance Program), IMET (International Military Education and Training), excess defense articles, and commercially licensed deliveries, which are included for the particular fiscal year. All amounts given include the values of all categories of weapons and ammunition, military spare parts, military construction, military assistance and training programs, and all associated services. Statistics for foreign countries are based upon estimated selling prices. All foreign data are rounded to the nearest $100 million.
*Based on Department of Defense Price Deflator.

Table 2A. Arms Deliveries to Developing Nations, by Supplier, 1997-2004
(in millions of constant 2004 U.S. dollars)

	1997	1998	1999	2000	2001	2002	2003	2004	Total 1997-2004
United States	12,380	12,384	14,149	9,214	6,416	7,382	6,264	9,557	77,746
Russia	2,678	2,607	2,665	4,063	4,496	3,624	4,255	4,500	28,888
France	7,425	8,296	4,055	2,144	987	1,492	2,491	4,200	31,090
United Kingdom	7,791	7,585	5,213	5,305	4,057	3,624	4,152	1,300	39,027
China	1,339	711	463	790	768	853	623	600	6,147
Germany	487	237	811	564	110	0	727	500	3,436
Italy	487	237	579	0	219	107	104	100	1,833
All Other European	3,652	2,489	2,433	2,257	1,206	1,279	1,038	500	14,854
All Others	1,339	1,185	927	1,129	1,426	1,599	1,142	1,200	9,947
Total	**37,578**	**35,731**	**31,295**	**25,466**	**19,685**	**19,960**	**20,796**	**22,457**	**212,968**

Source: U.S. Government

Table 2B. Arms Deliveries to Developing Nations, by Supplier, 1997-2004
(expressed as a percent of total, by year)

	1997	1998	1999	2000	2001	2002	2003	2004
United States	32.94%	38.49%	44.55%	36.18%	32.59%	36.99%	30.12%	42.56%
Russia	7.13%	8.47%	9.85%	15.95%	22.84%	18.16%	20.46%	20.04%
France	19.76%	25.78%	12.77%	8.42%	5.01%	7.48%	11.98%	18.70%
United Kingdom	20.73%	12.15%	16.42%	20.83%	20.61%	18.16%	19.97%	5.79%
China	3.56%	2.21%	1.46%	3.10%	3.90%	4.27%	2.99%	2.67%
Germany	1.30%	0.74%	2.55%	2.22%	0.56%	0.00%	3.49%	2.23%
Italy	1.30%	0.74%	1.82%	0.00%	1.11%	0.53%	0.50%	0.45%
All Other European	9.72%	7.73%	7.66%	8.86%	6.13%	6.41%	4.99%	2.23%
All Others	3.56%	3.68%	2.92%	4.43%	7.24%	8.01%	5.49%	5.34%
[Major West European*	43.08%	39.41%	33.56%	31.47%	27.30%	26.17%	35.94%	27.16%]
TOTAL	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Source: U.S. Government

* Major West European category includes France, United Kingdom, Germany, Italy.

Regional Arms Delivery Values, 1997-2004

Table 2C gives the values of arms deliveries by suppliers to individual regions of the developing world for the periods 1997-2000 and 2001-2004. These values are expressed in current U.S. dollars.[2] Table 2D, derived from table 2C, gives the percentage distribution of each supplier's deliveries values within the regions for the two time periods. Table 2E, also derived from table 2C, illustrates what percentage share of each developing world region's total arms delivery values was held by specific suppliers during the years 1997-2000 and 2001-2004. Among the facts reflected in these tables are the following:

Near East

- The Near East has generally led in the value of arms deliveries received by the developing world. In 1997-2000, it accounted for 56.1 percent of the total value of all developing nations deliveries ($60.6 billion in current dollars). During 2001-2004 the region accounted for 51.8 percent of all such deliveries ($41.1 billion in current dollars). Tables 2C and 2D.
- For the period 1997-2000, the United States made 63.3 percent of its developing world arms deliveries to the Near East region. In 2001-2004, the United States made 58.4 percent of its developing world arms deliveries to the Near East region. Table 2D
- For the period 1997-2000, the United Kingdom made 81.4 percent of its developing world arms deliveries to the Near East region. In 20012004, the United Kingdom made 96 percent of its developing world arms deliveries to the Near East region. Table 2D
- For the period 1997-2000, 47.6 percent of France's arms deliveries to the developing world were to the Near East region. In the more recent period, 2001-2004, 91.1 percent of France's developing world deliveries were to nations of the Near East region. Table 2D
- For the period 1997-2000, Russia made 24.3 percent of its developing world arms deliveries to the Near East region. In 2001-2004, Russia made 8.1 percent of such deliveries to the Near East. Table 2D
- In the earlier period, 1997-2000, the United States ranked first in the value of arms deliveries to the Near East with 42.6 percent ($25.8 billion in current dollars). The United Kingdom ranked second with 25.3 percent ($15.3 billion in current dollars). France ranked third with 14.5 percent ($8.8 billion in current dollars). The major West European suppliers, as a group, held 41.6 percent of this region's delivery values in 1997-2000. In the later period (2001-2004), the United States ranked first in Near East delivery values with 40.4 percent ($16.6 billion in current dollars). The United Kingdom ranked second with 29 percent ($11.9 billion in current dollars). France ranked third with 19.7 percent ($8.1 billion in current dollars). The major West European suppliers, as a group, held 48.7 percent of this region's delivery values in 2001-2004. Tables 2C and 2E.

2 Because these regional data are composed of four-year aggregate dollar totals, they must be expressed in current dollar terms.

Table 2C. Regional Arms Deliveries by Supplier, 1997-2004
(In milliions of current U.S. Dollars)

	1997-2000	2001-2004	1997-2000	2001-2004	1997-2000	2001-2004	1997-2000	2001-2004
United States	14,072	9,604	25,796	16,606	1,426	2,084	95	152
Russia	6,900	14,100	2,600	1,300	300	100	900	600
France	9,500	600	8,800	8,100	200	100	0	100
United Kingdom	3,200	500	15,300	11,900	200	0	100	0
China	1,400	1,700	800	800	100	0	600	200
Germany	500	600	1,000	0	300	0	0	600
Italy	800	100	100	0	0	300	100	100
All Other European	1,600	1,400	5,200	1,400	1,000	500	1,300	700
All Others	1,800	2,800	1,000	1,000	300	800	800	500
[Major West European*	-14,000	1,800	25,200	20,000	700	400	200	800]
Total	**39,772**	**31,404**	**60,596**	**41,106**	**3,826**	**3,884**	**3,895**	**2,952**

Source: U.S. Government

Note: All foreign data are rounded to the nearest $100 million.

*Major West European category includes France, United Kingdom, Germany, Italy.

Table 2D.Percentage of Supplier Deliveries Value by Region, 1997-2004

	Asia		Near East		Latin America		Africa		Total	Total
	1997-2000	2001-2004	1997-2000	2001-2004	1997-2000	2001-2004	1997-2000	2001-2004	1997-2000	2001-2004
United States	34.00%	33.76%	62.33%	58.38%	3.45%	7.33%	0.23%	0.53%	100.00%	100.00%
Russia	64.49%	87.58%	24.30%	8.07%	2.80%	0.62%	8.41%	3.73%	100.00%	100.00%
France	51.35%	6.74%	47.57%	91.01%	1.08%	1.12%	0.00%	1.12%	100.00%	100.00%
United Kingdom	17.02%	4.03%	81.38%	95.97%	1.06%	0.00%	0.53%	0.00%	100.00%	100.00%
China	48.28%	62.96%	27.59%	29.63%	3.45%	0.00%	20.69%	7.41%	100.00%	100.00%
Germany	27.78%	50.00%	55.56%	0.00%	16.67%	0.00%	0.00%	50.00%	100.00%	100.00%
Italy	80.00%	20.00%	10.00%	0.00%	0.00%	60.00%	10.00%	20.00%	100.00%	100.00%
All Other European	17.58%	35.00%	57.14%	35.00%	10.99%	12.50%	14.29%	17.50%	100.00%	100.00%
All Others	46.15%	54.90%	25.64%	19.61%	7.69%	15.69%	20.51%	9.80%	100.00%	100.00%
[Major West European*	34.91%	7.83%	62.84%	86.96%	1.75%	1.74%	0.50%	3.48%	100.00%	100.00%
TOTAL	36.80%	39.58%	56.06%	51.81%	3.54%	4.90%	3.60%	3.72%	100.00%	100.00%

Source: U.S. Government

*Major West European category includes France, United Kingdom, Germany, Italy.

Table 2E. Percentage of Total Deliveries Value by Supplier to Regions, 1997-2004
(in millions of current U.S. dollars)

	Asia		Near East		Latin America		Africa	
	1997-2000	**2001-2004**	**1997-2000**	**2001-2004**	**1997-2000**	**2001-2004**	**1997-2000**	**2001-2004**
United States	35.38%	30.58%	42.57%	40.40%	37.27%	53.66%	2.44%	5.15%
Russia	17.35%	44.90%	4.29%	3.16%	7.84%	2.57%	23.11%	20.33%
France	23.89%	1.91%	14.52%	19.71%	5.23%	2.57%	0.00%	3.39%
United Kingdom	8.05%	1.59%	25.25%	28.95%	5.23%	0.00%	2.57%	0.00%
China	3.52%	5.41%	1.32%	1.95%	2.61%	0.00%	15.40%	6.78%
Germany	1.26%	1.91%	1.65%	0.00%	7.84%	0.00%	0.00%	20.33%
Italy	2.01%	.32%	0.17%	0.00%	0.00%	7.72%	2.57%	3.39%
All Other European	4.02%	4.46%	8.58%	3.41%	26.14%	12.87%	33.38%	23.71%
All Others	4.53%	8.92%	1.65%	2.43%	7.84%	20.60%	20.54%	16.94%
[Major West European*	35.20%	5.73%	41.59%	48.65%	18.30%	10.30%	5.13%	27.10%]
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Source: U.S. Government

*Major West European category includes France, United Kingdom, Germany, Italy

Asia

- The Asia region has historically ranked second in the value of arms deliveries from most suppliers in both time periods. In the earlier period, 1997-2000, 36.8 percent of all arms deliveries to developing nations were to those in Asia ($39.8 billion in current dollars). In the later period, 2001-2004, Asia accounted for 39.6 percent of such arms deliveries ($31.4 billion in current dollars). For the period 20012004, Russia made 87.6 percent of its developing world arms deliveries to Asia. Germany made 50 percent of its developing world deliveries to Asia. China made 63 percent of its developing world deliveries to Asia, while the United States made 33.8 percent. Tables 2C and 2D.

- In the period from 1997-2000, the United States ranked first in the value of arms deliveries to Asia with 35.4 percent ($14.1 billion in current dollars). France ranked second with 23.9 percent ($9.5 billion in current dollars). Russia ranked third with 17.4 percent ($6.9 billion in current dollars). The major West European suppliers, as a group, held 35.2 percent of this region's delivery values in 1997-2000 ($14 billion). In the period from 2001-2004, Russia ranked first in Asian delivery values with 44.9 percent ($14.1 billion in current dollars). The United States ranked second with 30.6 percent ($9.6 billion in current dollars). Tables 2C and 2E.

Latin America

- In the earlier period, 1997-2000, the value of all arms deliveries to Latin America was $3.8 billion. The United States ranked first in the value of arms deliveries to Latin America with 37.3 percent ($1.4 billion in current dollars). Russia and Germany tied for second with 7.8 percent ($300 million each in current dollars). The major West European suppliers, as a group, held 18.3 percent of this region's delivery values in 1997-2000. In the later period, 2001-2004, the United States ranked first in Latin American delivery values with 53.7 percent ($2.1 billion in current dollars). Italy was second with 7.7 percent ($300 million). The major West European suppliers, as a group, held 10.3 percent of this region's delivery values in 2001-2004. All other non-European suppliers combined held 20.6 percent ($800 million). During 2001-2004, the value of all arms deliveries to Latin America was $3.9 billion, essentially the same as the $3.8 billion deliveries total for 1997-2000. Tables 2C and 2E.

Africa

- In the earlier period, 1997-2000, the value of all arms deliveries to Africa was over $3.9 billion. Russia ranked first in the value of arms deliveries to Africa with 23.1 percent ($900 million in current dollars). China ranked second with 15.4 percent ($600 million in current dollars). The non-major West European suppliers, as a group, held 33.4 percent of this region's delivery values in 1997-2000 ($1.3 billion). The United States held 2.4 percent. In the later period, 2001-2004, Russia tied for first with Germany in African delivery values with 20.3 percent each ($600 million each in current dollars). China ranked third with 6.8 percent ($200 million in current dollars). The United States held 5.2 percent. The other non-major European suppliers collectively held 23.7 percent ($700 million in current dollars). All other non-European suppliers collectively held 16.9 percent ($500 million in current dollars). During the 2001-2004 period, the value of all arms deliveries to Africa decreased from $3.9 billion in 1997-2000 to about $3 billion (in current dollars). Tables 2C and 2E.

Arms Deliveries to Developing Nations, 1997-2004: Leading Suppliers Compared

Table 2F gives the values of arms deliveries to developing nations from 19972004 by the top eleven suppliers. The table ranks these suppliers on the basis of the total current dollar values of their respective deliveries to the developing world for each of three periods, 1997-2000, 2001-2004 and 1997-2004. Among the facts reflected in this table are the following:

- The United States ranked first among all suppliers to developing nations in the value of arms deliveries from 2001-2004 ($28.4 billion), and first for the entire period from 1997-2004 ($69.4 billion).

- The United Kingdom ranked third among all suppliers to developing nations in the value of arms deliveries from 2001-2004 ($12.4 billion), and second for the entire period from 1997-2004 ($31.3 billion).
- Russia ranked second among all suppliers to developing nations in the value of arms deliveries from 2001-2004 ($16.1 billion), and fourth for the entire period from 1996-2003 ($26.9 billion).

Table 2F Arms Deliveries to Developing Nations, 1997-2004
Leading Suppliers Compared
(in millions of current U.S. dollars)

Rank	Supplier	Deliveries Value 1997-2000
1	United States	40,997
2	United Kingdom	18,900
3	France	18,500
4	Russia	10,800
5	China	2,800
6	Sweden	2,400
7	Germany	1,800
8	Ukraine	1,800
9	Belarus	1,400
10	Israel	1,100
11	Italy	1,100
Rank	**Supplier**	**Deliveries Value 2001-2004**
1	United States	28,369
2	Russia	16,100
3	United Kingdom	12,400
4	France	8,900
5	China	2,700
6	Israel	1,800
7	Germany	1,300
8	Ukraine	1,200
9	Brazil	500
10	North Korea	500
11	Italy	500
Rank	**Supplier**	**Deliveries Value 1997-2004**
1	United States	69,366
2	United Kingdom	31,300
3	France	27,400
4	Russia	26,900
5	China	5,500
6	Germany	3,100
7	Ukraine	3,000
8	Israel	2,900
9	Sweden	2,700
10	Belarus	1,600
11	Italy	1,600

Source: U.S. Government

Note: All foreign data are rounded to the nearest $100 million. Where rounded data totals are the same, the actual rank order is maintained.

Arms Deliveries With Developing Nations in 2004: Leading Suppliers Compared

Table 2G ranks and gives for 2004 the values of arms deliveries to developing nations of the top ten suppliers in current U.S. dollars. Among the facts reflected in this table are the following:

- The United States, Russia, and France, the year's top three arms suppliers. They are ranked by the value of their arms deliveries, collectively made deliveries in 2004 valued at $18.3 billion, 81.3 percent of all arms deliveries made to developing nations by all suppliers.
- In 2004, the United States ranked first in the value of arms deliveries to developing nations, making $9.6 billion in such agreements, or 42.6 percent of them.
- Russia ranked second and France third in deliveries to developing nations in 2004, making $4.5 billion and $4.2 billion in such deliveries respectively.
- The United Kingdom ranked fourth in arms deliveries to developing nations in 2004, making $1.3 billion in such deliveries, while China ranked fifth with $600 million in deliveries.

Table 2G. Arms Deliveries to Developing Nations in 2004
Leading Suppliers Compared
(in millions of current U.S. dollars)

Rank	Supplier	Deliveries Value 2004
1	United States	9,557
2	Russia	4,500
3	France	4,200
4	United Kingdom	1,300
5	China	600
6	Germany	500
7	Libya	300
8	Ukraine	300
9	Brazil	300
10	Israel	300

Source: U.S. Government

Note: All foreign data are rounded to the nearest $100 million. Where rounded data totals are the same, the actual rank order is maintained.

Arms Deliveries to Near East, 1997-2004: Suppliers and Recipients

Table 2H gives the values of arms delivered to Near East nations by suppliers or categories of suppliers for the periods 1997-2000 and 2001-2004. These values are expressed in current U.S. dollars. They are a subset of the data contained in Tables 2 and 2C. Among the facts reflected by this table are the following:

- For the most recent period, 2001-2004, the principal arms recipients of the United States in the Near East region, based on the value of their arms deliveries were Egypt ($5.3 billion) Saudi Arabia ($4.7 billion), Israel ($3.3 billion), and Kuwait ($1 billion). The principal arms recipients of Russia were Yemen ($400), Egypt and the U.A.E. ($200 million each). The principal arms recipients of China were Egypt ($300 million), Kuwait ($200 million), and Algeria, Iran, and Yemen ($100 million each). The principal arms recipients of the four major West European suppliers, as a group, were Saudi Arabia ($13.9 billion), and the U.A.E. ($5.6 billion). The principal arms recipient of all other European suppliers collectively was Saudi Arabia ($400 million). The principal arms recipients of all other suppliers, as a group, were Iran, Kuwait and Libya ($400 million each).

Table 2H. Arms Deliveries to Near East, by Supplier
(in millions of current U.S. dollars)

Recipient Country 1997-2000	U.S.	Russia	China	Major West European*	All Other European	All Others	Total
Algeria	0	500	100	0	700	100	1,400
Bahrain	600	0	0	0	0	0	600
Egypt	3,200	400	0	100	0	0	3,800
Iran	0	1,000	400	100	3,000	100	1,900
Iraq	0	0	0	0	0	0	0
Israel	3,800	0	0	1,000	0	200	5,000
Jordan	300	0	0	0	0	200	500
Kuwait	1,400	0	200	1,200	100	0	2,900
Lebanon	100	0	0	100	0	0	200
Libya	0	0	0	0	100	100	200
Morocco	100	0	0	100	200	200	600
Oman	0	0	0	200	0	0	200
Qatar	0	0	0	1,800	0	0	1,800
Saudi Arabia	16,000	0	0	17,100	2,600	0	35,700
Syria	0	300	0	100	0	100	500
Tunisia	100	0	0	0	0	0	100
United Arab Emirates	200	400	0	3,400	800	0	4,800
Yemen	0	0	0	100	200	100	400

Recipient Country 2001-2004	U.S.	Russia	China	Major West European*	All Other European	All Others	Total
Algeria	100	100	100	0	100	0	400
Bahrain	300	0	0	0	0	0	300
Egypt	5,300	200	300	100	0	0	5,900
Iran	0	100	100	0	100	200	500
Iraq	0	0	0	0	100	100	200
Israel	3,300	0	0	0	100	0	3,400
Jordan	300	0	0	100	100	0	500
Kuwait	1,000	100	200	0	0	200	1,500
Lebanon	0	0	0	0	0	0	0
Libya	0	100	0	0	100	200	400
Morocco	100	0	0	100	0	100	300
Oman	100	0	0	100	0	100	300
Qatar	0	0	0	0	0	0	0
Saudi Arabia	4,700	0	0	13,900	400	0	19,000
Syria	0	100	0	0	100	100	300
Tunisia	0	0	0	0	0	0	0
United Arab Emirates**	800	200	0	5,600	200	0	6,800
Yemen	0	400	100	100	100	0	700

Source: U.S. Government

Note: 0=data less than $50 million or nil. All data are rounded to nearest $100 million.

*Major West European includes France, United Kingdom, Germany, and Italy totals as an aggregate figure.

- For the period 2001-2004, Saudi Arabia received $19 billion in arms deliveries. Its principal suppliers were the United States ($4.7 billion), and the four major West Europeans, as a group ($13.9 billion). Egypt received $5.9 billion in arms deliveries. Its principal supplier was the United States ($5.3 billion). Israel received $3.4 billion in arms deliveries. Its principal supplier was the United States ($3.3 billion). The U.A.E. received $6.8 billion in arms deliveries. Its principal suppliers were the four major West Europeans, as a group ($5.6 billion), and the United States ($800 million). Kuwait received $1.5 billion in arms deliveries. Its principal supplier was the United States ($1 billion). Iran received $500 million in arms deliveries. Its principal suppliers were Russia and China ($100 million each), all other non-major European suppliers collectively ($100 million), and all other non-European suppliers ($200 million).
- The value of United States arms deliveries to Saudi Arabia declined dramatically from $16 billion in 1997-2000 to $4.7 billion in 20012004, as implementation of major orders placed during the Persian Gulf war era were essentially concluded.
- The value of Russian arms deliveries to Iran declined dramatically from the 1997-2000 period to the 2001-2004 period. Russian arms deliveries fell from $1 billion to $100 million.
- Chinese arms deliveries to Iran dropped substantially from 1997-2000 to 2001-2004, falling from $400 million in 1997-2000 to $100 million in 2001-2004.

Arms Deliveries to Developing Nations, 1997-2004: The Leading Recipients

Table 2I gives the values of arms deliveries made to the top ten recipients of arms in the developing world from 1997-2004 by all suppliers collectively. The table ranks recipients on the basis of the total current dollar values of their respective deliveries from all suppliers for each of three periods — 1997-2000, 2001-2004 and 1997-2004. Among the facts reflected in this table are the following:

- Saudi Arabia and China were the top two developing world recipients of arms from 1997-2004, receiving deliveries valued at $54.7 billion and $13 billion, respectively, during these years. The total value of all arms deliveries to developing nations from 1997-2004 was $187.2 billion in current dollars (see table 2). Thus, Saudi Arabia and Taiwan were responsible for 29.2 percent and 6.9 percent, respectively, of all developing world deliveries during these eight years together 36.1 percent of the total. In the most recent period , 2001-2004, Saudi Arabia and China ranked first and second in the value of arms received by developing nations ($19 billion and $8.8 billion, respectively, in current dollars). Together, Saudi Arabia and China accounted for 35.1 percent of all developing world arms deliveries ($27.8 billion out of $79.2 billion, the value of all deliveries to developing nations in 2001-2004 (in current dollars).
- For the 2001-2004 period, Saudi Arabia alone received $19 billion in arms deliveries (in current dollars), or 24 percent of all deliveries to developing nations during this period.
- During 1997-2000, the top ten recipients collectively accounted for 68.3 percent of all developing world arms deliveries. During 2001-2004, the top ten recipients collectively accounted for 76 percent of all such deliveries. Tables 2 and 2I.

Table 2I. Arms Deliveries to Developing Nations, 1997-2004: The Leading Recipients (in millions of current U.S. dollars)

Rank	Recipient	Deliveries Value 1997-2000
1	Saudi Arabia	35,700
2	Taiwan	7,300
3	South Korea	5,100
4	Israel	5,000
5	U.A.E.	4,800
6	China	4,200
7	Egypt	3,800
8	Kuwait	2,900
9	Pakistan	2,800
10	India	2,200
Rank	**Recipient**	**Deliveries Value 2001-2004**
1	Saudi Arabia	19,000
2	China	8,800
3	U.A.E.	6,800
4	India	6,000
5	Egypt	5,900
6	Taiwan	3,900
7	Israel	3,400
8	South Korea	2,600
9	Pakistan	2,400
10	Malaysia	1,400
Rank	**Recipient**	**Deliveries Value 1997-2004**
1	Saudi Arabia	54,700
2	China	13,000
3	U.A.E.	11,600
4	Taiwan	11,200
5	Egypt	9,700
6	Israel	8,400
7	India	8,200
8	Pakistan	8,200
9	South Korea	7,700
10	Malaysia	3,000

Source: U.S. Government

Note: All foreign data are rounded to the nearest $100 million. Where rounded data totals are the same, the actual rank order is maintained.

Arms Transfers to Developing Nations in 2004: Agreements With Leading Recipients

Table 2J names the top ten developing world recipients of arms transfer agreements in 2004. The table ranks these recipients on the basis of the total current dollar values of their respective agreements with all suppliers in 2004. Among the facts reflected in this table are the following:

- The U.A.E. was the leading recipient of arms deliveries in 2004 among developing nations, receiving $3.6 billion in such deliveries. Saudi Arabia ranked second with $3.2 billion. China ranked third with $2.7 billion. Tables 2 and 2J.
- Arms deliveries in 2004 to the top ten developing nation recipients, collectively, constituted $17.7 billion, or 78.8 percent of all developing nations deliveries. Five of the top ten arms recipients in the developing world in 2004 were in the Asian region; four were in the Near East region; one was in Africa. Tables 2 and 2J.

Table 2J Arms Deliveries to Developing Nations in 2004: The Leading Recipients (in millions of current U.S. dollars)

Rank	Recipient	Deliveries Value 2004
1	U.A.E.	3,600
2	Saudi Arabia	3,200
3	China	2,700
4	India	1,700
5	Egypt	1,700
6	Israel	1,500
7	Taiwan	1,100
8	Pakistan	900
9	South Korea	800
10	South Africa	500

Source: U.S. Government

Note: All foreign data are rounded to the nearest $100 million. Where rounded data totals are the same, the actual rank order is maintained.

Selected Weapons Deliveries to Developing Nations, 1997-2004

Other useful data for assessing arms transfers are those that indicate who has actually delivered specific numbers of specific classes of military items to a region. These data are relatively "hard" in that they reflect actual transfers of military equipment. They have the limitation of not giving detailed information regarding either the sophistication or the specific name of the equipment delivered. However, these data show relative trends in the delivery of important classes of military equipment and indicate who the leading suppliers are from region to region over time. Data in the following tables set out actual deliveries of fourteen categories of weaponry to developing nations from 1997-2004 by the United States, Russia, China, the four major West European suppliers as a group, all other European suppliers as a group, and all other suppliers as a group. Tables 3-7

Caution is warranted in using the quantitative data within these specific tables. Aggregate data on weapons categories delivered by suppliers do not provide precise indices of the quality and/or quantity of the weaponry delivered. The history of recent conventional conflicts suggests that quality and/or sophistication of weapons can offset quantitative advantage. Further, these data do not provide an indication of the relative capabilities of the recipient nations to use effectively the weapons delivered to them. Superior training, coupled with good equipment, tactical and operational proficiency, and sound logistics, may, in the last analysis, be a more important factor in a nation's ability to engage successfully in conventional warfare than the size of its weapons inventory.

Regional Weapons Deliveries Summary, 2001-2004

- The regional weapons delivery data collectively show that the United States was a leading supplier of several major classes of conventional weaponry from 2001-2004. Russia also transferred significant quantities of certain weapons classes during these years.
- The major West European suppliers were serious competitors in weapons deliveries from 2001-2004 making notable deliveries of certain categories of armaments to every region of the developing world — most particularly to the Near East, Asia, and to Latin America. In Africa, all European suppliers, China and all other non-European suppliers were major sources of weapons delivered.
- Regional weapons delivery data reflect the diverse sources of supply of conventional weaponry available to developing nations. Even though the United States, Russia, and the four major West European suppliers tend to dominate the delivery of the fourteen classes of weapons examined, it is also evident that the other European suppliers, and non-European suppliers, including China, are

fully capable of providing specific classes of conventional armaments to developing nations, should their systems prove attractive to prospective purchasers. Examples are listed below.

- Tanks,
- Missiles,
- Armored vehicles,
- Aircraft,
- Artillery pieces,
- Surface-to-surface missiles,
- Surface-to-air missiles, and
- Anti-ship missiles.

Noteworthy deliveries of specific categories of weapons to regions of the developing world by specific suppliers from 2001-2004 included the following:

- **Asia**

Russia delivered 370 tanks and self-propelled guns, 300 APCs and armored cars, four major surface combatants, 2 minor surface combatants, 1 submarine, 240 supersonic combat aircraft, 200 helicopters, 770 surface-to-air missiles, and 70 anti-ship missiles. The United States delivered 32 tanks and self-propelled guns, 91 artillery pieces, 6 major surface combatants, 2 minor surface combatants, 8 supersonic combat aircraft, 65 helicopters, 2,267 surface-to-air missiles, and 198 anti-ship missiles. China delivered 130 tanks and self-propelled guns, 300 artillery pieces, 310 APCs and armored cars, 10 minor surface combatants, 50 supersonic combat aircraft, and 500 surface-to-air missiles. The four major West European suppliers as a group delivered 1 major surface combatant, 7 minor surface combatants, 10 supersonic combat aircraft; and 20 helicopters. All other European suppliers collectively delivered 110 tanks and self-propelled guns, 260 APCs and armored cars, 1 major surface combatant, 24 minor surface combatants, 3 submarines, 10 helicopters, and 70 surface-to-air missiles. All other non-European suppliers collectively delivered 90 artillery pieces, 100 APCs and armored cars, 2 major surface combatants, 14 minor surface combatants, 40 supersonic combat aircraft, and 510 surface-to-air missiles.

- **Near East**

Russia delivered 190 APCs and armored cars, 30 supersonic combat aircraft, 60 helicopters, and 1,000 surface-to-air missiles. The United States delivered 401 tanks and self-propelled guns, 36 APCs and armored cars, 31 supersonic combat aircraft, 12 helicopters, 347 surface-to-air missiles, and 122 anti-ship missiles. China delivered 40 APCs and armored cars, 5 minor surface combatants, and 70 anti-ship missiles. The four major West European suppliers collectively delivered 300 tanks and self-propelled guns, 30 APCs and armored cars; 5 major surface combatants, 26 minor surface combatants, 5 guided missile boats, 30 supersonic combat aircraft; and 20 helicopters. All other European suppliers as a group delivered 270 tanks and self-propelled guns, 130 APCs and armored cars, 1 major surface combatant, 28 minor surface combatants, 10 supersonic combat aircraft, and 540 surface-to-air missiles. All other suppliers collectively delivered 270 APCs and armored cars, 80 minor surface combatants, 20 helicopters, 40 surface-to-surface missiles, and 20 anti-ship missiles.

- **Latin America**

Russia delivered 10 helicopters, and 30 surface-to-air missiles. The United States delivered 15 artillery pieces, 2 major surface combatants, 9 minor surface combatants; 4 supersonic combat aircraft, 14 helicopters, 22 surface-to-air missiles, and 16 anti-ship missiles. China delivered 10 minor surface combatants. The four major West European suppliers collectively delivered 3 major surface combatants, 1 minor surface combatant, and 10 helicopters. All other European suppliers collectively delivered 30 tanks and self-propelled guns, 10 helicopters, and 40 surface-to-air missiles. All other non-European suppliers as a group delivered 20 artillery pieces, 2 minor surface combatants, 10 helicopters, 40 surface-to-air missiles, and 30 anti-ship missiles.

- **Africa**

Russia delivered 10 tanks and self-propelled guns, 30 artillery pieces, 130 APCs and armored cars; 2 minor surface combatants, 60 helicopters, and 40 surface-to-air missiles. China delivered 21 minor surface combatants. The four major West European suppliers collectively delivered

- 50 APCs and armored cars;
- 4 major surface combatants,
- 6 minor surface combatants, and
- 10 helicopters.

All other European suppliers collectively delivered

- 10 tanks and self-propelled guns,
- 800 artillery pieces,
- 370 APCs and armored cars,
- 4 minor surface combatants,
- 20 supersonic combat aircraft,
- 20 helicopters, and
- 20 surface-to-air missiles.

All other non-European suppliers as a group delivered

- 50 tanks and self-propelled guns,
- 40 artillery pieces,
- 140 APCs and armored cars,
- 1 major surface combatant;
- 14 minor surface combatants,
- 10 supersonic combat aircraft, and
- 60 helicopters.

Description of Items Counted in Weapons Categories, 1997-2004

Tanks and Self-propelled Guns: This category includes light, medium, and heavy tanks; self-propelled artillery; self-propelled assault guns.

Artillery: This category includes field and air defense artillery, mortars, rocket launchers and recoilless rifles, 100 mm and over; FROG launchers, 100mm and over.

Armored Personnel Carriers (APCs) and Armored Cars: This category includes personnel carriers, armored and amphibious; armored infantry fighting vehicles; armored reconnaissance and command vehicles.

Major Surface Combatants: This category includes aircraft carriers, cruisers, destroyers, frigates.

Minor Surface Combatants: This category includes minesweepers, subchasers, motor torpedo boats, patrol craft, motor gunboats.

Submarines: This category includes all submarines, including midget submarines.

Guided Missile Patrol Boats: This category includes all boats in this class.

Supersonic Combat Aircraft: This category includes all fighter and bomber aircraft designed to function operationally at speeds above Mach 1.

Subsonic Combat Aircraft: This category includes all fighter and bomber aircraft designed to function operationally at speeds below Mach 1.

Other Aircraft: This category includes all other fixed-wing aircraft, including trainers, transports, reconnaissance aircraft, and communications/utility aircraft.

Helicopters: This category includes all helicopters, including combat and transport.

Surface-to-air Missiles: This category includes all ground-based air defense missiles.

Surface-to-surface Missiles: This category includes all surface-surface missiles without regard to range, such as Scuds and CSS-2s. It excludes all anti-tank missiles. It also excludes all anti-ship missiles, which are counted in a separate listing.

Anti-ship Missiles: This category includes all missiles in this class such as the Harpoon, Silkworm, Styx and Exocet.

Regions Identified in Arms Transfer Tables and Charts

Asia	Near East	Europe	Africa	Latin America
Afghanistan	Algeria	Albania	Angola	Antigua
Australia	Bahrain	Armenia	Benin	Argentina
Bangladesh	Egypt	Austria	Botswana	Bahamas
Brunei	Iran	Azerbaijan	Burkina Faso	Barbados
Burma (Myanmar)	Iran	Belarus	Burundi	Belize
China	Israel	Bosnia/Herzegovina	Cameroon	Bermuda
Fiji	Jordan	Bulgaria	Cape Verde	Bolivia
India	Kuwait	Belgium	Central African Republic	Brazil
Indonesia	Lebanon	Canada	Chad	British Virgin Islands
Japan	Libya	Croatia	Congo	Cayman Islands
Kampuchea	Morocco	Czechoslovakia/	Côte d´Ivoire	Chile
(Cambodia)	Oman	Czech Republic	Djibouti	Colombia
Kazakhstan	Qatar	Cyprus	Equatorial Guinea	Costa Rica
Kyrgyzstan	Saudi Arabia	Denmark	Ethiopia	Cuba
Laos	Syria	Estonia	Gabon	Dominica
Malaysia	Tunisia	Finland	Gambia	Dominican Republic
Nepal	United Arab Emirates	France	Ghana	Ecuador
New Zealand	Yemen	FYR/Macedonia	Guinea	El Salvador
North Korea		Georgia	Guinea-Bissau	French Guiana
Pakistan		Germany	Kenya	Grenada
Papua New Guinea		Greece	Lesotho	Guadeloupe
Philippines		Hungary	Liberia	Guatemala
Pitcairn		Iceland	Madagascar	Guyana
Singapore		Ireland	Malawi	Haiti
South Korea		Italy	Mali	Honduras
Sri Lanka		Latvia	Mauritania	Jamaica
Taiwan		Liechtenstein	Mauritius	Martinique
Tajikistan		Lithuania	Mozambique	Mexico
Thailand		Luxembourg	Namibia	Montserrat
Turkmenistan		Malta	Niger	Netherlands Antilles
Uzbekistan		Moldova	Nigeria	Nicaragua
Vietnam		Netherlands	Réunion	Panama
		Norway	Rawanda	Paraguay
		Poland	Senegal	Peru
		Portugal	Seychelles	St. Kitts & Nevis
		Romania	Sierra Leone	St. Lucia
		Russia	Somalia	St. Pierre & Miquelon
		Slovak Republic	South Africa	St. Vincent
		Slovenia	Sudan	Suriname
		Spain	Swaziland	Trinidad
		Sweden	Tanzania	Turks & Caicos
		Switzerland	Togo	Venezuela
		Turkey	Uganda	
		Ukraine	Zaire	
		United Kingdom	Zambia	
		Yugoslavia/Federal	Zimbabwe	
		Republic (Serbia/Mont.)		

United States Relations with China and Taiwan

By

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[The following statement was presented to the United States and China Economic and Security Review Commission, Washington, D.C., September 15, 2005.]

The overriding objective related to the subject of this hearing has been to advance U.S. national interests in our relations with Taiwan and with the People's Republic of China (P.R.C.)

Six Months of Cross-Strait Activity

Although political dialogue between "unofficial" high-level government representatives of Taipei and Beijing has been frozen since 1999, there have been noteworthy cross-Strait developments over the past year. Trade is lopsided in favor of Taiwan, which has a $51 billion surplus with China. It is in part driven by Taiwan's direct investment in the mainland. China's imports of nearly $65 billion worth of Taiwan goods accounted for 11.5 percent of all Chinese imports in 2004. The mainland is not doing too badly in its efforts to access Taiwan's market, with its exports increasing 170 percent since 2001, from $5 billion to about $13.6 billion. In addition, rapid Taiwan investment in China's service sector is helping provide support for Taiwan manufacturers in the Peoples Republic of China. While realizing the foreign direct investment (FDI) levels fell a bit in 2004 (to $3.1 billion), both sides seem confident that the overall levels will remain positive, especially as Taiwan increases value-added investments in the P.R.C.

Economic integration implies opportunities for more extensive human exchanges. Beijing and Taipei used what they called the Macau model negotiations in Macau between private P.R.C. and Taiwan organizations with low-level government involvement to agree to temporarily lift a ban on direct flights across the Taiwan Strait for the duration of the Lunar New Year in 2005. The Lunar New Year charter flights, which first occurred in 2003 but which were absent in 2004, facilitated the reunion of friends and families on both sides of the Strait. It set the tone for much of what was to follow. The volume of people crossing the Strait is impressive: according to P.R.C. statistics, nearly 3.7 million Taiwan citizens visited the mainland in 2004, and credible estimates indicate that as many as 900,000 Taiwan people out of a total of 23 million actually reside in the P.R.C.

Cross-Strait Political Contacts

As Commission members are aware, there have been significant developments in cross-Strait exchanges.

- Following a week of visits to his birthplace of Xian and the burial place of China's great nationalist leader Sun Yat-sen, opposition leader Lien Chan met with P.R.C. leaders in Beijing on 29 April. This was truly an historic meeting, the first since the 1949 split between the leaders of the Communist and Nationalist parties.
- People's First Party Chairman James Soong followed with his own trip to Beijing two weeks after Lien. Soong asserted in a May 11, 2005, speech at Beijing's Qinghua University that independence was not an option for Taiwan's future, a comment that many of Taiwan President Chen Shui-bian's staunchest supporters criticized. Soong met P.R.C. President Hu Jintao and other P.R.C. leaders in Beijing on May 12 and passed the message that Chen Shui-bian was willing to engage in dialogue with Beijing using a flexible formulation about what constituted "one China."

We view these exchanges favorably and have urged Chinese on both sides of the Strait to realize the greater potential that exists for increasing contact and integration, in keeping with global trends. A vital piece is missing, however. Despite productive visits by opposition leaders, Beijing has not yet developed a sustained dialogue with the elected representatives of the Taiwan people.

The lack of such dialogue is detrimental. For example, in March 2005, after more than five years of deliberation among government officials about some form of formal legislation regarding China's

policy toward Taiwan, China's State Council submitted anti-secession legislation to the National People's Congress. The law, which was passed without opposition on March 14, 2005, reiterates China's view that solving the Taiwan question and achieving national reunification is China's internal affair, without intervention by any outside forces. Secretaryof State Rice called adoption of the law, which explicitly authorizes the use of non-peaceful means, to be unfortunate and unhelpful and pointed out repeatedly that it ran counter to what was a generally positive trend in cross-Strait relations.

Taiwan's Domestic Defense Policy

I will not go in depth into domestic politics in Taiwan, but suffice it to say that deep fissures persist between the ruling coalition led by Democratic Progressive Party (D.P.P.) President Chen Shui-bian and the opposition coalition, which holds a majority of seats in Taiwan's Legislative Yuan.

Against this backdrop, the United States is assisting Taipei, in keeping with our obligations under the *Taiwan Relations Act*, in a range of areas to acquire necessary skills and capabilities. We continue to support the purchase of defense systems approved by the President, listed below.

- PAC III air defense systems;
- P-3 anti-submarine warfare aircraft; and
- Diesel submarines.

To date, Taiwan's opposition-controlled legislature has failed to approve a Special Budget containing funding for these purchases. Meanwhile, the Chen administration in its regular budget proposals over the last six years has requested only marginal growth in defense spending, even as it has asked for double-digit increases for economic and social spending. There have been important positive developments during this period: Taiwan's armed services have improved their capability to operate jointly, and Taiwan has put civilians in charge of the military. But we are increasingly concerned that Taipei is failing to invest both in key advanced capabilities and also in the lower profile but still vital capabilities command and control hardening, ordnance stockpiles that are vital to survivability and thus to deterrence.

China's Military Modernization

We are currently witnessing a sustained process of Chinese military modernization, procurement of new weapons, evolution of operational doctrine and introduction of new capabilities. We are monitoring closely as this process unfolds, as was enunciated in the Department of Defense's annual report on military modernization, *The Military Power of the People's Republic of China* that was released in mid-July. The report focused on the basic choices China's leaders must make as China's power and influence grows and its military modernization continues. Through visits such as United States Pacific Command (PACOM) Commander Admiral Fallon's recent trip to China, we remain engaged with the Chinese military, communicating our desire for a transparent, reciprocal, and growing relationship as well as our concern that China needs to communicate to us and the rest of the world its intentions with regard to its significant investment in military modernization.

China in the Region

In my view, there are indications that China will move toward greater transparency and inclusiveness in its political engagements in the region. Movement in the same direction is no less critical with regard to China's military. The P.R.C. on November 4, 2002 signed the Declaration on the Conduct of Parties in the South China Sea with Association of Southeast Asian Nations (ASEAN). The Declaration seeks to avoid the outbreak of hostility in the Pacific. On November 29, 2004, China offered to transform the *Association of Sutheast Asian Nations Treaty of Amity and Cooperation*, which was signed on October 8, 2003, into a Code of Conduct and proposed joint cooperation among military officers on the South China Sea. In addition, China has recently reached an agreement with Vietnam and the Philippines to conduct joint exploration in the disputed Spratly Islands. China's goal is to become more thoroughly embedded in the region's institutions and to use its growing power to influence the development of regional dialogue and interaction. This is a rational and

positive development that should contribute over time to regional stability and greater transparency in regional military-to-military ties. We do not seek to exclude China, nor do we wish to be excluded, from the steady evolution of dialogue and integration that is happening throughout the Asia Pacific region.

The situation includes both positive developments and dissonant notes. We can see the logic of advancing transparency and building confidence between two nations' militaries. Indeed, these are objectives in the United States and China relations. But contrast the effect of recently concluded Sino-Russian exercises with what we would hope to see as a consequence of any comparable occurrence with the United States. In our case, we would hope for an event that threatened no one and built regional confidence, added to regional stability, and underlined both countries' commitment to regional stability. By that measure, the recent exercise, with its amphibious operations, maritime blockades and cruise missile.

Mr. Chairman, the United States has a vital interest in the peaceful resolution of differences across the Taiwan Strait. The President told Premier Wen Jiabao on December 9, 2003 that we do not support Taiwan independence and we oppose unilateral attempts by either China or Taiwan to alter the cross-Strait status quo. That set of commitments is anchored in the *Taiwan Relations Act* and our three Joint Communiques, which remain the bedrock of our policy.

Indonesia: Positive Trends and the Implications for the United States Strategic Interests

By

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[The following statement was presented to the Senate Foreign Relations Committee, Subcommittee on East Asian and Pacific Affairs, in Washington, D.C., September 15, 2005.]

Strategic Overview

Although it is no surprise to members of the committee, Indonesia is clearly, by virtue of its size, location, and status as a democracy, one of the most important countries to the United States in Asia. Consider the following facts:

- Since the fall of Suharto in 1998, Indonesia has become the world's third-largest democracy.
- Indonesia has more people of Muslim faith than Iran, Iraq, Egypt and Saudi Arabia combined.
- The strategic sea lanes that pass through and along Indonesian territory carry one-third of the world's sea-borne trade.
- Half the world's oil passes through the Malacca Strait.

Finally, and perhaps most importantly, Indonesia is a key player in the dominant ideological struggle of our time: the competition between democratic modernization and the rise of extremist Islam. Indonesia is aggressively combating the tiny minority of terrorists. It is also working to promote religious tolerance among the population at large, while demonstrating to the world that Islam and democracy are fully compatible.

Opportunity

The success of Indonesia's 2004 national elections, and the joint Indonesian and United States response to the tragic earthquake and tsunami of December 26, 2004 have opened a window of opportunity for U.S. and Indonesian relations. The positive trends in Indonesia today with regard to democracy, countering terrorism and extremism, economic reform, security service reform, and peaceful resolution of conflicts, strengthen this opportunity. We have the chance to achieve a breakthrough in our relations with the world's largest Muslim-majority nation and third-largest democracy. If we succeed, it will have far-reaching effects on our common interests with Indonesia and throughout the world.

Indonesia's national elections proceeded in an exceedingly peaceful and democratic manner, and gave Indonesians for the first time the right to directly elect their president. President Yudhoyono emerged from the elections with a mandate from the Indonesian people, receiving over 60 percent of the votes in the presidential run-off in September of 2004. With Indonesian voters demanding change, President Yudhoyono is pursuing a bold reformist agenda. Furthermore, as a U.S. university and military college graduate, he has first-hand knowledge of the U.S. and its people. President Yudhoyono is keenly aware of Indonesia's status as a role model to the Islamic world and seeks a greater international profile that accords with this status. The example he sets is a positive one.

President Yudhoyono demonstrated his statesmanship in the aftermath of the tsunami, and he opened up the previously closed Aceh province to international assistance, particularly from the United States. Our joint efforts in relief and reconstruction for the victims of the tsunami saved the lives and lessened the suffering for tens of thousands of victims, helping to bridge the distance between our countries. The USS Lincoln off the coast of Aceh made a strong positive impression on the people and government of Indonesia no other country was able to match our response. Scenes of U.S. relief workers and soldiers working side-by-side with their Indonesian counterparts showed

Indonesians that the United States is a friend. Public opinion toward the United States has since improved.

With Indonesia we have the opportunity now to forge close, long-term ties with a developing democracy that is home to 14 percent of the Islamic world. Indonesia has a history that includes serious human rights abuses, separatist conflict, ethnic and inter-religious strife, and other problems and challenges that have affected our relations. Many of these problems and challenges remain today. However, it is essential that we address these issues not in isolation but in the context of a mature relationship that keeps in focus the broad, positive trends in today's Indonesia.

In the context of a mature and robust relationship with a fellow democracy, we have an opportunity to resolve, not ignore our differences with Indonesia, while strengthening our partnership with this tremendously important and dynamic country. The dominant trends in Indonesia today are positive ones for U.S. strategic interests. Secretary of State Rice noted to President Yudhoyono during their last meeting that the United States has pulled back at times in its relationship with Indonesia. But she added that this is not the way it will be in the future. We must be both a good and reliable friend to Indonesia, and we must act now to make this a reality. We must do everything we can to develop our relationship to its full potential, and help Indonesia succeed as a modern, democratic power, one that acts as a positive force on the global stage and ensures prosperity for its people at home.

Positive Trends

- Democracy

Indonesia is a front-line state in a trend we see all over the world: people want to rule themselves, and they want their governments to be accountable. It has been only seven years since the fall of Suharto and the end of three-decades of authoritarian rule. In this short span, Indonesia has emerged as the world's third-largest democracy and a leading global example of a democratic, Muslim-majority nation.

The successful series of national democratic elections in Indonesia last year produced a sea change in the country's domestic politics. More than 75 percent of eligible voters cast their ballots in last year's presidential election. To put those numbers in context, just as many Indonesians voted in their presidential election as did Americans last fall, 2004, about 118 million in each case. This year Indonesia is conducting eight gubernatorial and 157 local elections; reports so far have been similarly positive.

The direct presidential election itself was a product of sweeping constitutional reforms aimed at strengthening democratic institutions, accountability and transparency, and separation of powers. A free press and an increasingly active civil society have become important agents of change. People are debating the abuses and excesses of the Suharto years and are demanding real accountability for what happened. Citizens are demanding justice from the judicial sector. Finally, the country is going through one of the most ambitious decentralization efforts ever. That process is empowering Indonesia's far-flung 33 provinces and introducing unprecedented levels of transparency and accountability into local governance.

Looking forward, we envision an Indonesia that is democratic in the full sense of that term, with an educated electorate, a government that is transparent and accountable to its people, respects the rule of law, and protects the human rights of its citizens. Indonesia has many difficult obstacles, both past and present, which it must strive to overcome. As our 2004 Human Rights Report indicates, Indonesia's human rights record has been poor, and there is much to be done, particularity in the area of accountability for abuses committed by members of the security services. But we cannot overlook the flourishing of democracy in Indonesia. We will continue to encourage and assist the positive democratic trend in Indonesia, while working with the country to achieve needed progress on education, accountability, the rule of law, transparency, and respect for human rights, to realize the vision of a modern, fully democratic Indonesia.

- Countering Terrorism and Extremism

Indonesia is a key player in the dominant ideological struggle of our time: the competition between democratic modernization and extremist Islam. As the world's largest Muslim-majority nation, Indonesia is buffeted by the same radical strains of Islamic thought and hate-preaching firebrands that afflict much of the Islamic world. Related to this, we face a challenge in convincing countries like Indonesia of the truth that the *Global War in Terror* is not anti-Islamic.

Indonesia is in the midst of this ideological struggle, but the overall trend is positive. Indonesia stands as a democratic example to the Islamic world. Islam in Indonesia has always been and remains predominantly tolerant and open to combining Islamic beliefs with modernization and free speech. Indonesia has maintained its pluralistic constitution and proven that Islam and democracy are compatible and complementary. The ability of such a diverse nation to pursue a democratic, just agenda respectful of other faiths serves as a powerful reminder of what a successful, tolerant society can look like.

Indonesians know better than most the devastating effects of terrorist attacks that are the product of extremist Islam, such as those that have occurred in Bali and Jakarta over the last three years. The Indonesian government has done an admirable job of pursuing, arresting, and prosecuting terrorists. Since the Bali bombings in October 2002, Indonesia's police and prosecutors have arrested and convicted more than 130 terrorists. Indonesia has established an effective counterterrorism police force that is working hard to bring terrorists to justice. Despite progress, the threat of future attacks remains grave. Our two countries thus share an interest in addressing the causes of terrorism and protecting our people from further terrorist violence. President Yudhoyono is committed to this cause.

- Economic Reform

President Yudhoyono places priority on economic growth and poverty reduction, recognizing that Indonesia has just recovered from the 1997-1998 financial and economic crisis. The government of Indonesia has announced an ambitious reform program, boosted investor confidence, attacked corruption and made a push for infrastructure development. President Yudhoyono remains committed to this program. Real gross domestic product (GDP) growth increased to 5.1 percent in 2004, and the Indonesian economy has been resilient in spite of the tsunami, avian influenza, polio, and high world oil prices. American investors continue to show interest in Indonesia. More than 300 U.S. companies have investments in Indonesia valued at a total of more than $10 billion, and an estimated 3,500 U.S. business people work in Indonesia. The combination of high-level commitment, pressing economic issues, and American investor interest poses a special opportunity for us to make progress with Indonesia on economic reforms.

We have moved to take advantage of this special opportunity to help Indonesia address economic reforms. We have already had two rounds of Trade and Investment Framework Agreement (TIFA) talks this year and have started a dialogue with Indonesia on conducting a full review of all trade-related policies. We have restarted our Energy Policy Dialogue after an eight-year gap, and are working closely with the government on strategies for boosting Indonesia's crude oil production. We are also supporting the Yudhoyono government's crucial effort to change the culture of corruption in Indonesia, in part through his launch of several corruption cases against high-level officials. To support this important effort, we are putting in place a major U.S. Agency for International Development (USAID) project to help the government of Indonesia set up an anti-corruption court and reform the commercial courts. We want to see an Indonesia that is open for investment and trade, and open to American investors playing a prominent role in the country's economic development. American investors continue to push for investment climate and legal system reform and fair resolution of investment disputes, signaling their long-term commitment to Indonesia's economic growth.

Indonesia's economy faces concerns over fluctuating exchange rates and high fuel subsidies. Oil prices have posed a challenge as highly subsidized domestic fuel prices and subsidies have increased to over one fourth of the government's budget in 2005. In a bold but necessary move,

Yudhoyono reduced fuel subsidies in March, and in a recent speech, stated that the government will raise fuel prices again soon after compensation programs for the poor are in place. Subsidies and additional policy decisions by Bank Indonesia have increased pressure on the rupiah and shaken market sentiment. While investors on the ground remain bullish, we still plan to pay close attention to currency concerns and will continue to urge Indonesia to once again reduce fuel subsidies. We are pleased with the government's ability to address major reforms right away and encouraged by their plans to promote growth and stability.

- Security Service Reform

A central element of the transformation of Indonesia into a stable and prosperous democracy is the continuing evolution of the Indonesian military into a modern, professional, civilian-controlled force focused on external security. The Indonesian public has rejected a formal role for the military in politics, and the TNI has remained professional and out of politics during Indonesia's democratic transition. Major reforms of the security forces include:

- The establishment of a police force separate from the military.
- The end of the military "dual function" system that placed military officers in civilian government positions.
- The end of military and police appointed seats in parliament in 2004.
- The passage of legislation in 2004 to ensure that the parliament begins to exert control over the military's business interests.

President Yudhoyono and Defense Minister Juwono Sudarsono are committed to implementing and consolidating these reforms. Sudarsono is Indonesia's first civilian defense minister and is working to strengthen civilian control over the over the budgetary and procurement process. The Indonesian legislature in 2004 passed an armed forces law that makes clear the importance of democratic values, civilian supremacy, and respect for human rights. The Indonesian Armed Forces (TNI) has also supported the Aceh peace process.

When President Yudhoyono visited Washington in May, he and President Bush jointly stated that normal military relations would be in the interest of both countries and undertook to continue working toward that objective. President Yudhoyono also reaffirmed his commitment to further strengthen military reform, civilian control, and accountability. President Bush pledged his full support in these efforts. Secretary of State Rice's February 2005 decision to resume International Military Education and Training will re-establish professional links between our militaries and result in increased professionalism of Indonesian military officers with respect to transparency, human rights, and public accountability.

We also think that foreign military financing (FMF) is in the interests of both countries. We see TNI reform as a long-term project, and we trust that President Yudhoyono is committed to take the necessary steps for enhanced military-to-military relations. We are committed to supporting Indonesia in that effort.

- Resolving Political Differences Through Dialogue

The capacity to resolve political differences through dialogue rather than violence is a hallmark of a functioning democracy. Although Indonesia has experienced political violence in places like Aceh, Papua, and East Timor, President Yudhoyono is leading a new era in Indonesia, which promises to separate Indonesia from its repressive past. While we have raised concerns over abuses by security forces in areas of separatist conflict, and we have urged closer attention to the implementation of Special Autonomy in places like Papua, it is incorrect and in fact detrimental to U.S. interests to in any way imply that the U.S. does not support the territorial integrity of Indonesia.

The United States firmly supports Indonesia's territorial integrity, and does not support nor condone any effort to promote secession of any region from the republic of Indonesia.

The Yudhoyono government conducted a series of peace talks this year with the separatist Free Aceh Movement (GAM). These talks proceeded rapidly and culminated in a peace agreement

signed on August 15, 2005 in Helsinki. If implemented successfully, this will end a three-decades long conflict that has claimed thousands of lives, and will put the people of Aceh on a path to economic recovery and political integration. Early signs have been positive, with the Indonesian government granting amnesty to non-criminal GAM prisoners and beginning to withdraw military troops from the province. U.S. and other donors' support for implementation will play an important role in promoting peaceful reconciliation and addressing key elements of the Peace Agreement, such as professional training for Aceh police and assistance for the reintegration of ex-combatants.

Like Aceh, Papua has suffered from separatist conflict and serious human rights abuses. The Indonesian government has not fully implemented the 2001 Special Autonomy law that was designed to address political and economic grievances. However, there have been two recent positive developments. First, last month a series of large demonstrations in Papua proceeded without violence, due to good communication between separatists and local officials. Second, President Yudhoyono met with Papuan leaders in Jakarta and pledged to fully implement Special Autonomy. President Yudhoyono has vowed to peacefully resolve the long-standing conflict in Papua.

With respect to East Timor, the governments of Indonesia and East Timor have created a bilateral Truth and Friendship Commission (TFC) to promote reconciliation and achieve credible accountability for the crimes against humanity committed in 1999. There has been no credible accountability for the crimes. The Jakarta-based Ad Hoc Tribunal and Dili-based Serious Crimes Unit failed for different reasons. The Indonesian government is cognizant of the need for the TFC process to be genuinely credible. The members recently selected by the government of Indonesia to the TFC appear to be committed to pursuing genuine truth and reconciliation. We will continue to remind and work with both Indonesia and East Timor on the importance of achieving credible accountability.

Implications

How should we approach Indonesia now? Indonesia's democratic transition and reformist government present a window of opportunity. The importance of seizing this opportunity cannot be overstated. The world's fourth most populous country, the third largest democracy, a country undergoing rapid modernization, the largest majority-Muslim country, a partner in the war on terrorism, a major open economy in a critical region together those factors make a strong case for upgrading and deepening our relationship with Indonesia. In this light, we should:

- Aim to develop a mature, multi-faceted relationship between two major democracies.
- Continue U.S. assistance, as described by my colleague from U.S. Agency for International Development, for tsunami reconstruction, education, the justice sector and for the police.
- Increase exchanges between our two countries, through more congressional and parliamentary delegations in both directions, through more contact between senior officials, and through increased student exchanges.
- Support President Yudhoyono's reformist program and support further development of democracy, respect for human rights and freedom of the press in Indonesia.
- Support military reform in Indonesia by constructively engaging with its military. This will require lifting existing legislative restrictions.
- Bolster Indonesia as a leader of Association of Southeast Asian Nations and as a stable democracy in a critical region.

International Hall of Fame Award

By
H.E. Dr. Susilo Bambang Yudhoyono
President of the Republic of Indonesia

[Excerpts of the following speech were presented at the International Hall of Fame Award, at Fort Leavenworth, Kansas, September 12, 2005.]

This is indeed a day to remember. I left Fort Leavenworth many years ago, but I swear it feels like it was only yesterday. But before anything else, please accept, on behalf of my government and all Indonesians, our deepest condolences and sympathies to the victims of Hurricane Katrina. It may offer little comfort to those who lost their homes, their livelihoods, their loved ones, to be reminded of a recent instance of nature's wrath.

The people of Aceh suffered gravely when nature unleashed the tsunami on December 26, 2004, just the day after Christmas, and the road to recovery is long and difficult. But if such a catastrophe could bring any good, it is that it brought communities together across Indonesia and indeed the world. We reach out to each other in times of trouble, and in the case of Aceh, that sense of unity has brought a world of good. The government of Indonesia and the secessionist rebels of Aceh have made peace now, after decades of fighting, for the sake of rebuilding the province. Hurricane Katrina may too harbor blessings not yet seen.

In today's world, when the meaning of security is broadened beyond traditional definition, from war and military conflict to terrorism and trans-national crimes to absolutely poverty and deadly communicable diseases to degradation of environment, the roles and task of military organization also varies. The tsunami that hit Aceh and Nias Indonesia that caused the chain of command to manage the implementation of the biggest military operation other than war, including the contribution from U.S. military and volunteers.

I want to talk about this sense of togetherness today, as well as about honor, duty, nationhood, and faith which I was taught from childhood and through the years here, at Fort Leavenworth. I remember vividly walking through halls of this building as if it was yesterday. Nothing much has changed in terms of its physical structure, but I cannot possibly imagine the number of lives that have been changed by this institution. My year here at Fort Leavenworth was valuable not only in terms of the educational experience it gave me, but also in making me a better officer, a better person, and a better leader.

I still remember when we, the students of Command and General Staff College (CGSC), shared the same feeling and kept saying individually "This is the best year in my life." In a year of thought course our daily lives were filled with seminar and group discussions, writing papers, exams, and even field observation aiming to master our knowledge and skill on, among others, operational arts and tactics, leadership, management, combat training and professional ethics. After graduating from the Indonesian Military Academy, and having many military assignments, training and education back home, I had the luxury of being sent to the United States for further training, including here at Fort Leavenworth. I am honored to be the sixth Indonesian to be inducted into the Fort Leavenworth International Hall of Fame.

Judging by the two-hundred some inductees from some sixty nations, all of whom reached great heights of achievements in their countries, Fort Leavenworth obviously provides invaluable training to its students. And as with the other inductees, I would not have been sent here without the friendship of the United States, a mutual friendship that proudly continues today. It is a vital friendship, for these educational exchanges allows us to learn about each other, and from one another as soldiers, as nations, as citizens of the world. I learned from my peers here that honor and duty crosses national boundaries. We learned from each other the value of democracy, of human rights, as well as the importance of sovereignty. We learned from each other how to move forward in this tenuous obstacle course called nation-building. That immeasurable experience was strengthened by the friendships

made during my stay. Friendships, between nations as well as individuals, are what relieve us in times of crisis. We must strengthen these friendships and build on this inter-activeness.

Our togetherness here at Fort Leavenworth, studying and sharing ideas and experiences with military officers from many countries, of many nationalities has helped me. Five years after leaving this institutions I was assigned as United Nations Chief Military Observer in Bosnia, accomplishing peace keeping cooperation in that troubled country.

I studied at Fort Leavenworth in 1990 - 1991, the world was in the midst of fundamental changes. The Berlin Wall had been smashed down, the Soviet Union was on the verge collapsing and the Cold War was seeing its final days. But it was not only the geopolitical environment that was shifting; military doctrines also change. As a student, and as a soldier, I observed and studied these changes, for I knew they would be of importance to Indonesia also. And I was right. Only a few years ago, the Indonesian military found itself in the midst of a sea of change. A newly democratic Indonesia was fast emerging, and the body politics wanted the military to adapt and be part of these historic reforms.

And assigned as Chief of Staff for Territorial Affairs in the Indonesian National Military (TNI) and assisted the drafting of the blueprint of military reforms for the TNI. Much of the military reforms that we see today in Indonesia flow from that blueprint. I am proud of what the military in all its many facets has taught me:

- Duty;
- Honor; and
- Country.

Indonesia still has much to do in terms of nation-building, but it is an education that I relish to share with my countrymen. And a military background can help rather than hinder. At least, I hope all my bedside reading of military history and military strategy and military leadership will help me in my day job!

Based on my experience in becoming a minister in the Indonesian government, and now in leading the nation, the real business of military leaders anticipating and making estimates of the situations, choosing the best possible course of action and taking decision, issuing order and then supervising it, taking calculated risk, and leading people to accomplished the mission, are suitable and can be really applied in leading and managing non military organization, even a nation.

Indeed, trying to govern a country as complex as Indonesia is akin to trying to pull out several rabbits out of a hat at once it requires much juggling of politics, and with any luck, some magic. It is a nation at times with rife with emotion. Hence at those times it needs a leadership that can strike a delicate balance, a leadership that is judicious and temperate. I am proud to say that my military training, both in Indonesia and at Fort Leavenworth, taught me restraint and prudence.

Yet at the heart of it all lays a little if not a lot of idealism. I have my military background to thank for my idealism. Poverty and hardship was an inescapable reality in the Indonesia of my childhood; one was nourished mostly on hope. And the military, with its tenets of order and its promise of public service, was one of the biggest peddlers of this idealism.

That romantic vision grew blurred in recent decades. But I kept my faith. And I am glad. If it were not for my faith in duty, honor, nation-hood, and togetherness, I would not be standing here today, thanking all of you for your friendship with Indonesia, and your faith in us. Just as there is still much to be done in my country, there is still much to be done in this friendship. Let us continue moving forward.

Finally, let me end with this note. Someone asked me: what would I like people to think when they see my photograph on this distinguished wall? A good question. Well, I hope they do not think they can take a few courses at Fort Leavenworth and then run for President. At least, not President of Indonesia. What I really hope is that when they see my photograph, they would see beyond the fancy medals and cool title of President, and see the face of a man from a small village in East Java

who was eager not just to dream, but to believe. And I hope they remember that the real glory lies not in becoming President, but in the amount of selfless service you are willing to give to your country. In that way, those who pass through this hall will remember that each of us is capable of our own glory.

But of course, all of us who graduated from Fort Leavenworth knows this!

United States Policy Towards South Asia

By
Christina B. Rocca
Assistant Secretary of State for South Asian Affairs

[The following excerpts of the statement presented to the House of International Relations Subcommittee for Asia and the Pacific, in Washington, D.C., June 14, 2005.]

I am here today to discuss the United States relationship with South Asia. This is our first opportunity since the start of the second Bush administration to review what has been accomplished in the past four years and discuss our goals for the future. We now have an exciting window of opportunity to work with our partners in South Asia and make truly historic progress. Our goal is to move forward firmly and irreversibly on paths to stability, democracy, moderation and prosperity.

President Bush came to office in 2001 recognizing the growing importance of South Asia to the United States. He directed that the United States build stronger relationships with all of the countries in the region. This has been accomplished; the United States now has very active and productive relationships with every country in South Asia. During his second administration, the President has made clear his intention that we build on these already strong relationships and move to the next level. There are significant challenges to overcome, but the rewards for South Asia and the United States definitely make the effort worthwhile.

As we pursue our bilateral goals, our relationship with each South Asian country stands on its own, and I will review these relationships shortly. We also take a regional approach on some issues, for example seeking to improve stability by encouraging states to overcome their differences. Since greater prosperity and economic interdependence would buttress stability and moderation, we seek strong economic growth in South Asia through greater intra-regional trade and cooperation in areas such as energy. We are supportive of the efforts by the South Asian Association for Regional Cooperation (SAARC) countries to establish the South Asian Free Trade Area (SAFTA). We are providing assistance to these efforts through a U.S. Agency for International Development (USAID) funded high-level team of researchers who are working with counterparts in the region to produce a SAFTA study to support the process.

Stronger democratic institutions are a central goal for us in South Asia. All South Asians are familiar with democracy, and most have some degree of experience with it. But democratic institutions are seriously challenged in parts of the region. The United States is helping develop democratic tools such as the rule of law, independent media, grass roots activism, good governance and transparency through which these nations can address the fundamental problems of extremism, security, and development. Their success will bolster stability throughout the region. Progress in South Asia will have global consequences.

India

This is a watershed year in United States and India relations. Since Secretary of State Rice's trip to New Delhi in March 2005 a series of visits by senior officials from both countries, including Minister of External Affairs Natwar Singh, have underscored the importance of our developing stronger ties. Prime Minister Manmohan Singh came to the United States in July 2005 and President Bush has said he hopes to visit India soon. We are accelerating the transformation of our relationship with India, with a number of new initiatives. We are engaging in a new strategic dialogue on global issues, and on defense and expanded advanced technology cooperation. We are continuing our dialogue on the global issues forum, which includes discussion of how we can jointly address such issues as democracy, human rights, trafficking in persons, environment and sustainable development, and science and advanced technology. India and the United States have begun a high-level dialogue on energy security, to include nuclear safety, and a working group to strengthen space cooperation. Our defense relationship is expanding and we are revitalizing our economic dialogue. The United States

relationship with India and our commitment to develop even deeper political, economic, commercial and security ties have never been stronger.

As Secretary of State Rice has said, we see India becoming a world power in the 21st century, and our dialogue with India now touches on broad issues around the region and the world. The United States is supportive of India's growing role as a democracy that is stepping onto the world stage to take on global responsibilities. India joined the United States as a charter member of the core group of countries formed to coordinate tsunami relief, and played a prominent role in providing immediate aid to affected South Asian countries. We are consulting closely with the Indians on how to help the Nepalese resolve their current political crisis, and India has been supportive of the peace process in Sri Lanka.

The United States and India Economic Dialogue initiative is focused on enhancing cooperation in four areas:

- Finance;
- Trade;
- Commerce; and
- The environment.

The April 2005 signing of a landmark Open Skies civil aviation agreement shows our shared commitment to strengthening our economic relationship. We are supporting India as it moves forward with financial, trade, energy, water, and agriculture reforms designed to sustain and elevate India's impressive rate of growth and reduce poverty. Reforms in these areas would allow pursuit of new opportunities with the United States in a variety of high-tech fields and would allow Indian consumers a greater choice of goods and services. Additionally, we are establishing a forum of U.S. and Indian chief executives to discuss specific and innovative ways to improve economic ties.

Building this stronger economic and commercial relationship between the U.S. and India faces challenges. Our exports have increased, but significant tariff and non-tariff barriers that remain are a problem for U.S. businesses interested in India's market. We will use our high-level dialogues to address differences in trade and investment issues. In the area of intellectual property protection, India's 2005 enactment of a new patent law to provide patent protection for pharmaceuticals and biotechnology inventions is a promising advance for both Indian and U.S. companies. We need to build on this effort so that India's intellectual property laws and enforcement efforts against piracy and counterfeiting become world-class, contributing to further economic development and enhancing consumer choices and creativity in India. To help accomplish our mutual economic objectives for the Indian people we also need to devote our near-term attention to additional trade disputes involving specific companies, such as U.S. investors in the power sector. We also need to deal with more general policy issues, such as Indian government subsidies for fertilizer and LPG and non-transparent standards.

Pakistan

Pakistan's leaders have taken the steps necessary to make their country a key ally in the war on terrorism and to set it on the path to becoming a modern, prosperous, democratic state. As a result of forward thinking and acting, Pakistan is now headed in the right direction.

Pakistan has supported U.S. operations in Afghanistan. Pakistan is rooting out al Qaeda and its terrorist allies in its tribal areas at the cost of more than 200 of its own soldiers. It has killed or captured several hundred foreign terrorists and militants. Pakistani law enforcement is waging a counter-terrorism campaign in other parts of the country detaining several hundred suspects including Khaled Sheikh Mohammad, Abu Zubaydah, and recently Abu Faraj al-Libbi.

We are seeing Pakistan's continued cooperation in building a stable and democratic Afghanistan and countering nuclear proliferation. In the past year, Pakistan's relations with Afghanistan have improved. President Musharraf and President Karzai are working toward a more cordial personal relationship. Trade between the two countries continues to grow dramatically, and they can jointly

reap enormous benefit by Afghanistan serving as a land bridge between Central and South Asia and the world beyond. Pakistan is cooperating with the international community's efforts to dismantle the Dr. A.Q. Khan network and is sharing with us information from its own investigation, including information received from Dr. Khan. We expect this cooperation to continue.

Democratization is another focal point of our relationship. We expect Pakistan's 2005 local and 2007 general elections to be free and fair throughout the entire process. This is a message that we will continue to emphasize, as we believe that democracy, freedom and rule of law are the best counters to hatred, extremism, and terrorism. In the last four years, Pakistan's economy has moved from crisis to stabilization and now to significant growth. Providing the promise of a better future for Pakistanis will be a very important part in the country's success in overcoming extremism. Expanded economic relations between the United States and Pakistan are important to our overall relationship. We are negotiating a bilateral investment treaty with Pakistan to strengthen our commercial and economic relationship.

We will continue our efforts to improve intellectual property protection, as a means of strengthening rule of law, fostering economic progress and attracting foreign investment in Pakistan. We are encouraged by the government of Pakistan's raids of and arrests associated with several private operations that were adversely affecting U.S. and Pakistani interests. Pakistan's commitment to sustaining enforcement and following through with prosecutions against piracy and counterfeiting, as well as continuing to modernize its IP regime, is important to Pakistan's development objectives, as well our long-term economic relationship.

The centerpiece of the U.S. commitment to a long-term relationship with Pakistan is the President's pledge to work with Congress to provide Pakistan with $3 billion in military and economic assistance from 2005 through 2009. The security assistance will bolster Pakistan's capabilities to fight the war on terror including neutralizing al Qaeda remnants in the tribal areas as well as meet Pakistan's legitimate defense needs. Our economic assistance supports Pakistan's efforts to strike at the root causes of extremism by reforming and expanding access to pubic education and health care and by alleviating poverty through development.

We have announced that we intend to move forward with the sale of F-16 fighter aircraft to Pakistan. This sale sends a clear signal of our determination to stand by Pakistan for the long haul. The sale meets Pakistan's legitimate defense needs, making Pakistan more secure without upsetting the current regional military balance. As a result, it will be easier for Pakistan to take the steps necessary to build a lasting peace with all its neighbors.

India-Pakistan

President Musharraf and Prime Minister Singh have taken bold steps to push forward with reconciliation between their countries, contributing to overall stability in the region. We continue to encourage the wide-ranging dialogue between India and Pakistan to settle the issues that divide them including Kashmir. Indian Foreign Minister Natwar Singh's February 15-17, 2005, visit to Islamabad resulted in an agreement to start a bus service across the Line of Control in Kashmir. This dramatic breakthrough involved difficult compromises by both sides. It is having a real impact on the lives of average Kashmiris allowing resumed contacts between long-separated populations.

Since then India and Pakistan have continued to engage each other at the highest levels. During President Musharraf's successful visit to Delhi April 16-18, 2005, he and Prime Minister Singh issued a joint statement concluding that the peace process was irreversible and agreeing to work on additional transportation links. The two countries hold regular talks to resolve differences and build confidence. We continue to encourage both sides to maintain this positive momentum brought about by their statesmanship.

Sri Lanka and Maldives

Our primary goal in Sri Lanka is to help that country end more than a decade of bloody conflict between the government and the Liberation Tigers of Tamil Eelam (LTTE). The United States continues

to support Norway's facilitation of a peace settlement in Sri Lanka. The cease fire of 2002 is holding, although violence is ongoing and the peace process has stalled. This is due in part to divisions within the Sri Lankan government and the absence of trust between the government and the LTTE, which continues to use assassinations and suicide bombers, underscoring their character as an organization wedded to terrorism and justifying their designation as a Foreign Terrorist Organization.

Recovery from last December's 2004, the tsunami preempted the peace process as the primary concern of both parties for the past several months. With Norwegian assistance, the parties have been negotiating an agreement to regulate the distribution of tsunami reconstruction aid. This agreement, a Joint Mechanism, is an opportunity to build trust between the parties and is therefore an important contribution to the peace process should it come to fruition.

President Kumaratunga has publicly committed herself to signing the Joint Mechanism, but she faces serious challenges from members of her government who oppose the mechanism. The United States firmly supports her plan to sign the Joint Mechanism and remains prepared, along with other donors, to help Sri Lanka address urgent post-conflict reconstruction needs. The goal of peaceful reconciliation will need to help guide our post tsunami reconstruction assistance.

Like Sri Lanka, the Maldives was also devastated by the tsunami. The United States has been a major donor of relief in Maldives and is committed to help with reconstruction. We strongly support the reform process in Maldives that will open the political process to party activities. We believe that such a process will insure greater stability and moderation and support for the United States in the global war on terror.

Bangladesh

The United States engages the Bangladesh government on a range of important issues, including democracy and human rights, fighting corruption and countering extremism. Democratic Bangladesh, with the fourth largest Muslim countering extremism. Democratic Bangladesh, with the fourth largest Muslim population in the world, stands as a leading contributor of troops to United Nations (U.N.) peacekeeping missions worldwide and as a valued partner in the war on terror.

Its gross domestic product (GDP) growth of above five percent is satisfactory, but could be significantly better. Regrettably, political rivalries, failures of governance, widespread corruption and rising extremism threaten democratic stability and drag down economic growth. Nevertheless, while Bangladesh faces many challenges, we believe it has the potential to build a secure, peaceful and prosperous future and we are supporting these efforts.

We have a variety of ongoing activities designed to assist Bangladesh reach that potential. We have development programs aimed at increasing accountability and the transparency of Bangladesh's democratic institutions. We support civil society advocacy groups such as Transparency International Bangladesh. We are encouraging all parties to fully participate in the Parliamentary elections scheduled for 2006-2007 and emphasizing the need for those elections to be free and fair.

Unfortunately, widespread corruption hurts Bangladesh's potential for foreign direct investment and economic growth. We are pleased that the Bangladesh government established an Anti-Corruption Commission, but this organization needs to take action. Only action against corrupt individuals will demonstrate that corruption has no place in the future of Bangladesh. Bangladesh's widespread poverty, educational shortcomings, endemic corruption, porous borders and lack of public faith in elected government risks increasing the attractiveness of radicalism. Extremist groups operate in the country more openly. The government acted against two of them this past February 2005 but more must be done. We have cautioned the government about the dangers posed to Bangladesh by extremism. Human rights are also a regular topic for our dialogue with Bangladesh. We commend the Bangladesh government for measures taken to protect the rights of Ahmadiyas, although much more can and must be done following renewed attacks on their places of worship. We have expressed concern about extra-judicial murders, so-called cross-fire killings done by the Rapid Action Battalion.

Nepal and Bhutan

We remain very concerned about Nepal. The Maoist insurgency continues to undermine political stability and prospects for development. February 1, 2005 King Gyanendra's dismissal of the government, the curbing of civil liberties and arrests of hundreds of political activists seriously set back Nepal's democracy and eroded even further the unity of legitimate political forces in opposition to the Maoists. While some of these restrictions have since been rolled back, it is essential that the King's government fully restore civil liberties and that the legitimate political parties join it in addressing the insurgency and Nepal's serious developmental problems. An important step forward would be the beginning of a dialogue between the King and political parties to restore multi-party democratic institutions under a constitutional monarchy. Such reconciliation is crucial.

The United States firmly supports Nepal's efforts to counter the Maoist insurgency. A Maoist takeover would have profoundly negative effects both in Nepal and in the region. The Maoists must renounce violence and engage in a political process to resolve their grievances. U.S. assistance to Nepal overwhelmingly focuses on its profound development needs. Since February 1, 2005, we have continued our non-lethal security assistance. Our lethal security assistance remains under review.

Bhutan has embarked on a process of transition to constitutional monarchy and wide-scale political reforms. We applaud and support this undertaking, which should lead to improvements in civil liberties and government accountability. We continue to work with the governments of Bhutan and Nepal to resolve the plight of the more than 100,000 refugees from Bhutan who have been in camps in Nepal for a decade. We want both sides to resume discussions as soon as possible to find a way forward. We also want the government of Bhutan to begin repatriation of the eligible refugees soon. In addition, we are working closely with United Nations High Commission for Refugees (UNHCR) and non-government organizations to assure the welfare of the many resident and transiting Tibetans in Nepal.

There are many challenges as well as opportunities for the United States in South Asia. There have been many positive developments recently, particularly in India and Pakistan, which give us reason for optimism. At the same time, there are areas of real concern, such as Nepal. But I feel confident in saying that much of South Asia already is fulfilling some of its great potential to be a source of stability, moderation and prosperity, although much remains to be done for it to fully realize its promise. We have every intention to encourage and assist this process wherever we can.

The United States and India: An Emerging Entente?

By
R. Nicholas Burns,
Under Secretary of State for Political Affairs

[The following are excerpts of the remarks prepared for the House International Relations Committee, Washington, D.C., September 8, 2005.]

The 2005 visit of Indian Prime Minister Manmohan Singh to Washington, D.C., and to describe the implications of this historic visit for bringing the United States and India closer together in strategic partnership. President Bush has made a fundamental judgment that our relations with India will be central to the future success of American foreign policy in South Asia and around the world. The President said the following:

> After years of estrangement, India and the United States together surrendered to reality. They recognized an unavoidable fact they are destined to have a qualitatively different and better relationship than in the past.

I believe this is a view many of you share. Of course, our recent engagement with India, and with South Asia more broadly, was transformed by the events of September 11, 2001. That terrible attack on the United States opened the door to a new relationship with Afghanistan and Pakistan, an engagement sustained by our commitment to building peaceful, prosperous democratic societies that no longer offer fertile ground to terrorists and their extreme ideologies.

Our desire to transform relations with India, however, was founded upon a strategic vision that transcends even today's most pressing security concerns. India is a rising global power. Within the first quarter of this century, it is likely to be numbered among the world's five largest economies. It will soon be the world's most populous nation, and it has a demographic structure that bequeaths it a huge, skilled, and youthful workforce. It will continue to possess large and ever more sophisticated military forces that, just like our own, remain strongly committed to the principle of civilian control. And, above all else, India will thrive as a vibrant multi-ethnic, multi-religious, and multi-lingual democracy characterized by individual freedom, rule of law, and a constitutional government that owes its power to free and fair elections. As the President phrased it succinctly, "This century will see democratic India's arrival as a force in the world." And, as such, it is in our national interest to develop a strong, forward looking relationship with the world's largest democracy as the political and economic focus of the global system shifts inevitably eastward to Asia.

A strong democratic India is an important partner for the United States. We anticipate that India will play an increasingly important leadership role in 21st century Asia, working with us to promote democracy, economic growth, stability and peace in that vital region. By cooperating with India now, we accelerate the arrival of the benefits that India's rise brings to the region and the world. By fostering ever-closer bilateral ties, we also eliminate any possibility that our two nations might overlook their natural affinities and enter into another period of unproductive estrangement, as was so often the case in the past half century.

For the first time since bilateral relations were established in 1947, the United States and India are bound together by a strong congruence of interests, values, and a large and successful Indian-American community. Consequently we find an especially receptive partner in New Delhi, one no longer bound by Cold War politics or dogma. The Indian Government has demonstrated its firm desire to enhance our bilateral relationship. The United States now has a window of opportunity to seize the initiative with India, to build bonds and habits of cooperation that will stand the test of time. It is incumbent upon us, therefore, to undertake ambitious actions that correct our mutual history with India of missed opportunities and advance our common interests in the century ahead. We seek to work with India to win the global War on Terrorism, prevent the spread of weapons of mass destruction, enhance peace and stability in Asia, protect trade routes and sea lines of communication, and advance the spread of democracy. India and the United States now find ourselves on the same

side on all of these critical strategic objectives. Our challenge, then, is to translate our converging interests into shared goals and compatible strategies designed to achieve those aims. In this context, the wide range of initiatives agreed to by President Bush and Prime Minister Manmohan Singh this July, including our agreement to promote civilian nuclear energy cooperation, represents a unique chance to build trust between the United States and India because of the resonance all these programs have for both countries.

Economy

Our efforts to advance this bold agenda did not begin this summer. During the President's first term, the United States and India reinvigorated an Economic Dialogue, restarted the Defense Policy Group, expanded joint military exercises, began the India and United States Global Issues Forum, launched the High Technology Cooperation Group (HTCG), and set in motion other initiatives designed to foster bilateral cooperation on a number of key issues. Drawing on activities begun early in the first term, President Bush and then Prime Minister Vajpayee announced the Next Steps in Strategic Partnership (NSSP): a major initiative to expand high technology, missile defense, space and civilian nuclear cooperation while strengthening our nonproliferation goals.

Prime Minister Singh's July 18, 2005 visit to Washington, D.C., took the U.S. and India relationship to a new, higher plane. Not only did that visit provide an opportunity for President Bush and Prime Minister Singh to celebrate the achievements our new partnership has produced so far, it presented an opportunity for them to agree on a new framework for even closer cooperation in the years ahead. They recognized that the enhanced U.S. and India relationship can make an important contribution to global stability, democracy, prosperity, and peace.

Two of the major themes of the Prime Minister's visit to Washington were promoting democracy and fighting terrorism. As spelled out in the Joint Statement, the two leaders resolved to create an international environment that is conducive to democratic values, and to help strengthen democratic practices in societies seeking to become more open and pluralistic. They also resolved, "to combat terrorism relentlessly."

The Prime Minister's July visit coincided with the completion of the NSSP initiative that was launched eighteen months earlier. But we do not see the completion of the NSSP, however noteworthy, as an end in itself. Instead, the President and Prime Minister underscored that the NSSP provides a basis for expanding bilateral activities and commerce in space, civil nuclear energy, and dual-use technology. Indeed, the United States and India Civil Nuclear Cooperation initiative announced during the visit would not have been possible without the foundation laid by the completion of the NSSP.

Much of the public attention paid to the visit focused on the civil nuclear energy agreement, but I would also like to draw the Committee's attention to the other initiatives that were agreed to by the two leaders. These initiatives are important in their own right and demonstrate that there has been a real transformation in the U.S. and India relationship. Not only have our bilateral ties never been better, but our overall relationship has never been broader and deeper, as these initiatives show.

One of the driving forces in the U.S. and India relationship has been its expanding economic component. A highlight of the Prime Minister's visit was the announcement that the United States and India were launching a CEO Forum, comprising twenty chief executive officers from some of the biggest, most dynamic U.S. and Indian firms involved in transforming our bilateral economic relationship. These CEOs represent a cross-section of industrial sectors, particularly those that have a stake in improving the commercial climate between our two countries. This forum will serve as a channel to provide senior-level private sector input into discussions at the Economic Dialogue. Their input will help both countries make progress on key issues that will enhance economic growth and job creation and promote bilateral trade and investment.

We see the creation of the CEO Forum as part of a more general commitment to enhancing the U.S. and India Economic Dialogue. As the Indian economy grows and becomes increasingly interconnected with the world economy, our bilateral economic relationship has expanded beyond

trade into new and increasingly complex areas that are having a profound impact on the economic outlook in the 21st century.

To fully reflect this more complex relationship, the re-vitalized Economic Dialogue has four tracks:

- Trade Policy Forum;
- Financial and Economic Forum;
- Environment Dialogue; and
- Commercial Dialogue.

Each of these tracks is led by the respective U.S. agency and Indian ministry. In addition, the Economic Dialogue has two cross-cutting forums focused on biotechnology and information technology. Overall these forums aim to expand economic opportunities and to overcome long-standing issues that have prevented the development of a deep and dynamic economic relationship. As a corollary, the United States and India have both recognized the urgent need to modernize India's infrastructure as a prerequisite for the continued growth of the Indian economy. Continued progress in resolving outstanding issues and improving the investment climate will be important in attracting the private capital necessary to fund infrastructure investment. Sustaining high levels of economic growth is vital for India to meet its developmental goals and essential for providing the United States with more commercial opportunities.

Energy and the Environment

Another major initiative highlighted during the Prime Minister's visit was the U.S. and India Energy Dialogue, designed to promote increased trade and investment in the energy sector. This dialogue, led on our side by Secretary of Energy Bodman, will promote these goals through working groups that will deal with oil and natural gas, electric power, coal and clean coal technology, energy efficiency, new and renewable energy technologies, and civil nuclear energy. It is our hope that these efforts in their totality will not only produce the power that India needs, but help safeguard the environment by encouraging cleaner, more efficient, affordable, and diversified energy technologies.

Democracy

Both leaders announced the start of the U.S. and India Global Democracy Initiative to help countries making the often difficult transition to democracy. The Initiative will draw on U.S. and Indian democratic traditions and institutions to provide assistance to help build democratic institutions and strengthen foundations of civil society. As part of this initiative, India and the U.S. agreed to provide contributions to the new U.N. Democracy Fund, charged with building democratic institutions around the world, which will be launched at the margins of the upcoming U.N. General Assembly.

Human Immunodeficiency Virus and Acquired Immunodeficiency Syndrome

The President and Prime Minister also formed the U.S. and India human immunodeficiency virus and acquired immunodeficiency syndrome (HIV/AIDS) partnership, an effort to encourage the private sector to undertake greater efforts in the prevention, care, and treatment of people living with HIV/AIDS.

Disaster Response

During the tsunami disaster that struck many countries in South and Southeast Asia, the U.S. and India joined with Japan and Australia to form a Core Group that cooperated closely to coordinate the initial international response. The two leaders believe that effort provided a basis for future India and U.S. cooperation on disaster assistance, not just in the Indian Ocean region, but beyond, so they have launched the U.S. and India Disaster Response Initiative. In this sense, we are extremely grateful for India's quick commitment of $5 million for the American victims of Hurricane Katrina.

Science and Technology

In conjunction with the Prime Minister's visit, the U.S. and India agreed to sign a Science and Technology Framework Agreement. It will build on the U.S. and India High-Technology Cooperation

Group (HTCG), to provide for joint research and training, and the establishment of public-private partnerships.

Space Cooperation

The two leaders also looked forward to increasing cooperation in space. To that end, the recently created U.S. and India Working Group on Civil Space Cooperation will build closer ties in space exploration, satellite navigation and launch.

Agricultural Alliance

President Bush and Prime Minister Singh also agreed to launch a U.S. and India Knowledge Initiative on Agriculture, something that will focus on promoting teaching, research, service and commercial linkages between our two countries, and especially our training institutions and universities.

I hope I have made it clear that much was accomplished during the Prime Minister's July 2005 visit, and we have much to look forward to in the coming months and years. I know that President Bush very much looks forward to his trip to India, currently planned for early 2006 and the opportunity to strengthen further our partnership.

This is a major Presidential initiative, one that seeks to bring about full civil nuclear energy cooperation between the United States and India. I had the privilege of negotiating this agreement with India on behalf of the President and the Secretary of State. I believe it is a good and sound agreement that will have the effect of progressively integrating India into the global nonproliferation order.

We sought this agreement because India's nuclear weapons program and its status outside the nonproliferation regime has proven to be a long-standing stumbling block to enhanced U.S. and India relations, as well as a problem for the global nonproliferation regimes. The initiative for civil nuclear cooperation announced by President Bush and Prime Minister Singh in July 2005 is intended to deepen the bilateral partnership, address India's energy needs, and advance international nonproliferation norms and practices.

Many do not realize that India is one of the few developing countries that possesses full competency over all aspects of the nuclear fuel cycle, and is in fact pursuing a variety of advanced nuclear technologies, yet it remains as it has since 1967 outside the global regime. Although India has demonstrated a strong commitment to protecting fissile materials and nuclear technology more generally, it is in both Indian and American interests that New Delhi's isolation be brought to an end and that India be made part of a stable global nonproliferation order. The agreement between President Bush and Prime Minister Manmohan Singh does this in a fair and equitable way. It contemplates both countries taking serious steps toward achieving the goal of strengthening the international nonproliferation regime, while also meeting India's very real energy needs in a way that contributes to a clean global environment.

For our part, we are committed to working with the Congress to adjust U.S. laws and policies, working with friends and allies to adjust international regimes to enable full civil nuclear energy cooperation and trade with India, and consulting with our partners on Indian participation in the fusion energy International Thermonuclear Experimental Reactor (ITER) consortium and the Generation IV International Forum, the work of which relates to advanced nuclear energy systems. As you are aware, we already have begun briefing members and staff about this initiative. Our presence here with you today demonstrates our continuing interest in working with the Congress to see this process through. We are here not simply to explain this initiative, but because we welcome your ideas and counsel. I am sure we will have many more discussions on this important initiative.

This civil nuclear initiative is part of a transformation of the U.S. and Indian relationship that President Bush believes will strongly serve U.S. interests in furthering global stability, democracy, prosperity and peace. As a result of our civil nuclear cooperation with India, U.S. companies will be able to enter India's lucrative and growing energy market, potentially providing jobs for thousands

of Americans. And finally, all states have a vested interest in strengthening the international nonproliferation regime. We gain in this respect, as do our international partners.

We want to move ahead on this initiative expeditiously. We believe this initiative will help bring India into the international nonproliferation mainstream, and open the door to a cleaner and more secure energy future. In the process, it also makes the United States an essential partner as India assumes its rising position in the community of nations. It will help India's economy gain access to the energy it requires to meet its goal of growing at 8 percent and beyond over the long term, while reducing competition in global energy markets. The environmental benefit of nuclear power in India would be significant and help to curb global warming. Coal accounts for 51 percent of India's energy consumption. Nuclear energy offers a clean alternative, because it does not emit carbon dioxide or other greenhouse gases.

President and Secretary of State consider this initiative as one of the Administration's top foreign policy and legislative priorities for this year. I would like to take this opportunity to outline how we would like to proceed, with the consent and advice of the Congress, to achieve success.

First, I will begin meeting with the Indian foreign political advisor next week on the margins of the United Nations General Assembly. I plan to follow up with him regularly through the course of this process to ensure that our governments are in lock-step as we move forward.

India will assume the same responsibilities and practices as other countries with advanced nuclear programs. We expect India to take clear steps in the coming months to fulfill its part of the agreement. India has agreed to the following:

- Identify and separate civilian and military nuclear facilities and programs and file a declaration with the International Atomic Energy Agency (IAEA) regarding its civilian facilities;
- Place voluntarily its civilian nuclear facilities under IAEA safeguards;
- Sign and adhere to an Additional Protocol with respect to civilian nuclear facilities;
- Continue its unilateral moratorium on nuclear testing;
- Work with the U.S. for the conclusion of a multilateral Fissile Material Cut Off Treaty (FMCT) to halt production of fissile material for nuclear weapons;
- Refrain from the transfer of enrichment and reprocessing technologies to states that do not have them and support efforts to limit their spread; and
- Secure nuclear and missile materials and technologies through comprehensive export control legislation and adherence to the Missile Technology Control Regime (MTCR) and Nuclear Suppliers Group (NSG).

The United States has reciprocally promised that the Administration will:

- Seek agreement from Congress to adjust U.S. laws and policies;
- Work with friends and allies to adjust international regimes to enable full civil nuclear energy cooperation and trade with India; and
- Consult with partners on India's participation in the fusion energy International hermonuclear Experimental Reactor (ITER) consortium and the Generation IV International Forum, the work of which relates to advanced nuclear energy systems.

We believe that the government of India understands this completely and we expect them to begin taking concrete steps in the weeks ahead, and plan to reach agreement with India on a joint implementation schedule. The Administration has identified a number of options for modifying and/or waiving provisions of existing law to allow for full civil nuclear cooperation with India, and we look forward to working with the Congress as we review these options and consider the best way forward.

This is a good deal for the United States. It meets our national security interests because it aligns a 21st century power with the U.S. in democracy promotion, nonproliferation efforts, and

global energy security. For many years we have talked about the potential of U.S. and India relations. The Prime Minister's visit showed that both countries are turning that potential into reality. The United States recognizes India as an emerging world power in the 21st century, with an important role of promoting global stability, democracy and prosperity. We welcome India as a full partner in the international community. Our dialogue with India aims to do just that. We look forward to working closely with Congress as we strengthen this vital relationship. We would be grateful for your support.

United States and Western Hemisphere Relations

By
Roger F. Noriega
Assistant Secretary of State for Western Hemisphere Affairs

[The following excerpts of the speech presented to the Center for Strategic and International Studies, Washington, D.C., September 8, 2005.]

Last December, 2004, I spoke here and outlined our basic, two-fold strategy for the region: to help bridge the divide between citizens and their governments; and, to work for the empowerment of individuals. Without trying to claim that we have reached all of our goals for the Western Hemisphere there is still much to do I would like to go over some of the progress that has been made since my last visit here.

But before I do, I would also like to take this opportunity to extend my personal thanks and that of the people of the United States for the support being provided by our neighbors in the wake of Hurricane Katrina. It is truly humbling to see the many offers of support that are coming in, often from countries that themselves have been recent victims of hurricanes and other natural disasters.

Now, on the subject of U.S. relations with the Western Hemisphere, if you follow only what you read in the newspapers, you would likely conclude that we have done little or nothing except to verbally spar with Fidel Castro and Hugo Chavez. To be sure, Castro and Chavez represent the polar opposite of progress in the hemisphere. However, our focus is much broader, focusing on our positive and constructive vision for our neighborhood.

If we had all been together in this room five years ago, I suspect we would have agreed on several critical objectives that we would have wanted to achieve in order to advance freedom and prosperity in the region.

- We would have noted that there were fewer violent conflicts in the region, but we would have vowed to work to bring peace and security to all countries in the region.
- We would have highlighted the need to get corruption under control and make governments more responsive and transparent.
- We would have wanted to break down trade barriers and promote investment.
- We would have talked about the need to raise education levels throughout the hemisphere.
- We most certainly would have called for strengthened democracy and the rule of law in every country in the hemisphere.
- We might have agreed on the need to reward those countries that are adopting the responsible policies of fighting corruption and investing in their people.
- And, we all would have agreed that we should work alongside our neighbors to carry out these critical tasks using the multilateral tools available to us to organize our work and execute our plans.

Five years into the Bush Administration, I would submit that those are exactly the objectives we have been pursuing and the way we have been cooperating. The heart of our strategy is much more than a mere economic model or political paradigm. It is a pact to work together in solidarity with our neighbors to make things better for the poorest among us so that things can be better for all of us. To do that, we promote democracy so every citizen is empowered to decide for themselves what is best for them. We promote free enterprise as a perpetual engine of growth. And we promote the rule of law so that each of us has the guaranteed right to demand our fair share of political freedom and economic opportunity. That is a formula for achieving a genuine revolution in the Americas. And, that is a constructive, positive vision for the Americas. We pursue it in concert with serious partners from across the political spectrum from Lagos in Chile and Lula in Brazil to Saca in El Salvador and Uribe in Colombia.

One thing that all of these very different leaders from very different countries have in common is that their relations with the United States today are as good as they have ever been. First, we kept our faith with Colombia, completing Plan Colombia and, alongside our Colombian friends, are harvesting the remarkable results of that policy. As a result of President Uribe's leadership and sustained U.S. support, Colombia has made great progress against narco-traffickers and terrorists crime is at its lowest level in sixteen years and nearly 16,000 paramilitaries and other terrorists have either demobilized or deserted. We are working with Colombia to finish the job of Plan Colombia to win the peace, to reactivate the Colombian economy, and to convert Colombia into a strategic partner in the region. We are working with our neighbors to confront the threat of violent gangs that constitute an urgent threat to our common security. With our vigorous leadership, the Organization of American States (OAS) is on the cutting edge in fighting terrorism, the threat of loose Man-Portable Air Defense System (MANPADS), illicit arms trafficking, illegal drugs, and corruption.

We pursue our many goals multilaterally, working daily with the United Nations (U.N.) in places like Haiti and with the OAS throughout in hemisphere to further the interests shared by all the democratic nations of the hemisphere. With the help of a strong boost from President Bush at the Ft. Lauderdale, Florida meeting of the OAS General Assembly we joined with our neighbors in the region to issue the *Declaration of Florida*, which among other things prescribed an early warning system through which the Secretary General of the OAS can request the support of all OAS member states to enforce the terms of the Inter-American Democratic Charter. In the words of our new OAS Secretary General, our goal is to help ensure that governments elected democratically govern democratically, and those that fail to do so are held accountable to their people.

Secretary General José Miguel Insulza has traveled to several countries confronting challenges, including Nicaragua, Haiti, Venezuela, Ecuador, and Colombia. We also have contributed significant resources to support the exercise of democracy in several countries that are holding elections in the year ahead including Haiti, Nicaragua, and Bolivia.

We devoted much resources and thinking to how the United States can best assist Cuba's coming transition and maintain active support to those brave Cubans daring to think about a future without Castro. That culminated in a 500-page report of the President's Commission on Assistance to a Free Cuba. It is a unique document that lays out a strategy beforehand as to how we can help the Cuban people achieve the freedom and prosperity they have been denied for more than forty years.

There are those who criticize this administration's policies toward the Western Hemisphere as overly skewed toward promotion of trade. First of all, I do not accept the notion that our policy is imbalanced, but I am not shy about touting our preference for free trade. Only through free trade can we hope to break down the cycle of poverty and stagnation that has blocked prosperity in the region for so long. And, one of the things of which I am most proud is our decision under the Bush Administration to consciously link our trade agenda with the promotion of democracy and the rule of law. Starting at the top with President Bush, we have stressed the indispensable ties between economic opportunity for all and political empowerment. As a result, our trade partners see these accords as not mere mercantile agreements but a tangible sign of a political partnership.

We took another big step forward in promoting that hemispheric prosperity this year when Congress passed and President Bush signed the Central American Free Trade Agreement-Dominican Republic (CAFTA-DR) free trade agreement. This is another step toward realizing our dream for a full Free Trade Area of the Americas (FTAA). In the meantime, we are pushing forward on negotiations for similar agreements with Panama and the Andean countries of Colombia, Peru, Ecuador, and Bolivia. But, as I noted, these trade agreements are about more than commerce: they are about breaking down entrenched interests, stigmatizing corruption, rewarding reforms that bolster competitiveness, and ensuring that particularly the very poor have the tools they need to claim their fair share of economic opportunity.

To this end, we have encouraged respect for workers' rights and the environment. And, by the end of this year we will have invested almost $25 million in Centers of Excellence for Teacher Training in the Caribbean, Central America, and South America that help educate those who might otherwise be locked out of the new jobs that come with new growth.

In March, we joined with Mexico and Canada to pursue what some might regard as impossible: making the most dynamic economic relationship on the planet even better for all of us in North America. Under the unprecedented trilateral Security and Prosperity Partnership (SPP) we will implement common border security, enhance critical infrastructure protection, implement a common approach to emergency response, improve aviation and maritime security, combat transnational threats, enhance intelligence cooperation, and work to ensure the smooth flow of people and commerce across our shared borders.

Our policies have not merely tended to our largest partners. President Bush conceived of a plan that would reward the best performers among our poorest neighbors. Three of the countries most in need of direct assistance Honduras, Nicaragua and Bolivia have been brought in the Millennium Challenge Account process and will be begin to receive some of the $5 billion proposed by President Bush through fiscal year 2006 to help countries whose governments are adopting sound strategies overcome the key obstacles to development that they have identified for themselves.

I want to stress that the activities I have mentioned are only examples of the sorts of things we are doing to contribute to the well-being of the Western Hemisphere, our own neighborhood. The United States will always be a good partner and reliable neighbor for those who help themselves. Our thriving economy has been the engine for growth for most of this Hemisphere for decades. Our trade policy is intended to open markets on a global scale. And we are committed to working with our neighbors to draft and execute a practical agenda for retooling our economies to make them more just and more competitive. Yet, while our assistance and engagement is substantial and important, it is not what will truly transform the region. If there is one thing I have taken away from my time as Assistant Secretary, it is the very clear sense that what is needed most in the Americas that indispensable element to stability and growth is political leadership and courage at the national level. We can only make a difference when our assistance is used by forward looking, innovative, and, above all, patriotic leaders who are willing to make the difficult decisions necessary to improve the lot of their peoples.

Among the characteristics of model democratic leaders, the keys to governing justly and well are trust, transparency, inclusiveness, and forging a political consensus to pursue the national well-being. This requires more than the will of a president, but the commitment of an entire political class. It is not easy to retool the economy of a developing country, and we will never pretend that it is. Part of the difficulty in countering demagoguery is that we offer no magic bullet, only honesty. Fiscal discipline is difficult. Civil service reform is difficult. Drafting a fair tax code is hard. Devising a rational energy policy is hard. Rewriting a rational labor code is hard. Making it easier to start a private business is easier than it looks, but it's still difficult. Building independent courts and congresses, and ferreting out corruption in all its forms, is hard work. The simple fact is that those who make the tough decisions will succeed. And those who exhaust themselves looking for easy answers should not hold the rest of us back. No matter how much time and attention we pay to the region, nothing we do will substitute for political leaders and their people making the hard decisions for themselves.

That is the sort of blunt talk for which I have become known. I speak clearly for two reasons: first, my Spanish is not good enough for me to be subtle; second, I respect our friends in the region enough to shoot straight with them rather than condescend. Most of this message is missed by journalists who save their one question in a press conference to ask me about Chavez and then write that I am obsessed with Venezuela. Most of them do not have the patience to study what we are doing at the OAS or in the Summit process to know that we are being good neighbors. If we do not solve a problem single-handedly we are accused of not caring, and if we dare to offer an opinion

about another problem, they accuse us of interfering. It is ironic that in the not-to-distant past, U.S. engagement in the hemisphere was denounced by some as meddling. So I have come to accept the fact that there are those who will find fault with the United States whatever we do.

History and experience have shown everyone how nations can best expand prosperity and secure better lives for their citizens. Open economies and political systems, outward looking trade regimes, and respect for human freedom are the indisputable requirements for a 21st century nation-state. We hardly have to impose that sound model on anyone who wants the very best for his people.

So those who would inveigh against U.S. paternalism or meddling in the Western Hemisphere have lost their essential talking point. I see the dawn of this new century as heralding the end of paternalism in our relations with the region. For those countries seeking to follow this path, we are committed to helping them actively and robustly. If not, then we are under no obligation to subsidize bad decisions.

Many of our friends in the Americas know that our vision works. The problem is, too many of them have had to leave their homes and families to find that out. I was in Miami just a few days ago, and it struck me driving around that fifty miles in every direction from where I was there is a thriving barrio made up of citizens of each of our neighbors in Latin America and the Caribbean. What they found here was a country that met them halfway: that gave them little more than a level playing field and a fighting chance. And they have thrived. And they have prospered. And we are all better off for it. That is what we are working to replicate in every country near and far.

These are the reasons that I am so deeply committed to this country and its President: we offer the world a vision based on the universal aspiration for freedom, the right to define your own future, and the tools to build it.

The Future of United States Policy in Colombia for the Inter-American Dialogue

By
R. Nicholas Burns
Under Secretary of State for Political Affairs

[The following are excerpts of the remarks as prepared for the Inter-American Dialogue, Washington, D.C., August 3, 2005.]

This is my first time addressing the Inter-American Dialogue in my capacity as Under Secretary for Political Affairs at the U.S. Department of State. I appreciate your interest in the region and am interested in hearing your views. We have no better partner in Latin America. Our partnership with Colombia helps advance U.S. interests and defend our shared values. President Uribe is one of our strongest allies, and U.S. support, including strong bipartisan support from the Congress, has been an integral part of our shared success with Colombia. It has enabled the Uribe government to continue to make great strides against narcotraffickers and terrorists, to strengthen Colombia's democracy and to improve the day-to-day lives of Colombia's citizens.

Democratic Security

President Alvaro Uribe is one of a new generation of leaders that include Lagos in Chile, Vazquez in Uruguay, and Lula in Brazil. President Uribe is transforming Colombia by energetically pursuing his vision of a strongly democratic Colombia free from violence, drugs and corruption. In a nation afflicted by over four decades of violence, the Uribe administration has achieved impressive progress on all fronts. In the three years since Uribe came into office, Colombia's security forces have carried out an intensive nationwide campaign against illegal armed groups, and reestablished the government's presence in every one of the country's municipalities, a first in modern Colombian history. Violent crime is at the lowest level in over sixteen years. There has been a sharp decrease in murders, kidnappings and other violent crimes, as well as coca and opium poppy cultivation. The result is a Colombia where its citizens are now able to travel the roads without the constant fear of being kidnapped or killed.

Economy and the Free Trade Agreement

Improved security has produced economic opportunity. Economic opportunity, in turn, empowers the Colombian government and society to expand the areas governed by the rule-of-law. President Uribe's Democratic Security Strategy also had results on the economic front last year:

- The Colombian economy continued its recovery in 2004. Gross domestic product (GDP) growth was approximately 4 percent;
- International monetary fund (IMF) targets for the budget deficit, inflation, and reserves were either met or exceeded;
- Exports and imports increased by over 15 percent;
- Foreign direct investment increased by over 70 percent;
- Though still in double digits, unemployment continues to decline.

These figures are impressive, especially if one considers that this is a nation plagued by four decades of violence. This strong economic track record is a major reason why the U.S. decided to enter into free trade talks with Colombia, along with Peru and Ecuador. Those negotiations are at an advanced stage. U.S. and Colombian agricultural negotiations will resume here next week. Agriculture remains a key difference in the current negotiations. When finalized, this free trade agreement will help solidify the gains of the past years and lead to a long-term growth and development path for Colombia. We are confident that this Free Trade Agreement (FTA) will produce dividends for Colombia well in excess of the benefits currently enjoyed under the *Andean Trade Preference and Drug Eradication Act* (ATPDEA). At the same time, this agreement will open new opportunities for U.S. exporters and investors.

Counternarcotics

Turning to counternarcotics, we see a number of indicators of a successful strategy. Drug crop eradication, narcotics interdiction, and related arrests are at record-high levels. Our work with the Colombian government has reduced coca cultivation by 33 percent since 2001 and poppy cultivation by 65 percent.

Colombia still faces a wide variety of challenges. Despite dramatic progress against the narcotics trade, Colombia remains a major producing and transshipment country. Over 90 percent of the cocaine and 50 percent of the heroin entering the U.S. comes from Colombia. It is also a leading user of precursor chemicals and the focus of significant money laundering activity. The normal problems associated with narcotrafficking are compounded in Colombia by the presence of various armed groups that are at war with the government and each other. The Revolutionary Armed Forces of Colombia (FARC), the United Self Defense Forces of Colombia (AUC), and the National Liberation Army (ELN) are all involved in narcoterrorism. These groups operate in areas where coca and opium poppy cultivation is concentrated. Their involvement in narcotics is a major cause of violence and terrorism in Colombia and a source of funds for the armed groups.

Demobilization & the Justice and Peace Law

Terrorism in Colombia supports and draws resources from the narcotics industry, kidnapping, and extortion. The Colombian government's peace processes with the illegal armed groups are critical to sustained success. An ambitious demobilization effort has already removed over 8,000 paramilitaries from combat since 2003, and many more demobilizations are planned for this year.

On July 22, President Uribe signed into law a legal framework to govern the demobilization of illegal armed groups. The legislation is the result of more than two years of transparent, democratic debate. Colombia's Justice and Peace Law establishes a mechanism that, if implemented vigorously, will help dismantle the criminal structures of demobilized illegal armed groups, provide for peace with justice and permit continued extradition.

Some have argued that the law is not tough enough on members of paramilitary forces. Ultimately, however, the balance between peace and justice is a decision for Colombians to make for themselves. The task before the Colombian government with a little help from its friends is to make it work. I believe it is in the United States' interest to join with our Colombian partners in that effort. But, the Colombian government must implement this law aggressively and with strength of purpose to put the worst of the para-militaries behind bars.

Human Rights

The human rights situation remains an important focus of our Colombia policy. On Monday, Secretary of State Condoleezza Rice determined and certified to Congress that the Colombian Government and Armed Forces are meeting statutory criteria related to human rights and severing ties to paramilitary groups. I briefed the Secretary on my trip and my meetings with President Uribe, key members of his cabinet, including the new Defense Minister and Attorney General, as well as non-government organizations concerned about human rights. I told her that I had received the personal assurances of the Colombian leadership on human rights and their commitment to expedite the most critical cases of human rights abuses. Based on those undertakings and my assessment of the new cabinet members, there was a unanimous recommendation that she make the certification. We recognize that more needs to be done to improve the human rights performance of the Armed Forces. The decision was not easy.

The July 13 recent announcement of indictments in the Arauca case is encouraging, as is the levying of charges against two generals and two colonels by the Inspector General for incidents occurring in San José de Apartadó in 2000-2002. Additionally, Colombian authorities changed the venue for the Mapiripán case (at our urging), and a forty-year sentence is being sought by the prosecution for retired General Uscátegui pending a final verdict.

Colombia has come a long way since 1997, when the Leahy amendment was enacted. Then, when we vetted Colombia's military units, we determined none of those units were eligible for security assistance. Now, over 100 Colombian units are operating without any credible allegations of gross human rights violations and are therefore eligible to receive U.S. security assistance. We made a policy decision to not provide assistance to the 17th Brigade until it deals with the numerous allegations of human rights abuses that have been made against it. At any point we become aware of allegations against Colombian units, those allegations are investigated promptly. We believe that the ongoing U.S. role in vetting and training units of the Colombian military is a positive factor in improving the Colombian military's human rights performance. Again in this area, Colombia must pursue protection of human rights abuses with greater vigor and speed.

Future of U.S. Support

My meetings with the Colombian leadership focused not just on the current relations between our countries, but also on the future of our relationship. Secretary of State Rice, speaking in Bogot April 27, 2005, said it very clearly, "You do not stop in midstream on something that has been very effective." Future U.S. assistance will build on the success Colombians have achieved with our support. We support a follow-on to Plan Colombia.

The Colombian government also recognizes the importance of continuing progress against counternarcotics and counterterrorism, intensifying its efforts to address the deeper causes of Colombian problems while gradually reducing its dependence on outside assistance. The Colombian government is also striving to enhance regional cooperation, both with its neighbors in Latin America and other interested governments in Europe and Asia. These Colombian government efforts will help ensure a continued strong basis of understanding and support within the U.S. Congress.

At the same time, our two countries will remain alert for possible areas of cooperation outside of Colombia's borders, both in the region and internationally. For example, Ambassador Luis Alberto Moreno's election as president of the Inter-American Development Bank will allow us to work together closely on improving the bank's effectiveness in meeting the region's challenges.

At the risk of having appeared too positive, I ask you to consider two questions:

- What are the realistic alternatives?
- What country in Latin America has shown more solid progress?

Alvaro Uribe has transformed Colombia. The discussions and policy differences we are now having are the result of success and our desire to build on that success. The most important phenomenon I encountered in Bogot· is the new sense of optimism that Colombians feel as they debate their future and move forward.

PERSPECTIVES

Academic Attrition in Training Programs: Friend or Foe?

By
Thomas Molloy
Retired from Defense Language Institute English Language Center

As a retired Department of Air Force civilian who was employed at the Defense Language Institute English Language Center (DLIELC), the ideas expressed below are those of the author and do not represent the position of the Air Force or DLIELC. They are based on almost forty years of experience as an instructor and manager in the training field.

Introduction

The purpose of this article is to discuss the dynamics of academic attrition in training programs (TPs). Attrition for non-academic reasons such as health or discipline is excluded from this discussion. The primary target audience for this article is TP managers, field managers who receive the TP output, and anyone who has ever attended a TP.

Virtually every corporate and military TP has course standards, some well defined, others not so well defined. Theoretically, students meet the standards or they are eliminated from the course. As we know, much to the chagrin of the trainers and the field managers receiving the graduates, attrition does not always happen according to this script. Exceptions are made; waivers are granted. Some students who do not fully meet the standards always seem to ooze into the field.

The two most common reasons for exceptions are pressure from the top to keep the rate of attrition (ROA) down and an immediate need for graduates in the field. Forced to pass on students who do not meet the standards, course managers must be inventive. Perhaps the most common stratagem for justifying the graduation of unqualified students is to resort to, what I call, the whole person concept. The theory is that, even though students do not meet course standards, they have some redeeming characteristics that will compensate for their demonstrated lack of technical skill. Course managers search student academic records to mine the following phrases:

- Student consistently displayed an excellent attitude;
- Student completed all assignments;
- Student was very cooperative with his instructors; and
- Student was highly motivated.

These phrases become the justification for shipping technically lackluster graduates to the field. In applying the whole person concept, the question that always begs to be asked is whether good character can compensate for lack of technical skill.

Sometimes applying the whole person concept may actually work to the benefit of the organization. The organization may gain a productive employee who, had the course standards not been waived, would have been lost. However, I submit that, more often than not, the application of the whole person concept is a shortsighted prescription for postponing failure. Personally, I hope the whole person concept is applied only in those instances in which the lack of technical skills can not lead to a disaster. I would prefer that the surgeon wielding the scalpel on me be, not just a good guy, but highly skilled. Applying the whole person concept most frequently results in deferred attrition. That is, attrition that should have taken place in training takes place in the field, where the graduate exhibits his ineptitude. One would think that all organizations everywhere would realize that deferring attrition to the field is an expensive, inefficient alternative to effecting attrition in the

TP. Field managers, both military and corporate, bemoan the practice of passing onto the field inept employees of good character.

There is a price to be paid for passing on inept employees to the field. Employees who do not measure up in the field become parasites, who consume more than they produce. They demand continuous attention from their supervisors and peers and, because of their ineptitude, degrade the cohesiveness and morale of their working units. One alarming phenomenon is that some inept employees, having beaten the system in the TP, develop successful strategies for surviving in the field. Somehow, these employees, whose job performance is marginal at best, manage to beat the system and remain employed despite the fact that everyone knows that their continued employment is detrimental to the organization. They develop immunity to being fired. As I once said about an egregiously inept colleague who managed not only to survive, but to thrive year after year,

To be that stupid and keep your job, you have to be smart.

Egalitarianism versus Attrition

Typically, and especially in our culture, a TP with a high ROA is considered problematic and a TP with a very low ROA is considered a success. I theorize that this paradigm is partially rooted in the dogma of egalitarianism that pervades the United States educational establishment. The basic tenet of this dogma is that all men are literally created equal. Differences in individual achievement, which most of us believe at least partially reflect differences in intellect and talent, are attributed by the egalitarians solely to differences in opportunity. To ascribe distinctive achievement to individual talent is considered elitist. Elitism is the cardinal sin because it is the supreme affront to egalitarian orthodoxy.

Of course, one would have to have blinders on not to realize that, in our society, some individuals have greater opportunity than others. Differences in opportunity certainly do confer advantages to some over others. Nevertheless, innate ability is a major factor in an individual's ability to achieve. We can all recount anecdotes of individuals of humble origin who achieved great success in life. The brutal fact is that innate ability opens doors to some and closes doors to others. Yet, as had been pointed out, innate ability, i.e., elitism is anathema to the egalitarian gospel.

One of the corollaries of egalitarianism is that, given the opportunity to compete on an equal footing, anyone who tries hard enough can aspire to any profession. Recently, politicians of both parties have been advocating universal college education. The idea seems to be that, if going to college is good for anyone, then it is good for everyone. Having had experience working with recent college graduates who are borderline illiterate and innumerate, I can not imagine how much lower standards will have to sink to accommodate everybody. We have already reached the point that a master's degree is not a guarantee of literacy. One of my favorite rejoinders came from an earnest young new employee who had written comments on the academic record of a student. They were written in some kind of Pidgin, a form of English devoid of standard grammar and syntax. I explained to the woman that she had a literacy problem and we were going to have to let her go. She huffily replied, "I majored in education, not literacy." Well, shut my mouth!

Individuals who try hard and still do not succeed achieve victim status, a status that, among the egalitarians, is akin to sainthood. By definition, in egalitarian orthodoxy, lack of success is attributable to some nefarious external influence, never to a lack of innate ability. Ergo, attrition is inherently unfair and an intolerable form of elitism.

If we accept egalitarianism at face value, we can conclude, all other things being equal, individuals with an IQ of 70 have the same chance of being a brain surgeon as individuals with an IQ of 149. This is a situation in which myth clashes with reality and myth, in the eyes of most observers, loses. Fortunately, I do not believe you will find a single brain surgeon with an IQ of 70. Being a brain surgeon, quite appropriately, requires lots of brain cells. Brain surgeons are a rather and here comes that really dirty word in the egalitarian lexicon, elite group.

With respect to TPs, our cultural baggage leads us to believe that, when a TP eliminates a student from training, it is the TP, not the student that is at fault. A TP with very low ROA is commonly regarded as a triumph and one with very high ROA is regarded as in need of repair. Training managers are lauded for a low ROA, but very rarely get rewarded for a high ROA. A training manager who boasted to his boss that he tripled the ROA would ipso facto be considered a lunatic. In fact, there are circumstances in which tripling the ROA would be most salubrious for a TP. The fact is that a low ROA frequently indicates that there are costly inefficiencies. Attrition, when properly understood and applied, is often a positive phenomenon that brings great benefits to the organization.

Because in our society a training program with a low ROA is generally, and frequently erroneously, regarded as a triumph, I am going to focus on the possible ill effects of a low ROA and on a systematic approach to deliberately raise the ROA for the benefit of the organization. I will not attempt to address those problems that may be associated with a high ROA.

Course Standards

Before continuing our discussion of ROA, it is necessary to briefly discuss the concept of course standards. In the ideal world, all other things being equal, attrition is a function of course standards. Students meeting course standards graduate; students not meeting them are eliminated from training. Course standards, in turn, given equal quality of instruction, are a function of three variables:

- Volume of course content (V),
- Difficulty of course content (D), and
- Time (T) allotted to learn the content.

Manipulating these variables can either increase or decrease the ROA. It can readily be seen that, all other things being equal, increasing the V and/or D while holding the T constant, would tend to increase the ROA. Conversely, reducing the T while holding the V and/or D constant would also tend to increase the ROA.

Low ROA

All other things being equal, a very low ROA most frequently indicates one of the following situations:

- Standards are too low;
- Standards are not being enforced;
- The V is too small;
- The D is too low;
- The T is excessive; or
- A combination of some or all of the above

Note that none of the variables accounting for very low ROA is a positive phenomenon. Very few training managers would brag to their bosses that the course was not sufficiently rigorous, there was too little course content, too little was taught in too much time, or course standards were not being enforced. The logical conundrum is that, despite the negative factors that account for a very low ROA, a very low ROA is generally regarded as a positive phenomenon. Go figure.

The astute reader is chafing to tell me that I left out one positive variable that frequently accounts for very low ROA. What about the situation in which there is, what I call, an ideal student population? That is, all of the students are hand-picked and exceptionally bright. Such an idyllic situation would justify a very low ROA, would not it? In response, I would say that it could indeed, but I submit that, even with an ideal student population, a very low ROA is often not a positive phenomenon. It is frequently the case that a manipulation of the C, D and T variables yields benefits to the organization that outweigh the ensuing increase in ROA. Let us take the hypothetical case of an ideal student population that has an ROA of zero. Let us assume that the T is twenty weeks. Now let us manipulate the variables. What if we were to cut the T to fifteen weeks with an ensuing attrition rate of 10 percent? Or, what if we were, in consultation with field managers, to increase the D and/or V with an

ensuing attrition rate of 10 percent? In this hypothetical case, I suspect that a cost-benefits analysis might show that the reduction of five weeks of training time might more than offset the loss of 10 percent of the student population. I suspect that a cost-benefits analysis would also show that the overall higher skill level of the graduates resulting from an increase in the D and/or V would more than offset the 10 percent loss. Manipulation of the T, D, and V variables can bring great benefits to both the TP and the field activity that receives the graduates.

To a trained nose, a very low ROA in TPs, especially those not blessed with an ideal student population, smells suspect. A very low ROA should be a loud wake-up call for training managers to examine the health of their TPs. It signals that it is probably time to manipulate the T, V, and D variables to achieve results that best serve the interests of the organization. A manipulation of these variables can produce more highly skilled graduates by eliminating the inefficiencies inherent in an ailing TP afflicted with a very low ROA. Alternatively, the manipulation of variables can produce graduates with the same skills in less time. At the expense of a slightly elevated ROA, the typical graduate can finish the course in less time with greater skills. The more one constricts the T and raises the V and D, the greater the ROA and the more elite the group of graduates. Of course, there eventually comes an ROA that renders elitism cost-ineffective. Just how much elitism is desirable is hypothetically a question of cost-effectiveness as well as organizational priorities. In reality, despite the gripes of training and field mangers, what constitutes an acceptable ROA is sometimes more a question of organizational politics than of cost-effectiveness.

Lack of Enforcement of Standards

Very frequently there is a very simple explanation for a very low ROA: lack of enforcement of standards. The lack of enforcement is a pernicious phenomenon that significantly degrades not only the TP, but also organizational credibility. Listed below are some of the negative effects caused by a lack of enforcement of standards:

- Students failing to meet standards tend to pollute the learning environment, they envy their more gifted peers and try to drag them down to their level.
- The TP's seriousness of purpose is called into question. When students and instructors see that standards are not enforced, they become cynical and cynicism is the antithesis of morale.
- Slow learners tend to disproportionately soak up instructor time; time that would be more effectively and efficiently devoted to more able students.
- Unqualified graduates are passed on to the field, where they absorb the time of their supervisors and peers out of all proportion to their value to the organization. They become a disruptive nuisance, lowering the esprit de corps of their more productive colleagues. Fortunately, many of these individuals are, albeit belatedly, eliminated in the field. Unfortunately, some of them develop sophisticated coping skills and manage, to the detriment of the organization, to survive until retirement.
- Retention of students failing to meet standards is toxic to instructors. Having to devote disproportionate time and effort to non-learners drains the enthusiasm of the instructors, rendering them less effective, even for the learners.

Summary

In summary, although our culture tends to regard a training program with a low rate of attrition as a success, the fact is that a low ROA often indicates that the TP is inefficient. Manipulating the time, volume, and difficulty can establish a balance between the ROA and higher standards that best serves the interests of the organization. A certain degree of elitism and the concomitant attrition are necessary to ensure training programs function efficiently, providing qualified graduates for the field.

About the Author

Thomas Molloy is retired DAFC. He spent almost thirty-eight 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 the 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 English Language Training consulting work in twenty countries and for seven major corporations. He is fluent in Turkish.

SECURITY ASSISTANCE COMMUNITY

International Military Training Solidifies Global Relationships

By
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[The following is a reprint from the Fort Sam Houston News Leader, Volume 37, No. 29, July 21, 2005. We thank the Fort Sam Houston News Leader for allowing us to reprint the article. To read the News Leader in its entirety please go to the following web site: http://www.primetimenewspapers.com/military/ftsam.html.]

Training is an integral part of the United States Army mission, and Fort Sam Huston units conduct a great amount of training. What makes this Army post's training mission even more unique is its international military training.

Every year hundreds of military and civilian students from more than seventy-five countries come to the Army Medical Department Center and School at Fort Sam Huston, Texas, to gain valuable training in their respective career fields.

Students' ranks vary from privates to general officers. Many of the students trained at Army Medical Department Center and School (AMEDDC&S) are now senior officers in highly ranked governmental positions is strategic countries.

"The new surgeon generals from Afghanistan and Iraq, as well as other key members of the international military medical community are among students trained at AMEDC&S," said Oscar Ramos-Rivera, chief AMEDDC&S International Military Student Office.

The AMEDDC&S international training program falls under the Department of Defense Joint Security Assistance Training Program, which is designed to strengthen U.S. alliances globally and create new relationships with international partners. The international training is funded either through the foreign military sales (FMS), under which the country pays for training, or through international military education training (IMET) program for which the U.S. either pays or augments training costs with congressionally appropriated funds to support operations such as counter narcotics and counter terrorism.

"The Department of State and the Department of Defense execute this program to foster relationships with individual countries as part of our national security strategy," said Ramos-Rivera. "Our mission has allowed us to build and maintain skilled coalition partners and affords many future leaders the opportunity to understand our military values. The long-term effect will be for people to remain in contact with U.S. counterparts."

The AMEDDC&S mission is to train, sustain and evaluate U.S. and international military health care personnel of all Department of Defense branches and allied countries so they can ensure optional health and readiness of America's military forces and its coalition partners anytime, anywhere.

"The world is getting much smaller today, so establishing relationships with other people in this small world is important," said William Lesjak, associate dean, Academy of Health Sciences. "We have the privilege of conducting medical training and give key leaders and troops of other countries the opportunity to experience our culture. In a war setting, established relationships and a common link are important."

U.S. Soldiers train alongside of old allies, Britain, Australia and Canada, as well as newly acquired friends from Kyrgyzstan, Slovenia, and Slovakia.

"My country is a young country, so we have to learn a lot," and Kyrgyzstan Lieutenant Colonel Amanbay Matisakov, who is attending the AMEED Officer Advanced Course for Medical Logistics. "American Army and Soldiers have a lot of experience. The U.S. is the most modern and powerful Army in the world, so it is good to learn from them."

While the students learn a great deal during their training at AMEDDC&S, they also contribute quite a bit to its mission. Many of the students are experts in their specialties. They are educators, publishers, instructors and deans of their respective countries' military academics. Some conduct extensive research and have written articles for AMEDD Journal - a quarterly publication geared toward the medical community worldwide.

With two deployments to East Timor and the Salomon Islands, and having taught medical logistics courses in Australia, Captain Kate Elphick, a pharmacist, has shared with American Soldiers how Australians perform their job in Australia and in the field. "My course (health services materiel officers' course) will give me skills to work in a coalition force," said Elphick. "The purpose of my course is to experience the U.S. Army's medical logistics system and to give me objectivity as a student and when making decisions back home or out in the field. Right now, it is a good time to be here because we have coalition forces in Iraq."

Of more than 200 courses available at AMEDDC&S, 67 are offered to the international students. Most popular courses are combat medic, preventive medicine specialist and officer leadership courses.

"The preventive medicine training brings theory and practice together, and it will be invaluable when we are deployed," said Sgt. 1st Class Sve Jagers, an occupational health nurse in the Royal Netherlands Air Force. "People over here have a lot of experience. One of my instructors is the instructor of the year. When we will deploy and will work with Americans, we will know what you do, so all preventive medicine experts will be able to work together."

"I am here for the preventive medicine course because I may be going to my country's Army Medical School to teach, so it is going to be a valuable tool," said Korean Major Tackyu Hwang, an army orthopedic surgeon. "I am a clinician, and the function of clinical medicine is to maintain strength of the military, but preventive medicine is necessary nowadays because it helps prevent illnesses such as malaria, which is a big problem in South Korea."

The U.S. Army deploys a great number of troops to South Korea annually. "I think by attending this course, I can also help my fellow U.S. classmates understand our culture and way of life should they come to Korea for a tour of duty or for assisting with a national emergency," said Hwang. "We are exchanging quality knowledge."

The foreign students are not the only ones benefiting from this interaction. These courses are a great opportunity for some U.S. soldiers who have never set foot outside the continental U.S. to become familiar with other cultures and gain indispensable skills for future assignments.

"It is good to interact with military members of other countries," said Private Casey Cummings, Kansas National guard. "I am in class with a St. Lucian soldier. I am learning from him and becoming familiar with how things are done in St. Lucia should there be a tropical storm, for example, and we need to help." "What I like is you get to interact with the international students while you are training instead of being in the real-world action and not understanding each others' way of doing things," said Pfc. Dawn Rossi, an operating room specialist with 28th Infantry, Johnstown, Pennsylvania, while in training with a Jamaican lab specialist. "We are learning their ways in their military."

The annual student load has been going up since September 11, 2001 because of the Global War on Terrorism. "My training will enhance my skills and expose me to more sophisticated medical equipment," said Captain Jupiter Dolloso, Philippines Army, attending an observation course for trauma surgeons. "Here I am exposed to field work and also to forward support group skills which

will also help me in my country in our ongoing fight against terrorist group, Aub Sayyaf, a militant group based in Southern Philippines which is linked to al Qaeda."

The U.S. Army training at AMEDDC&S is vital to prevailing against forces and reaching out for a global partnership consistent with the center's mission to "conserve fighting strength." "Training in the medical arena plays a key role in the Global War on Terrorism and provides common levels of skills from basic to advanced," said Lesjak. "Whether it is helping a mother give birth in a refugee tent, a sick child or a wounded soldier, regardless of nationality, proper medical training pays great dividends to the U.S. and its allies."

EDUCATION AND TRAINING

Important Passport Security Enhancement: No Amendments

[The following is a reprint of the Media Note from the Office of the Spokesman, Washington, D.C., September 19, 2005.]

Effective September 26, 2005, as an additional security enhancement, Passport Services will no longer amend valid passports. Instead, customers requesting name changes, extension of validity for limited passports, or correction of a printing error will apply for replacement passports.

If the change is within one year after issuance, they will submit a U.S. Passport Re-Application Form (DS 5504), together with the passport that needs the change, the documentation required, and new passport pictures. There will be no charge for routine processing.

If the change is more than one year after issuance, customers will need to submit an Application for Passport By Mail (DS-82), together with the passport that needs the change, the documentation required, and new pictures. The cost includes the $55 application fee and $12 security surcharge, for a total of $67 for routine processing. Of course, if the requested data change is due to a printing error by Passport Services, there will be no charge.

Those only needing to add visa pages to their passports will submit an Application for Additional Visa Pages (DS-4085). This service is always free of charge when routine.

If expedited service is requested for any of these changes, except an error by Passport Services, there will be an additional charge of $60 per application. The purchase of two-way overnight delivery remains optional but is recommended if time is short.

All of these forms will be available online at the following web site: travel.state.gov. The Passport Amendment/Validation Form (DS-19), previously used to amend passports, will no longer be valid. For more information on applying for a U.S. passport, forms, and a wealth of other international travel information, please visit our web site at: travel.state.gov.

The Defense Institute of Security Assistance Management Returns to Romania After Nine Years!

By

Aaron M. Prince

Defense Institute of Security Assistance Management

October 2005, the Defense Institute of Security Assistance Management (DISAM) successfully returned to Romania more than nine years after initially introducing United States Security Assistance Programs to the country's Ministry of National Defense in 1996.

Photo by Mr. Frank Campanell

The Palace of the National Military Center proudly flying the Romanian Flag.

DISAM, in cooperation with the Romanian Ministry of National Defense (RO MoND) and the U.S. Office of Defense Cooperation in Bucharest (ODC Bucharest), conducted several mobile education and training (MET) seminars. The classes focused on current U.S. policy and procedures of Security Cooperation Programs available to the RO MoND both in regards to procuring and sustaining U.S. defense articles as well as services. All of the DISAM MET events were held in Bucharest, the capital city of Romania.

Romania, with its strategic location and status as the largest, most populous country in its region, has been and continues to be a major contributor to stability in Southeast Europe and other parts of the world. Romania joined the North Atlantic Treaty Organization (NATO) in the March of 2004 and has actively supported the United States and NATO through significant participation in the allied military presence in Bosnia and Kosovo, in Afghanistan as part of *Operation Enduring Freedom*, and in Iraq as part of *Operation Iraqi Freedom*.

Working closely with the Romanian Ministry of National Defense, the Office of Defense Cooperation in Bucharest plays a major role in balancing and supporting the needs of the RO MoND while adhering to U.S. foreign policy objectives. Security cooperation activities within ODC

Bucharest are designed to build upon an already extraordinary defense relationship between Romania and the United States. They are designed to develop high leverage Romanian military capabilities that are modern, professional, deployable and affordable as well as interoperable with U.S. forces and NATO forces. Furthermore, they are designed to provide U.S. forces with peacetime and contingency access as well as in route infrastructure. The ODC in Bucharest is also working to increase the scope of the training program by including more Expanded-International Military Education and Training (E-IMET) courses. As a result, this can lead to additional representatives being trained from all ministries involved in Romanian national defense thus helping to spur their reform and transformation process.

With the purpose of furthering these objectives, DISAM was invited by the Romanian Ministry of National Defense in coordination with ODC Bucharest to return to Romania with the goal of educating current executives and managers of RO MoND and its military in present day U.S. policies, procedures and programs available through various U.S. State Department Security Cooperation programs. Specific Security Cooperation programs to be addressed included Foreign Military Sales (FMS), Foreign Military Financing (FMF) and International Military Education and Training (IMET) programs. DISAM, eager to meet the challenge, simultaneously conducted three separate MET courses during a two week period. The courses were directed to Senior Foreign Purchaser Executives, Foreign Purchaser Managers and those involved with Training Management functions within the RO MoND. The knowledge exchanged between students and instructors during DISAM's stay in Romania proved to be extremely meaningful and well received by both sides.

The DISAM Romanian MET was lead by Ms. Virginia Caudill, Director of Management Studies at DISAM. Additional instructors from DISAM were Mr. Robert Hanseman, Mr. Frank Campanell, Mr. Donald McCormick and Mr. Aaron Prince. The team also was enhanced by the inclusion of Mr. Ronald Elliott from the Naval Education and Training Security Assistance Field Activity (NETSAFA).

The first week of training consisted of two DISAM courses which ran consecutively; the Security Assistance Management Executive Foreign Purchaser Planning and Resource Management course (SAM-FE) as well as the Security Assistance Management Foreign Purchaser Planning and Resource Management course (SAM-F). Both of these courses were taught at The Palace of the National Military Center in Bucharest. The second week of instruction continued the SAM-F course with the addition of the DISAM Security Assistance Management International Training Management course (SAM-IT). The SAM-IT course was conducted across the city in the Human Resources Management Directorate (HRMD) at the Romanian Ministry of National Defense.

Beginning Monday, October 10, 2005, the SAM-F course commenced with an opening ceremony and welcoming remarks by Mr. Dragoș Gabriel Ghercioiu, Advisor to the Secretary of State from the Romania Ministry of National Defense, Department for Defense Policy and Ms. Virginia Caudill of DISAM. The course lasted a full two weeks and was attended by thirty-three students who are directly involved in the functions and management of Romania's military international sales program. The curriculum included planning and resource processes for requirements generation, budgeting, acquisition and sustainment within a security cooperation relationship with the United States. This course was presented at a detailed level demonstrating how to manage and carry out day to day responsibilities. Among the specific topics discussed were:

- FMS process,
- Logistics support,
- Requisition processing,
- Transportation,
- Financial management, and
- Information gathering through the Security Cooperation Information Portal (SCIP).

Photo by Mr. Frank Campanell

Graduates of the SAM-F course.

The course also included several real world exercises for the students to complete. Furthermore, Lieutenant Colonel Michael Hawn, Deputy Chief of ODC Bucharest, presented the class with an overview of the ODC office and their responsibilities. The course ended the following Friday with closing remarks by Ms. Monica Mirela Malcoci, Deputy Director of the Defense Integrated Planning Directorate for RO MoND and distinguished alumni of the DISAM SAM-F March 2005 resident course. Presentation of student diplomas were made by Ms. Monica Malcoci, Ms. Virginia Caudill and Mr. Robert Hanseman with the assistance of Ms. Anca Ionescu from the ODC Bucharest office.

The SAM-FE course began Tuesday, October 11, 2005 with an opening ceremony conducted by Mr. Dragoș Gabriel Ghercioiu. Opening remarks were given by Mr. Dragoș Gabriel Ghercioiu and Ms. Virginia Caudill. The eight students attending this class consisted of senior military and civilian leaders of the RO MoND involved in the oversight, integration and management of the security cooperation and defense sales processes for Romania. The focus of the SAM-FE course dealt with

Photo by Mr. Donald McCormick

SAM-F Graduation with DISAM Instructors handing out diplomas.

Photo by Mr. Frank Campanell

Advisor to the Secretary of State from the Romania Ministry of National Defense, Department for Defense Policy opening the SAM-FE course.

addressing the legal requirements and processes for FMS and foreign military financing (FMF) in order to incorporate Romania's defense requirements into the U.S. FMS system for effective planning and program management. Other topics of discussion included overviews of FMS and FMF acquisition rules within U.S. DoD procedures, logistics and sustainment support, and financial management of international military sales. The three day course concluded on Thursday with a graduation ceremony, presentation of student diplomas, and remarks by Ms. Virginia Caudill.

Photo by Mr. Frank Campanell

Graduates of the SAM-FE course.

Finally, the SAM-IT course began the second week on Tuesday, October 18, 2005, with an opening ceremony headed by Commander Ene Enache, Deputy Director of the Human Resources Management Directorate for the Romanian Ministry of National Defense. Welcoming remarks were made by Commander Enache and Mr. Aaron Prince of DISAM. The SAM-IT course was attended by various military officers of Romania's Human Resources Management Directorate as well as Romania's Military Department Staffs. The course centered on how to effectively manage a Training Program established with the United States Military through:

- International Military Education and Training;
- Foreign Military Sales;
- Foreign Military Financing; and
- Other programs associated with the U.S. Department of Defense and Security Cooperation.

Topics covered during the class included developing and managing a successful Training Program, Student Administration as well as Automation Tools available to the Training Manager. Students were given access to the International Security Assistance Network (I-SAN) and shown how to use the International Training Management System (I-TMS) computer program (developed at DISAM). Students, through hands-on computer use, learned how to operate I-TMS in conjunction with the I-SAN allowing them to view the *Standardized Training List* (STL) containing the most up-to-date training programs, to include Security Cooperation Programs, Counter Terrorism Fellowship Programs, and Air Force Aviation Leadership Programs, among others, which are scheduled with the various U.S. Military Services. In addition, students learned how to use the I-TMS program to search through the *Training Military Articles and Services Listing* (MASL) finding information on courses offered to foreign countries by the U.S. Military Services. The RO MoND Training Managers, now empowered with the most current status of their training program and the ability to research course

information on their own, can make effective and timely decisions concerning their training program while enhancing the working relationship between the RO MoND and ODC Bucharest. Other automation tools designed to aid the training manager in the performance their job were presented to the class included:

- International Training Management web site;
- International Security Assistance Network Web (I-SAN Web); and
- DISAM's International Military Student Pre-Departure Briefing CD.

The course ended on Friday, October 21, 2005 with a graduation ceremony, distribution of student diplomas and commencement addresses by Commander Enache and Mr. Aaron Prince.

Photo by Mr. Ronald Elliott

SAM-IT Graduates with Deputy Director of the Human Resources Management Directorate for the Romania Ministry of National Defense and DISAM Instructors.

The DISAM MET was not all work and no play. In addition to conducting the various training courses, team members were able to experience some of the incredible sights and sounds that Romania and Bucharest has to offer. If you find yourself lucky enough to have the opportunity to visit this great country, some of the highlights it has to offer are:

- First and foremost the very warm and friendly people of Romania;
- The beautiful Peleș Castle, summer residence of King Carol I, started in 1873;
- Pelișor Castle, a separate castle for King Carol's nephew and his wife;
- Bran Castle in Transylvania, built in 1382 for defense against the Turks;
- The Romanian Athenaeum which houses the "George Enescu" Philharmonic Orchestra;
- The Bucharest National Opera House, where we saw the opera "Nabucco";
- Palace of Parliament, the world's second largest building in terms of surface area built by Romania's former communist leader Nicolae Ceaușescu;
- Museum of the Romanian Peasant displaying Romania's largest collection of folklore treasures; and
- A multitude of fabulous restaurants and coffee houses in which to socialize.

Photo by Mr. Aaron Prince

Peleș Castle

Photo by Mr. Frank Campanell

A representative from the Office of Defense Cooperation in Bucharest and DISAM Instructors touring the National Military Center in Bucharest.

Photo by Mr. Frank Campanell

Romanian Athenaeum, home to the "George Enescu" Philharmonic Orchestra.

DISAM would like to extend our appreciation to the ODC Bucharest office for their assistance during our stay in Romania. In particular, DISAM would like to acknowledge Ms. Anca Ionescu, Foreign Service National, Program Assistant, FMF and MET Coordinator for ODC Bucharest, as well as a Distinguished Alumni of DISAM's resident SAM-F course, March 2005, for her phenomenal work in supporting this mission. The enormous success of the DISAM Romania MET was due, in a large part, to the extraordinary efforts and professionalism displayed by Ms. Ionescu. She single-handedly coordinated all of the requirements needed for this training opportunity to take place; working as liaison between RO MoND, DISAM, Defense Security Cooperation Agency (DSCA), Air Force Security Assistance Training Squadron (AFSAT) and other government organizations, overseeing the creation and signing of the Letter of Agreement (LOA), obtaining FMF funding, scheduling classrooms and equipment, handling shipment of course materials, hotel reservations and travel arrangements for team members plus many other essential tasks. She also ensured that she was present for the beginning of each course of instruction and at the closing ceremonies. A special thank-you goes to Ms. Anca Ionescu from the DISAM team.

Furthermore, DISAM commends all of the graduates of the SAM-FE, SAM-F and SAM-IT courses taught during this MET. Each student was professional, eager to learn and quickly grasped the concepts taught during the courses. All are highly deserving of their DISAM Diploma and acceptance into the DISAM family. With any luck, it will not be another nine years before DISAM has the opportunity to return to the magnificent country of Romania, its people, the professionals of the Romanian Ministry of National Defense and ODC Bucharest. Thank-you for a unique and very rewarding experience.

About the Author

Mr. Aaron M. Prince is an instructor at the Defense Institute of Security Assistance Management and one of the programmers for the Training Management System software. He has been at DISAM since February 2001 and a civilian employee of the U.S. Department of Defense since 1990. He has a Bachelor of Science Degree in Marketing from Miami University in Oxford, Ohio.

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[The following are excerpts of the Defense Security Cooperation Agency (DSCA) quarterly newsletter, Defense Security Cooperation Agency Partners, Volume 1, Issue 2. To view the DSCA newsletter in its entirety go the DSCA's homepage at: http://www.dsca.mil/.]

Comments from the Defense Security Cooperation Agency Director

By

Lieutenant General Jeffery Kohler

As I travel throughout the community, the dedication and commitment of our team to the security cooperation mission is obvious. Everyone is working hard and together on all professional levels to respond quickly and effectively to a host of ever evolving tasks and missions.

The military departments, combatant commands, security assistance offices, regional centers and DSCA all play vital roles in the security cooperation community. The engagement of our friends and allies in coalition and cooperative efforts through military-to-military programs, International Military Education and Training (IMET), Excess Defense Articles (EDA), Foreign Military Financing (FMF), Foreign Military Sales (FMS), Counter Terrorism Training Fellowship Programs, the Regional Centers and more all contribute to our community's success.

For fiscal year 2005, our overall FMS totaled $10.6 billion. For the first time in the last four years non-$36 billion sales accounted for over half of sales. Forty percent of our major sales requiring notification included aircraft modernization, support and maintenance programs. We also experienced a surge in Humanitarian Assistance. Most notable are the responses to the Tsunami in South East Asia, Hurricane Katrina at home, and now the tragedy in Pakistan. We continued to focus our security cooperation programs and projects on helping our allies and friends Build Partnership Capacity. By developing and honing basic military skills and doctrine, our international partners will become more effective coalition forces, capable of fighting terrorism and instability within their own borders and partnering with the United States when necessary.

We must continue building these partnerships with our friends and allies in ways that strengthen their independent and regional security objectives as well as enhance interoperability during current and future coalition operations. Ongoing coalition operations in Afghanistan and Iraq illustrate how basic equipment and training are making the difference, where most of the needs do not entail big-ticket items but basic items required to fight a war.

The security cooperation community executes a wide array of defense initiatives. While the impact of what we do as a whole is visible, the independent contributions of the individual organizations are often not so obvious. Each component within this complex structure helps build the capabilities and cooperative relationships that support Department of Defense's goals and objectives in over 190 countries and organizations around the world.

It is important that we communicate that story inside and outside of the security cooperation community. We are expanding the focus of Partners to include a section titled "Around the Community." This will allow us to present a snapshot of your contributions to the security cooperation mission. This issue focuses on the Security Cooperation Information Portal, the Defense Institute of International Legal Studies and C4ISR.

Whether it's helping with the regional centers' transition, developing robust knowledge portals, equipping partners, providing specialized training or working through radical changes in the budget process, the security cooperation community is aggressively moving forward at a remarkable pace. It is through the combined efforts of the entire community that we will continue to achieve success. Keep up the hard work. Thanks for your dedication.

Defense Institute of International Legal Studies Breaks New Ground in Afghanistan: United States Legal Experts Help Develop Code of Military Justice in Kabul

By
C. E. Taylor

Working with the Afghanistan Ministry of Defense and General Staff lawyers in Kabul, instructors from the Defense Institute of International Legal Studies (DIILS) broke new ground by finalizing revisions to a draft Afghan Code of Military Justice (ACMJ) in August.

"The objective of this mission was not to teach, but leave behind a bedrock document that would have positive ramifications far into the future," according to Captain Chris Martin, DIILS instructor. "We conducted two military justice working groups: one focusing on procedural aspects of the ACMJ; and the second focusing on punitive articles," he said. The punitive articles revisions were especially challenging, due to the Afghans' unfamiliarity with the translated excerpts of the United States Uniform Code of Military Justice provided to them months earlier. For the July-August session, the team began revising a translation of the old Soviet-era military justice code, and then added punitive articles as needed. According to Martin, this proved to be more acceptable to the Afghans, who had an inherent understanding of their former system. The DIILS team accomplished its primary mission by completing draft versions of the procedural and punitive sections of the ACMJ by their 10 August 2005 departure. During their next session, they hope to test this new system by conducting two to three weeks of judges' training and mock trials.

This training was one of a number of significant education events held with the Afghan Ministry of Defense (MoD) and General Staff lawyers this year, and is part of a larger, on-going, security cooperation initiative requiring DIILS instruction throughout the year.

Walter Munroe, DIILS academic director, expects the demand for DIILS training in Afghanistan to continue to grow. In May 2005, DIILS completed a legal seminar in Kabul involving more than fifty military and civilian Afghan leaders focusing on Fiscal, Procurement and Environmental Law. This two-day event, in coordination with the Office of Military Cooperation–Afghanistan (OMC-A), was designed to educate the Afghan legal staffs in the core competencies essential to their daily legal functions. During the next two days, the working group reviewed laws with senior Afghan leaders, including the Judge Advocate General and Deputy Judge Advocate General of the Afghan National Army.

According to Munroe, the Afghans asked for United States help with building support within the MoD for the draft of their national procurement law and its MoD supplement. DIILS, located in Newport, Rhode Island, is currently scheduled to deploy its mobile training teams to Kabul a few more times this year.

DIILS is a joint agency activity reporting directly to the Director of the Defense Security Cooperation Agency. The organization is a major part of the Expanded International Military Education and Training Program, using mobile education teams and resident courses to focus on legal topics relating to the rule of law. The working group reviewed laws with senior Afghan leaders, including the Judge Advocate General and Deputy Judge Advocate General of the Afghan National Army.

New Automation Tool Enhances Transaction Capabilities

By
Tom Sippel

The Security Cooperation Information Portal (SCIP) is one of the latest automation tools available to the security cooperation community. The SCIP was originally envisioned as a "portal" product, providing Military Standard Requisitioning and Issue Procedures (MILSTRIP) transaction input capabilities, allowing users to query consolidated case, case line, requisition and supply discrepancy report information extracted daily from the Defense Security Assistance Management System (DSAMS) and Army, Navy and Air Force legacy systems.

Enhancements were made over the past two years in order to broaden its appeal to a larger constituency. In addition to the original case information community, a second community, the Security Assistance Officer (SAO) Toolbox Community, was specifically developed for daily SAO and combatant command (COCOM) use.

The two major features of the SAO toolbox are the selective proxy feature and the End Use Monitoring (EUM) application. The selective proxy feature allows authorized Department of Defense military and civilian personnel, and other U.S. government employees, such as Foreign Service Nationals (FSNs), to access selective .mil sites normally restricted from use by users with non- .mil accounts. The proxy feature is selective, in that any .mil web site made available through SCIP must be approved by DSCA and the Defense Information Systems Agency (DISA) Headquarters organizations before it can be loaded into the SCIP production environment's access control list.

The EUM application was developed to provide a secure, centralized, internet-based product, which would provide both SAO, COCOM, and international customer users with a common standard methodology for performing inventories of items requiring EUM or Enhanced EUM reporting. Material acquired through grant programs, and certain material obtained through Foreign Military Sales (FMS) programs or Cooperative Production programs require a confirmed visual inventory, at the item serial number level, on a periodic basis.

Using extracts from the DSAMS and DSCA 1000 systems, and information gleaned from manufacturer records, as well as previous in-country inspections and delivery records, the EUM Program Management (PM) office at DSCA Headquarters incrementally populates the SCIP EUM database with item-level detail on the various defense articles included under this program.

Based on planned and delinquent inventory reports, the in-country U.S. government representative can perform required inventories and interactively update the respective inventory records in SCIP. In addition, the DSCA EUM program manager will be able to programmatically establish inventory inspection frequencies, and readily monitor compliance with the required inventories.

To obtain your SCIP account, or to receive more information concerning SCIP Case Information and/or the SAO Toolbox features, please feel free to contact the following e-mail address: sciphelp@dsadc.dsca.mil.

Why International Military Education and Training? Cooperation Training Helps Operation Iraqi Freedom Partners

By
C. E. Taylor and Jose Ibarra

Training is the foundation on which all modern militaries are built. The importance of good professional military education and training is most appreciated during times of conflict. Soldiers from El Salvador understand its value, and their participation in International Military Education and Training (IMET) programs is making a difference. Since August 2003 the country has deployed more than 1,800 troops in support of Operation Iraqi Freedom. The Salvadoran Armed Forces (ESAF) consist of approximately 12,500 soldiers. Since 1995, under the IMET program, 1,726 ESAF members have received some form of U.S. military training. Half of the officers and a quarter of the non-commissioned officers from El Salvador's latest deployment to Iraq were trained by the United States.

Last year 2004, Defense Secretary Donald H. Rumsfeld pinned the Bronze Star Medal on six members of the Cuscatlan Battalion for heroism under fire in Iraq. Their efforts saved the lives of six Coalition Provisional authority workers who were ambushed during a convoy.

ESAF also buys United States military training through the Foreign Military Sales (FMS) program. Recently El Salvador implemented a training case for ESAF members to attend a HMMWV driver's obstacle course designed to hone their driving skills before their next deployment to Iraq.

El Salvador is a democratic country with a historically close relationship with the United States; overall relations have flourished with the civilian government since the end of the country's twelve-year civil war in 1992.

Training is geared towards professional military education programs designed to sustain the dramatic improvements in civil-military relations. Officer training at all levels, including command and staff colleges, and courses in civil-military relations and democratic sustainment reinforces the principles of civilian control of the military and respect for human rights.

International military education and training and foreign military financing funded training in counternarcotics operations, resource management, logistics, and equipment maintenance provides the tools to professionalize and modernize the Salvadoran military. This training also encourages the ESAF to continue its cooperation with U.S. counternarcotics efforts.

During OIF deployments, the ESAF participated in over 110 reconstruction projects involving schools, clinics, bridges and polling stations valued at over $4.6 million. U.S. military training funded by IMET and other programs are at the forefront of the coalition building equation by providing the means to create military-to-military relationships.

Supporters of IMET understand that coalition building does not happen overnight; it is an on-going process the results of which sometimes takes years to develop. Friends and allies trained through these programs understand the way the U.S. does business. They become familiar with U.S. military language, doctrine, and principles, all key elements when working together.

Gluing Things Together: The Defense Security Cooperation Agency Brings Partners into the Command, Control, Communications, Computer, Intelligence, Surveillance and Reconnaissance

By

Jose Ibarra

As U.S. forces continue to transform and implement technology-based solutions to meet the threats and challenges of the 21st Century, the security cooperation community must ask the question: "Is the pace of our transformation too fast for our allies and friendly nations to handle?"

The glue cementing the network-centric transformation of U.S. fighting forces are the Command, Control, Communications, Computer, Intelligence, Surveillance and Reconnaissance (C4ISR) architectures and systems integrated into most modern weapon systems. This covers everything from man-portable radios to multi-million dollar fighter aircraft. For the combatant commanders, bringing foreign partners into the C4ISR world is a crucial component of interoperability. In 2004, to support the combatant commanders' needs, the Defense Security Cooperation Agency (DSCA) created a C4ISR shop to reevaluate the U.S. response to foreign customer requests for C4ISR solutions.

"We want to be the voice of our foreign partners in the C4ISR area," said Lieutenant General Jeffery Kohler, director, DSCA. According to Lieutenant General Kohler, the C4ISR shop's primary focus is on integration. He said the shop stays abreast of how the Joint Staff , the military departments, and other organizations are evaluating foreign partner requirements.

"We have to ensure that when we develop U.S. systems, that we take coalition partners into consideration," Lieutenant General Kohler said, "and that we do not build systems that are so U.S.-centric that it would cost a fortune to find ways to integrate. Our objective is to work on those issues ahead of time."

The shop's initial assessment showed that the old paradigm was based on stove piping by service, system or platform. There was not a lot of focus on working with allies to develop architectures to allow intra-operability of their forces or inter-operability with U.S. forces. With buy-in from combatant commands and other interagency players, DSCA developed and launched a Three Phase Approach (TPA) to respond to C4ISR requests. The phases are listed below:

- Inter-operability baseline assessment;
- Implementation and baseline planning; and
- Implementation of the integrated solution.

"So how do we help friendly nations tie into these systems? We do an internal assessment first, asking where you are today, what you need, and what your goals and objectives are. Then, we take that information and develop an implementation plan. If we then choose to go to phase three, we implement the plan and put it in a contract," Lieutenant General Kohler said.

The new approach analyzes C4ISR requirements in logical steps with coordination from all U.S. interagency stakeholders and the customer to ensure a total package solution.

Several countries have signed Letters of Offer and Acceptance (LOAs) for their C4ISR requirements using the new approach and DSCA continues to brief customer nations interested in learning more about the process. For more information about DSCA C4ISR efforts contact Gregg Bergersen, at (703) 604-0243.

Congress Presses Security Cooperation Legislation Forward

By
Neil Hedlund
and
Lorna Jons

With Thanksgiving approaching, the U.S. Congress presses on with efforts to complete work on fiscal year (FY) 2006 security cooperation legislation. The *FY06 Foreign Operations Appropriations Act* (HR 3057) was signed into law by the President on 14 Nov 2005 (P.L. 109-102). This is the first time since FY02 that the Foreign Operations bill was enacted on a stand-alone basis rather than as part of an omnibus appropriations act. Ongoing military assistance programs had been funded since 1 Oct 05 under a Continuing Resolution (HJ Res 68). Another CR will be passed by 18 Nov 05 for the appropriations that remain unfinished, including the FY06 Defense Appropriations bill. This year's *Foreign Operations Act* provides $4.5B in foreign military financing (FMF), $88.6M less than requested by the President but $57.7M more than proposed by the House. The Act includes the traditional Mideast earmarks (Israel–$2.28B; Egypt–$1.3B; and Jordan–$210M) and the conference report also stipulates funding levels for many other countries including Pakistan ($300M), Turkey ($15M), Georgia ($12M), Poland ($30M), the Philippines ($30M), and Tunisia ($10M).

The *FY06 Foreign Operations Act* fully funds International Military Education and Training (IMET) at $86.7M as proposed by both houses. Indonesia will receive unrestricted IMET this year, however, FMF remains subject to various certifications which may be may be waived by the Secretary of State. Saudi Arabia is prohibited from receiving FY06 funding (IMET), but this too may be waived. This year's Act also requires a new quarterly report on expenditures of FY06 FMF and IMET and a report on unobligated balances of all FMF including prior year funding. Final country allocations for all FMF and IMET recipients will be approved by the State Department and notified Congress in the near future. These allocations may include an undetermined across-the board rescission that will be applied to all accounts.

FY06 military assistance funding will not have an accompanying authorization as action on the *FY06 Foreign Relations Authorization* bill (HR 2601 and S 600) has stalled in the Senate. The Senate did, however, pass FY06 legislation (S 1886) authorizing the transfer of eight naval vessels by grant (Greece, Egypt, Pakistan, and Turkey) or sale (India, Greece, and Turkey). This bill is pending action in the House which authorized the same transfers in HR 2601 earlier this year.

The *FY06 Defense Appropriations* bills (HR 2863) are awaiting conference but may not be completed until December 2005. Both bills fully fund the Overseas, Humanitarian, Disaster and Civic Aid (OHDACA) account at $61.5M, the Regional Defense Counterterrorism Fellowship program ($20M), and O&M for the Warsaw Initiative and the Defense Regional Centers for Security Studies.

The DoD appropriations bill may also be subject to an across-the-board rescission. Controversy has plagued the FY06 Defense Authorization process as contentious amendments delayed the Senate's passage of its bill (S 1042) until 15 Nov 2005. The Senate can now begin conference with the House on its bill (HR 1815), but significant issues divide the two houses such as detainee policy. Of note regarding security cooperation, the House bill authorizes the consolidation of legal authorities for the Defense Regional Centers for Security Studies but the Senate does not.

News Briefs

A U.S. Army officer assigned to U.S. European Command and stationed in Nigeria was among the passengers on Bellview Airleines flight 210 that crashed October 22, 2005 near Lagos, Nigeria. Major Joseph J. Haydon, Jr. (USA), was 40 years old, of Fredrickburg, Virginia was assigned to the Office of Defense Cooperation (ODC) in the U.S. Embassy in Abuja. An officer that manages security assistance programs and provides liaison between the U.S. military and host nation militaries.

Military security assistance officers (SAOs) make up the majority of U.S. security assistance personnel stationed in embassies around the world.

Major Haydon was an outstanding ODC Chief and Arm Foreign Area Officer. He was a recognized expert on Africa and was well liked and respected. He is survived by his wife and two children. He gave his life for his country and will certainly be missed.

Our heart felt condolences go out to his family, friends, and colleagues.

Transportation on Hold until Further Notice

As a consequence of recent natural disasters in Pakistan and Guatemala the Defense Security Cooperation Agency (DSCA) Humanitarian Assistance , Disaster Relief and Mine Action (HDM) office is placing the Funded Transportation program on hold until further notice.

The Funded Transportation program depends on Department of Defense's (DoD's) Overseas Humanitarian Disaster and Civic Aid (OHDACA) funding, all of which is currently allocated to sustain DoD ongoing humanitarian operations in Pakistan and Guatemala.

This is not the first time the funded Transportation program was put on hold this calendar year. A similar measure was taken to support DoD relief efforts after the Tsunami destroyed the coastal areas in Asia and Africa.

The hold will affect all approved shipments waiting on queue and DSCA will not process new transportation requests until funding becomes available for the program. The hold does not affect the Deteon transportation program, which provides transportation of humanitarian cargo using military assets on a space-available basis. DSCA will update the status of the program on the transportation request web site.

Spyware Addressed

The Information Assurance Manager (IAM), Defense Security Cooperation Agency Information Technology Directorate, participated and contributed to the Department of Defense (DoD) Technical Analysis Group (TAG) responsible for the acquisition of a DoD enterprise-wide anti-spyware solution recently. Numerous presentations were given to various departments and agencies to generate awareness and concerns about spyware. DSCA Information Technology (IT) security efforts contributed to the 23 June 2005 contract awarded by DISA to Computer Associates eTrust PestPatrol Corporate Edition. This product is currently being used by DSCA.

European Center Addresses Cyber Security

Major General (Ret.) Dr. Horst Schmalfeld, Deputy Director of the George C. Marshall European Center for Security Studies, opened the four-day conference in Garmisch, Germany last month by telling approximately 80 participants that cyber security is among the most important security issues facing society today.

The Cyber Security, Dimensions of Critical Infrastructure Protection conference is sponsored by the Marshall Center in collaboration with the U.S. European Command and the office of the Assistant Secretary of Defense for Newtworks and Information Integration. Dr. Horst Schmalfeld said, "Clearly, these issues are not a single nation's problem or responsibility. We must all work together."

Keynote speaker Major General (Ret.) Dave Bryan, vice President, Northrop-Grumman, expanded on that theme when he told participants that the information age everything is controlled by computer. "Every aspect of our lives, personal, business, and government has been changed by the information revolution. Bank accounts, health records, stock exchanges, power grids, government, the military, and the list goes on, are all controlled by networked computers."

Asia-Pacific Center Graduates Ninety-one from Terrorism Course

Ninety-one military officers and civilians graduated from the Asia-Pacific Center for Security Studies "Comprehensive Security Responses to Terrorism Course (CSRT)" in Honolulu on September 16, 2005. The participants attending this three-week course were from thirty-three countries throughout the Asia-Pacific region.

The Comprehensive Security Responses to Terrorism course is designed to build relationships between and among the United States and current and future counterterrorism practitioners of participating countries, to develop the trust and confidence necessary for increased information sharing, and to identify ways to reduce obstacles to cooperation in the international struggle against those who use terror to promote their goals.

Participants represented Australia, Bangladesh, Botswana, Brunei, Bulgaria, Cambodia, Colombia, Comoros, East Timor, Ecuador, Fiji, Guam, India, Indonesia, Lithuania, Malaysia, Mauritius, Mongolia, Nepal, New Zealand, Pakistan, Papua New Guinea, Peru, Philippines, Rwanda, Saipan, Saudi Arabia, Sir Lanka, Thailand, Turkey, United Kingdom, United States, and Vietnam.

General Carlton W. Fulford Speaks to African Ambassadors

General Carlton W. Fulford, Director of the Africa Center, addressed African Ambassadors at their monthly meeting held at the Africare House in Washington, D.C., October 26, 2005. He gave an overview of the Africa Center's mission and goals with an emphasis on the seminars and programs the Africa Center organizes throughout the year. The General provided highlights of various programs including the Distinguished Lecturers Series, the Senior Leadership Seminar scheduled in Atlanta, Georgia next spring 2006, and the Defense Attaché Course.