

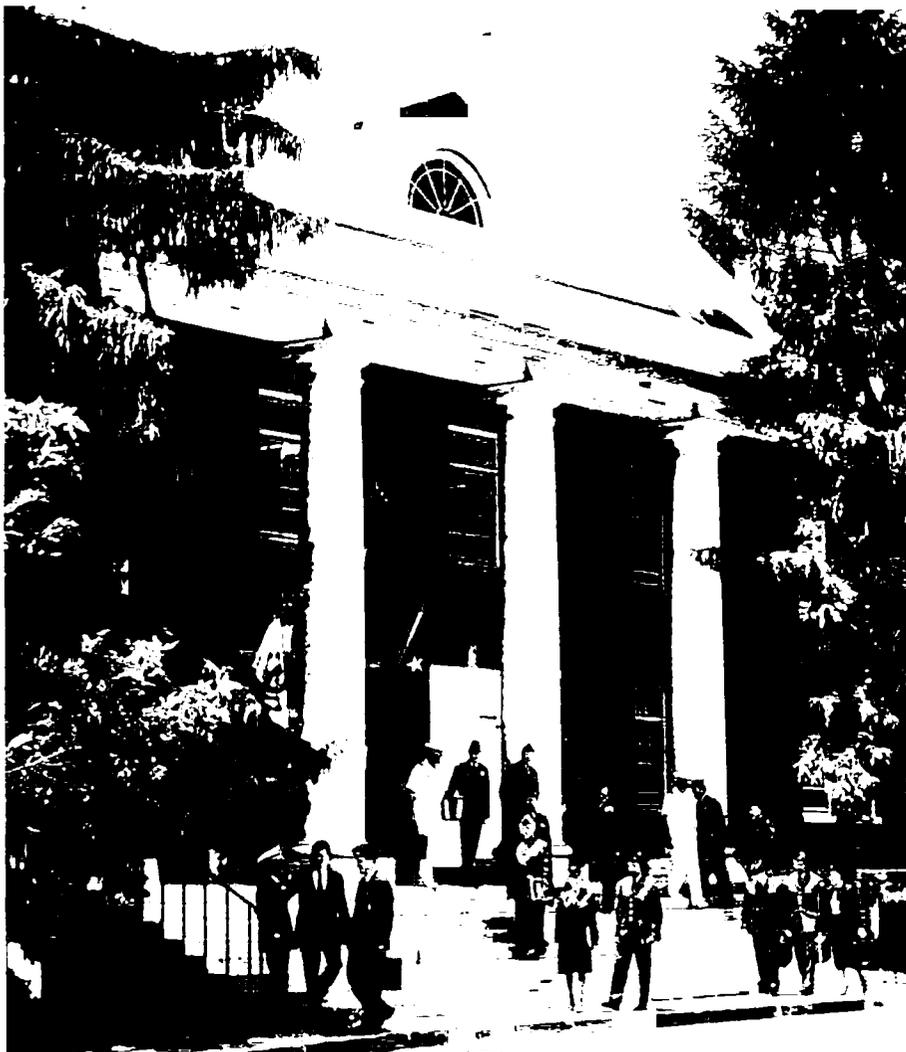
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# Educational Initiatives in International Armaments Cooperation by the Defense Systems Management College

By

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In June, 1985 the Secretary of Defense issued a memorandum to the Military Departments, Joint Chiefs of Staff, Directors of Defense Agencies, and Under/Assistant Secretaries of Defense placing renewed commitment and emphasis on NATO armaments cooperation.[1] The Secretary requested that several new steps be taken toward this end, one of which bears direct relation to the mission of the Defense Systems Management College (DSMC). This step requested an education program ". . . to develop and maintain appreciation for the significance of, and individual role in the furthering of collective security through armaments cooperation."



Headquarters, Defense Systems Management College

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## WHAT IS INTERNATIONAL ARMAMENTS COOPERATION, AND HOW DOES IT DIFFER FROM SECURITY ASSISTANCE?

Before elaborating on DSMC's role in supporting international armaments cooperation education, the meaning and background of the term "armaments cooperation" needs explanation. International defense programs fall broadly within two categories, although there exists some overlap at times. The first is the U.S. Security Assistance Program. This is actually a group of programs authorized by the Foreign Assistance Act and Arms Export Control Act whereby the United States provides defense articles, military training, and other defense related services in furtherance of national policies and objectives. Furthermore, the Security Assistance Program consists of a collection of several specific programs, the better known of which are the Foreign Military Sales (FMS) program, the Military Assistance Program, (MAP- or Grant Aid Program), and the International Military Education and Training (IMET) Program.[2] The various aspects of the Security Assistance Program are taught at the Defense Institute of Security Assistance Management (DISAM), at Wright-Patterson Air Force Base, Ohio.

International Armaments Cooperation (used synonymously with the term International Defense Cooperation), rather than Security Assistance, is the subject emphasized at the Defense Systems Management College, Fort Belvoir, Virginia. DSMC is the only institution providing extensive education on this subject. International Armaments Cooperation is not a specific program *per se*, but a collection of programs and cooperative concepts/approaches which take on many forms. (See Table 1. The reader is also referred to note 3 for detailed explanations of the terms in Table 1.)

**TABLE 1**

**Forms of International Armaments Cooperation**

1. Exchanges
  - Scientific and Technical Information
  - Scientist and Engineer
2. Test & Evaluation
  - Foreign Weapons Evaluation
  - NATO Cooperative Testing
3. Codevelopment
  - Single Project
  - Family of Weapons
4. Coproduction
  - Licensed Production
  - Production Sharing
5. Opening Defense Markets
6. Packages

## WHAT IS THE LEGISLATIVE SUPPORT?

International Armaments Cooperation is a fairly recent approach which continues to evolve. The first significant legislation to support this was the Culver-Nunn Amendment to the DOD Authorization Act for FY 1977. It provided for the waiver of the "Buy American Act," and the waiver of associated foreign product price differentials, in order to achieve the higher goal of rationalization, standardization and interoperability (RSI).[4] After stressing RSI for a number of years as the primary justification for international armaments cooperation, Congress began taking

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new legislative initiatives beginning with Public Law 99-145, November 8, 1985, entitled "NATO Cooperative Research and Development" (the so-called Nunn Amendment).[5] This legislation authorized funds for cooperative R&D projects and side-by-side testing of defense equipment with our NATO allies. It also established a new requirement for DOD to assess the opportunities for international cooperation for major defense programs at each formal development milestone. An amendment to the FY 1987 Defense Authorization Act extended the Nunn legislation to major non-NATO allies as determined annually by DOD.[6] The list currently includes Australia, Japan, the Republic of South Korea, Israel, and Egypt. Another significant legislative initiative occurring in 1985 was the so-called Quayle Amendment (actually two separate pieces of legislation), which amended the Arms Export Control Act to facilitate cooperative projects, particularly at the production level. [7,8] Most importantly, the Quayle Amendment allows for waivers to U.S. contracting law to allow, after meeting certain provisions, the use of a NATO partner's contracting procedures and designation of a particular subcontractor by the Secretary of Defense in furtherance of a cooperative project. Like the Nunn Amendment, the Quayle Amendment was subsequently extended to "friendly foreign countries" beyond NATO.[9]

## WHAT IS THE DOD SUPPORT?

DOD also has been actively promoting international armaments cooperation. The Department's goals have evolved beyond that of simply promoting RSI through the buyer-seller relationship of FMS. In Secretary Carlucci's FY 1989 Annual Report to the Congress, he states that "International armaments cooperation serves an array of coalition strategy goals." These goals are to:

- Reduce needless duplication of R&D.
- Promote commonality and interoperability.
- Improve incentives for our allies to assist in force modernization and burdensharing.
- Achieve economies of scale.

The Secretary's Report to Congress projects that by 1994 ten percent of the RDT&E budget will be in cooperative research and development, with 25 percent by the year 2000. Furthermore, Department of Defense acquisition procedures now require a cooperative opportunities document be prepared at each milestone decision point. This document will examine the possibilities for cooperation with allied nations regarding the acquisition of a particular defense program and assess the advantages and disadvantages of a cooperative approach.[11]

Therefore it can be seen that through recent Legislative and Executive Branch initiatives, international defense programs have evolved beyond buyer-seller relationships or giveaways in furtherance of RSI.

## WHAT IS DSMC DOING?

DSMC has been on the leading edge of the education program for international armaments cooperation. Figure 1 illustrates DSMC's approach.

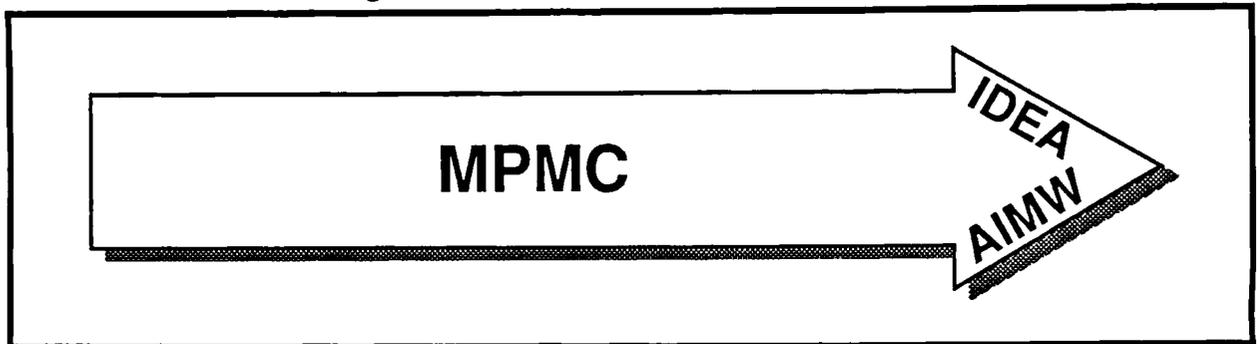
The **Multinational Program Management Course (MPMC)** is the foundation of our international armaments cooperation education program. This course, part of DSMC's Executive and International Department, has matured over the years to offer distinguished guest lecturers from the Office of the Secretary of Defense, Service staffs, Congressional staff, and other related government agencies, as well as industry and Allied representatives. Also stressed are the

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development of hard skills in defense cooperation learned through lectures by DSMC faculty and extensive application exercises and case studies.

FIGURE 1

***DSMC's Education Program for International Armaments Cooperation***



The course is designed for the student to develop an understanding of the skills which one must possess to effectively participate in an international defense acquisition program. Emphasis is placed on the U.S. policy of encouraging armaments cooperation and enhancing RSI with our allies. Key national, DOD and Service policies on international co-development, co-production, and logistics are explored.

Attendees gain a knowledge and appreciation of problems and issues associated with the following:

- Social, political, and economic factors affecting an international program.
- International financial, contracting, and management arrangements.
- Information and technical security.
- NATO and non-NATO acquisition process and infrastructures.
- Programs for foreign weapons evaluations.
- Roles of Defense Attaches, Offices of Defense Cooperation, or equivalents.
- Memoranda of Understanding (MOUs).
- U.S. industry involvement.
- Roles of other government agencies in international defense programs (State Department, Commerce Department, Treasury Department, and White House).

The course is open to military officers of rank 0-3 and above, and DOD civilians in grade GS-11 and above who occupy, or have been selected to occupy, the following types of positions impacting international defense acquisition programs.

- Program managers and program management staff.
- Key personnel at government laboratories and centers.
- Defense and Service headquarters staff personnel.
- ODC personnel and attaches.

- Appropriate personnel from non-Defense Agencies.
- Equivalent positions in defense industry.
- Equivalent positions from allied governments and industry.

The **International Defense Education Arrangement (IDEA)** is a group of national defense education institutions with similar goals whose mission is to improve the economy, efficiency, and effectiveness of international acquisition/production management. The current members of IDEA are the United States (represented by DSMC), the United Kingdom (represented by the Royal Military College of Science, Shrivenham), and the Federal Republic of Germany (represented by the Federal Academy of Defense Administration and Technology, Mannheim). It is a principal of IDEA that all nations that share these goals are encouraged to join. (See Table 2.)

**TABLE 2**

**The Goals of the IDEA**

1. Improve understanding of other nations' acquisition/procurement environments, structures, and processes.
2. Determine and help to develop common skills.
3. Conduct and encourage joint analyses and dissemination of information.
4. Contribute to the harmonizing of the acquisition/procurement process.
5. Interchange staff and education material to promote understanding of each others educational methods.
6. Improve communication, reception, and trust among members.
7. Enhance the openness and promote the credibility of acquisition/procurement practices of members.
8. Understand the relationship between governments and industry.
9. Contribute to harmonizing the preparation and negotiation of MOUs.
10. Improve the education system for those involved with international defense cooperation.

The IDEA Group has identified short term, (March 1989), medium term (September 1989), and long term targets, or specific tasks. Meeting these targets by the next annual meeting in September 1989 will go a long way toward satisfying the goals of this unique education agreement.

The **Advanced International Management Workshop (AIMW)** is a joint OSD/DSMC initiative. While the genesis for this may be said to be the previously cited Secretary of Defense Memorandum [1] the real emphasis began during a meeting of the Defense Cooperation Working Group in August 1987, where the need was identified for "formal training (provided by DSMC) on the procedures for negotiating MOUs." [12] Around this time DSMC completed an

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internal marketing survey of 155 past graduates of MPMC, which indicated a desire for more focused international short courses/seminars.[13] Subsequent classroom surveys of hundreds of MPMC students have indicated a strong desire for training in the various aspects of MOUs. Further OSD impetus was added in November 1987, when the Deputy Assistant Secretary of Defense for Procurement identified the need for "practical training and hard skills for the people who must plan and manage international programs." [14] The Commandant of DSMC responded formally to OSD on two occasions. First, in December 1987 he proposed enhancement of a general nature to international program management education.[15] Second, in March 1988, the Commandant formally proposed the AIMW to enable participants to obtain detailed knowledge of and practical skills in:

- MOU composition and purpose.
- Preparing, negotiation strategies, and staffing MOUs.
- MOU specific negotiation issues such as cost share, work share, etc.
- Factors resulting in successful international program management, such as Steering Committee composition, requirements, harmonization, etc.
- Congressional interaction in cooperative programs, and legislation, such as the Nunn and Quayle amendments, as well as protectionist legislation.[16]

Progress on developing the AIMW has continued at a rapid pace. In May 1988 Phase I funding was received from the OSD for approximately half the effort. In July the Commandant of DSMC signed the AIMW Charter. In the spirit of international cooperation in defense education, the IDEA Group was briefed in September on the proposed workshop. A pilot offering of the workshop is planned for early 1990, pending receipt of the full amount of Phase II funding from OSD. Currently the workshop is targeted for an experienced audience and will have as prerequisites the MPMC Fundamentals of System Acquisition course or equivalent experience.

#### **WHERE TO WE GO FROM HERE?**

DSMC has clearly led the way in developing and executing the education program in armaments cooperation requested by the Secretary of Defense. Our international program management overall objective remains to reinforce and advance the principles of collective defense through armaments cooperation, and present a balanced viewpoint of attendant topics. To further these aims, future international management acquisition workshops might include the foundation of cooperation (understanding key factors for success in the identification, design, implementation, and management of successful international program), as well as the role of Congress in international program management (understanding protection versus cooperation). Perhaps DSMC could serve a greater role in supporting MOU negotiations by becoming the DOD repository of knowledge of past negotiations and maintain a data base on current negotiations. Ultimately, an interactive computer support system might be developed to support U.S. negotiations. We welcome ideas from our readers.

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## NOTES:

1. Memorandum from the Secretary of Defense. Subject: Emphasis on NATO Armaments Cooperation, 6 June 1985.
2. *The Management of Security Assistance*, 8th ed., Defense Institute of Security Assistance Management, Feb. 1988.
3. *Guide for the Management of Multinational Programs*, 2nd ed., Defense Systems Management College, Fort Belvoir, VA., 1987.
4. DOD Directive 2010.6, *Standardization and Interoperability of Weapons Systems and Equipment Within the North Atlantic Treaty Organization*, March 5, 1980.
5. Public Law 99-145, dated November 8, 1987, Section 1103 of the DOD Authorization Act, entitled: Cooperative Research and Development.
6. FY 1987 Defense Authorization Act, Section 1105, entitled: Cooperative Research and Development with Major Non-NATO Allies.
7. Public Law 99-83, Section 115, Amendment to the Arms Export Control Act, entitled: North Atlantic Treaty Organization Cooperative Projects, 1985.
8. Public Law 99-145, Section 1102, FY 1986 DOD Authorization Act, entitled: Acquisition of Defense Equipment Under North Atlantic Treaty Organization Cooperative Projects.
9. Public Law 99-661, Section 1103, FY 1987 Defense Authorization Act entitled: Cooperative Projects.
10. *FY 1989 Annual Report of the Secretary of Defense to the Congress*, Feb. 18, 1988.
11. Department of Defense Instruction 5000.02, *Defense Acquisition Program Procedures*, September 1, 1987.
12. Memorandum from the Chairman, Defense Cooperation Working Group, Subject: Meeting of the Defense Cooperation Working Group, August 13, 1987, dated August 17, 1987.
13. *Multinational Program Management Course Survey Report*, Richard Kwatnoski, DSMC internal document, August 1987.
14. Letter from Deputy Assistant Secretary of Defense for Procurement to Commandant, DSMC, November 6, 1987.
15. Letter from Commandant, DSMC, to the Deputy Assistant Secretary of Defense for Procurement, December 22, 1987.
16. Letter from Commandant, DSMC, to the Deputy Undersecretary of Defense, International Programs and Technology, March 24, 1988.

## ABOUT THE AUTHOR

Mr. Richard Kwatnoski has been a professor of engineering management on the faculty of the Defense Systems Management College for over two years. He is currently assigned as the Course Director for the Advanced International Management Workshop. Prior to coming to the DSMC, he spent nearly two years on the staff of the Office of the Secretary of Defense in the Offices of the Deputy Undersecretary for Technical Warfare Programs and Research and Advanced Technology. Mr. Kwatnoski has a Bachelors Degree in mathematics and a Masters Degree in Engineering Sciences.