
Strength through Cooperation: A Customer Perspective

By

**Mr. Dirk J. Habig,
Defense Cooperation Attaché for the Netherlands**

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Before I will speak about some aspects of the subject of this DSCA conference allow me to dwell for a few moments on the horrific events of 11 September. Queen Beatrix of the Netherlands, our government and countless organizations and individuals from my country have offered their sympathy and condolences to the American people and expressed their abhorrence of these acts of terrorism. Let me, however, once more, also on this occasion express the Netherlands and my own feelings of disgust about the terrorist attacks in New York, Washington and Pennsylvania. Feelings of disbelief still prevail.

I would like to offer once more our condolences with the unimaginable losses inflicted upon the people and society of the United States. Be assured of our deepest feelings of sympathy with all of you. The bonds of friendship between the Netherlands and the United States are centuries old. Twice the Netherlands and its European neighbors have been the beneficiaries of American bravery, resoluteness and sense of justice. I trust you will see in the difficult days to come that the concepts of friendship, alliance and shared values are taken as seriously on the other side of the Atlantic as they are taken here. Let me now turn to the subject of this conference. I am both honored and pleased, to have been invited to join you here at your annual conference on Security Cooperation and to participate in your discussions on the role of security cooperation in a changing world.

When I looked at the list of speakers at this conference, it occurred to me that presumably the organization of this DSCA conference had foreseen for me, the role of bringing you the customers' perspective. Although I will share some of my thoughts on the actual topics of this conference, I hope you will also allow me to divert somewhat from the focal points of the conference and share with you some thoughts on other relevant and related subjects. The theme of this year's conference is "Strength Through Cooperation". And that, ladies and gentlemen, really sets my mind at rest, or at least it should do so. Of course, as cooperation necessarily involves two or more parties, I presume therefore, that the customer (and that is, as I said how I see my role here for today) is involved. So, the title of the conference indicates to me that we are talking serious and sound business here.

And indeed the role of security cooperation in a changing world is serious business. This changing world had its effects on the second sub-theme of this conference, the developments related to the foreign military sale (FMS) reinvention process. I understand that later this conference, results of these foreign military sales re-invention initiatives will be made public and discussed in more depth. In general I would like to say the following on the FMS reinvention process. I can only praise those who took the initiative for this reinvention, for frankly, there was a lot to reinvent. It is clear to me that the Netherlands defence community, and I am sure that the same goes for other countries as well, is more than pleased with what has been initiated and what has been accomplished up to now, but I do understand that these are two very different things.

The process which is taking place, might be qualified as a kind of change in culture. Originally the FMS process itself and its application might be seen as structured around pillars such as complying with the law, applying the regulations and legitimacy, while these days there seems to be a shift in focus (within the boundaries the law permits naturally) towards effectiveness and efficiency. I would consider this a change in culture beneficial for both the customer and the supplier. A fine example of win-win. What happened up to now fortunately seems to be more than just a new vision being tabled. In fact, in this case the leadership of DSCA is already in a position to announce some concrete results. And as I understand, the end is not yet in sight. So, in an initial conclusion, the Netherlands welcomes the present initiatives and will remain an active supporter. That means that we will support you, not only in devising, but also in implementing new initiatives.

The question now is, is everything in the FMS-garden lovely, roses only as it were or are there some thorns left? In that context, let me share with you the following remarks. If I understand this reinvention process correctly, one of the triggers for the initiatives was the result of what we could call an initial form of customer participation. Or was it the decrease of that participation, in other words sales? Whatever the exact cause; there was and to a certain extent still is, a gap between what the customer wants and what the storekeeper is able to offer. Anyway, that is the feedback I seem to receive from the customer. What I would like to note in this respect is the need to institute and implement as soon as possible a new mechanism. This mechanism should eliminate and prevent a re-emergence of such a gap, a gap between what the customers want, and, even more importantly, what they are prepared to pay for on the one hand, and on the other hand, what the U.S. FMS organizations are able and willing to offer and at what price.

It is of absolute vital importance in my view that such a mechanism will be operational as soon as possible, including a follow-up for the implementation of the lessons learned. Let me emphasize that determining what should be improved in the working relationships with customers is one thing, and it is of course of utmost importance. However, of equal importance, after agreeing on what should be done, is the actual implementation of those action items itself. If you allow me a rather blunt warning: if you as the DSCA fail to institute a controllable implementation mechanism for the accomplishments of the integrated product teams, much of the potential gain of the whole operation may well be lost. No stone should be left unturned in order to realize a successful implementation of your accomplishments in the different service organizations.

Let me also say a few words about export control. I fully realize that great experts on these matters have made, and will make, remarks of high interest on this issue at this conference. However, it is a subject which is dear to my heart and on which I have spent and am still spending a lot of time and energy. In the invitation for a conference on U.S. export controls some time ago, the following was stated: achieving effective control over the transfer of sensitive technologies has become increasingly difficult in a world of porous borders, rapid technological innovation, globally integrated business operations, and increasing reliance on commercial technologies for the development and production of the military systems that are vital to the maintenance of superior U.S. military capabilities. Let me start by stating that I fully understand and respect the U.S. government's view that you should be careful in deciding what technology you want to transfer, to whom, and under what circumstances. I believe that most if not all of my colleagues from the North Atlantic Treaty Organization (NATO) alliance would agree with me on that. It is clear that first and foremost, technology transfer should be an instrument of your national security policy. However, in this respect it is difficult to define U.S. national security interests along clear cut borders. It is, amongst others, in the U.S. national security interest to sustain a competitive and sound defense industrial base on U.S. soil. Yet, over the past decade, the U.S. home market has diminished tremendously. The U.S. industry has had to overcome that deficit not only by downsizing and restructuring, but also by expanding their export sales. And that is where I think

the heart of the matter lies: national security interests are nowadays also influenced by the economic necessity of U.S. companies to export more.

So the lines are not so clearly drawn any more. Then again, I do believe that some nations should be more equal than others, and that certainly should apply to the NATO alliance. In the legitimate U.S. export control process allies with a track record such as the Netherlands do not deserve to be treated on the basis of the lowest common denominator. A more flexible process should be put in place, which facilitates the necessary technology transfer to these allies. It has been said before, and I would like to repeat it here: I urge the U.S. government to concentrate its export controls on those American technological gems that really need to be protected. What use is there to control and restrict export of an American defense item that for the bigger part consists of microchips made in Taiwan, Korea or Japan. I know some people even question why the technology is being given any way. But these people do not take into account the fact that transatlantic cooperation is a sheer necessity nowadays. It is not an end in itself, but a means to an end. The goal is building international peace and security. I realize that these words represent more than ever, questions of the day. NATO has proven to be and is likely to remain the primary instrument to safeguard peace and security in at least our part of the world. Within the alliance, we have to facilitate cooperation in order to achieve better interoperability. The Kosovo conflict as well, highlighted the need for coalition operations. The DoD after-action report concluded that U.S. sensitivity to releasing certain types of information greatly inhibited combined planning and operations in some areas. The same report stated that we see that interoperability will be the cornerstone for future alliance participation. The report advises that the U.S. carefully reviews its policy regarding licensing requirements for our allies.

In short, it is my view that the U.S. export control regime should take into account two things: First, a clear categorization of nations: who is on your list of friends, and what place do they take on the ladder. It is evident to me that in that categorization, NATO allies should rank among your very best friends. Furthermore, I suggest the U.S. also takes into account a nation's track record in security issues, including third-party transfers, their loyal support to the U.S. and their participation in coalition operations. Secondly, with that categorization in hand, you could ask yourself the question: is there a reason why we shouldn't share that technology? That is exactly the opposite of the question asked today: is there a reason why we should? (I guess that this inverted approach could substantially help reduce today's *Munitions List*.)

Once you have decided that certain technologies cannot be exported, then you should of course go all out and make your controls as effective as possible. In other words: "fewer export controls, but better ones". That is also the gist of the recent report on the subject published by CSIS, under the inspiring leadership of Dr. John Hamre, who already during his years as Deputy Secretary of Defense, identified the problems caused by an antiquated system of export controls and started working on them with a group of similarly concerned allies.

Let me conclude by making it perfectly clear that I did not come here today to moan and complain only. Most of what we do together in the field of defense security cooperation is well done, but what good would my speech do if I only came here to sing your praises?