
The New Era of Defense Cooperation: A View from The Netherlands

WELCOME TO THE NETHERLANDS

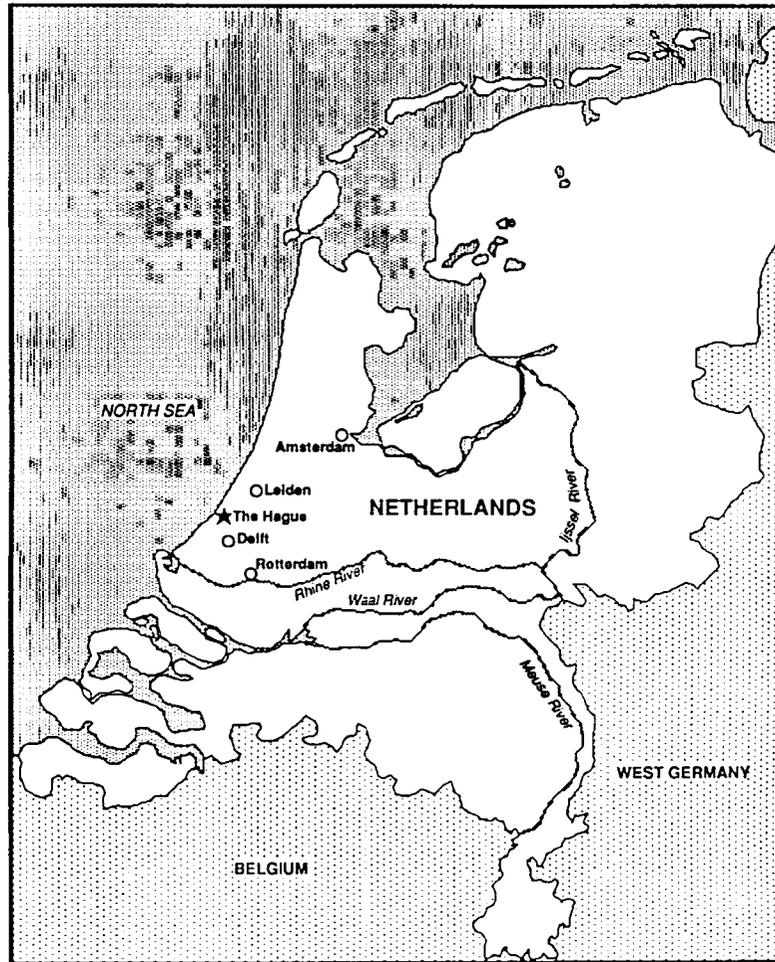
The members of the Office of Defense Cooperation--The Netherlands (ODC-NL) welcome this opportunity to tell *DISAM Journal* readers about The Netherlands, its geo-strategic significance, industrial base, military forces, and ourselves. In our view, the traditional business of security assistance with The Netherlands has changed into a new form, one mandating a more complex approach than in the past, coupled with a need to understand and to be able to work well within the military, economic, and political networks of the host nation. We are engaged in a vibrant, dynamic business, one that is challenging both to the individual and to the organization. Our business is Defense Cooperation; it is a hybrid of traditional Security Assistance, Armaments and Defense Industrial Cooperation, Host Nation Support, and other components. The once-held distinctions among these categories are now blurred, for they all overlap here in The Netherlands, and we find ourselves at the hub of this dynamic activity. Our fundamental task is to find ways to fulfill the common desire of the United States and The Netherlands to strengthen the North Atlantic Treaty Organization's (NATO) conventional defense by being responsive to needs with existing defense systems and to assist The Netherlands in acquiring new generation systems and support by the most cost-effective method. The Dutch are energetic, creative, and efficient. Our job is to assist, facilitate, provide liaison, and help the Dutch *Ministerie van Defensie* (MOD) obtain the maximum benefit for each guilder committed to the Dutch military.



The 700 year old Binnenhof (House of Parliament) located in
The Hague, the Capitol of The Netherlands

THE NETHERLANDS--WELL SITUATED FOR BUSINESS AND DEFENSE

The Netherlands sits astride vital Lines of Communication needed for reinforcing NATO and close to the central European heartland. From this location, its forces and infrastructure play a very significant role both in the Western Alliance's strategy of deterrence and, should that fail, in Allied plans for stopping a Warsaw Pact thrust across Northern Europe to capture ports along the North Sea and English Channel.



Its geographic position, giving the Dutch relatively easy access to almost 200 million West European consumers, together with its industrious and entrepreneurial populace, also has provided The Netherlands with an excellent and expanding industrial base.

Although it is relatively small (comprising only some 15,000 square miles with the maximum distance from north to south about 230 miles and about 120 miles from the coast to the German border), and densely populated (around 14 million inhabitants), The Netherlands is imbued with important natural features that give rise to its industrial potential: two large rivers and the sea. The Rhine flows from Switzerland through the Federal Republic of Germany; the Meuse begins in France, flows through Belgium and, like the Rhine, issues into the North Sea at Rotterdam. These two vital European rivers provide Dutch ports with excellent navigable waterways for the movement of goods to and from the European hinterland. Further, the Dutch Government is actively promoting the development of the southwestern part of The Netherlands along the waterway connecting the important Belgian port of Antwerp with the sea.

To capitalize on the easy access to the sea and into Europe via the Rhine and Meuse, the Dutch have developed superb port, road, rail, and air facilities. Rotterdam, on the Rhine estuary, has been the busiest harbor in the world for some years and is accessible to the largest ships. Amsterdam has a very large and important harbor as well. Both are highly efficient, use the most modern loading and unloading equipment, and have modern container terminals with large storage facilities. In fact, Amsterdam and Rotterdam together handle more cargo than the combined tonnage of the ports of Le Havre, Antwerp, London, and Hamburg and about 1300 percent more than New York. There are other Dutch harbors and ports, such as Terneuzen and Flushing in the south and Delfzijl in the north, that are fully equipped to load and unload large seagoing vessels. In addition, the many rivers and canals of The Netherlands provide ideal transportation routes, particularly for transit traffic to and from other countries in Europe. An extensive river fleet serves as a vital link in the transportation chain between the seaports and the rest of the continent.

The country has an extensive, modern, and intensively used network of roads and motorways, which at many points connect to the German *autobahns*. This means that the industrial cities and towns of Western Germany are within a day's drive from any location in The Netherlands, and Paris can be reached in less than a day by car. In addition, a highly up-to-date electrified railway system, equipped with the latest rolling stock, provides fast and regular service to all places of any importance in The Netherlands. The short distances make it possible to make a round-trip, either by car or train, from any town in The Netherlands to any other in one day.

The main function of the domestic air network is to ferry passengers from a number of points to one of Europe's most modern airports, Schiphol, near Amsterdam. Many international airlines make intermediate landings at Schiphol and there is a high frequency of flights to foreign countries. Schiphol and the local Dutch airports also offer their facilities to smaller business and private aircraft.

The Dutch have learned to be adaptable and progressive, living as they do among much larger West European nations. Secondary schools give instruction in at least two foreign languages. Knowledge of English, in particular, is widespread among the population, even among those who did not learn it at school. In summary, the Dutch are very aware of their surroundings and have a keen interest in what goes on in the world. This imbues them with a deep-seated entrepreneurial and adventuresome spirit, making them quite adept at holding their own in the competitive international environment.

THE DEFENSE INDUSTRIAL BASE

The Netherlands' defense industrial base is best described as one that supports major projects. This means that while the Dutch may lack the wide variety of industrial resources necessary to develop and produce what we in the United States may call a "major program," they certainly do not lack the skills and expertise to be major participants in such programs.

Perhaps one way to achieve an appreciation of The Netherlands' industrial base is to review their industrial organizations and research and development institutes. In a country known for its organization and compartmentalization of nearly every aspect of daily life, it is easy to appreciate that these industrial organizations would reflect their national capabilities.

Several manufacturers' organizations are directly and indirectly involved in defense related activities. For example, the *Contactgroep van Werkgevers in de Metaalindustrie* (Contact Group of the Employers in the Metallurgical Industry) represents the interests of the metallurgical, electro-technical, and optical industries in The Netherlands. This organization was founded in 1951 to advise its members and represent them to the Government of The Netherlands, and other organizations and institutes.

Another player in the industrial cooperation arena is The Industrial Marketing Association of The Netherlands for the Procurement of Defense Orders (NIID). This independent group is financed by Dutch industry and aims at promoting optimal participation of Dutch industry in the field of defense production for both national and foreign forces. NIID operates in close liaison with the *Ministeries van Defensie en Economische Zaken* (Ministries of Defense-MOD, and Economic Affairs-MEA). They also assist foreign companies with offset obligations in finding potential partners in The Netherlands. NIID also assists small and medium sized Dutch firms in obtaining defense orders, especially as subcontractors.

At the other end of the spectrum of specialization, *Metallunie*, (a multifaceted organization that has been in existence for over 80 years), unites over 5300 entrepreneurs in the metals industry. Its members include metalware factories, fabrications and mechanical engineering, shipbuilders, and metal foundries. Also represented are companies for installation, maintenance, machinery and farm implements, plastics and resin manufacturing and coating, surface treatments, electronics, subcontracting, and distribution services.

Another diverse organization, *Mikrocentrum Nederland*, specializes in advanced technology. Its strength lies in the complementary nature of its members' capabilities that include precision mechanical and electrical engineering, tool manufacturers, plastics, glass, instrumentation, vacuum techniques, machine manufacturers, electronics and optics companies.

A more specialized organization, The Association of Mechanical and Electrical Engineering Industries (FME), represents over 80 percent of the total engineering industry in The Netherlands. FME provides an excellent resource of information on its over 2000-member companies. Data available on each member includes listings of the categories of products and the customers the firm supplies, and descriptions of the firm's quality control system, capacities and capabilities of its equipment and machines, and the types of materials worked.

The aviation and space interests of Dutch industry are represented by The Netherlands Aerospace Group which is composed of small and medium sized companies who generally operate in the subcontractor mode. Within this group is found substantial capability and experience concerning the design, manufacture, and maintenance of a wide range of aircraft subsystems and components. Product lines of the member companies include pure engineering, aircraft structures, overhaul of gas turbines, fuel system components, galley/cabin interiors, machining and precision manufacturing, ammunition, passenger handling systems, airport equipment, and avionics.

Closely associated with the Aerospace Group is the *Vereniging Gas Turbine* (Dutch Association Gas Turbine). This highly specialized group develops and coordinates activities to stimulate the technical and economic interests of the Dutch gas turbine industry and its related companies. These activities include coordination of research and development, discussion with Government of The Netherlands' agencies and customers, and promotion of top level quality within the industry.

The close link between Dutch industry and government is also apparent in The Netherlands research institutes and laboratories. To a large degree, intellectual support for these agencies is provided by the excellent technical universities at Delft and Leiden. These institutes and laboratories are supported directly and indirectly by the Government of The Netherlands, by the Dutch industries and industrial associations, and by revenues from contract research and development efforts. For example, the National Aerospace Laboratory (NLR) conducts contract research for both military and civilian organizations on an increasingly international scale. They are active in several fields, including fluid dynamics (operating several wind tunnels, including Europe's largest low speed tunnel), flight mechanics, testing and operations, structures and materials, information technology, and space technology and remote sensing.

Strong links to the government are also evident in The Netherlands' Organization for Applied Scientific Research (TNO). Specific defense related projects are carried out by the National Defence Research Organization, which is composed of three laboratories. The Physics and Electronics Laboratory specializes in operations research, information technology, radar and communications, physics, and acoustics. The *Prins Maurits* Laboratory specializes in chemical research, such as organic and analytic chemistry, and technological research, such as propulsion, ammunition functioning, and explosives. The third laboratory, the Institute for Perception, conducts specialized research in vision/thermo-physiological, hearing and speech, experimental psychology and human engineering. This organization of laboratories also advises the *Ministerie van Defensie* on a wide range of scientific and technical matters. They participate actively in NATO defense research and maintain extensive contacts within the NATO countries.

The historical maritime orientation of The Netherlands gives rise to a strong interest and expertise in naval related research and development. Extensive facilities are available at the Maritime Research Institute of The Netherlands (MARIN) which performs research and development for the country. Their efforts include consultive services, mathematical modeling, and model experiments for shipbuilding, shipping, and offshore industries. The Dutch Navy has also established the Marine *Elektronisch en Optisch Bedrijf* to help keep abreast of the high technology necessary for a modern navy. Their activities range from repair and maintenance, to design, development, and production of special equipment. They are heavily involved in optical and underwater acoustics, as well as magnetic measurement and structural/vibration analysis.

These diverse, yet highly specialized laboratories and industrial organizations reflect the nature of The Netherlands' industrial base--one which serves to support major projects. As previously noted, this implies that while the Dutch may lack the range and depth of industrial resources necessary to develop and produce major weapon systems, they certainly possess the requisite skills and expertise to be strong participants in a wide variety of such programs.

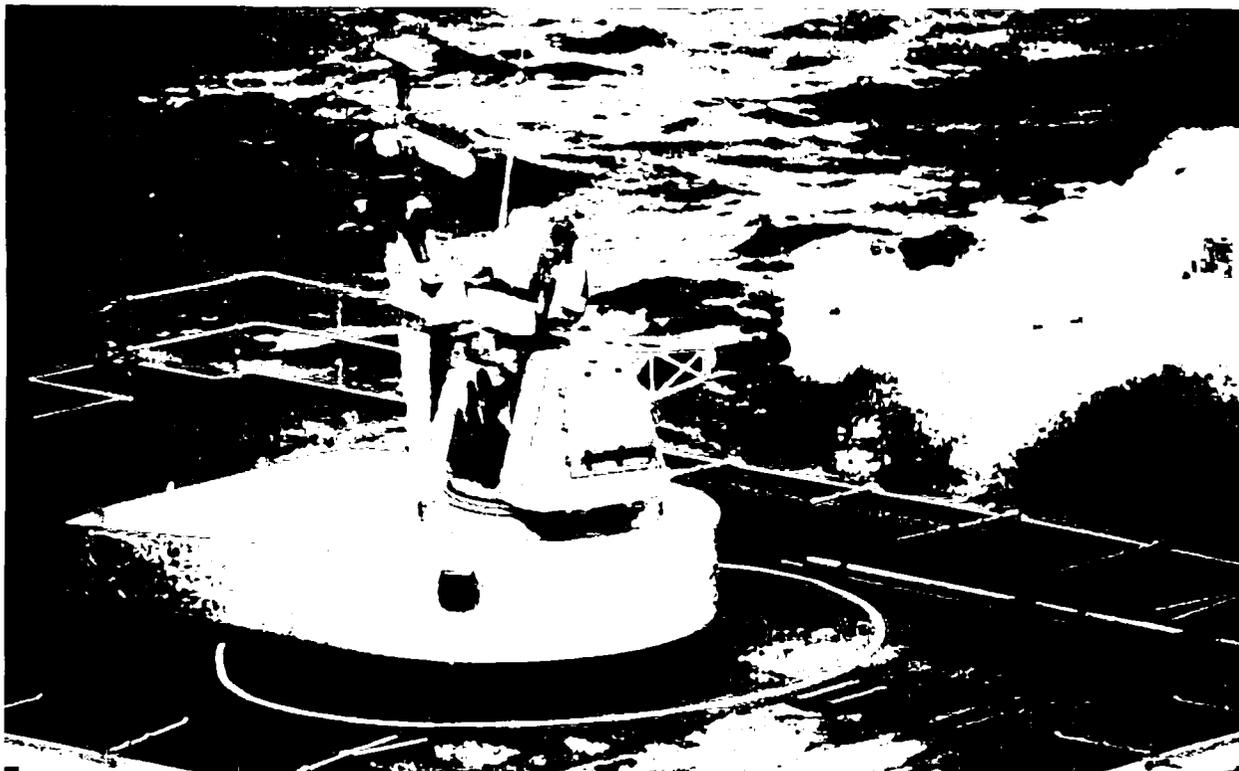
While the Dutch produce many excellent subsystems, components, and parts, they also are involved in the final assembly and testing of major defense products. The prime example is the F-16 coproduction program. In this case, The Netherlands' Fokker Aircraft Company does the final assembly and testing of the F-16 A/B. Additionally, many F-16 components and subassemblies are produced within The Netherlands for shipment to other countries under the auspices of the European Participating Government (EPG) group; for example, the center section of the F-16 C/D is produced in The Netherlands and then assembled in the United States. The Dutch are also an excellent source of repair for such components as turbine engines and electronics.

An example of a Dutch developed and manufactured weapon system is the Goalkeeper, a ship mounted Close In Weapons System (CIWS). Although it does use a General Electric gun, this outstanding Dutch product is the result of combining Dutch radar and fire control technology with an American gun to create an effective weapon system.

With its diverse industrial capability, The Netherlands is a country expecting continued growth. As such, the Dutch often are politically motivated to insist on industrial offsets when they find it necessary to purchase major weapons systems abroad. While this policy may not be totally palatable to all concerned, it is a reality within The Netherlands. The Dutch political and economic situation simply will not tolerate massive, one-way expenditures outside their borders. This reality serves as a strong motivator for defense industrial cooperation.

The ODC role in this process is quite clear. We recognize that the U.S. Government does not require nor endorse such offset arrangements; rather, they are industry-to-industry commitments. At the same time, we recognize that they exist and that we must be prepared to deal with the

resulting complications. In this role, the ODC serves as an important source of information for American defense industries and the Dutch military and defense related industries. Our knowledge of the resources available within The Netherlands is always available to our American contractors. Similarly, our knowledge of and access to the American defense acquisition system and the contractor community in the U.S. is a readily available source for The Netherlands' contractors. In this way, we can foster Defense Cooperation by stimulating Defense Industrial Cooperation.



The "Goalkeeper" close-in weapons defense system installed on a Royal Netherlands Navy frigate.
[Photo courtesy of MoD The Netherlands]

THE DUTCH: NATO AND THE U.S. ARE IMPORTANT

Membership in the NATO Alliance is the cornerstone of Dutch security policy and remains highly popular with the public. As such, the Government plays a significant role in NATO security affairs, including support for NATO strategy (forward defense, flexible response, and extended deterrence) and effective defense cooperation within NATO, viewing as essential the use of national industrial capabilities to the maximum extent. This has led The Netherlands to provide the Alliance with modern ground, air, and naval forces, much of it via military-related U.S. purchases and defense cooperative initiatives with the U.S. For example:

- During FY87, The Netherlands ranked second among all NATO nations in Foreign Military Sales (FMS) purchases (slightly behind the Federal Republic of Germany whose defense budget is five times larger); and from FY50 through FY87, it ranked fourth, (following the Federal Republic of Germany, United Kingdom, and Turkey).

- During FY87, The Netherlands ranked fifth in worldwide FMS purchases (following Saudi Arabia, China, the Federal Republic of Germany, and Taiwan), and from FY50 through FY87, it ranked tenth.

THE U.S. FOREIGN MILITARY SALES PROGRAM WITH THE NETHERLANDS

The most significant U.S. programs with The Netherlands include the acquisition of F-16 aircraft as a replacement for its aging NF-5 aircraft (the Dutch are the largest procurer of F-16 aircraft outside of the U.S.), Patriot air defense units, Multiple Launch Rocket Systems (MLRS), and P-3C Orion maritime patrol aircraft. Support equipment includes missiles, torpedoes, electronic warfare pods, radars, and artillery pieces.

OUR COLLEAGUES IN NATO--THE ROYAL NETHERLANDS ARMED FORCES

The Netherlands has a sophisticated military apparatus directed by skilled leaders/planners. The Royal Netherlands Armed Forces are well organized, well led, and, for the most part, well-equipped. A force modernization program embarked upon in 1974 and reaffirmed in the *1984 Defense White Paper* and in the 1989 ten-year plan (1989-1998) continues.

The *Ministerie van Defensie* (MOD) operates under well-defined guidelines, has definite plans and objectives, and is acutely aware of current fiscal constraints. All military programs are closely scrutinized and a careful analysis is made in establishing priorities, which are predicated on achieving higher degrees of task specialization, standardization, and rationalization.

The overall quality of the Dutch armed forces has increased significantly during a period when major reorganizational measures, including a reduction in personnel strength, have been accomplished. The guiding principle is to put quality before quantity, and now there is additional emphasis on continuity and renewal. Continuity finds expression in maintaining the nature of the Dutch contribution to the common defense of the NATO Alliance by each of the Services, and in the completion and continuation of equipment programs. Renewal is evident in the replacement of obsolete weapon systems, the continued upgrading of existing weapon systems, and the introduction of procedures and automated systems to improve management. These policies should enable The Netherlands to maintain well-equipped forces.

THE ROYAL NETHERLANDS ARMY

The Royal Netherlands Army (RNLA) is committed to two main tasks in the NATO context: participation in the defense of Western Europe against ground attacks across the northern plain of Europe from Poland through Germany, and ensuring the security of the territory of The Netherlands and those lines of communication crossing it which are needed by NATO. In the fulfillment of the first of these tasks, a Dutch army corps (the First Netherlands Army Corps) is assigned to the NATO Northern Army Group and is responsible for the defense of the North German Plain. This armor-heavy corps consists of three mechanized divisions which include three armored brigades, six armored infantry brigades, and one infantry brigade for rear area security. The National Territorial Command has some active units and a large complement of reserves to provide for the security of the homeland and the lines of communication crossing it. Support units for the RNLA consist of the National Logistics Command and its complement of depots and workshops, the Training Command with its training centers and training schools, the Communications Command, and the Medical Command, consisting mainly of mobilizable service units.

In 1984, the RNLA stepped up efforts to completely modernize its combat forces and is continuing implementation of a ten-year plan begun that year. For example, the First Netherlands Army Corps completed the replacement of half its tank force when 445 Leopard II tanks acquired from West Germany were integrated into its units. The last of the tanks joined the inventory in 1986. In addition, the replacement of the Dutch YPR-408 Armored Personnel Carrier (APC) with

the new Dutch DAF YPR-765 Armored Infantry Fighting Vehicle (AIFV) also has been completed. Artillery capabilities are being improved by an intensive modernization of 155mm and 8-in howitzers, the planned procurement of remotely piloted vehicles for long range target acquisition, and the addition of the Multiple Launch Rocket System (MLRS). One MLRS system was delivered to the RNLA in June 1986 for training and testing purposes, and FMS cases were signed in December 1986 for 21 additional systems. Also, anti-armor capabilities have become a priority item for RNLA force planners. The purchase of TOW II missiles, initiation of an upgrade program for Dragon missiles, and proposed anti-armor/scout helicopters, will greatly increase RNLA anti-armor defenses.



An M109 A2 howitzer of the Royal Netherlands Army.
[Photo courtesy of MoD The Netherlands]

THE ROYAL NETHERLANDS AIR FORCE

The Royal Netherlands Air Force (RNLAf) forms a part of the Allied air defense system for Western Europe and the Allied Tactical Air Forces which provide air support to NATO ground forces. The primary mission of the RNLAf is ground attack and strike, with a secondary mission of day, clear-air-mass air defense.

For its part, the RNLAf is undergoing major modernization programs in its aircraft and air defense systems, such as acquiring and flying the F-16 aircraft as its front line fighter. Upgrading its F-16 warfighting capability, the RNLAf has purchased the Operational Capabilities Upgrade (OCU) package for all F-16 aircraft. OCU improvements include expanded computer capability with future growth potential, a beyond-visual range missile capability, data load capability, low-altitude safety enhancement (combined radar altimeter), and aircraft/radar software update. A comprehensive mid-life upgrade program is also planned for the mid-1990s.



Three F-16 aircraft of the Royal Netherlands Air Force in formation
with an F-15 Eagle of the USAF's 32nd Tactical Fighter Squadron
[Photo courtesy of MoD The Netherlands]

In conjunction with other improvements to the F-16, the RNLAF is seeking to expand its air defense role. Long-range planning, as noted, includes further improvements to the F-16 in the mid-1990s, the addition of an identification system, and procurement of an advanced medium range air-to-air missile.

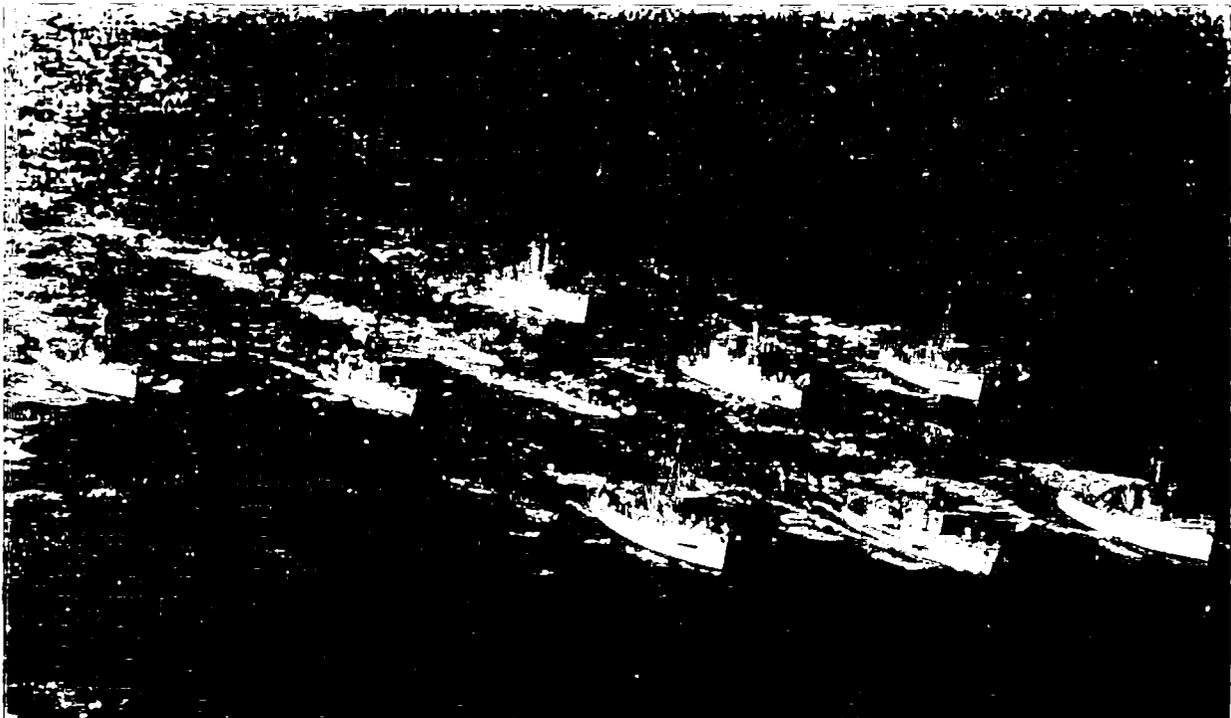


Further, the RNLAF has embarked on a program to upgrade its ground based NATO air defense system with the acquisition of Patriot missile fire units, the first of which became operational in April 1987. The RNLAF plans to acquire additional Patriot fire units for defense of The Netherlands territory and inclusion in NATO's integrated rear area air defense system.

Support and training within the RNLAF are provided through separate Air Logistics and Training Commands. The RNLAF possesses an indigenous depot capability for jet engines and major electronic components, with a limited depot-level airframe capability. Major airframe and system repair capability is provided through private industry in The Netherlands. Supply and distribution are accomplished by the Logistics Command and Training Command as well as all technical and other training by the Training Command.

THE ROYAL NETHERLANDS NAVY

The Royal Netherlands Navy (RNLN) is a many-sided service employing some 23,000 personnel; about one third are civilian. It has modern ships and equipment and is capable of carrying out its tasks which, in collaboration with the navies of other NATO countries, are to safeguard the free and unhindered use of the sea and to guarantee safe access to vital Dutch ports. Protecting the Dutch Merchant Navy and the territory of The Netherlands Antilles are additional tasks entrusted to the Navy. The RNLN also has ships, aircraft, and marines available for United Nations peacekeeping operations. The RNLN, in essence, is composed of escort ships, submarines, maritime patrol aircraft, anti-submarine warfare helicopters, a mine countermeasures force, and a marine corps, as well as the necessary supporting elements. Priority is given to anti-submarine warfare, with increasing emphasis on air defense and surface warfare.



NATO's Standing Force Channel, with participation
of vessels of the Royal Netherlands Navy
[Photo courtesy of MoD The Netherlands]

The RNLN is modernizing its fleet as well. Older ships are continually being replaced with state-of-the-art, Dutch designed and built vessels. Examples of the modernization program (1986-1996) include two air defense frigates, four modern conventional submarines, eight multi-purpose frigates, fifteen minehunters, ten and possibly sixteen minesweepers, two mine countermeasures vessels, one amphibious lift ship, and one fast combat support ship. All ship construction continues to be accomplished in The Netherlands' shipyards. Of particular importance to the ODC is the fact that all major combat ships are being outfitted with U.S. weapons and launching systems.

Naval aviation centers around Anti-Submarine Warfare (ASW) and is composed of P-3C Update II aircraft, Lynx helicopters and supporting personnel. New flight/weapon simulators and a modern ASW operations center support the ASW mission. Both aircraft types are in various stages of upgrade.



Photo #7
A P-3CII Orion aircraft of the Royal Netherlands Navy
flying over typical Dutch terrain.

ROYAL NETHERLANDS ARMED FORCES: A COMMITMENT TO TRAINING

The Netherlands Armed Forces Training Commands are responsible for training personnel in more than 1,400 different military specialties. Due to the large turnover of service members caused by a fourteen month conscription period, a total of over 50,000 personnel receive some training annually. During each calendar year an average of 13,000 service members are in the training cycle daily, to include both volunteers and conscripts. The Netherlands Armed Forces utilize the civilian skills of their conscripts and conduct extensive on-the-job training. They have the capability to train all their personnel for approximately 98 percent of their required military occupational skills. Training schools are highly professional, thorough, and well organized. The

primary training objective is to maintain a well-equipped and manned force at an "adequate" level of training.

The Dutch objective is to use International Military Training (IMT) only when necessary to achieve training goals which cannot be accomplished in-country. When utilizing IMT, emphasis is placed on training future instructors to ensure that training is not redundant and can be accomplished at the least cost. The IMT program for The Netherlands includes Professional Military Education (PME) for officers, technical/maintenance training for both officer and enlisted personnel, and Undergraduate Pilot Training (UPT) in both rotary and high performance aircraft. In recent years, financial cuts coupled with equipment modernization programs (F-16, Patriot, MLRS, Stinger, etc.) have limited the funds available for IMT. Despite this limitation, The Netherlands IMT has remained fairly consistent, with FY89 expenditures totaling approximately \$30M.

COPING WITH FISCAL CONSTRAINTS

Modernization does not come cheap. To maintain and modernize its Armed Forces, The Netherlands, like other NATO countries, has a national planning target figure of two percent real growth in defense spending. However, in reality, actual growth has been less than two percent, as is also the case with other countries within NATO. Modernization also has been slowed by an across-the-board reduction in defense procurement spending as a result of increasing costs of personnel, supplies, and equipment.

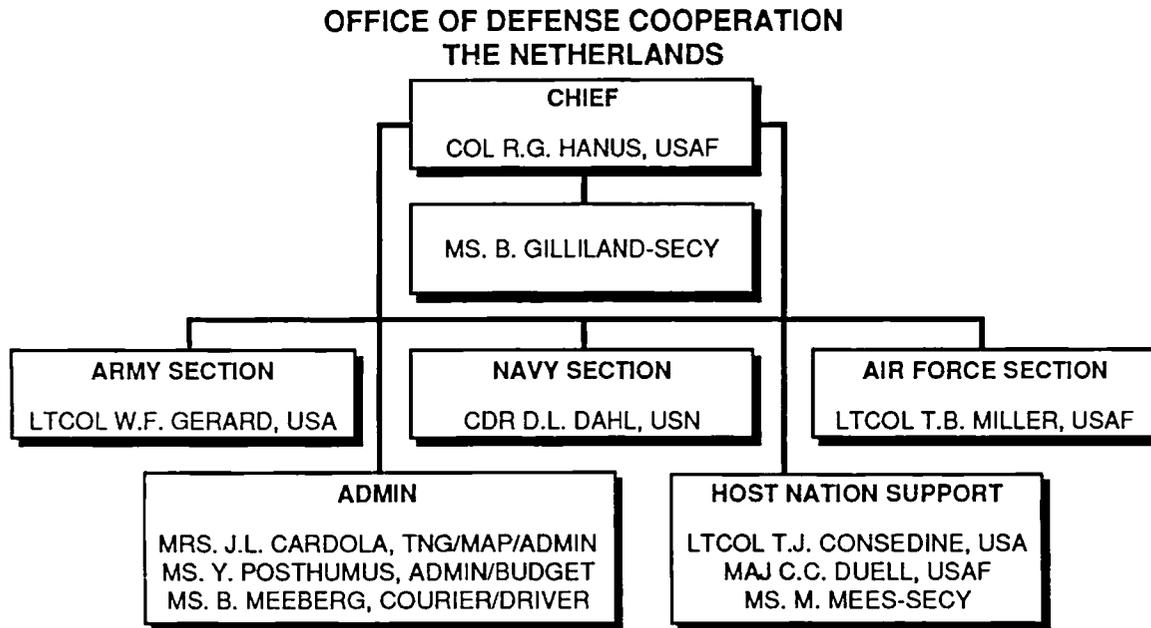
In addition to an across-the-board reduction in defense procurement spending, the MOD has modified its traditional division of the defense budget among the Dutch services. In the past, the division of funds had generally been along the lines of a 50 percent Army, 25 percent Navy, and a 25 percent Air Force split. However, beginning in 1989, an overall prioritization of defense programs is being made at the MOD level and funding will be distributed accordingly. Each Service will have to prioritize its requirements and then fight for those requirements as the overall defense spending plan is developed. The Army currently has the bulk of new major procurement programs (MLRS, remotely piloted vehicles, and artillery upgrades). Another major new planned program involves an attack helicopter to be operated by the Air Force but which is included in the Army's budget.

It is useful to note that Dutch defense expenditures include real estate taxes on military property and various "environmental measures." Dutch military vehicles must be licensed for the road and pay road taxes to be out of garrison, and a Value Added Tax (VAT) of approximately twenty percent is applied against military purchases brought into The Netherlands.

THE OFFICE OF DEFENSE COOPERATION--THE NETHERLANDS

The present Office of Defense Cooperation (ODC) had its origin in the 1950 Mutual Defense Assistance Agreement between the U.S. and The Netherlands. This agreement established The Netherlands Military Assistance Advisory Group (MAAG). In the early years, a USN Admiral headed The Netherlands MAAG, which was comprised of a large staff that was very closely allied with the Dutch military, as the latter was deeply involved in rebuilding Dutch forces in the post-World War II period. The MAAG existed until the mid-1970s, when, recognizing the status of the Dutch Armed Forces, it was redesignated the Office of Defense Cooperation and its manpower was significantly reduced. At that time, the complexion of the office changed, with the Chief's position being transferred to the U.S. Air Force from the U.S. Navy. This was also the time of the formation of the European Participating Government (EPG) group and the F-16 procurement decision. Another significant change occurred in 1988; prior to this, the ODC was fully funded by security assistance monies. With the formal recognition that the ODC mission had been modified

to include Armaments Cooperation, a mix of security assistance, USG appropriated funding for manpower, and O and M funding was instituted, although the size of the organization remained the same.



As the responsibilities of the ODC have developed, the organization has adapted to reflect the changes. From an early concern with the Military Assistance Program (MAP) and then later with FMS, the organization in the past four years has focused on the necessity to integrate Foreign Military Sales, Defense Industrial Cooperation, and Armaments Cooperation. Therefore, the emphasis is now on "Defense Cooperation." The present organization is headed by an USAF colonel with a section devoted to each Service and one for host nation support activities. This allows the Chief of the ODC to coordinate all ODC functions in representing the U.S. Department of Defense (DOD) while focusing his attention on The Netherlands' *Ministerie van Defensie*. The three Service section chiefs are then able to act as coordinators between their parent service and the corresponding Dutch service component. Responsibility for host nation support activities, which until recently was divided between ODC and EUCOM Logistics Coordination Cell personnel, now rests with ODC logistics coordination personnel. A unified view of Defense Cooperation extends throughout the organization and is a constant topic as new programs develop. The Service section organization allows the ODC to engage the Dutch at the appropriate levels in discussion involving all aspects of a program, whether technical, operational, support, economic, industrial, or political. Any one major Service program could well involve participation by all three Services and host nation support personnel. Essentially, as the responsibilities of the ODC have evolved, the organization has adapted functionally as well as in attitude to reflect the changes.

In a nutshell, ODC-NL, in conjunction with its Dutch colleagues, operates under the recognition that the degree of our effectiveness and accomplishments across the spectrum of our Defense Cooperation program is directly proportional to our self-motivation and initiative. The once clear line that could be drawn between what is and is not security assistance has blurred long ago. Considering all of the tools available to us for use in developing and orchestrating a creative and innovative initiative for accomplishing our mission in The Netherlands (Nunn/Quayle Amendments, nonrecurring cost (NRC) recoupment charge monies, time, manpower, automation, FMS, industrial relationships, common defense needs/goals, etc.), "traditional" Foreign Military

Sales and Security Assistance, Defense Industrial Cooperation and Armaments Cooperation are all intertwined throughout any project undertaken and molded into a cohesive Defense Cooperation program. By considering this as a given, we have been able to achieve an end result that is good for the United States, The Netherlands, both nations' militaries, and NATO, and have helped keep dollars in the United States and guilders in The Netherlands. In some cases, the program has been quite innovative and beneficial to Southern Region Amendment countries and NATO. While the complexities are significant, the results in the past four years have been very rewarding.

Certain realities have driven this approach:

- In today's climate within The Netherlands, a straight (no-strings) U.S. Government FMS sale is the exception.
- The Netherlands expect offset/compensation for FMS transactions, which are industry-to-industry commitments.
- The cost of one nation independently developing a major weapons system is becoming increasingly more difficult to fund.

Therefore, activities that promote industrial cooperation in conjunction with FMS sales are viewed as part of the ODC's primary mission. In this climate, then, a major ODC function is to be knowledgeable of the host nation's industrial capabilities so as to permit the identification of potential areas of cooperation and candidates for offset and compensation.

AN ORGANIZATION WITH A MISSION IN MIND

We see our mission as divided into three general areas: ensuring a continuing viable security assistance program through an emphasis on force modernization and training; developing and maintaining a continuing viable forum for Armaments Cooperation and Defense Industrial Cooperation activities; and providing in-country liaison for the Secretary of Defense and the United States European Command (USEUCOM) with the Dutch Ministry of Defense.

The security assistance part of our mission includes those tasks familiar to most SAOs: FMS/lease of equipment and case management, financial management, force development/utilization, technology transfer, transfer/resale of FMS and MAP articles, training for members of the host nation armed forces, MAP management, and the disposition of equipment.

Under Armaments/Defense Industrial Cooperation, ODC personnel act as advisors on host nation technical capabilities and military developments. This function includes acting as the DOD point of contact for U.S. defense industry, liaison for activities in support of cooperative programs, coordination of actions which could result in new reciprocal procurement Memoranda of Understanding (MOUs)/Memoranda of Agreement (MOAs), and acting as a point of contact for U.S. firms seeking and/or implementing cooperative programs or sales of U.S. military equipment in The Netherlands. Further, the ODC acts as a point of contact for MOD and foreign firms on DOD acquisition and logistics practices, liaison for DOD planning and advisory activities in identifying host country defense industry needs and capabilities, and as a facilitator for the stimulation of host country participation in cooperative initiatives.

As the U.S. defense representative to The Netherlands, the ODC also performs many functions in support of CINCEUCOM. These primarily involve acting as DOD coordinating authority for The Netherlands (including the coordinating of international agreements) and as the single point of contact for all non-EUCOM U.S. units and agencies doing business here. Bilateral and multinational agreements handled include those dealing with security, joint exercises, technology transfer, use of equipment (U.S. or NL), air refueling, telecommunications, basing of

units, ammunition shipments, use of force, relocation of units, hot pursuit, and status of forces. CINCEUCOM functions include NATO liaison, Dutch participation in NATO, data information/exchange, U.S. unit support, non-combatant evacuation, and antiterrorism.

Finally, through its logistics coordination personnel, the ODC coordinates and facilitates functional peacetime and wartime support requirements that are/would be provided by The Netherlands. These support requirements comprise facilities, manpower, construction, and logistical and administrative support, such as general storage of war reserve materiel, collocated operating bases, and non-combatant emergency operations. Collocating the logistics coordination personnel with the Royal Netherlands Army staff has enhanced communications and relations between the two.

In accomplishing our mission, our goal is to effectively manage our most precious commodity--time--and effectively satisfy the requirements. Although we have completely automated the office with a Wang computer work station on every desk which is tied to the unclassified embassy main frame for word processing, a stand-alone Wang with TEMPEST capability, and an IBM computer for modem interface and an internal data fax capability, we continue to be time/personnel limited. Therefore, the degree to which a requirement is satisfied is a function of its priority. Our efforts would be further enhanced if the aforementioned automated equipment could be integrated into DSAA, the Services, R&D and other data bases, thus providing direct access to current information and facilitating information exchange. Utilization of the existing equipment would be further advanced if individuals could be provided training on the use of equipment and available software. However, we do all of the aforementioned and more either through direct or indirect involvement. Equally important is that the amount of time spent in the various areas is in a continual state of flux in order to accomplish the overall mission--and, we never forget that the threads of defense cooperation are interwoven throughout the entire range of activities.

MISSION ACCOMPLISHMENT AND THE INDIVIDUAL

U.S. objectives, host country capabilities and future development should, to a degree, dictate the composition of the personnel assigned to the ODC. At the same time, we also need to take into consideration the multitude of mission areas that make up the ODC's mission. Members of an ODC must complement each other. However, while professional backgrounds are important to mission accomplishment, so too are the individual's personal characteristics. To perform successfully, an individual assigned to an ODC should possess maturity, common sense, open-mindedness, self-motivation, and creativity.

Currently within ODC--The Netherlands, we have the proper mix. The Chief ODC (Air Force) is rated with very broad professional experience; the Navy section chief is rated with a sea surveillance background; the Army section chief is from the combat arms branch, and is a qualified Foreign Area Officer (FAO); and the Air Force section chief has a logistics/procurement background. For The Netherlands, this is a very good mix.

HOST COUNTRY EXPECTATIONS

Aside from the Defense Attache Office functions, the Dutch military and civilian sectors view ODC--The Netherlands as knowing everything and anything about defense. ODC personnel are the "at hand" source of information. As such, our host country views the ODC in part as:

- an office where daily activities can range from definitions of acronyms, to discussions on the development of a Short Range Air Defense (SHORAD) program, to the successful accomplishment of the Dutch NATO strike missions.

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- a sounding board for trying out ideas for solutions to problems related to armaments procurements--both FMS and commercial.
 - having influence with the Ambassador and State Department to raise sensitive defense-related issues.
 - a contact for assistance in implementing cooperative programs (Nunn-Quayle) with the U.S.
 - a MOD/Services source of information on DOD acquisition and logistics practices.
 - an in-country office for passing information on Dutch industrial capabilities to the DOD and U.S. industries.
 - the manager of Data Exchange Agreements.
 - an active in-country participant in all negotiations concerning host nation support for peacetime plans and activities.
 - an intermediary between the Dutch MOD and U.S. major/subordinate commands about any and all issues/concerns arising between them.
 - an intermediary/reviewer of all correspondence from U.S. units located in The Netherlands requesting assistance/support from the MOD.
 - an "adjunct" member of respective Service staffs to gather information and answer questions on programs/issues arising from joint interest.

FACILITATING IN THIS ENVIRONMENT

We continue to advocate NATO or bilateral armaments development and production. While Dutch industry has some high-tech elements, the defense component is relatively small, narrowly focused, and underfunded for research and development. As a result, the Government of The Netherlands currently depends on other countries (including the U.S.) for major arms purchases and cooperative development and production projects.

Within The Netherlands and Europe there is continuing political pressure to remedy the perceived imbalance in trans-Atlantic armaments acquisitions with the U.S. This creates solutions to the detriment of cost-effective arms procurement policies and trans-Atlantic arms cooperation. Our defense cooperation policy is designed to show the Dutch that we are prepared to explore mutually beneficial armaments programs.

The Dutch defense budget, as all defense budgets, is under political pressure from those who are seeking to reduce budget deficits and to make other uses of resources currently allocated to defense. In this environment, our defense cooperation activities, in cooperation with the Government of The Netherlands, seek ways in which our common desire to upgrade NATO's conventional defense can be translated into programs which will benefit the Dutch and American economies and help The Netherlands acquire new generation systems by the most cost effective method possible. Achieving our objective will result in a closer government-to-government as well as military-to-military relationship.

The beginnings of the Defense Cooperation in Armaments (DCA) efforts can be found in the negotiations of bilateral MOUs with the European countries. As a result of the Nunn/Culver Amendments in the late seventies, bilateral MOUs were negotiated with the NATO allies. The

objectives of these MOUs were to promote Rationalization, Standardization, and Interoperability (RSI). As part of the MOU, the "Buy America" Act was waived so that countries could compete on an equitable basis in the U.S. markets and the U.S. in theirs. On 6 June 1985, the Secretary of Defense laid the cornerstone for DCA when he published a memo stating in part that "we must convince our NATO Allies, the U.S. Congress, and executive agencies that collective security depends upon greater integration of military requirements with Alliance-wide, Defense-Industrial Cooperation."

The FY86 DOD Authorization Act included a new Nunn Amendment with an objective of an overall improvement of the development of conventional weapon systems and realizing RSI within NATO. The Nunn Amendment made available \$100,000,000 (200M authorized; 100M appropriated) in equal amounts to the Army, Navy, Air Force and Defense agencies for cooperative research and development projects to be used in conjunction with our NATO allies. Stipulations were that the funds were to be spent in the U.S. and that participating NATO nations would spend a like amount on agreed-to joint projects. Funds have been available in subsequent years (FY87: 145M authorized and 145M appropriated). The Netherlands has been active in these Nunn Amendment cooperative projects. In FY86, the Dutch entered into three projects and in FY87 they added four more.

Mutual Weapons Development Data Exchange Agreements (MWDDEA) and Information Exchange Projects (IEP) are integral parts of the Department of Defense program of cooperation with allies in research and development. The objective of these is to establish a continuing exchange of technical and scientific information between the U.S. and its allies in areas of mutual interest, thereby minimizing duplication of effort, achieving standardization and interoperability of equipment, achieving closer military ties, and drawing upon the capabilities of allied technical and scientific personnel to help fulfill U.S. requirements in research, development, or production. ODC-The Netherlands is involved in over 40 of these agreements. As mentioned earlier, the ODC plays a major role in managing these agreements.

IN CONCLUSION

For the past 40 years, security assistance has been an essential element in U.S. efforts to help build a more secure and peaceful world. In Northern Europe after WW II, security assistance took the form of Grant Aid under the old Military Assistance Program (MAP). As countries such as The Netherlands gradually reestablished themselves in the post WW II period, the emphasis shifted to that of FMS. As markets and industries such as those in The Netherlands became increasingly globalized, countries became interdependent for goods, technology, and the capital necessary for defense, thus leading to a period of coproduction. In the last several years, another milestone was reached as we embarked from an era of coproduction to codevelopment. This latest milestone will require the commitment of governments as well as industry if we are to continue to move forward in the new era of defense cooperation, because the groundwork now being established within NATO countries will eventually proliferate itself throughout the free industrialized world. We in Europe are at the leading edge of change in our approach to defense cooperation. To overcome the odds we must continue to pool our resources and avoid duplication if we are to continue to preserve peace and security in the world. Cooperative defense is at the base of that preservation. Our efforts with our host country are directed at that cooperation.

APPENDIX I

DEFENSE COOPERATION FUNCTIONS IN THE NETHERLANDS

Liaison

- Maintain regular contact with Dutch military services operational requirements divisions and the MOD planning division to keep apprised of future requirements and potential procurements.
- Maintain regular contact with the *Ministerie van Economische Zaken* (Ministry of Economic Affairs-MEA) regarding Dutch industrial capability in the general manufacturing as well as the defense sector.
- Visit Dutch defense industries to determine, first-hand, capabilities and strategies regarding research, development, production, products and services.
- Keep apprised of U.S. service components' theater requirements for logistics support and services that may provide opportunities for Dutch Government or industry participation.
- Survey Dutch services and industries for items or systems which may be potential candidates for Foreign Weapons Evaluation (FWE), Side-by-Side Testing, or NATO Cooperative Testing (NCT) programs, and submit candidates to appropriate U.S. agencies.
- Maintain regular contact with the Embassy Section and U.S. Foreign Commercial Service to promote opportunities for increased Armaments and Defense Industrial Cooperation.

Dutch Participation in Armaments Cooperation

- Bring the Dutch into early development and pre-production phases of systems development rather than delay procurement decisions until the design is proven and in production, with emphasis on the economic benefits.
- Budget for and foster greater Government support for Dutch participation in cooperative research and development activities.
- Effect earlier contact between the MEA and U.S. defense industries regarding possibilities for Dutch codevelopment and coproduction.
- Stimulate greater Dutch attendance at and participation in defense trade and service related shows and symposia (i.e., COMDEF, AUSA, AFA, and Navy League meetings).
- Accompany, as appropriate, Dutch Government officials to defense related U.S. Government and industry symposia and meetings and to international defense trade shows and other meetings held in Europe.

Communication

- Advise Dutch Government ministries and appropriate industries regarding developments or changes in U.S. defense procurement and trade practices and related legislation.

- Keep appropriate Dutch Government ministries and industries apprised of the capability of the ODC to assist in liaison and information transfer regarding Armaments and Defense Industrial Cooperation activities.

- Report results of ODC visits to Dutch industry, particularly with respect to new or unique capabilities, to appropriate U.S. Government and industrial trade organizations.

- Assist the MEA in the preparation, editing, and distribution of its directory of Dutch defense industries.

APPENDIX II

DEFENSE COOPERATION SPECIFIC INTERESTS

Specific interests the ODC is seeking to further through Defense Cooperation:

- Continued rationalization of defense tasks, standardization, and interoperability of equipment, munitions, and procedures.
- Dutch participation in cooperative armaments research, development, production, procurement, and logistics support programs.
- Helping the Dutch *Ministerie van Defensie* (MOD) obtain the maximum benefit from each Dutch defense guilder committed to military procurements.
- Encourage The Netherlands to assist the less wealthy NATO Allies, especially the Southern Region Amendment (SRA) identified countries.
- Increasing Dutch contributions to defense burdensharing.
- Creating opportunities for enhanced cooperative development, procurement, production, and acquisition efforts.
- Supporting and assisting the Dutch in upgrading their field artillery assets by ensuring a smooth transition of the Multiple Launch Rocket System (MLRS) into the Dutch Armed Forces and by U.S. participation in a joint Howitzer Improvement Program (HIP) for M109, M110, and M114 artillery assets.
- Assist the Dutch in developing and acquiring training simulation equipment to increase their command post and field exercise capability.
- Encourage Dutch participation in the U.S. Naval Defense Initiative (NDI) to cooperatively develop an advanced NATO Anti-Air Warfare (AAW) system.
- Support Dutch efforts and assist with the development and integration of Patriot and Hawk systems in the Federal Republic of Germany to provide the capability of the Patriot Integrated Command Center (ICC) to more effectively manage an air battle.
- Support improvements to F-16 air defense capability.
- Assist in procurement of air-to-surface Precision Guided Munitions (PGM) to realize the capabilities of an improved fighter force and to meet NATO sustainability goals.
- Encourage the Dutch to acquire stockpile requirements of air-to-air missiles by supporting Dutch efforts to expand and upgrade their AIM-9 inventory and assisting in planning for the procurement and aircraft integration of an AMRAAM.
- Encourage further enhancements to the existing Dutch airborne Electronic Warfare (EW) capability.