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# Defense Cooperation In Armaments Office U.S. Embassy London, United Kingdom

## INTRODUCTION

The Defense Cooperation In Armaments Office (DCAO), London is located in the American Embassy in Grosvenor Square, not far from Hyde Park in London's fashionable West End. From the office window, one can look out and see the statue of General Eisenhower surveying the domain of his World War II headquarters, now occupied by HQ CINCUSNAVEUR. It is an historic location, and if the events of the past two years in Eastern Europe are considered, it continues in its historic significance.

London is a bustling city, the largest in Europe. Or is it in Europe? The United Kingdom is unique—it has one foot firmly planted in Europe, but it is an island, with many firm connections across the Atlantic. We speak of the "Special Relationship" which goes all the way back to the common roots of the United States and the United Kingdom. This special relationship between our two countries continues today, complete in a [mostly] common language and common culture and institutions. But there also are many differences in culture, language, and form of government. One of the primary functions of the DCAO is to understand these similarities and differences, and translate them into support for U.S. national goals and policies, keeping in mind the value and need of the Special Relationship.

## BACKGROUND

Of course everyone knows that Britain has been an independent nation ever since America granted it independence on that famous 4th of July, 1776! Our British friends tell us they still celebrate the 4th, but that here it is called Thanksgiving! Almost since that time, the U.S. and Britain have been allies. The most notable treaty which governs the relationship is the North Atlantic Treaty, but our relationship in the Security Council of the United Nations, plus other bilateral and multilateral arrangements add substantially to the firm alliance of the U.S. and the U.K.

Britain, despite the shrinking of the British Empire, remains a formidable military power, expressing the same national will as America on issues where right must prevail. Britain's military pursues four basic missions: defense of the United Kingdom; contribution to the defense of the European mainland; maritime operations in the NATO area; and defense activities outside NATO. To support this, they maintain a strategic nuclear deterrent, ground forces, air forces, naval forces, special forces, and a reserve force ready to pursue the entire range of combat anywhere on the globe.

The UK, as a member of both NATO and the European Community (EC), maintains strong ties with all the countries of Western Europe, while providing a striking balance to those European forces which would exclude North America from affairs European. Americans in the UK say and believe they are "in Europe," but the British refer to taking holidays in Germany, France, or Spain as "going to Europe." This is a very significant distinction, and it highlights the unique position the UK holds in relationships with both the Europeans and America in economics, politics, and military affairs.

United States military facilities in the UK are shrinking due to the dramatic changes in the defense climate and posture of the world. Three U.S. services maintain forces in the UK. The

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U.S. Army has the fewest, involving only a small support staff. The U.S. Navy has a number of relatively small support facilities in addition to Headquarters, NAVEUR, located across from the Embassy on Grosvenor Square in London. The U.S. Air Force has the majority of American forces in Britain, with six major bases at RAF Alconbury, Upper Heyford, Lakenheath, Mildenhall, Bentwaters, and Woodbridge, and three small stations at RAF High Wycomb, Chicksands, and Greenham Common. This only names a few. Relations with our British hosts are excellent at all the bases, with Anglo-American committees very active in developing activities for U.S. personnel.

## EVOLUTION FROM TRADITIONAL SECURITY ASSISTANCE TO DEFENSE COOPERATION

The Defense Cooperation in Armaments Office was established years ago as an augment to the Office of the U.S. Defense Attaché. A lone individual was assigned the specific mission of performing security assistance liaison duties with the UK Ministry of Defence. This is a reflection of way the British Government is organized for the acquisition of foreign military equipment. The British Embassy in Washington, DC is host to the U.K. Defence Procurement Office (UKDPO), an arm of the U.K. Ministry of Defence (MOD). Among other things, this office is responsible for the conduct of procurement activities in the U.S. This includes both direct commercial procurements of U.S. defense articles, and those accomplished through the Foreign Military Sales programs, under the authorities of the Arms Export Control Act and the Foreign Assistance Act. The UKDPO carries out its responsibilities through direct coordination with the U.S. services and with DSAA. Thus, the SAO Augmentee role was to assist the UKDPO, the MOD, the U.S. Services, and DSAA, as needed, on the ground in London in the conduct of FMS. This mission continues today, with the majority of the UK FMS activity conducted in Washington with neither help nor interference from London. The London office, however, does conduct three very significant security assistance activities: administration of the U.S./UK training program; service for U.S. Defense Industry; and central London focal point for security assistance problem solving. As our experience in Desert Shield/Storm was to demonstrate, however, most "situations" were resolved before getting to the "problem" state. This reflected the success of years of working together, plus good training!

The 1985 Nunn Amendment introduced a significant change in focus for the U.S. government: a defined concept of Defense Cooperation was introduced; the relationship between the U.S. government and defense industries was made more cordial; and a new relationship was defined between the SAO and the DOD acquisition community. This altered the traditional SAO mission in selected European capitals to incorporate the broader concepts of Defense Cooperation in Armaments (DCA) and defense industrial cooperation (DIC). The security assistance mission did not assume lesser importance; to the contrary, it was given additional *complementary family* members. With the Nunn Amendment and the expansion of the mission came an increase in personnel assigned to the London office, and significantly different daily activities. So dramatic was the change that in 1989 the name of the SAO augmentation office was formally redesignated as the Defense Cooperation in Armaments Office.

Defense Cooperation is the overall activity which the U.S. Department of Defense conducts to promote international security. The efforts consist of security assistance (Foreign Military Sales and Direct Commercial Sales), industrial cooperation, armaments cooperation, training, logistics cooperation, cooperative Research and Development, Foreign Comparative Testing, Host Nation Support, etc. Our mission at DCAO, London, thus requires us, "To represent U.S. defense interests in [the] host country by managing U.S. security assistance programs, supporting cooperative arms programs, coordinating host nation support, conducting planning, and acting as liaison for other defense matters of mutual concern.

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Simply stated, the job of the DCAO is to serve as a focal point—to cooperate and to communicate. The DCAO performs several key functions. It encourages cooperative U.S.-U.K. weapons system research, development, acquisition, and logistics support (which includes classic FMS and Cooperative Logistics Supply Support Arrangement (CLSSA) participation); it represents the U.S. National Armaments Director (NAD) to the UKMOD; it promotes the U.S. weapons acquisition process; and it monitors reciprocal defense cooperation memoranda of understanding. We accomplish this through two basic liaison functions: one is government-to-government in nature; the other is more directly related to industry.

The government-to-government function involves mostly liaison activities between the UKMOD and the U.S. DOD, dealing with all aspects of armaments cooperation and collaboration. It also involves participation in a number of bilateral and multilateral fora, some within the auspices of NATO. The industrial function covers all aspects of assistance to industry. Long gone are the days of defense industrial “leprosy”; today, the DCAO actively supports U.S. defense industries. The DCAO ensures the awareness of U.S. industrial quality and competitiveness within the UKMOD as well as with members of the U.S. Embassy staff and other USG agencies represented in London.

## STRUCTURE AND LINES OF COMMUNICATION

To accomplish its mission, the DCAO is simply structured. The Chief of the DCAO is authorized six additional personnel, to include: an executive secretary (GS-6); an administrative support specialist (GS-9); a training specialist (USAF MSGT); and three service-dedicated defense cooperation specialists (USAF, GM-14; USA, LTC; USN, CDR). Together, this team monitors all the UK FMS training programs, thousands of industrial security clearances, and the full gamut of defense programs from submarine strategic nuclear forces through land and air forces, to the realm of SDI and space.

Guidance and policy direction come from many sources. As a member of the Ambassador’s Country Team, the DCAO serves as the the Ambassador’s focal point for all defense cooperation issues, coordinating with other members of the Embassy team. Such other Embassy personnel, of course, are responsible ultimately to the Secretary of State. As an arm of the Secretary of Defense, the DCAO receives policy and technical guidance from two OSD arenas. The Defense Security Assistance Agency—an element of the Under Secretary of Defense for Policy—controls all security assistance, FMS training, and annual long-range defense planning for the U.S./UK bilateral relationship. Through the Under Secretary of Defense for Acquisition, the International Programs office provides similar guidance for Defense Cooperation activities. Through all of this, coordination, administration, funding, and support is provided by our direct chain of command, focused in the Director, Logistics and Security Assistance (J-4) of the U.S. European Command, located in Stuttgart, Germany.

How does it actually work? We *report* to EUCOM and receive policy guidance from DSAA and OSD through the ECJ4 staff. We also have direct lines of communication with both OSD and DSAA. Of course, we receive both direction and guidance from the Ambassador, and we coordinate many issues with other European ODCs.

A great deal of our daily communication is with the UKMOD, predominantly with the Require/Concepts staffs and the staff of the MOD Procurement Executive, which is similar to our Acquisition community. The UKMOD has a special organization dedicated to the support of UK industry abroad, the Defence Export Services Organization (DESO). They are also one of our main contacts. Their function is to actively promote sales of UK defense equipment abroad, and they have a staff of well over 300 personnel. They conduct trade fairs and promotional tours, and

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they also conduct much of the negotiations on offset arrangements associated with equipment sales.

The DCAO is a small “purple” [i.e., multi-service] organization, focused on issues and policies from an OSD perspective. Each U.S. service also has a separate organization in London which is staffed by operational military personnel, military scientists, and engineers who have the specific expertise to look at individual programs from an advanced technology perspective. The DCAO works closely with three “stovepipe” organizations: the U.S. Army Research, Development, and Standardization Group, a unit of the Army Material Command; the European office of Aerospace Research and Development, which reports to the USAF Office of Scientific Research; the USAF Research and Development Liaison Office—London, which is responsible to the Assistant Secretary for Acquisition of the Air Force; and the Office of Naval Research, Europe, which represents the Chief of Naval Operations and the Commandant of the Marine Corps. Combined, there is a formidable U.S. DOD team in London.

## MAJOR DUTIES AND CURRENT PROGRAMS

Daily DCAO activities fall into three categories: armaments cooperation, defense industrial cooperation, and security assistance. Armaments cooperation occupies center stage. Numerous meetings of UKMOD and DOD officials are required to keep all informed of the issues surrounding the acquisition of defense articles and services. The DCAO coordinates all visits of key U.S. personnel and the conduct of major events, such as the Farnborough Air Show, thereby facilitating the two-way street of cooperation and collaboration between our nations. The DCAO also participates in bilateral and multilateral fora, such as the Conference of National Armament Directors (CNAD), and the Defense Equipment Rationalization Committee, all designed to foster defense cooperation. The DCAO also keeps a watchful eye on the progress of the Single Europe Act (Europe 92), the Independent European Program Group (IEPG), and the European Cooperative Long-Term Initiative in Defence (EUCLID), as they may all impact on the health of the U.S. defense industrial base in the future.

### *Traditional Security Assistance*

The British have long participated in the U.S. Security Assistance Program, beginning with the receipt of some MAP equipment, evolving through a phase of significant FMS purchases, to the environment we have today of predominant commercial purchases. The MAP program is long since past. Major FMS purchases have included the F-4 Phantom, Polaris and Trident submarine-launched nuclear missiles, Chinook helicopters, Harpoon missiles, and C-130 transport aircraft. The purchase of the E-3 Sentry (AWACS) began the era of major direct commercial purchases, but elements of the logistical support for the aircraft and training are still provided through FMS. So, despite the direct purchase preference, FMS today still accounts for a significant portion of UK routine logistics support for both U.S. and UK-produced weapon systems, as well as for professional and technical training.

The shift from an emphasis on FMS to one focused on direct commercial purchases reflects the UKMOD emphasis on achieving “value for money.” This is not a rejection of the FMS system; rather, as a sophisticated society and government, the British feel they can often achieve a “better deal” through a direct commercial purchase, avoiding FMS surcharges and the like. Thus, when possible, the UKMOD will pursue a direct purchase. Nevertheless, they continue to use the FMS system to acquire support, spares, munitions, and major components because they recognize the value of the system as an integrated part of the logistical base. The Gulf War provided a case in point, during which the UKMOD used the tried and true FMS system for a broad range of support to their deployed troops. It worked!

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For certain security assistance matters, the DCAO has one individual dedicated to management of the U.S./UK training program and defense industrial security clearances. The amount of cross-Atlantic training would surprise most people, as would the number of persons from U.S. industry traveling to the UK to meet with representatives of both the UKMOD and UK industry. Of course, all military training obtained from the U.S. is purchased through FMS. In the past fiscal year, 277 British Military students trained in the U.S. in a broad range of courses. We provide senior Professional Military Training (PMT), Ocean Surveillance Information Systems (OSIS), Army Ranger courses, Explosive Ordnance Disposal (EOD), experimental test pilot school, combined strategic intelligence training, Harrier simulator training, and many others. In FY 1990, this all represented 10 FMS training cases valued at over \$3.8 million. Support for security clearances for most years includes processing over 12,000 individual clearances; this past year it fell off to nearly 9,000, yet still representing a substantial level of effort.

### *Defense Cooperation in Armaments*

In DCA, the ultimate focus is on direct benefits to national security, much of it achieved through Rationalization, Standardization, and Interoperability (RSI). DCAO activities center on gaining or maintaining a level playing field on both sides of the Atlantic in the acquisition of defense equipment. We also work very hard to ensure that blind bureaucracy or misunderstanding does not place the U.S. government in a position to deter cooperation. Procurement information and advice is distributed to defense contractors, who are also provided points of contact in the relevant U.K. ministries/departments. Most importantly, a general forum is provided for communication among industrial representatives. The DCAO also ensures that other agencies of the USG represented in London are made aware of defense industrial needs. When warranted, DCAO representatives attend trade conferences and visit defense industrial facilities in order to become familiar with potential opportunities for cooperation by U.S. and UK firms.

The UK is our biggest cooperative partner, with cooperation existing in all services, all mission areas, and in nearly all areas of technology. The visible areas include the AWACS, Trident, C-130, the AV-8, and the Navy T-45 aircraft. But there is also a booming trade in both directions across the Atlantic in various components and sub-systems. UK industry participates in the F-15, F-16, and F-22 programs, as well as many others, to a far greater degree than most of us realize. Other notable cooperative programs include: Surface Ship Torpedo Defense (SSTD); Multiple Launch Rocket System (MLRS); AIM-9 Sidewinder air-to-air missiles; NATO Improved Link 11; Joint Tactical Information Data System (JTIDS); "artillery shells;" Future Tank Main Armament (FTMA); Allied Standard Avionics Architecture Initiative (ASAAC); J-STARS; SDI; ADA Computer Language; Relocatable Over-the-Horizon Radar (ROTHR); and the mission integration of the EH-101 Merlin Anti-Submarine Warfare helicopter. For the future, there is great potential for cooperation in a Maritime Patrol Aircraft to replace the aging Nimrod fleet, plus a follow-on to the C-130, as well as the COBRA radar program, Starstreak missiles and their variants, and numerous other programs.

### *Defense Industrial Cooperation*

In Defense Industrial Cooperation, the DCAO is active on a number of fronts. As the in-country focal point for industrial clearances, we are working with the MOD security staff to implement procedural improvements developed by the Multi-National Information Security Working Group (MISWG), in which OSD is a major player. Automation of the security clearance process is one of the major improvements being implemented between Washington and London, and we are actively involved. Since the publication of the "Eagleburger message," which directed U.S. overseas missions to be more active in assisting defense industry, a Defense Trade Working Group (DTWG) has been formed in Washington among representatives of DOD, State, and Commerce. Reflecting this development, DCAO has formed a London DTWG, in an effort to

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ensure the London community, including the agencies represented in the Embassy, put forth a concerted and coordinated effort to support this initiative. Prior to this, the DCAO began sponsoring the quarterly Industry Breakfast as a forum for exchange of defense industrial cooperation ideas and policies. Our format is to provide a working breakfast environment with representation from the Embassy staff, DCAO, and local U.S. defense industries. We provide a guest speaker to lead a discussion of interest to the group. These speakers have included ranking members of the British government; Sir Peter Levene, Chief of Defence Procurement 1986-1991; and Dr. Malcolm McIntosh, current Chief of Defence Procurement. We have found the forum to lead to lively discussions among our guests and the speakers, and among themselves. The industry representatives have expressed their keen interest in continuing such a tradition, both as an excellent venue for gaining valuable information, but also as an opportunity for the various company representatives to meet on "neutral" ground. Of course, the venue is ideal for making sure that our treatment of all defense contractors is done on a fair and equal basis, without prejudice or preference.

There is need for a commercial announcement here. The DCAO, like the ODCs in other capitals, can only help those defense companies and government agencies or departments that are in contact with us. We invite all to visit us, whether major companies, smaller suppliers, sub-contractors, large agencies, or small offices. We tend to see the "majors," while it is the smaller companies and more obscure government offices that can probably benefit most from our services.

British defense industry also contacts us, but not as frequently as U.S. companies. The obvious reason is that DESO has a far larger staff, with the specific charter to help them through promotional activity. This of course, goes a step beyond our charter to *assist* industry. British government policy is pro-active. British industry must export to survive, for the domestic market is too small for economic order quantities of major defense items. The British government, unlike the U.S. government, is a direct promotor of arms sales; but it still keeps an arms length away and requires British industry to be competitive in its own right. The UKMOD policy on defense acquisition is founded on competition, and best value for money. Since the UK industrial base includes only one company in major areas such as tanks and aircraft, that competition will of necessity come from off-shore. Two recent competitions point out the environment.

The competition for a new Main Battle Tank for the UK matched Vickers (UK) against General Dynamics (USA), Kraus-Maffei (FRG), and Giat (FR). In the end the decision went to Vickers, driven by the bottom-line cost of acquisition of a small quantity of intra-operable tanks and the need to maintain a single logistics and munitions base. The other recent competition was between IBM teamed with Westland (UK), and a British Aerospace/General Electric Company (UK) team, for the integration of the mission suite in the EH-101 Merlin anti-submarine warfare helicopter. In this case, the selection went to IBM/Westland after a tough competition. The decision was again based on system performance, bottom-line cost, the strength of risk management, and overall management. These two cases illustrated the market opportunity for American industry that exists in the UK, but the competition is tough.

## CURRENT TRENDS

Where do we go from here? In two years, we have seen the Berlin Wall come down, the Warsaw Pact dissolve, the Thatcher Government replaced, the Gulf War, and political and economic disarray within the Soviet Union. And with all of these have come renewed pressures to discover a "Peace Dividend." The impact is obvious—both the U.S. and the UK are striving to find a balance between the threat and our respective force structure and equipment requirements, together with the need for maintaining a strong defense industrial base, all in the face of plummeting budgets. The task is not easy. The MOD is still conducting its "Options for Change" exercise, which is just a small step shy of a full defense review. The results will have far-reaching

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impact. And in Britain, there will be national elections by June, 1992. Both of these indicate a period of extreme uncertainty in UK arms development and procurement. It seems evident that major new system starts will be precious few, with emphasis placed on off-the-shelf procurements, together with modifications and improvements to existing systems. Money is tight and competition is tough. But one thing can be virtually assured—Britain, regardless of the government in power, will remain a staunch participant in the Special Relationship with the U.S.

## CONCLUSION

None of us alone can afford the cost of collective defense. The Gulf War pointed out the need for, and the value of, working as a team. Rationalization of requirements, Standardization whenever possible, and Interoperability as a minimum, are even more important than ever in coalition warfare. And we must not forget the values of mutual training and exercises. What does this say for the DCAO and ODCs. It says that Defense Cooperation in the broadest sense is the wave of the future. Mutual training, security assistance, industrial cooperation, cooperative R&D, joint development, must all be everyday concepts. The past has shown us that cooperation is not easy. And in tight fiscal times, periods of unbridled protectionism tend to emerge. There are many examples of cooperative programs that have failed, due in many cases to very valid changes in requirements and overall situation. Despite these failures, with tighter budgets and an environment which stresses coalition warfare, we must continue to drive to cooperate wherever and whenever it makes sense.

The Defense Cooperation in Armaments Office, London, has a significant challenge for the future. With the world becoming smaller, budgets tighter, and technology advancing, cooperation represents the way forward. DCAO is the focus of that cooperative effort for the DOD in London.