
COVER FEATURE

Navy International Programs Office

By

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This article discusses the functions and missions of the Navy International Programs Office (Navy IPO). It also focuses on trends in the international arena, as well as current procedures for executing policies.

Navy international programs encompass several overlapping areas, namely security assistance, technology transfer/security, and cooperative programs. In addition, Navy IPO recently assumed responsibility for non-strategic arms control treaty implementation and compliance. This integrated organization is unique among the services in managing nearly all facets of international programs, and, in our judgment, helps to ensure that all factors are considered in making international policy and executing international programs.

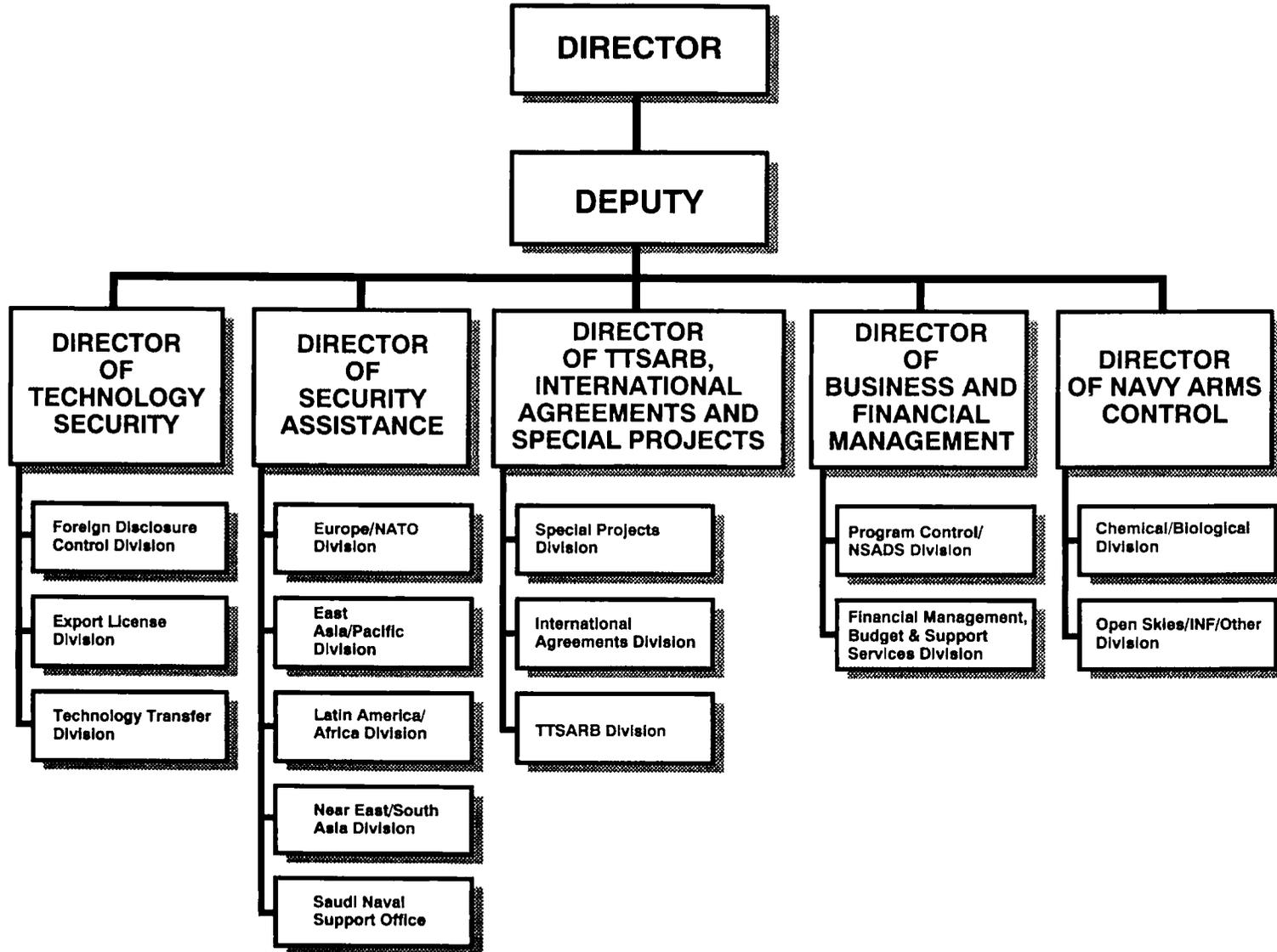
NAVY IPO ORGANIZATION

Navy IPO is a field activity of the Assistant Secretary of the Navy (Research, Development and Acquisition) [ASN(RDA)]. Its director serves on the staff of ASN(RDA) as principal advisor for all international programs. The position is currently vacant, with efforts underway to recruit a new director; in the interim, Rear Admiral John (Jack) W. Snyder, the deputy director, is serving as acting director. The director position is a career Senior Executive Service position; the deputy director is a rear admiral (O-7), who also serves as advisor to the Chief of Naval Operations (through the Deputy Chief of Naval Operations [Plans, Policy, and Operations, N3/N5]) on all international programs issues.

The Navy IPO organization is depicted on the next page. There are five directorates: Technology Security; Security Assistance; TTSARB (Technology Transfer and Security Assistance Review Board, discussed below), International Agreements, and Special Projects; Business and Financial Management; and Arms Control. In addition, the Navy Office of General Counsel provides several lawyers to advise the director and deputy director on all legal issues. Navy IPO's total staff amounts to approximately 190 individuals; a little more than one-fourth of the positions are military, with most of these being officers.

The functions of the Technology Security, Security Assistance, and Arms Control Directorates are evident from their titles. The TTSARB, International Agreements, and Special Projects Directorate is responsible for general policy coordination via the TTSARB process, as described below, as well as for cooperative programs. The Business and Financial Management Directorate formulates and executes Navy IPO budgets; in addition, it is concerned with the financial and technical aspects of preparing security assistance documents, in particular operating the Navy Security Assistance Data System (NSADS), as discussed later.

NAVY INTERNATIONAL PROGRAMS OFFICE



All of Navy IPO is currently located in the Crystal City office complex in Arlington, Virginia, with most staff residing in the Crystal Gateway North building, the same building to which the Defense Security Assistance Agency (DSAA) recently relocated. In 1993 the Navy decided to move all offices in leased space in the Virginia suburbs of the Washington, D.C. metropolitan area to Federal Government facilities. Navy IPO is currently scheduled to move to the Naval Security Station in Washington, D.C. in 1997.

GENERAL POLICY PROCESS

Navy international programs policy is closely coordinated with other Navy activities as well as, when necessary, with the Army, Air Force, Office of the Secretary of Defense, Department of State, and other U.S. Government agencies. Internal Navy coordination utilizes the TTSARB process. This committee of senior Navy officials was established at the same time as Navy IPO's predecessor, the Navy Office of Technology Transfer and Security Assistance (NAVOTTSA). Originally it was intended that the Board would meet periodically; instead, the coordination process described below has worked well, so that only occasional ad hoc meetings of interested officials are required.

When a senior Navy official determines that a significant, precedent-setting Navy policy needs to be established, Navy IPO prepares a TTSARB decision memorandum discussing the issue and outlining a range of policy options. Key factors considered include:

- State of relations with foreign nations.
- Prior commitments by senior officials.
- Effects on regional stability.
- Military benefits to the U.S., such as interoperability.
- Potential harm from the compromise of technology.
- Likely savings due to foreign contributions and/or reduced unit costs.
- Impact on the U.S. industrial base.

Draft memoranda are circulated to all interested Secretary of the Navy offices, Chief of Naval Operations (CNO) and Office of the Commandant (Marine Corps) (CMC) offices, Systems Commands and Program Executive Officers (responsible for procurements), and other Navy and Marine Corps activities. Navy IPO reviews their comments and attempts to achieve consensus by, e.g., modifying options. A decision memorandum incorporating all comments and recommendations is then forwarded to the Vice Chief of Naval Operations and the ASN(RDA). If both officials agree, a Navy Department position is considered established, and is promulgated to all interested parties. In case of very significant issues, or disagreement, the issue is forwarded to the Secretary of the Navy for a final decision.

Illustrative TTSARB issues currently under consideration relate to the potential release of various aircraft systems, and expansion of the number of nations authorized to receive torpedoes and advanced ship combat systems. During the past few years approximately 20 TTSARB decision memoranda have been promulgated per year.

Once the Navy has developed a position on a significant issue, it is likely to require approval from the Office of the Secretary of Defense, the Department of State, and/or Congress. The

Department of State and DSAA must approve all Foreign Military Sales (FMS), i.e., those sales on a government-to-government basis, as discussed below. Formally, all requests for export licenses for direct commercial sales are approved by the Departments of State or Commerce; the Navy and other Services make recommendations. In addition, Congress is given advance notice, and an opportunity to reject, significant defense sales. The precise dollar thresholds vary by the type of equipment or service to be sold, but, in general, most seven figure or higher sales must be notified to Congress. The Office of the Secretary of Defense must grant the Navy formal permission to negotiate most international agreements relating to codevelopment and/or coproduction.

For the release of classified information or equipment to foreign governments, a formal interagency process is used, centered around the National Disclosure Policy Committee (NDPC). This interagency committee, established by the Secretaries of State and Defense, is chaired by the Assistant Deputy Under Secretary of Defense for Security Policy. Navy IPO represents the Department of the Navy on this committee, which includes the military departments, the Department of State, the Joint Chiefs of Staff, various Office of the Secretary of Defense offices, the Central Intelligence Agency, the Department of Energy, and the Arms Control and Disarmament Agency.

The NDPC periodically reviews and establishes general disclosure policies regulating the extent, if any, to which various categories of classified information may be disclosed to specific nations. Thus, if the Navy decides to sell classified material within these guidelines to a foreign government, no NDPC action is required. In other cases an exception to national disclosure policy must be approved. Most of the time committee members achieve consensus on a course of action. If not, the Chairman of the NDPC makes a decision; in cases of significant disagreement, or major precedent-setting decisions, issues may be resolved by the Deputy Secretary or Secretary of Defense.

SECURITY ASSISTANCE

As the name implies, security assistance programs concern U.S. Government assistance to other friendly and allied nations that enhance their ability to defend critical security interests. The central security assistance program is the Foreign Military Sales (FMS) program of government-to-government sales of military equipment and services. The program originated in post World War II efforts to provide other nations with the means to defend against security threats. At that time, the U.S. Government not only made items available for sale but also provided necessary funds for the procurements as grants or loans to the nations.

As nations recovered from World War II, they kept using the FMS program, but began using their own national funds, which is now the predominant source for FMS acquisitions. Besides FMS, two other important security assistance programs involve the disposition of excess U.S. defense assets such as ships and aircraft, and the international military education and training (IMET) program.

Security assistance programs provide several benefits to the United States. International requirements and sales have helped provide for many improvements to U.S. Navy equipment such as the enhanced performance engines in F/A-18 aircraft. More generally, unit costs can be significantly lowered due to expanded production. In addition, foreign customers receive equipment identical or similar to that used by U.S. forces, thereby enhancing interoperability. Vital intangible benefits, in terms of positive attitudes towards the U.S. and enhanced human rights perspectives, also stem from security assistance training provided to foreign personnel.

Navy IPO serves as the primary point of contact for foreign governments that are interested in purchasing, or have already procured, Navy or Marine Corps hardware or services through FMS

channels. It also exercises oversight responsibility for Navy security assistance activities. These tasks include:

- Compiling the formal contract between the U.S. and foreign governments, known as a Letter of Offer and Acceptance (LOA).
- Responding to country requests for data on prices, availability, and other characteristics of equipment and services.
- Tracking the status of security assistance programs with foreign nations.
- Developing and monitoring the execution of the Navy FMS Administrative Budget.
- Disposing of excess ships and aircraft.
- Developing training programs to support equipment sales.

RECENT AND PROSPECTIVE SALES

In Fiscal Year (FY) 1993 Navy sales amounted to \$4.5 billion, about 15% of total FMS sales of \$33.1 billion for all of DoD. Sales for FY 1994 were somewhat lower, around \$3.5 billion. About half of the value of the Navy's sales in FY 1993 were due to two programs, the sale of 34 F/A-18 aircraft to Switzerland (\$1.7 billion) and the sale of the fourth AEGIS combat system to Japan (\$462 million). The largest sales for FY 1994 also involve F/A-18 aircraft, with the sale of eight F/A-18 aircraft and supporting equipment to Malaysia (\$619 million), and electronic warfare equipment, training, and logistics support (\$445 million) for Finland's 64 F/A-18 aircraft, originally procured in FY 1992.

F/A-18 aircraft have accounted for the largest recent Navy sales, with purchases by Australia, Spain, Kuwait, Finland, Switzerland, and Malaysia; Canada also procured the aircraft on a direct commercial basis. Other previous very large sales concern the TRIDENT Missile system to the U.K., four AEGIS systems to Japan, and E-2C aircraft to Japan, Singapore, Egypt, and Israel. There has also been high demand for such systems as the HARPOON antiship missile, the MK-46 torpedo, the AIM-7 (SPARROW) and AIM-9 (SIDEWINDER) air-to-air missiles, the STANDARD surface-to-air missile, the HARM anti-radiation missile, and the PHALANX Close-In Weapons System (CIWS) for ship defense against missiles.

Although FY 1996 is the last year of production for U.S. F/A-18C/D aircraft, production can continue for foreign customers if there is sufficient demand. The E/F version will begin domestic production in 1997 and will be offered for foreign military sales; associated technology security concerns are currently under review. Most West European nations, as well as Australia and Japan, have developed a substantial defense industrial base capable of producing advanced aircraft and other systems. Consequently, any future sales of major systems to them will probably include provisions for cooperative production. There is still the potential for substantial sales of complete systems to several Middle East nations.

Thus, sales of individual systems and components, such as radars, missiles, or combat systems, to be incorporated in jointly developed or indigenous systems, are likely to constitute many of the large Navy FMS sales in the future. A significant number of cases will be training, technical services, and logistics support in connection with previous sales.

PREPARATION OF THE LOA

Upon receipt of a foreign request for Navy equipment or services, either from the foreign government directly or via the U.S. Security Assistance Office in the country, the first step in preparing the LOA is to ensure that both the Department of State and the Defense Security Assistance Agency have copies. Both are expected to notify the Navy within five days if there are any policy issues concerning the prospective sale. A request for a major system is, of course, usually preceded by a number of informal discussions between representatives of the country and U.S. personnel, both in Washington and in the foreign nation. Thus, necessary disclosure authority should already be secured via the TTSARB process and, if necessary, the NDPC. It should be noted that an effort is made in TTSARB decision memoranda to provide a comprehensive list of nations to which a system may be released; i.e., there is usually only one TTSARB decision memorandum per combat system.

During the past ten years, the Navy has undertaken a major effort to automate the preparation of LOAs by developing the Navy Security Assistance Data System (NSADS). This system is almost completely developed and handles all aspects of the LOA development process. It also incorporates electronic links with those offices within Navy responsible for case management, usually a Systems Command such as the Naval Air Systems Command. (The office responsible for the case is referred to as the Case Administering Office, or CAO.) Consequently, following a releasability determination, a foreign request for materials and services is forwarded electronically to the CAO. NSADS incorporates a complete data base of earlier LOAs, so that the CAO, in many cases, only needs to update earlier data to reflect latest pricing and other information.

Completed responses to the foreign request are transmitted back to Navy IPO, where the LOA is then printed and signed. DSAA and the Department of State must approve the LOA (for routine cases this process is done electronically), and then it is forwarded to a designated foreign country representative. Once the country accepts the LOA and provides an initial deposit, most cases are implemented in the Management Information System, International Logistics (MISIL), which manages financial and logistics elements of FMS cases. Some cases, primarily those for which the Naval Sea Systems Command is the CAO, are managed in the Standard Accounting and Reporting System (STARS). NSADS is also used to prepare amendments to earlier LOAs requested by the customer and modifications to LOAs that the U.S. must implement due to contract revisions or other changes.

Cases with a value exceeding \$14 million (except for routine logistics support) or having other policy significance are reviewed by the Quality Review Board, a committee of senior Navy IPO analysts and appropriate CAO representatives. They are subsequently signed by the Navy IPO Director or Deputy Director; other cases are signed by the director of the security assistance directorate or the directors of the regional security assistance divisions. During the past year the Navy has succeeded, as a result of the NSADS program, in meeting the DSAA goal of providing LOAs to DSAA for final approval within an average time of 60 days.

SECURITY ASSISTANCE WORKLOAD

The number of LOAs offered to foreign customers has increased during the past several years, from 949 in FY 1991 to 1083 in FY 1993. (These figures include requests for price and availability (P&A) data. Foreign governments sometimes ask for pricing and other data on systems to decide whether they should proceed with a request for a LOA.) However, the number accepted has declined, from 732 in FY 1991 to 663 in FY 1993, implying a considerable drop in the percentage of cases accepted, from 77% in FY 1991 to 61% in FY 1993. This drop in accepted cases is probably due to the more constrained defense funding situation of many customers. The increase in workload caused by the rise in the number of requests for LOAs is offset to some extent by a decrease in the number of amendments and modifications, from 1,363 in FY 1991 to 1,138 in FY

1993. Thus overall the basic FMS workload of processing LOAs is constant, or slightly increasing.

Several other factors, however, have significantly increased security assistance workload. In response to complaints from foreign customers, DSAA has provided, during the past several years, additional resources to close old cases. Until a case is closed some foreign funds must remain in the case in order to cover any final bills, e.g., due to unexpected contractual claims associated with the procurement. In light of increasingly constrained foreign resources, these funds are needed for new acquisitions. The Navy has been able to increase substantially the number of cases closed annually, from 506 in FY 1991 to 748 in FY 1993.

A very significant rise in workload is due to the large number of ships that have been transferred during the past few years, as well as those projected to be transferred. In 1990 and 1991 only three ships were transferred per year. In 1992, 10 ships were transferred, and in 1993, 12. Over 20 ships are likely to be transferred in 1994, with similar figures projected for 1995 and 1996. The largest ship transfer programs in the past few years have involved ADAMS class destroyers, tank landing ships (LST), and KNOX class frigates; next year FFG-7 frigates will also become available. In addition, a number of excess aircraft have been transferred, in particular A-7 and P-3 aircraft.

The prime reason for the large increase in ship transfers is that, due to the constrained funding environment, the U.S. Navy is not operating as many ships as in the past, and is therefore decommissioning many ships earlier than planned, and in many cases well before the ship's projected retirement date. The latter ships are of particular interest to foreign navies, which can acquire a highly capable ship, such as a KNOX frigate, LST, or FFG-7 frigate, at a small fraction of the acquisition cost of a new one.

Once a decision is made that a ship is available for transfer to a foreign nation, the Navy makes a recommendation to which nation the ship should be offered. Depending on ship and country status, it may be sold, leased, or transferred at no cost. If a ship is still a mobilization asset, it will be leased. Ships may also be leased if a nation cannot afford to purchase them. Finally, some nations, in particular Bahrain, Egypt, Greece, Israel, Morocco, Oman, Portugal, Senegal, and Turkey, are eligible to receive grants of excess equipment under the provisions of the Southern Region Amendment [i.e., Section 516, Foreign Assistance Act of 1961, as amended (22 U.S.C. 2151, *et seq.*)].

The Navy's recommendations are forwarded to the Office of the Secretary of Defense, and are also coordinated with the Department of State. Navy ships greater than 3,000 tons or less than 20 years old can only be transferred if Congress passes specific authorizing legislation. Thus such transfers also need to be approved by the Office of Management and Budget, as is all legislation proposed by the Administration, prior to submission to Congress.

Once ship and country are approved, the Chief of Naval Operations officially makes an offer to the country. Since obtaining the necessary training and developing a logistics infrastructure can take considerable time, the foreign government will frequently wish to start work in anticipation of Congressional approval.

When a foreign government expresses interest in accepting an offer, the Navy first reviews the ship's combat systems for releasability; if required TTSARB and/or NDPC approval is obtained or certain systems are removed or modified. The customer is provided an opportunity to inspect the ship, and is also provided extensive briefings on the ship's condition, recommended repairs and/or upgrades, potential combat system enhancements, necessary logistics support infrastructure, and required training. LOAs are subsequently prepared for requested services. Congress has expressed interest in having as much repair work as possible performed in U.S. Navy or private shipyards.

Taiwan has in fact spent over \$300 million for overhauls at U.S. shipyards and other work associated with the transfer of KNOX class frigates.

SECURITY ASSISTANCE TRAINING PROGRAM

There are currently approximately 2,000 students from 88 nations enrolled in courses at numerous Navy facilities. They take a broad variety of courses. Some take specific technical courses, e.g., flight training. Sometimes this training is specifically related to the transfer of U.S. ships and aircraft, e.g., operation and maintenance of KNOX frigate combat and propulsion systems. Other students are enrolled in a broad variety of advanced courses at the Naval Postgraduate School or the Naval War College.

In response to Congressional direction, the International Military Education and Training (IMET) program has placed greater emphasis during the last four years on training programs that promote democracy and the observance of human rights. Consequently the Naval Postgraduate School and the Naval Justice School have developed courses covering civilian control of the military and effective judicial systems. Also of interest is the fact that an increasing number of civilian officials from foreign nations are taking these courses; IMET has traditionally *involved* primarily the training of military personnel.

SECURITY ASSISTANCE BUDGETS

A critical role in the oversight of the Navy's FMS program concerns the review of the Navy FMS Administrative budget, which supports all general administrative expenses of the Navy's FMS program, i.e., those not attributable to a specific case with a foreign customer. Funds for this budget are obtained from surcharges levied on most FMS cases, in particular a three per cent charge for general FMS administrative expenses and additional charges if the case concerns logistics support.

Approximately half of the allocated funds are provided to the Naval Supply Systems Command, which provides numerous logistics support services for the Navy FMS program. In particular, the Navy International Logistics Control Office (NAVILCO) processes all requisitions and other financial documents for most Navy cases. In addition, the principal Navy inventory control points, the Aviation Supply Office and the Ships Parts Control Center, receive FMS Administrative funds to provide FMS logistics support.

Remaining Navy activities receiving significant allocations of FMS Administrative funds are Navy IPO, the Naval Air Systems Command, the Naval Sea Systems Command, the Naval Education and Training Security Assistance Field Activity, the Space and Naval Warfare Systems Command, and the U.S. Marine Corps.

Navy IPO reviews all FMS Administrative budget requests from Navy activities in coordination with the Comptroller of the Navy. Subsequently a consolidated budget is transmitted to DSAA, which makes the final decision on the FMS Administrative budget.

It should be noted that technology transfer, arms control, and cooperative programs at Navy IPO are largely funded from Operation and Maintenance, Navy (O&M,N) appropriations. Some research and development funds are used for travel and other expenses associated with cooperative development programs. Finally, the Saudi Naval Support Office, which works predominantly in support of the Saudi Arabia Navy, is therefore primarily funded from Saudi Arabia national funds. This nation is the only one to support a separate program office at Navy IPO.

TECHNOLOGY SECURITY

Maintaining technological superiority is critical for the U.S., especially in light of reductions in U.S. defense spending. As a result, decisions on the appropriate security for advanced technology must carefully weigh the following factors:

- Risk of diversions to potential U.S. adversaries and the consequent impact on the U.S.
- Availability of comparable technology from other advanced nations.
- Probability that other nations possessing the technology will agree to limit proliferation of the technology.
- Impact on U.S. industries, in terms of lost revenues, if industries in other nations are successful in selling items that U.S. industry is not permitted to export.

Balancing the preceding has become more complex in recent years for several reasons: (1) foreign sales are critical to preserving the U.S. industrial base in light of declining U.S. defense expenditures; (2) many nations now possess comparable technologies to the U.S. in many areas; and (3) controls have been relaxed regarding the export of military equipment and services, as well as some sensitive civilian technologies, to Eastern European nations and former Soviet Union countries.

More specifically, the oversight and execution of Department of the Navy technology security policy involves several activities:

- Processing foreign requests to visit Navy and Marine Corps facilities and contractors.
- Reviewing classified Navy publications for releasability to foreign governments.
- Developing Navy recommendations concerning commercial export license requests submitted to the Departments of State or Commerce.
- Analyzing U.S. and foreign technology developments in order to develop releasability thresholds.

REVIEW OF FOREIGN VISITS AND DOCUMENT REQUESTS

Navy IPO receives approximately 11,000 requests annually from foreign nations to visit U.S. Navy and Marine Corps commands, activities, and contractor sites. Over 17,000 classified documents are reviewed annually prior to their release to foreign governments. These requests pertain to, among other matters:

- Review of all training and maintenance publications that are released in connection with sales of equipment to foreign governments to ensure that no sensitive information is compromised.
- Attendance by foreign students at classified Navy and Marine Corps training courses, and the release of classified information at such courses.
- Classified information that can be disclosed by Navy activities hosting foreign military Personnel Exchange Program (PEP) billets and foreign scientists.

These reviews are closely coordinated with the Office of the Chief of Naval Operations, the various Systems Commands, and the affected operational command, e.g., the Atlantic or Pacific Fleet. One major initiative undertaken in this area during the past several years has been to delegate disclosure authority for routine visits to the activity being visited, thereby significantly enhancing efficiency. It should be noted that most visit requests are now submitted electronically, with the local embassy accessing the DoD Foreign Disclosure and Technical Information System (FORDTIS).

PROCESSING OF COMMERCIAL EXPORT LICENSE REQUESTS

Export licenses are concerned with the direct commercial sale or release of information, technology, or hardware, including data necessary for codevelopment or coproduction programs. Navy IPO is projected to review around 6,000 cases this year, approximately twice the number ten years ago. The current level is expected to continue or even increase further as the U.S. defense industry seeks foreign customers to offset the decline in sales in the U.S.

DoD policy is generally one of neutrality between direct commercial and FMS sales. A relatively small number of items, such as missiles, towed arrays, and some classified avionics and communications equipment, are sold only via FMS channels for safety, security, or other policy considerations. There are several advantages to purchasing via FMS channels:

- Assurance that the equipment satisfies DoD quality control standards.
- Navy expertise in providing a customer with a complete system, including all necessary initial training, logistics support, and management.
- Access to the Navy procurement/contracting organization.
- Assurance of continued logistics support, as well as the opportunity, should the U.S. phase the item out of its inventory, to make a last time purchase for future requirements.

One disadvantage of FMS sales concerns the surcharges added to most FMS sales. Another disadvantage is that according to the Arms Export Control Act, as amended (22 U.S.C. 2751 *et seq.*), nonrecurring costs (NRC) must be collected on FMS sales of major defense equipment; such charges are presently not required by statute for commercial sales. These charges represent a pro rata share of the research and development, as well as initial production, costs associated with the items being procured. Charges may be waived by DSAA for NATO nations and certain other allies in return for benefits to the U.S., e.g., enhanced interoperability from the sale, or extended base operating rights. Until 1992 there were regulations in effect that also required the collection of NRC charges for direct commercial sales. However, in 1992 the Administration decided that such charges made U.S. companies less competitive with foreign ones, and consequently eliminated the regulations requiring NRC charges for commercial sales. Legislation was also proposed to eliminate NRC charges for FMS sales. The present Administration has endorsed this legislation, which is still awaiting Congressional approval. Thus, NRC charges at present are required for FMS sales for major defense equipment but not for commercial sales.

Some nations therefore prefer to avoid FMS administrative charges and required NRC charges and negotiate directly with the contractor. They thereby assume the responsibility for determining the appropriate configuration and levels of logistics support, as well as the risk of reduced interoperability with the U.S. in case they select a different configuration. Another reason for utilizing direct commercial sales is that some nations prefer to delegate to one local contractor complete responsibility for a major program, including the procurement of any U.S. components. Since FMS sales are on a government-to-government basis, such contractors must procure U.S. items via direct commercial channels.

The vast majority of export license cases reviewed by Navy IPO are munitions cases concerned with defense articles and services. The Arms Export Control Act authorizes the President to control such exports; this authority has been delegated to the Department of State. Thus all export license requests are submitted to the Office of Defense Trade Controls in the Department of State. Prior to making a decision, this office routinely refers relevant license requests to the Defense Technology Security Administration (DTSA), the focal point in the Department of Defense for technology security considerations, and the cognizant military Services.

Navy IPO is responsible for developing a Department of the Navy position for these cases, in coordination with affected Navy activities. If necessary, the TTSARB process described above may be utilized. In the interest of processing munitions cases as expeditiously as possible DTSA sets strict deadlines for Service comments; unless the case is especially sensitive or precedent-setting, comments are expected within 22 calendar days.

A relatively small fraction of the export license requests (approximately 500) involves dual use commodities, i.e., those with significant uses in both the military and civilian sectors, e.g., high performance computers. In such cases the Export Administration Act, as amended, (50 U.S.C. App. 2401 *et seq.*), provides the President with authority to control these exports, which has been delegated to the Secretary of Commerce. However, the Department of Defense is to be consulted with regard to any exports with national security implications. Such cases are consequently coordinated with DTSA and the interested Services; Navy IPO is the focal point for the Navy.

Navy IPO formerly staffed Coordinating Committee for Multilateral Export Control (COCOM) cases. This committee (consisting of all members of NATO, except Iceland, as well as Japan and Australia) coordinated controls on exports of sensitive dual use commodities to Warsaw Pact nations and the People's Republic of China. In light of the demise of the Warsaw Pact and other changes in Eastern Europe, many COCOM nations questioned the need for continued strict controls, and thus COCOM was terminated at the end of March, 1994. Negotiations are currently underway concerning a successor regime that would be refocused on controlling exports to nations sponsoring terrorism, as well as restricted to a small number of very sensitive commodities.

ANALYSIS OF U.S. AND FOREIGN TECHNOLOGIES

Navy IPO is continually monitoring the state of both U.S. and foreign technologies in order to ensure that releasability decisions both protect critical U.S. technology and permit U.S. firms to compete with those of other nations. Technologies that are presently under review concern those relating to low observables, missile systems, and electronic warfare. In addition, one area where the U.S. maintains a considerable lead is in weapons system software. As a result, the release of such software, especially as source code, is subject to special scrutiny. These technology reviews also serve as the basis for the Navy's input to the Militarily Critical Technologies List (MCTL). This Congressionally mandated list of important technologies of military significance formerly served as the basis for U.S. COCOM negotiations, and is likely to be used by any successor regime.

COOPERATIVE PROGRAMS

Cooperative programs are increasing in importance for several reasons. Many nations, such as Canada, the United Kingdom, Germany, France, Italy, Spain, Australia, and Japan have supported the development of indigenous defense industries and associated high technology industries. In addition, a number of newly industrialized nations, such as Korea and Malaysia, are eager to do the same. The governments of these nations are thus increasingly reluctant to purchase complete systems from the U.S. Instead they prefer to enter into cooperative development and/or production agreements that involve extensive participation by indigenous industries.

These arrangements are likely to result in considerable benefits for the U.S. Foreign contributions towards joint development programs significantly enhance the resources available to the U.S. to pursue advanced technology projects and thereby avoid duplicative research and development efforts. The U.S. can also benefit from adopting foreign technologies that are comparable to, more affordable, or better than U.S. technologies. In fact, Congress has expressed a strong desire for more cooperative arrangements, especially with other NATO nations.

There are currently around 100 active signed Memoranda of Understanding (MOU) concerned with cooperative development and/or production arrangements. Approximately 30 new MOUs or amendments to earlier MOUs are currently under negotiation. They usually include language relating to the following topics:

- Funds to be contributed by each party.
- Management responsibilities.
- Restrictions on the transfer of technologies and systems to other nations.
- Work to be performed in each country.
- Information each nation is to disclose to other parties.
- Liabilities and termination.

The Department of Defense must give permission to commence formal negotiations, and reviews draft agreements during the course of negotiations. In light of concerns about the U.S. defense industrial base, the Department of Defense is required to consult with the Department of Commerce on all MOUs that involve research, development, and/or production. The substantial increase in MOU related work over the past few years has necessitated the development of an automated system, known as the International Agreement Generator, to ensure that all required clauses relating to particular situations are included in MOUs. This system has also been adopted by DoD.

Some examples of recent MOUs are as follows:

- The integration of the APG-65 radar into the AV-8B Harrier aircraft, a joint agreement between the U.S., Spain, and Italy. This work has been completed, and a production agreement is now in place between the three nations.
- The Multifunctional Information Distribution System (MIDS), intended to develop a system comparable to the Joint Tactical Information Distribution System (JTIDS) for use in F/A-18 or similar size aircraft. The U.S., France, Germany, Italy, and Spain are involved with this program.
- The Intercooled Recuperated Gas Turbine Engine, a joint project with the U.K. concerned with developing an advanced ship engine to improve efficiency and meet more stringent environmental regulations.

The Navy also has a number of MOUs in place or being negotiated relating to government-to-government exchanges of technical data. These MOUs, known as Master Agreements, provide the general framework for developing, negotiating, and implementing specific subordinate agreements known as Data Exchange Agreement Annexes (DEA), which cover specific technology areas. Although limited to the exchange of technical information, DEAs could lead to the development of

cooperative programs; one example is the intercooled recuperated gas turbine engine mentioned above. The Navy has close to 300 DEAs in place or under negotiation with around 20 governments, administered by over 120 technical project officers. Areas of current interest include data relating to undersea warfare, communications, mine warfare, and ship design.

In recent years the Navy has intensified its review of DEAs to ensure that these agreements are current, and that they accurately reflect evolving technology and U.S. Navy policy. We have also worked to ensure that the U.S. is receiving information commensurate with that provided to foreign nations. Detailed annual assessments are now provided by the technical project officers. In addition, through the enhanced use of automated systems, the process of establishing a DEA has been reduced to six months or less.

Two other cooperative programs of interest concern the Scientist and Engineer Exchange Program (SEEP) and the Foreign Comparative Test (FCT) program. SEEP agreements are in place with 17 nations to exchange scientists and engineers (either military or civilian), usually at laboratories. The FCT program tests foreign military equipment, with the primary intent of examining the underlying technology for potential application to the production or improvement of U.S. systems. Some systems currently under review include a laser airborne depth sounder and antitank ammunition. Systems for which funding has been requested in FY 1995 include infrared focal plane arrays, submarine batteries, antennas, and coatings for turbine engines.

ARMS CONTROL TREATY IMPLEMENTATION AND COMPLIANCE

A recent review of Navy arms control programs concluded that responsibility for serving as executive agent for non-strategic arms control treaty implementation and compliance should be transferred from the Naval Sea Systems Command (PMS-423) to Navy IPO, since facilities impacted by these programs are located throughout the Navy, and no longer primarily under the cognizance of the Naval Sea Systems Command. This shift was effected in April 1994. ASN(RDA) has overall responsibility for Navy and Marine Corps arms control efforts. The Navy Strategic Systems Programs Office continues to serve as executive agent for Navy implementation and compliance with strategic arms control treaties such as the Strategic Arms Reduction Treaties I and II (START).

Arms control treaties are critical elements of U.S. defense and foreign policy. As these treaties have become more detailed in their scope, issues of verification have become paramount. Consequently many treaties now contain detailed provisions for inspections at signatory sites. A major challenge for the Navy is to comply scrupulously with all treaty provisions while ensuring (1) minimal interference with normal operations at affected facilities and (2) the safeguarding of non-treaty related national security and other sensitive information.

Agreements for which Navy IPO is responsible include the Chemical Weapons Convention (CWC), the Wyoming Memorandum of Understanding with Russia concerning chemical weapons, the Open Skies Treaty, and the United Nations Transparency in Armaments (TIA) resolution. The CWC, expected to enter into force in 1995, bans the production, stockpiling, and use of chemical weapons, and requires signatories to permit inspections of previous production and research facilities to ensure compliance. The Wyoming MOU is a bilateral agreement between the U.S. and Russia that implements many provisions of the CWC on a bilateral basis prior to its ratification. The Open Skies Treaty, which will also enter into force in 1995, allows signatories to overfly each other's territory with optical and infrared sensors. Finally, the U.N. TIA resolution requires all members to report quantities of significant military equipment in their possession, such as warships, aircraft, missiles, tanks, and artillery. Navy IPO coordinates the Navy's input to the U.S. Government report.

The primary focus of Navy IPO's arms control efforts is to ensure that Navy activities potentially affected by these treaties are fully prepared to accommodate inspections and overflights while minimizing impacts on normal operations and security. To effect this responsibility, detailed guidelines have been developed for facilities to prepare for inspections. In addition, a computerized data base of all facilities potentially subject to inspections has been compiled, including detailed maps. Assist visits have been, or will, be made to activities likely to be the subject of an inspection to review any potential problems.

Once the treaties enter into force and inspections commence, Navy IPO will notify activities to be inspected, and subsequently will visit the facility to ensure it is ready for the inspection. Continuous contact will be maintained with the activity during the course of the inspection in case problems materialize. Facilities that will be overflown during an Open Skies flight will also be notified based on the detailed data base that has been developed.

CONCLUSION

International programs will continue to play a critical role in the future due to increasingly constrained defense resources. They can stretch scarce research dollars, expand interoperability, and enhance funds available for procurements through economies of scale. They ensure, by judicious control of the transfer of technology to foreign nations, that the U.S. can continue to rely on the superior quality of U.S. weapons systems. Finally, they play a significant role, via arms control, in developing an atmosphere of mutual trust that can substantially improve international relations. With its ability to review all of these issues in an integrated manner, the Navy International Programs Office is well equipped to deal with the many challenges presented by the rapidly changing global security environment.

ABOUT THE AUTHOR

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