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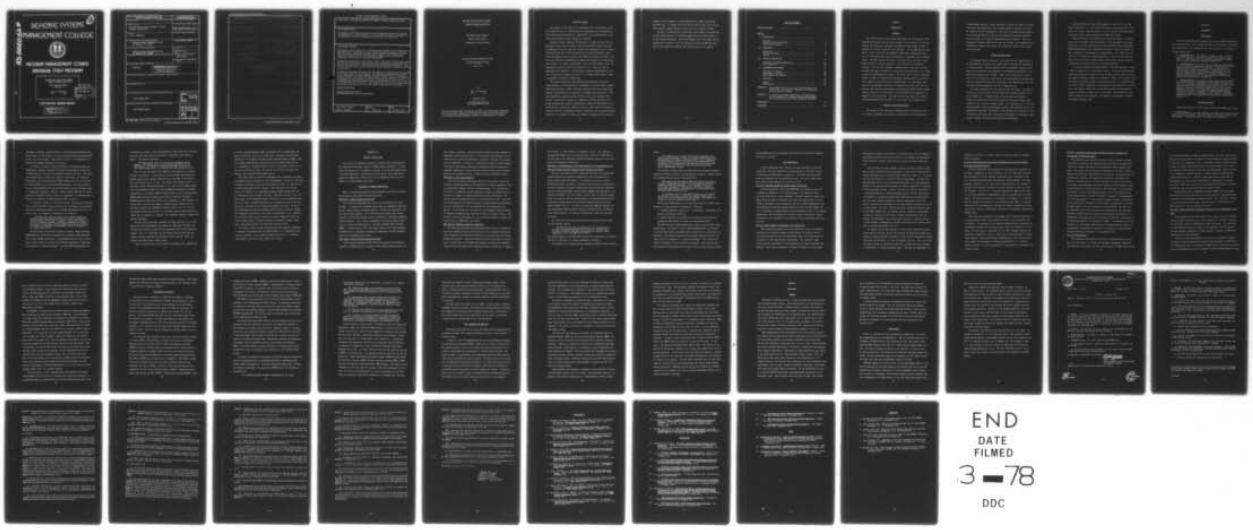

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DEFENSE SYSTEMS MANAGEMENT COLLEGE

PROGRAM MANAGEMENT COURSE
INDIVIDUAL STUDY PROGRAM

THE ARMY AND THE TWO-WAY STREET -
FOREIGN SYSTEMS ACQUISITION

STUDY PROJECT REPORT
PMC 77-2

Otto J. Thamasett
LTC USA

FORT BELVOIR, VIRGINIA 22060

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DEFENSE SYSTEMS MANAGEMENT COLLEGE

STUDY TITLE: THE ARMY AND THE TWO-WAY STREET - FOREIGN SYSTEM ACQUISITION

STUDY PROJECT GOALS:

To understand the DOD and Army policy and corresponding regulations regarding the acquisition of foreign systems. To review DOD and the Army's progress on implementing the revised policies about foreign system acquisition.

STUDY REPORT ABSTRACT:

The purpose of this report is to investigate what the DOD and Army acquisition regulations have established as their foreign acquisition guidance. Additionally, it was to review what is being done to implement revised policies on procuring foreign systems to meet Army requirements, and to ascertain the impact this would have on the Project Manager (PM).

DOD and Army regulations, mainly 5000.1, 5000.2, and 2010.6, and AR 15-14, 70-1, and 1000-1, were reviewed. The specific policy directing the Army's participation in the acquisition of foreign systems was extracted and summarized. The PM must consider foreign systems when he evaluates equipment to meet the service requirements.

A series of interviews with Army officials updated the implementation being made by the Army staff and major commands. The Army has conducted several studies on the procurement of foreign systems, has established an office on the Army staff to act as a focal point for this activity, and is conducting a conference in December 1977 to solidify their policy. Foreign acquisition is closely associated with NATO standardization and interoperability, and the Army is deeply involved with both activities. The PM must know the new policy, his responsibilities in carrying it out, and the impact it may have on his program.

SUBJECT DESCRIPTORS:

Foreign System Acquisition
NATO Standardization and Interoperability

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THE ARMY AND THE TWO-WAY STREET -

FOREIGN SYSTEMS ACQUISITION

Individual Study Program

Study Project Report

Prepared as a Formal Report

Defense Systems Management College

Program Management Course

Class 77-2

by

Otto J. Thamasett
LTC USA

November 1977

Study Project Advisor
MAJ Joseph Salvitti, USA

EXECUTIVE SUMMARY

The purpose of this paper is to investigate what the Department of Defense (DOD) and the U. S. Army acquisition regulations have established as their foreign acquisition policy. Additionally, the implementation of this policy was reviewed through a series of interviews.

President Carter, Congress, DOD officials, and Army officials have all expressed concern about the proper utilization of NATO's finite resources and getting the most for the total research and development dollar. Closely intertwined with this is NATO standardization and interoperability (S&I) which encompasses tactics, doctrine, and training as well as materiel. The high level officials and NATO S&I are making the acquisition of foreign systems to meet U. S. weapons requirements a very real possibility. Also, the Europeans are anxious to end the domination of U. S. arms and make the marketplace more equitable. The Europeans, because of technological, economic, and political reasons want the U. S. to purchase NATO weapons through an agreement to balance the trade flow.

The greater cooperation with NATO and allied nations has placed a larger emphasis on full and serious consideration of foreign weapon systems. DOD Directives 5000.1, 5000.2, and 2010.6 implement this policy and assign specific responsibilities to agencies for foreign weapon acquisition. The Army regulations, especially those revised in 1977, also implement this policy. Beyond what is written in a regulation, DOD and the Army are actively pursuing this policy by establishing a series of Task Forces to coordinate action, setting up an office to act as a focal point for foreign acquisition activity, conducting a series of studies on how the process differs from the U. S. acquisition cycle, and holding a conference with major Army

commands on the Integration of Army International Programs and Foreign Equipment Buys. It appears that the Army will be the focal point for the first systems, largely because of their role in the support of NATO.

The Army is presently still formulating their guidance and direction, but the evidence shows it is actively supporting the 'two-way street' of foreign system acquisition. The Project Manager who is just beginning his program has to be aware of the new acquisition policy and NATO S&I, and then he must realize the impacts that these may have on his program.

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SECTION I

INTRODUCTION

Overview

The military forces of the United States have, for the most part, been equipped with weapons that have been produced in this country. In some instances, the technology to produce new weapons has been bought, traded, or borrowed so our forces could meet any challenge. At the beginning of World War II, it was the British who assisted us with radar development, but it was U. S. production that placed the equipment in the hands of our fighting forces. From 1945 through the 1960's, the United States provided a considerable amount of military equipment to the countries of the post-war alliance. The 1970's are bringing a renewed effort on the part of allied countries for their own weaponry to equip both their forces and U. S. forces as part of a standardization program. The 'arms race' is both an expensive venture in terms of sophisticated development programs and yet a profitable one in terms of mass production for foreign sales. The technology, especially of some European countries, has reached such a high level that the economic and political considerations are forcing the United States to meaningfully reopen the 'two-way street' of arms production and deployment of weapons to allied countries. The impact is that our forces may be using foreign-developed systems if the U. S. is to retain its alliance policy.

Purpose of the Study Project

The purpose of this report is to ascertain what is being done in the U. S. Army to implement the decision to participate in the acquisition of

foreign weapons systems. Recent decisions to enforce the aspect of foreign procurement can drastically alter a Program Manager's planning if he has not prepared for this eventuality. Now he has to consider foreign technology from Program Initiation and have identified and explored alternative system concepts, to include foreign developments, by DSARC I. Both the Department of Defense (DOD) and the Army are revising their regulations and guidelines to reflect this policy, and the PM must be aware of the changing environment.

Scope and Limitations

The approach will be two-fold. Various DOD and Army regulations will be investigated to determine the written policy concerning the acquisition of foreign systems. Policy guidelines will be documented, detailed references will be reviewed, and omissions in some regulations pertinent to the acquisition business will be noted. Since much of the activity in this area is in the formulation stage and not yet incorporated into policy regulations, current activities will be reviewed. This approach will fill the void from published regulation to what is happening now.

The basic limitations on this paper are time and effort. The Army is moving out on this project, and this report will provide an update but is not intended to be a complete answer on foreign system procurement. Whereas the report will review many things the PM should consider, this project is not a 'lessons learned' report. The complexity of U. S. and foreign procurement varies by government, country, weapons system, and by the personalities involved. The breadth of the problems are too great to offer solutions in this type report, especially with regard to contracting, legal aspects, testing, economical and political considerations.

The Foreign Military Sales (FMS) program is a part of the 'two-way street' between the U. S. and foreign countries in arms acquisition. This report will focus on weapons coming to the U. S. without the consideration of eventual arms to other countries or our FMS sales abroad.

Another limitation is bounded by the scope of the paper. As investigation into the subject matter progressed, it was determined that foreign acquisition is closely intertwined with North Atlantic Treaty Organization (NATO) Standardization and Interoperability (S&I). There is an effort by DOD to enhance the standardization of NATO systems. This report will review the U. S. efforts at foreign acquisition, but will not get into much detail about the closely-related subject of S&I, which includes logistics, communications, training, tactics, and military doctrine.

The final limitations are administrative. The most important of these is that it relies only on unclassified sources. The use of classified documents would expand the approach of what the Army is doing today by citing some specific examples, numbers, and schedules. Again, in the problem areas more details could be provided by classification, but it is important that the trend of what's happening is not hampered by the classification restriction. This report utilizes the non-attribution policy so that specific sources of interview comments are not disclosed. Both personal and telephonic interviews were conducted. The listing of interviews is attached for academic purposes only.

SECTION II

BACKGROUND

Definitions

A driving force behind the foreign acquisition is NATO Standardization and Interoperability. The following definitions are offered to facilitate the understanding of the problem and the part that the U. S. purchase of foreign weapons plays:

> A. INTEROPERABILITY. The ability of systems, units, or forces to provide services to and accept services from other systems, units, or forces and to use the services so exchanged to enable them to operate effectively together (22,Encl 3).[1]
>
> B. RATIONALIZATION. Any action that increases the effectiveness of Alliance forces through more efficient or effective use of defense resources committed to the Alliance. Rationalization includes consolidation, reassignment of national priorities to higher Alliance needs, standardization, specialization, mutual support, improved interoperability or greater cooperation. Rationalization applies to both weapons/material resources and nonweapons military matters (22,Encl 3).
>
> C. STANDARDIZATION. The process by which member nations achieve the closest practicable cooperation among forces; the most efficient use of research, development, and production resources; and agree to adopt on the broadest possible basis the use of: (1) common or compatible operational, administrative, and logistics procedures; (2) common or compatible technical procedures and criteria; (3) common, compatible, or interchangeable supplies, components, weapons, or equipment; and (4) common or compatible tactical doctrine with corresponding organizational compatibility (22,Encl 3).

High Level Support

From the White House on down through the chain of command, the policy

[1] This notation will be used throughout the report for sources of quotations and major references. The first number is the source listed in the bibliography. The second number is the page in the reference.

is support for NATO, greater efficiency, and reduced costs. President Ford addressed the North Atlantic Council in Brussels during May 1975 and stated:

> A generation after its creation, the alliance wastes vast sums each year, sacrificing military effectiveness. We have simply not done enough to standardize our weapons. We must correct this. We must also agree among ourselves on a sensible division of weapons development programs and production responsibilities (8,2).

The succeeding President, Jimmy Carter, spoke to a similar forum two years later on May 10, 1977. His remarks at the NATO Ministerial House, Lancaster House, England, included:

> There have been real increases in allied defense spending. But difficult economic conditions set practical limits. We need to use limited resources wisely, particularly in strengthening conventional forces. To this end:
>
> --We must combine, coordinate, and concert our national programs more effectively.
> --We must find better ways to bring new technology into our armed forces.
> --We must give higher priority to increasing the readiness of these forces.
>
> .....The long-term defense program should emphasize greater Alliance cooperation to ensure that our combined resources are used more effectively. It should take full advantage of work already done within the Alliance.
>
> .....As we strengthen our forces, we should also improve cooperation in development, production and procurement of Alliance defense equipment. The Alliance should not be weakened militarily by waste and overlapping. Nor should it be weakened politically by disputes over where to buy defense equipment (3,vii).

President Carter stressed the need for all the countries, including the United States, to make a major effort to eliminate waste and duplication between national programs, and to allow each of the countries an opportunity to develop, produce, and sell defense equipment. To meet his objectives, the president set the following three goals for the NATO countries:

> 1. The United States must be willing to promote a genuinely two-way trans-Atlantic trade in defense equipment. .....I have instructed the Secretary of Defense to seek increased opportunities

to buy European defense equipment where this would mean more efficient use of Allied resources.

2. .....A strengthened defense production base in Europe would enlarge the opportunities for two-way trans-Atlantic traffic in defense equipment, while adding to the overall capabilities of the Alliance.

3. I hope that European and the North American members of the Alliance will join in exploring ways to improve cooperation in the development, production, and procurement of defense equipment (3,vii).

The chief executives are not alone in focusing attention to NATO and foreign weapon procurement. Congress also supports this effort. It has been the opinion of Congress for several years that the U. S. should look at foreign (mainly NATO) weapons. However, since 1976, it is the policy of Congress that the U. S. make an evaluation to determine if foreign systems can meet our requirements. This policy has already been implemented, as will be documented later in this paper.

While there has been a lower key to the U. S. selling arms to foreign countries during the Carter administration, a much higher aspect of looking abroad to meet our requirements has occurred. The above statements by the Presidents, plus Congressional support, open very real possibilities that the U. S. military forces will be using equipment that has been foreign-designed and/or produced.

Trends

This approach is not new this year, nor has it occurred only at the top levels of leadership. Military leaders have repeatedly expressed concern about the military mix of weapons present in the European theater. The various men who have been Secretary of Defense (SECDEF) have also expressed concern about NATO S&I. On January 15, 1977, SECDEF Donald Rumsfeld

presented to Congress the Third Report on Rationalization/Standardization Within NATO. In this report he outlined the Weapon System Standardization Policy, and also included a large section on the U. S. Consideration of European and Canadian Systems and vice versa.

Dr. Malcolm R. Currie, serving as Director of Defense Research and Engineering, supported cooperative research and development efforts with the NATO Allies in his report to Congress on January 18, 1977. The cooperative efforts were to reduce the shortfall between the U. S. research development, test and engineering (RDT&E) program and that of the Soviets by making greater use of the Allied RDT&E programs. The other objective was to increase NATO military force effectiveness through increased common or interoperable hardware. While Dr. Currie supported NATO S&I, he emphasized that equipment decisions should not compromise U. S. effectiveness in meeting its world-wide commitments beyond NATO (2,VIII-2).

Dr. William J. Perry, Dr. Currie's successor, spoke about the diverse ways in which the NATO countries go about arms development and procurement during his commencement address for the Program Management Course 77-1 on June 9, 1977. His emphasis on cooperation was stated as

> "Another way to achieve success in our system acquisition process to get some help from our allies. We do not operate in the world alone; we are not an island. In particular, we are one of the 15 countries in NATO. A principal element of the threat as we see it is directed to NATO; therefore, we should respond to the threat by stimulating the countries in NATO to respond to it as a team effort (9,7)."

Another defense official, Mr. Jacques S. Gansler, Deputy Assistant SECDEF (Materiel Acquisition) translated the cooperative NATO S&I effort into foreign weapons procurement. He challenged people to look at the defense system acquisition process from different approaches to reduce the time required to field new equipment. He cites NATO standardization as a

top priority to improve force interoperability, make better use of Allied resources, and lower costs of development, acquisition, and logistics support. Mr. Gansler continues:

> "The Allies want the U. S. to be open to purchasing their weapons. The DOD policy is consistent with the desires of our NATO Allies. The DOD will buy weapons developed by our Allies when these weapons meet U. S. needs and are cost effective (6,11)."

The U. S. has been working with Europe on the production of weapons systems in the 1970's. In the search for an all-weather short-range Air Defense system, three European candidates were evaluated to determine if they could satisfy the U. S. need. The weapons were brought to the U. S. and fired at White Sands Missile Range, N. M., and all were judged capable. These three European systems, the French CROTALE (represented by Rockwell International), the British RAPIER (United Aircraft), and the Franco-German ROLAND (Hughes Aircraft Company) along with the American All-Weather CHAPARRAL (Philco-Ford) were the four that responded to a 1974 proposal. In January 1975 a contract was awarded to Hughes Aircraft Company for the technology transfer of the ROLAND II weapon system to the U. S. (11,10). The important thing was that the U. S. actively sought foreign sources, received bids in response to a proposal, and eventually awarded a contract for foreign technology.

The main battle tank was an attempt by Germany and the U. S. to standardize the armor requirements and produce one large tank for NATO. The problems were plentiful, both with the requirements and the prototypes developed. The U. S. contractors and the Germans were involved, and even though no single contractor was accepted by both countries, effort and progress were made toward a single system.

There is another side of the picture, the European side. Whereas the

U. S. has purchased European goods and services for its housekeeping and support activities, this is not enough today. Europeans have developed technically to the degree that they produce excellent weapon systems. They are a highly industrialized community and will no longer accept being a U. S. marketplace. Europeans expect a 'piece of the action' and the U. S. will have to give it to them. The results are political, economic, and perhaps a more effective NATO fighting force.

The method used to correct the unbalanced flow of products and technology between America and Europe is not yet determined. How much it will take to achieve an economic balance is also unknown, but the U. S. will have to actively participate and 'buy foreign'. Some ways which the 'two-way street' will operate is by compensating arms procurement where each will buy certain arms from the other countries. This does not have to be on an equal basis, but the Europeans think it should be on a more equitable basis than it is today. Another possibility is to balance the flow of arms one way with an offsetting flow of commercial products the other. It may be only technology and licensed drawings flowing across the nations' borders with independent production on each side of the Atlantic (7,4). Coproduction, through a multi-nation consortium as used to develop the F-16, may be yet another answer to Europe's concerns of economics, balance of payments, technology transfer, and industrial stability (1,18).

The trend is here; and with continued high level support, acceptance by Congress, and pressure from the NATO Alliance, U. S. acquisition practices are changing. It is a good assumption that the U. S. is going to 'buy foreign', and the 'two-way street' will be open.

SECTION III

REVIEW OF REGULATIONS

This section is intended to serve as a review of the current acquisition regulations and their content on foreign weapon acquisition. In some cases, the content will be reviewed; in others, it may be documented directly from the regulation. Comments will also be made in those cases where acquisition regulations contain little or no information about the consideration of foreign weapon acquisition.

Department of Defense Regulations

Many of the DOD regulations have been updated in 1977 and do incorporate statements about foreign weapons acquisition.

DODD 5000.1, "Major System Acquisitions"

This directive establishes the policy for the acquisition of major programs. It defines major programs and provides the management principles and the separate phases of program activity. It does not specifically use the term 'foreign systems', but the directive does require that "mission needs will be satisfied through the use of existing or commercial hardware" wherever feasible. This could be interpreted as allowing foreign competition if it meets the requirements of the Mission Element Needs Statement (MENS). It further states that "the mission needs of other DOD Components and NATO shall be considered including the requirement for NATO standardization and interoperability" (23,4).

DODD 5000.2, "Major System Acquisition Process"

This directive supplements DODD 5000.1 with policies and procedures essential to DODD activities in support of the decision-making process for

major system acquisition, and also provides guidance for those programs not designated as major systems (24,1). It reiterates the requirement to satisfy the mission needs with existing or commercial items and the consideration for NATO S&I. In addition, it specifically mentions foreign systems. "The task of exploring and identifying alternative system concepts shall emphasize competition to select the best possible solutions from industry, academic and government sources, including foreign developments" (24,6).

DODD 5000.3, "Test and Evaluation"

While this directive establishes policy for the conduct of test and evaluation by DOD Components in the acquisition of defense systems, it does not specifically address testing of foreign systems. It is assumed that the policy of commencing test and evaluation as early as possible and conducting it throughout the system acquisition process would apply. The testing would be accomplished prior to the key decision points. The directive establishes that the Deputy Director of Defense Research and Engineering, Test and Evaluation has the responsibility for monitoring joint testing. It is assumed that this position, now designated Under Secretary for Research and Engineering, would also monitor any foreign testing. This directive is almost five years old, and it should be updated to reflect the current policy of DODD 5000.1 and 5000.2.

DODD 5000.30, "Defense Acquisition Executive"

The directive prescribes the responsibilities, functions, and authorities of the Defense Acquisition Executive who is the principal advisor and staff assistant to the Secretary of Defense for the acquisition of defense systems and equipment. Among his functions he shall "encourage the maintenance of active liaison with appropriate research and development agencies outside of DOD, including private business entities, educational or research

institutions, or other agencies of government" (26,3). This directive predates DODD 5000.2, and it is possible that a revision to DODD 5000.30 may add liaison with appropriate foreign development agencies to the functions of the Acquisition Executive.

DODD 2010.6, "Standardization and Interoperability of Weapon Systems and Equipment within the North Atlantic Treaty Organization (NATO)"

This is a new directive which establishes DOD policy and assigns DOD responsibilities for achieving standardization and interoperability of weapon systems within NATO (22,1). It implements the policy stated in DOD Directive 5000.1 and 5000.2. Specific responsibilities are assigned to: Assistant Secretary of Defense (International Security Affairs) (ASD(ISA)); Director of Defense Research and Engineering (DDR&E); ASD Installations and Logistics (ASD(I&L)); the Joint Chiefs of Staff (JCS); the Military Departments; the Director, Planning and Evaluation; the DOD Rationalization/Standardization Steering Group; and the Defense Systems Acquisition Review Council (DSARC) (22,3-7). It should be noted that DDR&E and ASD(I&L) have been redesignated Under Secretary, Research and Engineering, and ASD Manpower, Reserve Affairs, and Logistics respectively, since this directive was issued.

This directive does have significant policy statements which affect the 'buy foreign' premise.

> DOD will actively seek standardization and interoperability of weapon systems and equipment within NATO on a priority basis in order to conserve resources and increase the combined combat capability of U. S. and NATO forces (22,1).

This places emphasis on the NATO S&I arena and the conservation of resources implies the possibility of foreign procurement of weapons.

The acquisition of foreign systems is greatly enhanced by the following

policy:

> DOD components will support procurement arrangements with NATO countries designed to achieve an equitable and competitively determined flow of defense trade within NATO. When procurement of foreign defense items will contribute to increased NATO standardization or interoperability DOD may waive the provisions of the Buy American Act (41 U.S.C. 10a-10d) restrictions, which would otherwise apply (22,2).

The directive further states two additional policies which favorably impact the European prospect of selling weapons to America. These policies are implemented when they will enhance NATO S&I.

> DOD research and development (R&D) activities will pursue a mutually cooperative and beneficial policy regarding exchange of information with NATO partners. It is intended to foster an early mutual exchange of technological information leading to development and adoption of standardized or interoperable weapon systems by NATO countries (22,2).

> In accordance with the Arms Export Control Act, as amended, the President may waive or reduce the charges to NATO member nations for any nonrecurring costs for research, development and production of major defense equipment (22,3).

The Military Departments have two responsibilities that direct consideration of foreign systems or subsystems. These are:

1. Consider NATO S&I objectives in all development, procurement, and product improvement activities;

2. Ensure that make or buy decisions by prime contractors permit appropriate NATO Allies to compete for subcontracts (22,6).

The DOD directives support NATO S&I as a means to enhance NATO combat effectiveness. The thrust is that by NATO standardization, the Alliance can collectively achieve increased combat capability for a given amount of resources. This means eliminating the unnecessary duplication which currently exists in separate weapon system developments. They stress cost-effective equipment, but not ineffective equipment. The policy and revisions stated in these directives are explicit that foreign acquisition must

be considered and even have removed some barriers that previously hampered this type of business.

Army Regulations

The Army Regulations (AR) continue the trend established by the DOD directives. The newer regulations are more explicit on what must be done in considering foreign weapons acquisition. This paper reviews six AR's which are connected with the acquisition cycle. Two are the draft copies which are to become effective in the fall of 1977.

AR 15-14, "Systems Acquisition Review Council Procedures"

The draft regulation incorporates NATO S&I as a checklist item to be considered at Milestone I, II, and III reviews. The regulation dated 24 January 1975 did not include NATO S&I. The draft regulation assigns the Deputy Chief of Staff for Operations and Plans the responsibility for providing an assessment of the operational risk and of NATO standardization/interoperability at each Army Systems Acquisition Review Council (ASARC) (16, 10). At Milestone I foreign systems must be evaluated as part of the systems alternatives, and at Milestone II a review is made to insure that foreign alternatives were considered in the selection of the recommended system (16, A-1,B-1).

AR 70-1, "Army Research, Development, and Acquisition"

This regulation establishes the responsibilities, policy, and general procedures for conducting research and development in the Army, and for acquiring developmental and non-developmental items, to include product improvements, to meet approved Army requirements. The regulation makes several specific references to the consideration of foreign technology and products. One of the requirements in meeting the objective of the timely

development of weapons and equipment at a minimum total cost with adequate performance is that the Army must be aware of the research and development being pursued by industry, other services, allies, and other nations (17, 1-1).

AR 70-1 cites four basis methods to satisfy the Army's materiel needs. Each of these methods should be evaluated, to include options available from foreign countries as well as those options available in the U. S., to determine the best solution to a specific material requirement. The term 'foreign-developed items' is not specifically mentioned in the new development program or the evolutionary development and product improvement of existing military equipment methods. However, the other two methods, the purchase of existing commercial or foreign-developed products and the modification of commercial or foreign-developed items, emphasize that foreign procurement is a basic method providing the military requirements can be met. AR 70-1 recognizes the advantages of the latter methods including the use of a proven design, lower cost, reduced lead times, continued production base, reduced RDTE expenditures, and reduced testing. Similarly, disadvantages include the inability to meet certain military specifications (such as blackout, maintainability, and cross-country mobility), uncertain control of model changes, configuration, and parts availability, and limited performance in extreme environments (17,1-6).

In summary, the key Army regulation on the weapon acquisition process states that the Army must monitor the research and development programs conducted by foreign countries to enable it to take maximum advantage of foreign technology in fulfilling U. S. Army requirements (17,6-1). Also, two of the four basic methods of acquisition specifically include the terms 'purchase or modification of foreign-developed items'. The Army has established in a

regulation the policy to consider using the 'two-way street' and purchase foreign equipment.

AR 70-33, "Mutual Weapons Development Data Exchange Program and Defense Development Exchange Program"

AR 70-33 establishes the procedures for the exchange of technical and scientific information of mutual interest to the U. S. and other countries. The responsibility for the exchange of technical data in the Army is the U. S. Army Materiel Development and Readiness Command (DARCOM). The basic agreement between the U. S. and a country participating in the exchange of scientific and technical information of mutual interest is known as a master agreement. For the U. S., the master agreement is signed by the Director of Defense Research and Engineering, Office of the Secretary of Defense (18,1). The details pertinent to the exchange of information in a specific area of interest are contained in a data exchange annex (DEA). The person responsible for the management of the DEA for projects assigned to the Army is the Chief, Office of International Research and Development, Headquarters, DARCOM (18,2).

When technical information is exchanged, such as during the purchase of a foreign weapons system, the procedures outlined in this regulation must be followed. The regulation lists specific responsibilities, procedures for establishing the DEA, and instructions and a format for preparation of the annex. AR 70-33 would be used when the U. S. Army exchanges technical and scientific information in order to reduce the cost and duplication of development efforts, promote international standardization, and promote cooperative research and development of defense equipment (18,2). It applies equally when the U. S. gives information to or receives the information from another country.

AR 70-41, "Cooperation With Allies and Other Nations in Research and Development of Defense Equipment"

This regulation was completely revised in 1974 to reflect the Army's new policies, procedures, and responsibilities for their increasing participation in international research and development (R&D) cooperative programs. The revision was directed by the Secretary of the Army in order to increase international standardization, contribute to the simplification of international logistics, and improve the utilization of scientific and technical resources (19,1). AR 70-41 sets forth the policy and direction for research and development activities, ranging from the exchange of technical information to system development, which influence or are influenced by decisions to pursue multilateral programs (19,1). The regulation defines different terms, including "allocated", "adaptive", "interdependent", and "joint development". It sets forth the general policies, the responsibilities (the Chief of Research and Development is responsible for overall DA participation), and the techniques for implementation. AR 70-41 also has appendixes which contain guidelines for selecting the type R&D effort and general program plans for carrying either adaptive development or interdependent development through the conceptual, validation, and production and deployment phases of the acquisition program. The regulation has direct application to the foreign weapon acquisition program since the result of interdependent development may culminate in a decision to accept foreign-developed materiel as meeting U. S. requirements (19,1).

AR 71-3, "User Testing"

This regulation establishes the policies, responsibilities and procedures for user testing, to include the planning, programming, conducting and reporting of user tests. It sets the procedures for operational testing

(OT), force development testing and experimentation, and joint user testing. The major portion of AR 71-3 reviews the OT, while much less space is devoted to the latter two categories of test. No mention is made of testing foreign systems, but joint tests are mentioned as a special category of OT. Joint user testing is that testing in which the Army participates with one or more of the services to evaluate systems or concepts having an interface with another service (20,A-5). Joint OT requirements are so diverse that the organization and scope of Army participation is determined on a case-by-case basis. This may be the method for determining the testing of foreign systems when they are being produced with another country.

The Operational Test and Evaluation Agency (OTEA) is the Army agency responsible for all OT, and they are currently working on implementing test procedures for foreign-produced weapons systems. Their activity is covered in the next section of this paper, and the results of their efforts will most likely be in the next revision of AR 71-3.

AR 1000-1, "Basic Policies for Systems Acquisition by the Department of the Army"

This regulation was reviewed while it was in draft, and it is assumed that few changes will occur prior to its publication. AR 1000-1, together with AR 15-14, implements DOD Directive 5000.1 and 5000.2. The revised AR is quite different from the 5 November 1974 regulation, and the revision has very specific references to foreign systems in a section on NATO Standardization and Interoperability.

AR 1000-1 states that NATO S&I is a goal to be considered throughout the materiel system development process and makes reference to DODD 2010.6. It further states that "if adoption of a NATO common system cannot be achieved, the interoperability will be required in new system developments" (21,18).

The regulation establishes the policy that decision reviews will ensure that NATO S&I have been thoroughly investigated. The decision reviews will consider new components, subsystems, and systems under development or in production by NATO allies or other countries; accommodation of schedules for possible co-testing and co-development with NATO allies; opportunities for NATO allies to participate in developing new U. S. systems; and interoperability of U. S. systems (21,19). This regulation establishes firm criteria that the Project Manager must consider when moving his program through the acquisition cycle.

The Army regulations have made provisions for the acquisition of foreign equipment previously, but the later revisions fully support NATO S&I. The AR's indicate that the U. S. Army is going to participate in the 'two-way street' of weapons acquisition with the NATO allies.

SECTION IV

IMPLEMENTATION PROGRESS

Many of the defense agencies are investigating the potential of foreign systems meeting the U. S. mission need requirements. A series of interviews with Department of Army (DA) officials revealed that DOD and DA are analyzing the process to implement recent directives and regulations, and specific actions have already been undertaken. This section will review the progress that various agencies are making.

Department of Defense

Department of Defense is making arrangements in the form of a Memorandum of Understanding (MOU) with European countries which will allow them to bid on U. S. Research and Development projects. Likewise, U. S. companies can bid, as a national industry, in their arena. Such a MOU has already been signed with the United Kingdom (UK). There will be no penalties assessed because of certain national laws and both countries would be competitive. There are some exceptions that are noted in the Armed Services Procurement Regulations (ASPR), such as any wool products would have to be made from U. S. wool, but these are not too restrictive. This agreement with UK was initiated in 1975 and has been signed. The procurement policies on international agreements have been finalized and will eventually be part of the ASPR. The agreement is similar to one which has been in effect with Canada for years and opens the door for European industry.

DOD is currently negotiating with four other European countries to establish similar MOU's. One is pending with France and is expected to be signed in November 1977. The MOU with France will be more selective and

will not permit as much technical interchange because of France's current role in European defense. Three others are in draft form which are very close to the MOU signed with UK, and these involve Germany, Norway, and Italy. These three MOU's should be in the signatory stage in early 1978. The MOU's are different from the agreements reached with the F-16 consortium of the U. S. and the four NATO Allies of Belgium, Denmark, the Netherlands, and Norway.

The ASD(ISA) is taking two actions which relate to foreign procurement, even though they are both actions prompted by NATO S&I. A steering group of 13 Task Forces was established to coordinate the development of overall DOD policy on NATO standardization as directed in DODD 2010.6. These groups parallel a similar Task Force structure in NATO. Each Task Force is headed by a Program Manager from the Joint Staff who is of general officer rank or equivalent. It is noted that the term 'Program Manager' is not synonymous with the Army term 'Project Manager' because the officers do not head the Task Forces as a primary duty. They may represent their agency and serve as Task Force leader, and two officers each head two of the Task Forces. What is significant is that the Task Forces, ten which are Long Term Initiatives and three which are Short Term Programs, do have representatives from the different DOD Assistant Secretariat levels, JCS, and the four services. Some of the Task Forces, such as Air Defense, Command Control and Communications, and Anti Tank, could recommend that foreign procurement not only meet the requirements for NATO standardization, but it also meet the mission element needs of the U. S. military services.

The other action is that a representative from ASD(ISA) will attend future DSARC's with the purpose of insuring that acquisition programs do consider NATO S&I, and more importantly from the aspect of this report, have

considered foreign systems when evaluating system alternatives. The Project Manager must evaluate the foreign candidate systems in the conceptual phase and present their findings at DSARC I.

Department of the Army

The Army, with its commitment to NATO and the emphasis on NATO S&I, is very active in the consideration of foreign system acquisition. Since the Army may be the focal point for future purchases of foreign weapon systems, it is implementing several actions to meet the challenge. The Army has convened a study panel to examine three aspects of 'Buy from Europe'. One study examined all known laws and other legal aspects which may inhibit such a process. The Army has compared all the Research and Development requirements with a list of the equipment available in the NATO countries. It is from this list that the first candidate systems will probably be chosen. Another study has examined the logistic impact of such an acquisition policy.

Dr. La Berge, Under Secretary of the Army, and the Vice Chief of Staff, U. S. Army (VCSA), General Kerwin, are Army's focal points for NATO S&I. VCSA has directed that Deputy Chief of Staff for Operations and Plans (DCSOPS) establish a rationalization and standardization office headed by a brigadier general to coordinate these activities at the Army staff level. The letter announcing the Department of the Army International Rationalization Office (DAIRO) and its charter are at Appendix A. The DAIRO is organized along functional lines with five action officers working for BG Cockerham, the chief of DAIRO. An action officer from the Army staff is responsible for each of the following areas: DCSLOG - integrated logistic support and logistic matters; DCSOPS - doctrine and training; DCSOPS - force

structure and plans; DCSOPS - command, control and communications, intelligence (C^3I) and nuclear matters; DCSRDA - standardization of weapons systems except C^3I and nuclear. In addition, each of the five action officers is responsible for the Army's coordination on one or more of the ten Long Term Initiatives and the three Short Term Programs being worked by ASD(ISA).

The DAIRO is the focal point for all the Army's Rationalization, Standardization, and Interoperability (RSI) matters. It develops a perspective and balance for the Army's RSI involvement and supports the VCSA in approving DA policy and providing guidance to the DA Staff and Major Army Commands (MACOMS) regarding RSI. This office ensures coordinated Army participation in all international forums about RSI.

The specific ways that DAIRO affects foreign equipment acquisition are: determines that the operational, logistical, and acquisition benefits of RSI outweigh the potential costs and risks; recommend changes to the Army's requirements and acquisition process to provide for RSI and full evaluation of foreign systems; and to determine the best way to achieve the total integration of foreign equipment buys, international research and development, requirements and the acquisition process, and methods of procurement. DAIRO is the action office for Army coordination of foreign weapon system acquisition in order to establish Army credibility in the "Two-Way Street" Concept.

DA issued a memorandum for the heads of Army Staff Agencies prescribing policy and responsibilities for achieving NATO S&I and implementing DOD Directive 2010.6 (Appendix B). This memo charged the Deputy Chief of Staff for Research, Development, and Acquisition (DCSRDA) with the following responsibilities:

(1) Considering NATO equipment standardization and inter-

operability objectives in all development, procurement, and product improvement activities.

(2) Establishing close and coordinated relationships with NATO organizations and NATO Allies for collaboration in testing and exchange of technical/developmental data in coordination with DCSOPS.

(3) Encouraging early contacts between US development activities and NATO Allies' development organizations to consider reciprocal and mutually beneficial exchange of technology, cooperative, or interdependent R&D programs, and appropriate licensed production arrangements to permit possible adoption of each other's systems.

(4) Ensuring that NATO Allies are given opportunities to compete for contracts and subcontracts for Army R&D/acquisition.

(5) Including in applicable Decision Coordinating Papers (DCP) an analysis of how a program will contribute to NATO standardization, including consideration of alternative systems of NATO Allies and cooperative development and coproduction (28,5).

General Kerwin has directed that a conference be held with appropriate Secretarial, DAIRO, Army Staff and MACOM personnel to gather ideas and determine the best way to achieve total integration of European buys, Foreign Military Sales, NATO S&I, international research and development, acquisition, and assistance to include offset and co-production. A message was dispatched from Department of the Army on 30 September 1977 establishing a conference on Integration of Army International Programs and Foreign Equipment Buys (30,1). The first meeting of the steering committee was held by DAIRO on 5 October 1977. The proposed discussion topics for the working groups are: Combat Development/Requirement Process, DCSOPS Chairman; Materiel Acquisition Process, DCSRDA Chairman; Security Assistance(FMS), DCSLOG Chairman; and Testing of Foreign Systems, OTEA Chairman. The format for the conference is that each group will prepare a 30-minute presentation on the topic, and then it will participate in a one-hour discussion of the topic. After the conference, tentatively scheduled for 7 December 1977, the work-

ing groups will prepare a report covering the problems, subject areas covered, short- and long-term courses of action, how to accomplish the actions, funding implications and conclusions. The working groups will be chaired by a general officer, and the intent of the conference is to get the Army's implementation processes in writing, approved, and then disseminated to the field.

The Army, under the direction of the VCSA, is moving toward a foreign equipment acquisition process. The procedures are being drafted, discussed, and coordinated at the Army Staff and Major Command level. The process is still very dynamic and the full implications are not known, but the Army is going to be an active player in the 'two-way street'.

Army Commands and Agencies

The materiel developer and the Army test agencies are investigating the processes and impact that foreign procurement will have on the weapons acquisition cycle.

On August 1, 1977, the Commanding General of the Army Materiel Development and Readiness Command (DARCOM), General John R. Guthrie, directed that the command prepare a study on the methods and cautions that should be observed in the acquisition and deployment of foreign weapons systems. The staff has taken a broad approach and investigated previous foreign procurements and have examined the lessons learned. The first phase of the project was to categorize the history and examine it on a functional basis as an aid to both the project and functional managers. This phase was completed in mid-October and is being sent to various commands for comment. A follow-on phase will be to prepare a guide to provide insight on foreign acquisition. This guide will not be totally innovative since the U. S. has acquired

foreign systems before, but it will highlight the methods by which international standardization and interoperability of weapon systems might be achieved. The study will give prominence to the cautions that must be observed in the process so that managers may avoid past pitfalls and provide a path to prove foreign acquisition is not an insurmountable task.

The study investigated the following areas: Organization for International Weapons Acquisition; Methods of International Acquisition; Legal Considerations; Product Assurance; Financial; Integrated Logistic Support; Engineering; Program/Project Management; and Congressional Relations. In Volume I, each of the major areas are discussed, and an overview, background, and a set of cautions are provided. Volume II of the study contains appendices that document most of the methods by which foreign acquisition is implemented. The latter volume also has information on previous acquisitions and lessons learned.

The principle test agencies for the Army, the Operational Test and Evaluation Agency (OTEA) and the Test and Evaluation Command (TECOM), are working to revise test policies and directives which implement foreign acquisition. OTEA is the chairman for the Testing of Foreign Systems Group which will give a presentation at a conference on Army International Programs scheduled in December. They will discuss the procedures and policies, unilateral and joint testing, exchange of test data, collection systems for data on foreign systems, a modified testing cycle and other test subjects. Both of the Army agencies are working together to resolve the Army test issues on foreign systems.

These agencies have produced a 'strawman' for the testing of foreign-produced weapon systems by the U. S. Army. The operational testing is conducted by tailoring the procedures for nondevelopmental materiel system

testing as described in AR 71-3, and it is similar to testing U. S. produced "off-the-shelf" items. The procedures emphasize the aspects of early test planning, arrangements for funding, verification of the need or requirement, the preparation of a coordinated test program (abbreviated), the operational test plan, the specific Development Test/Operational Test (DT/OT) requirements, and the conduct of DT/OT.

The tentative procedures are to screen the preliminary candidate system to insure there is an existing requirement to match to the system. Obsolete items or those which can't meet the requirements are eliminated. Then the test agency, TECOM, consults with the user and developer and either accepts or rejects the candidates. If a candidate system is selected, TECOM conducts an international materiel evaluation to determine the technical feasibility of the system for use in the U. S. Army. In this preliminary evaluation phase, the evaluation plan is prepared and coordinated, and all available foreign test reports and data are collected and translated, if necessary. If there is still insufficient data, limited technical (TECOM) and/or user (OTEA) tests are conducted to close the data gaps. At that point, a DA approved In-Process-Review (IPR) is held. The results of the IPR will be acquisition, rejection, or a formal test program which leads to further evaluation. In the latter case, prototypes are acquired, a minimum essential DT/OT II are conducted, and another IPR determines the acceptance or rejection of the system. Although these procedures have not been finalized into a written policy, the Army agencies are working toward foreign system acquisition. TECOM has had the mission for international materiel evaluation since November 1976 and has already accomplished actions on the initial evaluation of systems.

SECTION V

CONCLUSION

Summary

Department of Defense and the U. S. Army are preparing for the procurement of foreign weapon systems. NATO standardization and interoperability have been the driving forces. President Carter, Congress, DOD officials, and Army officials have given their support to opening the 'two-way street' and increasing the effectiveness of the NATO Alliance. The NATO countries have voiced concern about the large amount of U. S. weapons sold to them with little chance of the U. S. purchasing their equipment. The economic and political climate in Europe, along with their industrial and technological base, further supports selling European equipment to the U. S.

NATO standardization and interoperability and the resultant potential for foreign system acquisition has been incorporated into revised regulations and caused major commands to investigate procedures for implementation. DOD and Army regulations, especially those written in 1977, include policies that require foreign developments be included as alternatives when matching system against requirements. Memorandums of Understanding have been signed or are being written with the United Kingdom, France, Germany, Italy, and Norway which would allow those countries to bid competitively on U. S. weapons contracts. Studies have been conducted or are still underway on the implications, such as legal, financial, political, logistical, and economic, that result from foreign weapon procurement. DA has established an office to coordinate NATO S&I activities, including weapons acquisition, at the Army Staff level. General Kerwin, Army Vice Chief of Staff, has directed

that a conference on the Integration of Army International Programs and Foreign Equipment Buys be held in late 1977. The Army staff and major commands' representatives will review four areas, including the combat development/requirement process, the materiel acquisition process, and the testing of foreign systems.

The Army Materiel Development and Readiness Command and the Army test agencies support the program. They are conducting studies and revising policy to better implement the foreign acquisition process. They are coordinating with their subordinate commands and the user to better inform the project and functional managers of the policies as they are being written. The Army is preparing for new requirements that will activate the 'buy foreign' cycle.

Observations

There is a new game in town and everybody is playing it; it's called NATO standardization and interoperability. Part of the game states that to strengthen the NATO Alliance, save resources and time, and develop a more effective NATO fighting force, the U. S. should procure foreign weapon systems. The game is dynamic; the policy is not yet firm. In fact, some of the policy mentioned in this paper may be revised as new players impact the system. The DOD acquisition structure is changing, and the foreign acquisition cycle will vary with the different countries involved.

NATO S&I appears to be here to stay. The Project Manager (PM) of a new system, especially in the early phases of the program, must be aware of the implications of foreign alternatives to system requirements and the impact they can have on his program. The PM should realize that the contractor may be a representative of a NATO country, or that his system requirement may be

may be met with an existing foreign system.

Commands and agencies are preparing lessons learned and guides for PM's to review and use. The variances with the current acquisition process, the cautions the PM must be aware of, and the lessons learned are too numerous to mention here. Hopefully, the guides will provide some of the much needed 'how-to-do' instructions and will be reflected in command policy to provide a path for the PM to avoid the many additional pitfalls resulting from foreign acquisition. Education of the revised procedures, the implementation of new policy, and the results of the numerous study projects must be stated and continuously updated to better prepare people for the impact of the foreign arena. The education should be directed toward both the project managers and functional managers and should be closely interrelated with the policy makers.

The results of the game are long term and won't be in for years. It depends on whether the U. S. will make more than a token commitment toward buying foreign systems, whether NATO countries can and will compromise with the U. S. acquisition system, and if Congress will fully support it once U. S. jobs are part of the cost. There is a great deal of activity and some foreign purchases will occur. The total commitment of the U. S. is still a major issue, both in our eyes and from the viewpoint of the NATO Allies.

DEPARTMENT OF THE ARMY
OFFICE OF THE ADJUTANT GENERAL AND THE ADJUTANT GENERAL CENTER
WASHINGTON, D.C. 20314

DAMO-ZN (M) (2 Aug 77) 8 August 1977

Expires 8 August 1978

SUBJECT: NATO Focal Point for the Army Secretariat and Army Staff

SEE DISTRIBUTION

1. PURPOSE. This letter announces designation of the Under Secretary of the Army as the NATO Focal Point for the Army Secretariat, confirms the Vice Chief of Staff as NATO Focal Point for the Army Staff, and establishes the Department of the Army International Rationalization Office (DAIRO) within the Office of the Deputy Chief of Staff for Operations and Plans, to assist the Vice Chief of Staff in performing his duties as the NATO Focal Point for the Army Staff.

2. CHARTER. The mission, functions, manning, and relationships of the DAIRO are stated in the Charter at the Inclosure.

3. ADMINISTRATION. The DAIRO is located in Room 3C518, the Pentagon, telephone OX 51697

4. RESPONSIBILITIES. Army Staff agencies and MACOMs will:

a. Designate a point of contact for NATO matters to interface with the DAIRO.

b. Ensure coordination with DAIRO on all pertinent actions related to NATO and international standardization.

BY ORDER OF THE SECRETARY OF THE ARMY:

Paul T. Smith

PAUL T. SMITH
Major General, United States Army
The Adjutant General

1 Incl
Charter of DA International Rationalization Office

CHARTER OF DEPARTMENT OF THE ARMY INTERNATIONAL RATIONALIZATION OFFICE (DAIRO)

1. MISSION. The DAIRO will support the Under Secretary of the Army and Vice Chief of Staff in meeting their responsibilities as the NATO Focal Points for the Army Secretariat and Army Staff, respectively.

2. FUNCTIONS. On matters pertaining to NATO and international standardization*:

a. Assists the Under Secretary and the Vice Chief of Staff in formulating DA policy and providing guidance to the DA Staff and MACOMs.

b. Acts as a catalyst and clearing house providing coordination of HQDA Staff activities. Also acts to facilitate proper coordination of Army positions for NATO related matters and international standardization activities.

c. Provides single authoritative Army interface between Army Staff and Army Secretariat, MACOMs, OSD, OJCS, and other governmental agencies.

d. Supports the Army member of the DOD Steering Group for Rationalization/Standardization within NATO.

e. Assists Army representatives before Congress.

f. Ensures consideration in planning and programing, in weapons systems acquisition, and in preparation of the annual budgets.

g. Ensures coordinated US participation in NATO and international standardization forums.

h. Prepares and distributes summaries of pertinent actions and activities to keep concerned Army personnel informed.

i. Reviews US Army management of and participation in the various related activities with a view toward optimizing procedures, participation and responsibilities as appropriate.

j. Provides coordinating point for host nation support activities.

k. Monitors the US Army Interoperability Action Plan.

*International standardization activities include America, Britain, Canada, Australia/New Zealand (ABCA) Armies Standardization Program, and other multilateral and bilateral programs.

Inclosure

3. COMPOSITION. The DAIRO will be manned as follows:

1 06--Chief, DA International Rationalization Office
5 05--Action Officer
2 Secretary/Stenographer

4. RELATIONSHIPS.

a. The DAIRO will report to the ADCSOPS.

b. The DAIRO will respond directly to tasking from the Under Secretary of the Army, the Vice Chief of Staff, and the DCSOPS. Responses to the Under Secretary of the Army and the Vice Chief of Staff will be approved by the ADCSOPS.

c. The DAIRO will have tasking authority to all Army Staff agencies and MACOMs in the name of the Vice Chief of Staff. DAIRO taskings will be processed through the Staff Action Control Office, Office of the Chief of Staff.

d. The ADCSOPS will have membership/observer status on Army forums dealing with NATO and international standardization matters as approved by VCSA. ADCSOPS is, effective upon publication of this charter, the Army Member on the DOD Steering Group for Rationalization/Standardization Within NATO. Chief, DAIRO will represent ADCSOPS when so directed.

e. Aside from functions described in paragraph 2 above, which may be characterized as focus and emphasis, current Staff responsibilities, as prescribed in AR 10-5 or as modified by appropriate directives, remain unchanged.

5. EXPIRATION. This charter will be reviewed in January 1979 to determine if continuation of the DAIRO or modification of its functions and relationships are warranted.

CHIEF OF STAFF

Memorandum

U. S. ARMY

DISTR A EXPIRES 30 September 1978

CSM 77-34-46

DATE 22 September 1977

SUBJECT: Standardization and Interoperability of Weapon Systems and Equipment Within the North Atlantic Treaty Organization (NATO)

FILE CS 334 NATO (22 Sep 77)

ACTION OFFICER/EXT
LTC Allison/78659

MEMORANDUM FOR: HEADS OF ARMY STAFF AGENCIES

1. PURPOSE. This memorandum prescribes policy and responsibilities for achieving standardization and interoperability of weapon systems and other equipment within the North Atlantic Treaty Organization (NATO) and implements DOD Directive 2010.6.

2. BACKGROUND.

a. The Secretary of Defense has placed the highest priority on the development of an effective NATO defense program including developing a genuine two-way street on defense procurement and on early short-term measures to strengthen Alliance defense. DOD has directed this effort through the DOD Rationalization/Standardization Steering Group and through the publication of DOD Directive 2010.6. Accordingly, the Army Staff has initiated actions to develop Army programs for implementing the DOD policy for achieving standardization and interoperability of weapon systems and equipment within NATO.

b. The Under Secretary of the Army and the Vice Chief of Staff, US Army, are the NATO Focal Points for the Department of the Army. NATO standardization and interoperability matters will be coordinated with the Army Secretariat in accordance with the functional alinement of the Offices of the Assistant Secretaries of the Army.

3. EXPLANATION OF TERMS.

a. Rationalization. Any action that increases the effectiveness of Alliance forces through more efficient or effective use of defense resources committed to the Alliance. Rationalization includes consolidation, reassignment of national priorities to higher Alliance needs, standardization, specialization, mutual support, interoperability, and greater cooperation. Rationalization applies to both weapons/materiel resources and nonweapons military matters.

b. Standardization. The process by which member nations achieve the closest practicable cooperation among forces; the most efficient use of research, development, and production resources; and agree to adopt on the broadest possible basis: (1) common or compatible operational, administrative, and logistics

procedures; (2) common or compatible technical procedures and criteria; (3) common, compatible, or interchangeable supplies, components, weapons, or equipment; and (4) common or compatible tactical doctrine with corresponding organizational compatibility.

c. Interoperability. The ability of systems, units, or forces to provide services to and accept services from other systems, units, or forces and to use the services so exchanged to enable them to operate effectively together.

4. POLICY.

a. In accordance with Public Law 94-361, Sec. 802, it is the policy of the United States that equipment procured for US forces stationed in Europe under the terms of the North Atlantic Treaty should be standardized or at a minimum interoperable with equipment of other members of the North Atlantic Treaty Organization.

b. The Department of Army will actively seek in all development, procurement, and product improvement activities, standardization and interoperability of weapon systems and equipment within NATO on a priority basis in order to conserve resources and increase the combined combat capability of US and NATO forces.

c. While current US policy dictates that the majority of US general purpose forces be planned and equipped for a European conflict, the worldwide orientation of US forces may dictate differences in some equipment expected to be used in areas other than Europe. The Army System Acquisition Review Council (ASARC) and agencies involved in the annual Planning, Programing, and Budgeting System (PPBS) cycle will review these differences and will seek to minimize their possible impact on NATO standardization as prescribed by AR 1000-1. The worldwide orientation of US forces should not be considered a basis for failing to seek, at a minimum, US-NATO interoperability for US general purpose forces equipment expected to be used in the European area.

d. The US Army will include NATO standardization and interoperability goals as fundamental considerations in development and procurement programs for both major and nonmajor equipment items and will--

(1) Consider NATO Allies' systems, system derivatives, subsystems, and components early in the development cycle, weighing the advantages of standardization in terms of contribution to Alliance combat effectiveness as well as impact on US forces.

(2) Seek agreement within NATO on military operational needs, new weapon system requirements, replacement schedules, new weapons development and production schedules, common NATO doctrine, and operational concepts.

(3) When necessary employ mutually beneficial licensing agreements with NATO Allies to achieve standardization or to facilitate interoperability.

(4) Seek to establish NATO configuration control groups for new weapon systems to be used by participating NATO Allies.

(5) Support procurement arrangements with NATO countries designed to achieve an equitable flow of defense trade within NATO.

5. EXCLUDED FIELDS. Fields normally excluded from this program are--

a. Information classified RESTRICTED DATA or FORMERLY RESTRICTED DATA that will be exchanged only in accordance with procedures specified in the Atomic Energy Act of 1954.

b. Intelligence and counterintelligence equipment, except when such equipment or information concerning such equipment is offered by the developing nation.

c. Information on the vulnerability of specific weapon systems to electronic countermeasures (ECM) or electronic counter-countermeasures (ECCM), except as specified in (C) AR 380-10.

d. Other items that may assume a highly critical nature with respect to the defense or overall security of the United States.

6. RESPONSIBILITIES.

a. The Vice Chief of Staff, US Army, in coordination with the Under Secretary of the Army, is responsible for approving DA policy and providing guidance to the DA Staff/MACOMs on matters pertaining to NATO and international standardization activities to include American, British, Canadian, and Australian (ABCA).

b. The Department of the Army International Rationalization Office is responsible for supporting the Under Secretary of the Army and the Vice Chief of Staff, US Army, by serving as a catalyst and coordinating point for NATO and international standardization considerations in the development of policies, plans and programs, acquisition of weapons systems, and preparation of the annual budgets. This office is responsible for supporting the Army member of the DOD Steering Group for Rationalization/Standardization Within NATO, ensuring coordinated US Army participation in NATO and international standardization forums, and providing a single authoritative Army interface between Army Staff and Army Secretariat, MACOMs, OSD, OJCS, and other governmental agencies.

SUBJECT: Standardization and Interoperability of Weapon Systems and Equipment Within the North Atlantic Treaty Organization (NATO)

c. Army Staff agencies are responsible for--

(1) Ensuring NATO and international standardization and interoperability matters are considered in the development of policies, plans and programs, and coordinated with the Army Secretariat and the Department of the Army International Rationalization Office as appropriate.

(2) Reviewing and revising Army regulations for which they have proponency to ensure that standardization and interoperability policy, objectives, and principles are identified and emphasized as appropriate.

(3) Assigning an internal point of contact for coordination of international activities covered by this memorandum.

(4) Ensuring that standardization and interoperability activities of the Army are in consonance with pertinent laws and regulations.

(5) Incorporating the provisions of ratified STANAGs into publications for which they are proponent and establishing appropriate procedures to ensure that subordinate elements incorporate the provisions of ratified STANAGs into appropriate US Army publications.

(6) Ensuring appropriate representation at international groups under the NATO Conference of National Armaments Directors and Military Agency for Standardization working parties, and providing Army coordination on standardization matters developed within the International Military Staff to include STANAGs and Allied Publications.

d. The Deputy Chief of Staff for Operations and Plans (DCSOPS) is responsible for--

(1) Recommending to the Under Secretary of the Army and the Vice Chief of Staff, US Army, policy and necessary guidance to DA Staff/MACOMs on NATO standardization and interoperability activities.

(2) Providing Army member on DOD Rationalization/Standardization Steering Group.

(3) Establishing close and coordinated relationship with NATO organizations and NATO Allies for development of doctrine and concepts and in coordination with DCSRDA definition of proposed new requirements.

(4) Ensuring full consideration of NATO systems is given in Cost and Operational Effectiveness Analyses (COEA) in the materiel systems acquisition process.

(5) Developing and coordinating US position on operational STANAGs concerning standardization and interoperability and ensuring that ratified operational STANAGs are implemented.

e. The Deputy Chief of Staff for Personnel (DCSPER) is responsible for assessing impact on the personnel system of standardization and interoperability actions and related matters.

f. The Deputy Chief of Staff for Logistics (DCSLOG) is responsible for--

(1) Assessing impact of standardization and interoperability of weapon systems and equipment on Army logistics policies, procedures, and systems.

(2) Assessing the Army's ability to support weapon systems and equipment procured from foreign sources.

(3) Developing comparative logistics analysis of Allies' and US weapons systems and equipment in coordination with DCSRDA.

(4) Developing and coordinating US position on logistics STANAGs.

g. The Deputy Chief of Staff for Research, Development, and Acquisition (DCSRDA) is responsible for--

(1) Considering NATO equipment standardization and interoperability objectives in all development, procurement, and product improvement activities.

(2) Establishing close and coordinated relationships with NATO organizations and NATO Allies for collaboration in testing and exchange of technical/developmental data in coordination with DCSOPS.

(3) Encouraging early contacts between US development activities and NATO Allies' development organizations to consider reciprocal and mutually beneficial exchange of technology, cooperative, or interdependent R&D programs, and appropriate licensed production arrangements to permit possible adoption of each other's systems.

(4) Ensuring that NATO Allies are given opportunities to compete for contracts and subcontracts for Army R&D/acquisition.

(5) Including in applicable Decision Coordinating Papers (DCP) an analysis of how a program will contribute to NATO standardization, including consideration of alternative systems of NATO Allies and cooperative development and coproduction.

(6) Developing and coordinating US positions on equipment and production related STANAGs to include assemblies, components, spare parts and materiel, and implementing those STANAGs ratified by the US through appropriate military specifications, standards, technical orders, and related publications.

(7) Establishing the technical position on issues concerning the release of advanced technology in coordination with ACSI.

(8) Ensuring that the Army Secretariat is advised in cases where Allied proposals for participation in cooperative programs are rejected on grounds of unacceptable technology transfer.

(9) Monitoring the establishment of a technical data bank on foreign systems by DARCOM.

(10) Recommending criteria to the Army Secretariat for the establishment of policy on the release of sensitive information and technology to NATO countries in coordination with ACSI.

h. Assistant Chief of Staff for Intelligence (ACSI) is responsible for--

(1) Determining disclosability of sensitive information under the Department of Army cognizance as established in the National Disclosure Policy.

(2) Providing the Army position on standardization and interoperability of intelligence equipment within NATO in coordination with ODCSRDA.

BY DIRECTION OF THE CHIEF OF STAFF:

JOHN R. McGIFFERT
Lieutenant General, GS
Director of the Army Staff

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