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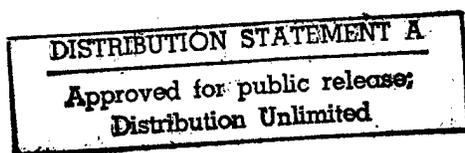
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"DoD Perspective on US-Asian/Pacific Armaments Cooperation"

**Video-taped Address by
The Under Secretary of Defense for Acquisition and Technology
Honorable Paul G. Kaminski**

**to the
U.S. Pacific Command Security Assistance Conference
Honolulu, Hawaii**

December 11, 1995

I appreciate having the opportunity to share with you some of my thoughts on where the Department is headed in armaments cooperation.

This is a very important and very timely conference from an armaments cooperation perspective. It is important because national security now and in the future will rely more on cooperation between friends and allies. It is timely because of the renewed US commitment to a renaissance in cooperation on armaments programs of mutual interest.

INTERNATIONAL SECURITY ENVIRONMENT

We are meeting at a time of rapid change in the world--one in which US-Pacific and US-Asian security relationships remain vitally important to the welfare of people on both sides of the Pacific. Let me say a few words about our collective national security environment and about our objectives in seeking deeper and more productive defense equipment cooperation.

In the post-Cold War world, the United States no longer faces a single galvanizing threat such as the former Soviet Union. Instead, there is increased likelihood of our forces being committed to limited regional military actions -- coalition operations -- in which allies are important partners.

I would sum up our current national security environment in statistical terms by saying that the mean value of our single greatest threat is considerably reduced. But the irony of the situation is that the variance of the collective threat that we deal with, plan for, and must counter is up.

This gives us some pause in trying to plan intelligently. In response to reduced mean value of the threat, the United States has cut end strength by about a third from 1985 levels. But at the same time, the increase in variance has caused deployments of US forces to go up by a third. During this adjustment phase, we have brought the total defense budget down while maintaining the high state of readiness needed to support increased operational tempos.

INTERNATIONAL COOPERATION

In this climate, it is clear to me that we will have to leverage the industrial base of our friends and allies to modernize the equipment of our defense forces at an affordable cost.

To me, that means increased emphasis on cooperation with our allies in research and development of, as well as production of, defense equipment.

The United States seeks cooperation with its friends and allies for three reasons:

- The first reason is political: these programs help strengthen the connective tissue--the military and industrial relationships--that bind our nations in a strong security relationship.
- The second reason is military: there is an increased likelihood of operating in a coalition environment where we need to deploy forces with interoperable equipment and rationalized logistics.
- And the third is economic: our defense budgets and those of our allies are shrinking--what we cannot afford individually may be affordable with a common effort.

Armaments cooperation is not easy. In the past, most of the problems encountered with our NATO partners revolved around conflicts between narrow national interests being at odds with broader cooperative needs.

We experimented with a wide variety of cooperative programs and now understand which kinds work well and which are more difficult.

From our NATO experience we know:

- We can successfully acquire and operate defense systems designed and produced by allies: the British Harrier, the Belgian Squad Automatic Weapon, and the Norwegian Penguin anti-ship missile are several examples.
- We can successfully produce systems designed and tested by our allies: the Italian Oto Melara 76mm naval gun, the German Rheinmettal 120mm tank gun, and the French RITA multiple subscriber communications system are examples.
- We can successfully co-develop systems: some notable efforts are the US-German Rolling Airframe Missile, the five-nation Multifunctional Information Distribution System, the US-Spanish-Italian Harrier II Plus Radar Integration, and the US-German X-31 Enhanced Maneuverability Fighter. I should note one non-NATO accomplishment: the US-Australian development of the NULKA countermeasures system, now going into low rate production.

All of these deliver cost savings, contribute to interoperability, and strengthen alliances.

THE ASIA/PACIFIC REGION

Let me turn to the Asia/Pacific region. US interests in armaments cooperation in the region are driven by several factors:

- The Asia/Pacific region is home to some of the most rapidly growing economies in the world.
- You are all aware that US trade here exceeds that with any other region.
- There are enduring strategic concerns here that cannot be ignored.
- Most nations in the region are modernizing their armed forces at rates faster than is the case in any other region of the world--and these same nations are industrializing at very rapid rates.
- The US is a major supplier of arms--and defense technology--in the region, a role that has political and military implications as well as economic ones.
- Arms trade today involves industrial cooperation across international borders--a factor that is becoming more evident in the Asia/Pacific region as nations use arms programs to promote industrialization.

These factors shape our strategies. They tell us we must engage in armaments cooperation in the Asia/Pacific region--not only for the opportunity here but also because the political and industrial dynamics demand we address them.

Fortunately, the CINC's strategy of Cooperative Engagement is exactly the right framework for our armaments cooperation objectives.

Alliances, special relationships, military presence, and a particularly excellent defense industry provide the US a robust basis for armaments cooperation with many nations in the Asia/Pacific region.

I am pleased to note that some of you are already leading this change. In Japan, the Mutual Defense Assistance Office and its Defense Technology Office have been in the forefront, establishing new forms of cooperation with a critically important nation. Just a few weeks ago, the Japan Defense Agency and the DoD signed two new agreements for cooperative R&D programs. These are significant departures from the traditional forms of

defense equipment cooperation between Japan and the US and they are laying a foundation for a much more productive and equal partnership.

Recently, there has also been some excellent work in JUSMAG-Korea [Joint US Military Affairs Group-Korea]. The superb analytical work done there points out the strong potential for cooperative work with that important ally and provides many excellent suggestions for how we might exploit the many opportunities.

I want to congratulate all of those involved in these efforts and thank you for your hard work and your innovative thinking.

IMPLEMENTATION

Let me turn, then, to the matter of implementation.

First of all, armaments cooperation requires policy leadership, and, in the Pentagon, we have established an Armaments Cooperation Steering Committee which I chair along with the Under Secretary of Defense for Policy. We convene regularly with the Service Acquisition Executives and Defense Agencies to address armaments cooperation issues and management matters.

The Committee has been dealing with such matters as how we can provide incentives to Program Managers to engage in international cooperation, and recently the Committee established several senior-level groups to explore potential for cooperation in major systems, advanced concept technology demonstrations, and science and technology programs. The Armaments Cooperation Steering Committee will continue to develop new policies and activities to facilitate international cooperation in our acquisition programs. We want to know about your problems and we welcome your suggestions.

NEXT STEPS

What should we be doing in the Asia/Pacific region? The following suggestions are interrelated and mutually reinforce each other in contributing to our objectives.

First, we must continue to be the most reliable supplier of the best defense equipment. That will require more effort than in the past, and a willingness to accommodate the industrial concerns of our customer nations. Acquisition managers must take international considerations into account at early stages in their programs to ensure we are able to supply defense items to our friends and allies at the time they are needed. Increasingly, that time is the same as the time we are going into production for our own use.

Second, I believe we must strengthen the requirements dialogue with our allies. We discuss equipment requirements with our Asia/Pacific friends and allies, but it is done on an ad hoc basis and does not take into account our own equipment requirements. We can and should begin to build institutional relationships that deal with future equipment requirements on a regular basis, with the aim of harmonizing requirements in a way that will facilitate cooperation in R&D and production.

Those of you serving in liaison positions are key to this effort, and the headquarters staffs in the region can play a strong coordinating role.

Third, we should look for opportunities for cooperation in the modernization of equipment we operate in common with our friends and allies. Many current systems will remain in our inventories for decades; there will be continuous need to upgrade these systems for reliability and maintainability as well as to keep up with evolving threats. Where our partners have good industrial capability, we should explore how they can contribute to an upgrade program. If we are successful, we can share the costs, maintain interoperability and logistics commonality, and build industrial relationships that will strengthen our industrial base.

Fourth, we can and should seek opportunities for increased technology cooperation. Asia/Pacific nations are investing heavily in technology and

there are increasing opportunities for our laboratories and our industries to collaborate with counterparts in the region. We can establish a wide variety of technology cooperation programs: joint industry feasibility studies, and cooperative technology demonstrations are two possibilities. If we are successful, we will maintain access to the best technologies being developed, and we will save costs of developing new technologies by sharing the costs with partners. This area of activity will become more important as we rely more and more on commercially-developed technologies in our defense programs.

Efforts in equipment upgrades and technology cooperation will require new kinds of industry-to-industry cooperation, and we must work to reduce the many obstacles to international cooperation in defense programs faced by our industries. We must encourage industry to help define the kinds of relationships that will work best.

Fifth, we can increase our cooperation in testing, both developmental and operational. Test facilities and programs are expensive and we should be exploring ways to share costs and make use of each others facilities.

Sixth, we can strengthen our logistics cooperation, especially maintenance programs. Many Asia/Pacific nations have repair facilities that we use at great cost savings over sending platforms, systems and components back to CONUS for repair.

Finally, we should expand our professional personnel exchanges. Engineer, scientist and acquisition manager exchanges build the trust and confidence needed as a basis for cooperative programs, and build the institutional relationships that facilitate harmonization of requirements and programs.

SUMMARY

To summarize, we must take a comprehensive approach to armaments cooperation with our friends and allies in the Asia/Pacific region.

Each of you will be involved.

DoD's international armaments cooperation activities--from definition of materiel requirements through research, development, production and follow-on logistic support--are growing rapidly.

Our future military capability depends on our successful management of these activities--activities that touch on political, economic, and trade issues as well as on military issues. We are a team and you are key players. I offer my personal support and commitment to you as we work together to reach DoD's objectives in international armaments cooperation.