
THE DISAM JOURNAL OF INTERNATIONAL SECURITY ASSISTANCE MANAGEMENT

The War on Terrorism is impacting the entire community, and Security Cooperation is playing a key role in the successes that we're achieving. Keep up the great work throughout the field!

This Journal's feature article is on the U.S. Coast Guard, an agency that has dramatically changed in its mission focus since September 11th. The U.S. Coast Guard deepwater programs are driving the organization's future, involving industry along with our international partners in the effort. Another article follows, outlining the Coast Guard's CONUS international courses, numbering over 400 and including the International Maritime Officers School, along with the training teams that visit over fifty countries, impacting 2,500 students each year.

In an annual occurrence that's highlighted the last eighteen years of DISAM Journal activity, we outline the fiscal year 2002 security assistance legislation, noting the changes within the various programs getting down to country-specific information as we have it.

Variety certainly characterizes this edition; articles extracted from reports and speeches provide a mix of perspective. Comments by Mr. Lincoln P. Bloomfield Jr., Assistant Secretary of State for Political Military Affairs, and Mr. Dirk J. Habig, the Defense Cooperation Attaché for the Netherlands, highlight the spirit of international cooperation. Business processes also take a major portion of the stage. Lieutenant General Tome H. Walters Jr., Director of the Defense Security Cooperation Agency, outlines the use of Performance Based Costing and Budgeting to better document the successes of security cooperation. Other DSCA authors contribute to the cause with Reinvention Initiatives and the Integrated Process Teams that help set those initiatives in motion.

If logistics or acquisition is your cup of tea: Take a look at Tom Caudill's article (from AFSAC) on "How an ILCO Goes To War" or note the impact of the NATO Codification System in item cataloging and stock numbering (John Zellers' article). The Defense Logistic Agency's (more formally DLIS') fielding of WebLINK international also puts rubber on the road. The value of offsets headlines Lieutenant Colonel William Jones' contribution to the security cooperation, while pursuing a doctoral degree. Or the ins and outs of the Army Foreign Area Officer program by one of DISAM's own, Major Bob Holzhauer, may be more up your alley.

Training, as always, takes a central role in rounding out Journal coverage - note DIILS' earning their Joint Meritorious Unit Award - good on ya! In addition to "getting the word out" on DISAM's On-Site and MET opportunities, we plug a couple of computer-based issues. First, NETSAFA has done a terrific job in collaborating with the community to develop an IMSO website (being briefed now at the IMSO conferences). Secondly, DISAM has made available its first web-based course - a version of the CONUS Orientation (entitled SAM-OC) - already seeing great applicability to the variety of personnel in the field. If you're an IMSO, sign up now on that new website; and the SAM-OC answers anyone's delay in attending a DISAM in-resident course, or provides refresher information if it has been a while since your DISAM experience!

I want to thank "the community" for the exuberant support of the Journal - we are getting a great inflow of articles. You may have noticed the thickness of the last two has increased, as has the variety of the information. You make or break the success of the publication by ensuring the information is both appropriate and timely!



RONALD H. REYNOLDS
Commandant

Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE 2001		2. REPORT TYPE		3. DATES COVERED 00-00-2001 to 00-00-2001	
4. TITLE AND SUBTITLE The DISAM Journal of International Security Assistance Management. Volume 24, Number 2, Winter 2001-2002				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Defense Institute of Security Assistance Management (DISAM),DISAM/DR,2475 K Street,Wright-Patterson AFB,OH,45433-7641				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 164	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

THE DISAM JOURNAL

of International Security Assistance Management

Winter 2001-2002, Vol. 24 No. 2

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FEATURE ARTICLE

The United States Coast Guard's Integrated Deepwater System: Creating Opportunities for Enhanced Interoperability with America's Friends and Allies

By

**Gregory L. Giddens
Integrated Deepwater System**

The terrorist attacks of September 11, 2001 tragically underscored the importance of international engagement to the United States and, indeed, our partners throughout the world. As rescuers rushed to save people trapped in the World Trade Center and the Pentagon, and viewers worldwide recoiled at horrific images of destruction and death, President George W. Bush declared that the nation found itself in a “new kind of war.” This war has already required the commitment of all levels of American government and the close cooperation of all civilized states to defeat the scourge of global terrorism.



In response, our government has created a multi-national, multi-layered, global coalition to prosecute this war against terrorists, their organizations, and their supporters. Much of the groundwork for this cooperation had already been put in place during years if not decades of quiet liaison among many federal departments, including the U.S. Department of Transportation (DoT), and their overseas counterparts.

Although sometimes not as visible as the Department of Defense (DoD), Department of State (DoS), and other departments with prominent international engagement roles in an increasingly globalized world, transportation is home to the United States Coast Guard (USCG). The Coast Guard, America's fifth armed service, conducts a host of international engagement efforts that directly impact the interests and citizens of our allies, friends, and even some potential adversaries around the world.

The Coast Guard deploys mobile training teams, trains foreign officers, and sponsors personnel liaison programs that focus on critical regional and international maritime needs. The service has developed a Model Maritime Service Code that has already been embraced by nations wishing to establish their own maritime security and safety organizations to protect their vital resources and interests in nearby seas. In the field, Coast Guard cutters and aircraft are frequent participants in combined exercises and regular visitors to foreign ports and facilities.

The Coast Guard is also a key player in the U.S. security assistance arena. Foreign military sales (FMS), including the transfer of excess defense articles, have long been an integral element of Coast Guard international engagement. Asset sales and transfers contribute directly to the Coast Guard's accomplishment of its own missions and helps achieve broader U.S. engagement goals, all the while helping our friends protect their maritime security and safety goals.

In the years ahead, however, the Coast Guard's Deepwater Initiative will present a vastly increased opportunity for engagement and security assistance. The Coast Guard established the far-reaching Integrated Deepwater System Program to recapitalize its aging stock of cutters, aircraft, and systems designed for sustained or long-range operations, often far from homeports and facilities. "The Deepwater Program is our center of gravity in shaping the future of the Service," Rear Admiral Patrick Stillman, Program Executive Officer, Integrated Deepwater System, noted.

The Deepwater Program will result in a dynamic system of assets that are mission-focused, modular, network-centric, and designed to minimize total lifetime operating cost. As such, there is great potential for foreign military sales of both existing Coast Guard assets and new construction Deepwater platforms and systems to our international partners. The scope of the Deepwater Program also presents numerous opportunities for cooperative programs between U.S. and foreign firms.

Recognizing this, the Coast Guard has established a dedicated deepwater international staff to educate prospective foreign customers on the capabilities, platforms, and systems that the program will generate. They are also successfully forging partnerships across the federal government. "This is my number-one project," Mr. Brad Botwin, Director of the Strategic Analysis Division in



the Commerce Department's Office of Strategic Industries and Economic Security, stated during a 2001 interview. "We are very serious and are dedicated to promoting 'Deepwater' to the world."

In all, the Deepwater Program will have a profound and exciting effect on engagement opportunities for years to come. The end result will be significant cost savings for the federal government, enhanced goodwill among U.S. allies and friendly nations receiving the Deepwater assets, and enhanced interoperability between U.S. and allied forces around the globe.

Deepwater Background

The Coast Guard established the Deepwater Program in 1996 to upgrade, modernize, and/or replace its aging fleet of cutters and aircraft, as well as its command-and-control and logistics infrastructure, with an integrated system of shore-side, afloat, aviation, and information technology assets. Existing deepwater forces are technologically obsolescent and not up to the demands of the Coast Guard's critical maritime homeland security and other missions. All told, the Coast Guard is facing near-simultaneous block obsolescence among its existing deepwater assets, including 93 cutters and 206 aircraft.



Instead of initiating concurrent, disconnected platform replacement programs, the Coast Guard's leadership decided to examine its deepwater requirements and force structure as an integrated system. This approach has allowed the service to build its plans for new Deepwater forces around common systems and technologies, common operational concepts, and a common logistics base, providing operational and cost efficiencies that it otherwise would not have if it had pursued several independent programs.

In December 1999, the emphatic and unanimous conclusion of the President's independent Inter-Agency Task Force on U.S. Coast Guard Roles and Missions was that "...the nation has an enduring need for a Coast Guard, specifically for a Coast Guard in the Deepwater environment, that there is a near term requirement for re-capitalization, and that the Coast Guard's Deepwater Capabilities Replacement Project should continue to be pursued."

Deepwater is also built upon a performance-based acquisition strategy. Instead of giving industry specifications for individual platforms or equipment, the Coast Guard projected and specified the capabilities it will need to carry out its worldwide deepwater missions during the next forty years. The service also emphasized the importance of maximizing operational effectiveness while minimizing total ownership costs. Industry teams were given the flexibility to determine the optimum mix of assets that will comprise the entire Integrated Deepwater System. They also had tremendous leeway to incorporate state-of-the-market technologies and processes in their design concepts.

To execute the Deepwater Program, the Coast Guard intends to work in partnership with the winning industry team, which will consist of a single, world-class system integrator and a supporting group of experienced, high-quality subcontractors. By structuring its acquisition this way, the Coast Guard is looking to benefit from private-sector innovation, best practices, and cost efficiencies. Moreover, by emphasizing public-private partnership, it hopes to move beyond the adversarial relationships that have marked other acquisition programs in the past.

Figure 1
Competing Deepwater Phase 2 Industry Teams

The Boeing Company

Subcontractors include:

- European Aeronautic, Defense and Space (EADS)
- Construcciones Aeronauticas S. A. (CASA)
- European Aeronautic, Defense and Space (EADS) Eurocopter
- Northrop Grumman Ship Systems Avondale Operations
- John J. McMullen & Associates, Inc.

Integrated Coast Guard Systems

A joint venture consisting of:

- Lockheed Martin Naval Electronics & Surveillance Systems (NE & SS) Surface Systems
- Northrop Grumman Ship Systems Ingalls Operations

Maritime Systems Alliance

A joint venture consisting of:

- Science Applications International Corporation
- Raytheon Company
- The Maintowoc Company, Inc.

As of early 2002, the Deepwater Program, the Coast Guard's largest acquisition program ever, is on schedule for a contract award during late spring. The Coast Guard released a request for proposal (RFP) for Phase 2 of the program on June 29, 2001. Figure 1 lists the three industry teams that have submitted their competing proposals on September 28, 2001, and the Coast Guard is currently evaluating them.

After the contract award, the program's success will depend upon the support it receives from the administration and Congress. Industry has developed its solution based on the 1998 fiscal year funding stream of \$500 million per year for the life of the program, an amount consistent with the funding the Coast Guard has received during past major acquisition efforts. Given the vast increase in operational tasking that the Coast Guard has received in the wake of the September 11th attacks and the fact that Coast Guard deepwater cutters, aircraft, and systems are playing a key role in protecting U.S. homeland security, it is likely that support will be forthcoming.

The Deepwater Program: A Unique Engagement Opportunity

The Coast Guard's security assistance programs have been a success for both the service and nation, albeit on a relatively small scale. The potential for further success will expand significantly in the coming years. The Deepwater Program will broaden the service's security assistance options across the board, opening up new possibilities for the sale of both new construction assets, cutters, boats, aircraft, and systems, and current surface platforms, as well as fostering a new level of interoperability between the Coast Guard and foreign navies and coast guards around the world.

Deepwater Foreign Sales

The Deepwater Program's effect on Coast Guard security assistance and its broader international engagement efforts will be profound. Perhaps most immediately, the introduction of new Deepwater platforms opens up significant opportunities for foreign military sales, including entire vessel and subsystem exports, and direct commercial sales by U.S. shipbuilders. The Integrated Deepwater System offers interested foreign nations access to a full spectrum of networked and highly capable maritime assets. These may include cutters, offshore patrol craft, search and rescue helicopters, unmanned aerial vehicles, tilt-rotor aero-systems, command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR) upgrades, and an integrated logistics system. Some or all of this Deepwater "system of systems" will be available to U.S. allies.

Foreign military sales and direct commercial sales of new cutters and other deepwater assets will have direct economic benefits, both for U.S. taxpayers and the Coast Guard. Foreign military sales should lead to lower unit costs at home as suppliers achieve greater economies of scale. New-construction sales of Deepwater assets and systems also buttress the defense industrial base, particularly shipbuilders and their lower-tier suppliers, to the benefit not only of the Coast Guard but to the Navy and possibly other U.S. armed services as well. Foreign nations spend their FMS grants in the United States, and FMS contracts are one of the few areas where U.S. shipyards have had success in export markets. While FMS programs are conducted on a government-to-government basis, an arrangement that usually locks in U.S. administrative, logistical, and training support program funds ultimately flow to U.S. workers and U.S. companies, thus preserving a vital part of America's defense industrial capability.

As for potential foreign interest, some analysts project that the global demand for modest, cutter-sized ships, similar to those now being contemplated for the Deepwater Program, will top more than \$62 billion during the next twenty years. A list of countries that already have expressed interest in some aspect of the Deepwater Program is shown in Figure 2. Captain Richard Kelly, Deepwater Resource Sponsor in the Office of the Assistant Commandant for Operations, acknowledged, "What we need is in many ways what they need, a judgment underscored by our own research and outreach to several European and Asia-Pacific countries."

The listed nations have different reasons for their interest in deepwater. Many foreign navies and coast guards have missions or operate forces similar to those of the Coast Guard. Like the Coast Guard, many of them also are particularly interested in minimizing the total cost of ownership of their naval forces while maximizing system capabilities a key pillar of the program. To this end, the Coast Guard has issued guidelines that specifically allow commercially available and non-developmental items to be used throughout the program, including ship hulls, which could potentially make Deepwater cutter designs even more affordable and attractive overseas.

Figure 2
Potential Deepwater Program International Partners/Customers

Argentina	Finland	Philippines
Australia	Greece	Saudi Arabia
Belgium	Israel	South Africa
Brazil	Italy	Thailand
Canada	Japan	Turkey
Chile	Kuwait	United Arab Emirates
Egypt	Norway	United Kingdom

Other countries are interested in opportunities for international partnering and armaments cooperation programs. There already is foreign participation on the deepwater industry teams and more may be possible in the future. The industry system integrators are open to competing Deepwater work to suppliers outside of the existing teams in order to obtain technical expertise or to foster intra-team competition. Depending on the nature of this work, additional overseas firms may be able to bid on various Deepwater tasks. Additionally, as the Commerce Department's Brad Botwin notes, that Department's Best Manufacturing Practices program for U.S. industry can be expanded to select countries and foreign manufacturers who might be willing to partner with U.S. Deepwater industry teams, further enhancing the two-way street aspects of U.S. security assistance programs.

It still remains to be seen whether technology-transfer and licensing issues, major hurdles in some FMS programs, will be ameliorated in the Deepwater Program. New command, control, communications, computers, intelligence, surveillance, and reconnaissance equipment may need to be protected, but overall the commercial, non-defense aspects of much of the Deepwater Program should increase the opportunity for domestic and international partnering. Overall, foreign interest in different aspects of the Deepwater Program should help the Coast Guard produce highly capable forces at an even more affordable cost.

Existing Deepwater Asset Transfers

In addition to foreign sales of new platforms and equipment, the Deepwater Program will provide the security assistance community with other opportunities to engage partner nations. Many foreign countries will not be able to afford new-construction Deepwater systems, but they still may benefit from the transfer of older Coast Guard assets, assets that will be replaced by more modern Deepwater platforms and systems, that are nevertheless more capable than the ships they currently operate.

Interoperability

The FMS and other security assistance programs have long made critical contributors to U.S. national security and are a vital means to ensure coalition interoperability in peacetime operations and contingencies. Deepwater-focused security assistance will be a part of this overall effort, fostering interoperability with other navies and coast guards and contributing to U.S. regional stability goals and will create a force multiplier for the service's own missions.

The roles that the Coast Guard fulfills, upholding maritime security and safety, conducting national defense missions at home and abroad, protecting natural resources, and facilitating U.S. maritime mobility, almost always require close interaction with foreign law-enforcement and

military forces. By providing foreign maritime forces with the tools to carry out their missions, the Coast Guard improves its own ability to carry out its own operational tasks such as drug interdiction or search and rescue.



From an operational standpoint, deepwater overseas sales will promote a higher level of Coast Guard interoperability with forces around the world. One of the key goals of the Deepwater Program is to develop the highest level of interoperability with U.S. Navy forces. Unlike the Coast Guard's current cutters, the new Deepwater platforms will possess a high degree of interoperability with these former U.S. ships, and hence with those foreign navies to whom they belong. Moreover, the Coast Guard will still be able to work productively with the foreign maritime services that have taken possession of its existing assets.

Promoting Deepwater Opportunities

The Coast Guard is not sitting still and for several years has been engaged in a comprehensive set of preparatory overseas activities. Because of Deepwater's importance to the Coast Guard's and the United States' future, the service established its first-ever Program Executive Office for Deepwater, under Rear Admiral Stillman, in April 2001. He is responsible for overseeing all Deepwater efforts. Within the Program Executive Office, the Deepwater International staff is engaged in a continuing informational effort to educate prospective foreign partners and the security assistance community as to what Deepwater entails and how they might benefit from some form of participation in the program.

Deepwater International has been the link between the overall Coast Guard acquisition effort and the international community. To this end, the staff has studied potential foreign markets for Deepwater systems. Working closely with defense attachés and security assistance officers, they

have briefed numerous foreign military officials on the possibilities that the program offers and have taken the Deepwater message to various international expositions and conferences.



U.S. Coast Guard picking up refugees in an unseaworthy vessel.



The Deepwater international staff also has focused on building partnerships throughout the security assistance community. For example, they have been working with the Director of Security Assistance and Arms Transfers within the Department of State. In the Department of Defense, they have opened communications channels with the Defense Security Cooperation Agency, participated in the Ship and Shipboard Systems Planning Forum organized by the Navy International Programs Office, and presented Deepwater educational briefings at several security assistance officer conferences.

As noted, the Program Executive Office's Deepwater international staff is also building ties with the Commerce Department. They have signed an agreement with the Bureau of Export Affairs in the Department of Commerce, under which that bureau will help promote sales of Deepwater equipment to navies around the world. This is a primary reason for the Deepwater Program's selection as the number-one priority of Commerce's Office of Strategic Industries and Economic Security.

Currently, Coast Guard and other federal Deepwater promotion efforts are of necessity limited to a description of capabilities and processes. This will change once the Deepwater contract is in place, and the service and other agencies can begin marketing specific systems and platforms. During this new phase, the United States and foreign nations will be able to craft more concrete cooperative proposals for FMS or other foreign cooperation with the program.

Strengthening International Engagement

Like America's overall security, Coast Guard operations are inextricably tied to international events, activities, and cooperation. The Deepwater Program offers a unique and important way for the U.S. government to expand goodwill abroad and simultaneously act as a good steward of the public purse. Coast Guard international engagement activities have been an important aspect of U.S. outreach abroad. Deepwater will greatly enhance these outreach efforts in the coming decades.



**The Coast Guard
confiscating illegal drugs.**



More drug disposal activity.

Equally, it will help to ensure that the United States and its partners overseas can effectively and efficiently meet the daunting needs for maritime safety and security in the 21st century. “The transnational threats to our maritime security are in many regards identical to those challenging America’s friends throughout the world,” Rear Admiral Stillman remarked. “Drug traffickers, illegal aliens, unsafe and unseaworthy vessels, marine pollution, piracy, maritime contraband, illegal fishing, and more . . . all combine to endanger maritime security and safety. Deepwater will provide us all the capabilities the United States will need across the board to meet these threats and challenges for decades to come.”

About the Author

Mr. Gregory L. Giddens, a member of the Senior Executive Service, is the Deputy Program Executive Officer for the Integrated Deepwater System. For additional information on the Deepwater Program, see <http://www.uscg.mil/deepwater>.

International Maritime Officers School: Future Coalitions Fostered Today

By

**Lieutenant Commander Patrick (Kofi) Aboagye, USCG
United States Coast Guard International Maritime Officers School**

Steaming independently but under the operational control of the Sixth Fleet's Enterprise Battle Group and Command Destroyer Group 18, USCGC LEGARE sailed the Mediterranean and Baltic Seas from May through August 2001. In carrying out the cutter's assigned mission, the Portsmouth, Virginia based cutter's crew of 96 visited nine different countries.

Through these visits, sponsored by the Departments of State and Defense, USCGC LEGARE sought to engage, exchange operational experience and help strengthen the maritime capabilities of the host nations. Such efforts ensure that important and critical U.S. national security and foreign policy objectives are met. In Morocco, Tunisia, Turkey, Georgia, Ukraine and Croatia, the ship exchanged ideas and views on professional development, military-to-military material exchange and interagency cooperation.

Lieutenant Mike Loy, then Operations Officer of the LEGARE, said of the experience,

As with any diplomatic mission, there is goodwill all around and the outreach to the general population builds friendships and understanding between them and Americans. Of all the countries that we stopped in, those that had previous graduates of International Maritime Officers Course (IMOC) to liaise with were by far the most productive and the most rewarding.

The International Maritime Officers Course, one of two all-international courses offered by the International Maritime Officers School at Coast Guard Training Center Yorktown, is a ten-week program developed in response to a worldwide demand for professional maritime training for mid-grade inter-national military officers and civilians. The first IMOC class was convened in 1995. In June of 1998, as a result of increased worldwide demand, the School was created, offering the IMOC course as well as the two-week Crisis Command and Control International course. To date, the school has graduated 350 students from 84 countries.



Staff and members of IMOC class 3-01, representing 16 countries

Lieutenant Loy recounts of his European trip:

In Croatia, a young man that had just graduated from IMOC, Lieutenant Ljubo Radovnikovic (IMOC Class 1-2001), was our liaison officer. In Georgia, we had Major Gia Ivanishvili (IMOC Class 4-2000) as our liaison. In Tunisia, we had three liaisons that were all prior IMOC graduates. Each of the IMOC graduate representatives delivered outstanding service, from logistical support, to rest and relaxation, to sightseeing of Greek and Roman ruins. We could not have asked for more.



Children of a Croatian orphanage give approval to a play set donated by Lowe's Home Improvement Store in Williamsburg, Virginia, and built by USCGC LEGARE crew.

Our experience in Croatia was particularly remarkable," stated Lieutenant Loy. "Ljubo could say nothing but positive things. Every time we saw him, he would say something about his positive experience at IMOC." A prior Army officer, Lieutenant Ljubo Radovnikovic had fought in the Croatian War and had suffered from Post Traumatic Stress Disorder as a result of his experiences. His transfer to their maritime service and, shortly thereafter, his selection to attend IMOC accelerated the healing process immensely. Lieutenant Radovnikovic was selected as the Honor Graduate for IMOC Class 1-2001. Lieutenant Loy continued, "He feels that he owes the U.S. Coast Guard and the IMOC Program so much for being the individual that he is today. He says the experience here allowed him to get through that trauma and gain valuable professional experience that he is now applying to his job as commander of two Coast Guard boats.

The LEGARE's work in the Republic of Georgia was particularly effective due to the prominence of Major Gia Ivanishvili, IMOC Class 4-2000. The Georgians have made significant strides at modeling their Coast Guard after their U.S. counterparts. According to Lieutenant Loy, the Georgian Coast Guard was so impressed at the information provided by Gia upon his return

from IMOC, that they went out and modeled almost everything, right down to the buttons on their uniforms, after the USCG.



Parade of participant countries' flags at an IMOC graduation.

Working closely with the Georgian Coast Guard on a continuous basis are three USCG mobile training team members who provide daily hands on support, leadership and professional development to this emerging organization.

The presence of the decommissioned Coast Guard Cutter POINT COUNTESS, transferred through the U.S. excess defense articles program, is yet another example of cooperation between the U.S. and Georgia. The cutter continues providing service as a Georgian Coast Guard vessel patrolling the Black Sea. Lieutenant Loy recounted that upon arrival, LEGARE personnel provided outstanding and focused professional information on preventative maintenance needed for the 82-foot vessel. Overhaul of the .50 caliber machine gun was just one of many procedures which left a look of amazement on the faces of the young Georgian sailors – a very gratifying experience. The LEGARE crew also exchanged subject matter expertise on search and rescue, law enforcement, and weapons systems maintenance and repair. “At one point,” he said, “We farmed out our entire ship such that our crew members were at four or five different places engaged in professional exchange of information, helping to fix equipment, and doing things.”

The U.S. Coast Guard’s multi-mission maritime service experience has enormous international appeal as emerging maritime agencies seek to replicate our effectiveness with respect to operational flexibility, size and modest funding. All training and technical assistance is done at the request of either the Department of State or the Department of Defense. The Coast Guard receives more than 675 high-level international visitors each year who are interested in establishing or improving their own multi-faceted maritime agencies. The U. S. Coast Guard sends international training teams to over 50 countries and trains 2,500 students each year. In

addition, approximately 375 international students report to various Coast Guard training facilities inside the U. S. to attend training in over 400 courses. The Coast Guard also operates a Caribbean Support Tender the CGC GENTIAN, which, with a multinational crew, operates throughout the Caribbean and Latin America providing training and technical assistance.

As a unique instrument of national security the Coast Guard is being recognized more and more as an appropriate model for the maritime forces of foreign nations. The Homeland Security focus in which we are presently engaged can only heighten the usefulness of our Coast Guard's mission expertise to the nation and the world maritime community.

Programs like those of the International Maritime Officers School enhance the United States' ability to foster coalitions and effectively push our borders beyond our geographic boundaries.

About the Author

Lieutenant Commander Patrick (Kofi) Aboagye is presently the Assistant School Chief of the Coast Guard Training Center Yorktown's International Maritime Officers School. As human resources professional, LCDR Aboagye has also served in Coast Guard Recruiting and Reserve Programs Administration. He has considerable experience in Coast Guard shipboard operations, maritime law enforcement, and Search and Rescue in previous duty aboard the Coast Guard Cutter RELIANCE. LCDR Aboagye is a 1984 graduate of the United States Coast Guard Academy. He earned a Master of Science degree in Human Resources Management from Florida Institute of Technology.

LEGISLATION AND POLICY

Fiscal Year 2002 Security Assistance Legislation

By

**Kenneth W. Martin
Defense Institute of Security Assistance Management**

Introduction

Each year, the *DISAM Journal* publishes a summary and analysis of the legislation that impacts our security assistance and related programs. In this issue, we present the eighteenth in a series of annual studies of the major pieces of legislation with references to security assistance and related programs. This report is intended to alert all security assistance managers to the collective changes in legislation that will influence program implementation for the coming year. As we have done in the past, the report is basically in outline form, with key topics highlighted to facilitate locating specific statutory references. As this issue of the journal goes to press, the final allocations of the security assistance appropriations have not been promulgated. Consequently, the tables showing the levels of country and program funding that would accompany this article will be included in the spring issue of the *DISAM Journal*.

Because of the September 11th terrorist attacks, the ever-evolving subsequent military action, and the already ongoing economic recession, congressional budget actions by the end of fiscal year (FY) 2001 were delayed, with much work remaining to be done well into the new fiscal year. Ten of the required thirteen annual appropriations acts were legislated and enacted before the Christmas holidays while the remaining three were legislated but not yet enacted by the President until at the end of the period for the eighth required continuing resolution (CR) that expired on 10 January 2002. Two of the three bills were of significance to the security assistance community and to complete the writing of this article. The two were the *Kenneth M. Ludden Foreign Operations, Export Financing, and Related Programs, Appropriations Act, Fiscal Year 2002*, P.L. 107-115, 10 January 2002, and *Department of Defense and Emergency Supplemental Appropriations for Recovery from and Response to Terrorist Attacks on the United States Act*, 2002, P.L. 107-117, 10 January 2002. The third bill that was finally enacted was the always controversial *Departments of Labor, Health and Human Services, Education, and Related Agencies Appropriations Act, 2002*, P.L. 107-116, 10 January 2002.

Items of significance within the *Kenneth M. Ludden Foreign Operations, Export Financing, and Related Programs, Appropriations Act, Fiscal Year 2002*, include at least five changes from prior years' legislation.

- While total security assistance funding for FY 2002 is slightly less than for FY 2001, the small, yet most effective, **International Military Educational and Training (IMET)** program realized a growth in excess of twenty percent over last year to \$70,000,000.

Fiscal Year 2002 Security Assistance Funding

Program	FY2001	Administration	House	Senate	Final
FMFP	\$3,568.13M	\$3,674.0M	\$3,627.0M	\$3,674.0M	\$3,650.0M
IMET	57.75M	65.0M	65.0M	75.0M	70.0M
PKO	126.72M	150.0M	135.0M	140.0M	135.0M
ESF	<u>2,314.90M</u>	<u>2,289.0M</u>	<u>2,199.0M</u>	<u>2,239.5M</u>	<u>2,199.0M</u>
Total	\$6,067.50M	\$6,178.0M	\$6,026.0M	\$6,128.5M	\$6,054.0M

- **Plan Colombia**, implemented during FY 2001, continues to receive significant funding from the State Department International Narcotics Control and Law Enforcement and Andean Counterdrug Initiative accounts.

- The advance congressional notification for the sale of **excess defense articles (EDA)** is modified to include only notifying significant military equipment (SME) or articles valued (original acquisition cost) at \$7,000,000 or more, in general alignment with existing advance notification procedures for the FAA-authorized grant transfer of EDA.

- Congress is to receive a briefing at least every 120 days during FY 2002 to include details on any discussions by the executive branch with **Taiwan** concerning any potential purchase of U.S. defense articles and services.

- The number of countries in **Eastern Europe, former Soviet Union, and Southwest Asia** specifically eligible during FY 2002/03 to receive DoD funding assistance for packing, crating, handling and transportation (PCH&T) of grant EDA transfers is renewed or authorized for the first time.

In direct political and military response to the September 11th terrorist attacks, *An Act to Authorize the President to Exercise Waivers of Foreign Assistance Restrictions with Respect to Pakistan through September 30, 2003, and for Other Purposes*, P.L. 107-57, 27 October 2001, was enacted to provide the President significant flexibility in conducting the war on terrorism.

- The Act temporarily **exempts Pakistan** from generally legislated military coup, Military Technology Control Regime (MTCR), and loan default sanctions.

- It also reduces the congressional advance notification periods for special **drawdowns** from fifteen to five days and **grant EDA transfers** from thirty to fifteen days for the purposes of anti-terrorism.

The *National Defense Authorization Act for FY 2002*, P.L. 107-107, 28 December 2001, provides three significant security assistance related points of interest.

- Thirteen U.S. Navy (USN) **ships** are authorized for transfer by grant EDA or foreign military sales (FMS).

- The Department of Defense is authorized to conduct **international cooperative research and development programs** with any friendly country, along with the already authorized countries within NATO and designated major non-NATO allies.

- The Comptroller General is to conduct a study concerning any benefits the recipient country and the U.S. derive from the **special drawdown, grant EDA, and emergency PKO**

drawdown programs. This study is to include the cost to the DoD and any effect on readiness resulting from these grant transfers.

Finally, the *Department of Defense and Emergency Supplemental Appropriations for Recovery from and Response to Terrorist Attacks on the United States Act*, P.L. 107-117, 10 January 2002, includes two significant security assistance related provisions.

- A report is to be provided to Congress regarding what has been done to develop cooperative threat reduction programs with **Pakistan** and **India**, to include recommended changes to U.S. law, an implementation timetable, and a five-year budget to fully fund such initiatives.

- \$100,000,000 is appropriated for payments to **Pakistan** and **Jordan** for logistical and military support provided, or to be provided, to the U.S. military operations in connection with Operation Enduring Freedom against international terrorism.

A more detailed account of the provisions of legislation enacted for FY 2002 that is of interest to the security assistance community now follows.

Reference Sources

The following abbreviated titles identify that principal sources of information used in this article.

- *Arms Export Control Act (AECA)*, as amended, Public Law (P.L.) 90-629, 22 October 1968;
- *The Foreign Assistance Act (FAA) of 1961*, as amended, P.L. 87-195, 4 September 1961;
- P.L. 107-38: *2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States*, P.L. 107-38, 18 September 2001.
- P.L. 107-57: *An act to Authorize the President to Exercise Waivers of Foreign Assistance Restrictions with Respect to Pakistan through September 30, 2003, and for Other Purposes*, P.L. 107-57, 27 October 2001;
- P.L. 107-77: *Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2002*, P.L. 107-77, 28 November 2001;
- P.L. 107-107: *National Defense Authorization Act for FY 2002*, P.L. 107-107, 28 December 2001;
- P.L. 107-115, *Kenneth M. Ludden Foreign Operations, Export Financing, and Related Programs Appropriations Act, Fiscal Year 2002*, P.L. 107-115, 10 January 2002, and
- P.L. 107-117, *Department of Defense and Emergency Supplemental Appropriations for Recovery from and Response to Terrorist Attacks on the United States Act, 2002*, P.L. 107-117, 10 January 2002.

Kenneth M. Ludden Foreign Operations, Export Financing, and Related Programs Appropriations Act, Fiscal Year 2002, P.L. 107-115, 10 January 2002

- Enacted from House Report (HR) 2506. The conference report is contained in House Report 107-345, printed in the *Congressional Record* on 19 December 2001.

Title III, Military Assistance, Foreign Military Financing Program (FMFP)

<u>Program</u>	<u>FY2001</u>	<u>Administration</u>	<u>House</u>	<u>Senate</u>	<u>Final</u>
FMFP	\$3,568M	\$3,674M	\$3,627M	\$3,674M	\$3,650M

- Appropriated \$3,650,000,000 as FMFP grant assistance.
- The FMFP funding request by the Administration for FY 2002 was for \$3,674,000,000. The Conference Report indicated that the House and Senate proposals were \$3,627,000,000 and \$3,674,000,000, respectively.
- Total FMFP funding initially appropriated for FY 2001 by *Foreign Operations, Export Financing, and Related Programs Appropriations*, 2001, 6 November 2001, P.L. 106-429 was \$3,576,000,000, which included an additional \$31,000,000 as an emergency supplemental for the Balkans and southeast Europe. The emergency supplemental portion is to remain available until 30 September 2002. However, Section 1(a)(4) of *Miscellaneous Appropriations for Fiscal Year 2001*, 21 December 2001, P.L. 106-552, subsequently mandated an across-the-board budget rescission of .22 percent thus reducing the initial appropriation by \$7,867,000 to a final FY 2001 FMFP figure of \$3,568,133,000 for allocation.
- FMFP earmarks include:
 - Not less than \$2,040,000,000 for **Israel** to be disbursed within 30 days of the enactment of this Act or by 31 October 2001, whichever is later;
 - This is the fourth year of a ten-year period in which Israel's FMFP funding is to be increased by \$60,000,000 annually. This annual increase in FMFP is to coincide with an annual decrease of \$120,000,000 in Economic Support Fund (ESF) funding to achieve the goal of no ESF funding assistance for Israel in ten years (beginning in FY 2009); and
 - To the extent Israel requests that funds be used for such purposes, this funding shall be available for advanced weapons systems, of which not less than \$535,000,000 shall be available for the procurement in Israel of defense articles and services, including research and development.
- Not less than \$1,300,000,000 for **Egypt**.
 - Any funding estimated to be outlaid for Egypt during the fiscal year shall be transferred to an interest bearing account for Egypt in the Federal Reserve Bank of New York within 30 days of enactment of this Act or by 31 October 2001, which is ever later.
- Not less than \$75,000,000 for **Jordan**.
- Not less than \$3,500,000 for **Tunisia**.

- The President is also authorized and shall direct the drawdown of defense articles, defense services, and military education and training during FY 2002 of an aggregate value of not less than \$5,000,000 for Tunisia for the numerous purposes contained within Part II of the FAA.

- Of the funds appropriated for FMFP and under the heading International Narcotics and Law Enforcement, not less than \$2,300,000 shall be made available for **Thailand**, of which not less than \$1,000,000 shall be made available from under the heading International Narcotics and Law Enforcement and which shall be in addition to other funds available for such purposes.

- The conference managers are agreed that this assistance for Thailand shall be made available for one-time costs associated with border security.

- Not less than \$4,000,000 for **Armenia**.

- Not more than \$35,000,000 for expenses, including the purchase of passenger motor vehicles for replacement only for use outside of the United States, for the general costs of administering military assistance and sales.

- While not earmarking any FMFP funding, by this Section of the act, the President is authorized and shall direct the drawdown of defense articles, defense services, and military education and training during FY 2002 of an aggregate value of not less than \$4,000,000 for **Georgia** for the numerous purposes contained within Part II of the FAA.

- Last year's legislation directed the same drawdown figure of \$4,000,000 for Georgia but in conjunction with an FMFP funding earmark of \$8,000,000.

- \$3,462,500,000 of FMFP funding has been earmarked for FY 2002. This leaves \$187,500,000, or almost 5.1 percent of the total appropriated, remaining for other FMFP programs.

- This compares to \$138,633,000, after rescissions, or almost 3.9 percent, remaining in FY 2001 for other FMFP programs.

- As in prior years, no FMFP funding shall be available for assistance for **Sudan, Liberia, or Guatemala**.

- Notwithstanding any other provision of law, FMFP funding may be used for demining, the clearance of unexploded ordnance, and related activities, to include activities implemented through nongovernmental and international organizations.

- Not more than \$348,000,000 of the non-appropriated FMS administrative budget may be obligated during FY 2002 to support administrative expenses of security assistance organizations (SAOs), agencies, military departments, etc. related to the implementation of foreign military sales. This account is funded by surcharges which are added to all FMS cases in order to recover U.S. government expenses for sales negotiations, case implementation, program control, computer programming, accounting and budgeting, and other FMS-related administrative activities at command headquarters and higher levels.

Title III, Military Assistance, International Military Education and Training (IMET)

<u>Program</u>	<u>FY2001</u>	<u>Administration</u>	<u>House</u>	<u>Senate</u>	<u>Final</u>
IMET	\$57.75M	\$65M	\$65M	\$75M	\$70M

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- Appropriated \$70,000,000 as IMET grant assistance.
 - The IMET funding request by the Administration for FY 2002 was for \$65,000,000. The Conference Report indicated that the House and Senate proposals were \$65,000,000 and \$75,000,000, respectively.
 - Total IMET funding initially appropriated for FY 2001 by P.L. 106-429 was \$57,875,000 which included an additional \$2,875,000 as an emergency supplemental for the Balkans and southeast Europe. The emergency supplemental portion is to remain available until 30 September 2002. The FY 2001 budget rescission reduced the initial appropriation by \$127,000 to a final FY 2001 IMET figure of \$57,748,000 for allocation.
 - Up to \$3,000,000 of the appropriated IMET funding may remain available until expended. By comparison, this figure for FY 2001 was \$1,000,000.
 - Any IMET funding for **Indonesia** and **Guatemala** may only be available for expanded IMET, and funds made available for these two countries and Algeria may only be provided through the regular notification procedures of the Committees on Appropriations. The Indonesia and Guatemala stipulations are the same as those for FY 2001; however, the Algeria notification requirement for FY 2002 is new.
 - The Senate proposed language included the required prior notification before providing IMET assistance to Zimbabwe, the Democratic Republic of Congo, Cote D'Ivoire, and Gambia. However, later Section 520 of this Act also requires the same notification before any funding assistance is to be provided to **Zimbabwe** and the **Democratic Republic of Congo**, so the language was not included under the IMET heading. The conference managers expect the Departments of State and Defense to consult with the Committees on Appropriations prior to any decision to obligate funds for **Cote D'Ivoire**. Notification requirements for Gambia were not included in the final bill.
 - Any IMET funding used for the military education and training of civilian personnel may include civilians who are not members of a government whose participation would contribute to improved civil-military relations, civilian control of the military, or respect for human rights.
 - Other Conference Report language includes:
 - While not a legislated earmark, the conference managers support IMET funding of not less than \$300,000 for **Armenia**. The Administration did not request funding for Armenia.
 - The conference managers urge that a program for **Colombia** to define structures and processes for responding to armed conflict and maintaining civilian control of the military be considered at the Naval Postgraduate School.

Title III, Military Assistance, Peacekeeping (PKO)

<u>Program</u>	<u>FY2001</u>	<u>Administration</u>	<u>House</u>	<u>Senate</u>	<u>Final</u>
PKO	\$126.7M	\$150M	\$135M	\$140M	\$135M

- Appropriated \$135,000,000 as PKO grant assistance to obligated or expended except as provided through the regular notification procedures of the Committees on Appropriations.

- The PKO funding request by the Administration for FY 2002 was for \$150,000,000. The Conference Report indicated that the House and Senate proposals were \$135,000,000 and \$140,000,000, respectively.

- Total PKO funding initially appropriated for FY 2001 by P.L. 106-429 was \$127,000,000. The FY 2001 budget rescission reduced the initial appropriation by \$279,000 to a final FY 2001 PKO figure of \$126,721,000 for allocation.

Title II, Other Bilateral Economic Assistance, Economic Support Fund (ESF)

Program	FY2001	Administration	House	Senate	Final
ESF	\$2,315M	\$2,289M	\$2,199M	\$2,239.5M	\$2,199M

- Appropriated \$2,199,000,000 as ESF grant funding for FY 2002 to remain available until 30 September 2003.

- The ESF funding request by the Administration for FY 2002 was for \$2,289,000,000 to include \$19,600,000 for the International Fund for Ireland and \$5,000,000 for the Irish Visa Program. The Conference Report indicated the House and Senate proposals were \$2,199,000,000 and \$2,239,500,000, respectively.

- The **Ireland** funding was appropriated under the heading, International Fund for Ireland, under the same FAA authority for ESF. The FY 2002 appropriation was for \$25,000,000, the same level as for FY 2001. These funds shall also remain available until 30 September 2003.

- Total ESF funding initially appropriated for FY 2001 by P.L. 106-429 was \$2,295,000,000. The FY 2001 budget rescission reduced the initial appropriation by \$5,104,000 to a final FY 2001 ESF figure of \$2,314,896,000 for allocation.

- ESF earmarks include:

- Not less than \$720,000,000 for **Israel** which shall be available as a cash transfer to be disbursed within 30 days of enactment of this Act or by 31 October 2001, whichever is later.

- In exercising the authority for the cash transfer, the President shall ensure that the level of assistance does not cause an adverse effect on the total level of nonmilitary exports from the U.S. to Israel, and that Israel enters into a side letter agreement in an amount proportional to the FY 1999 agreement.

- Not less than \$655,000,000 for **Egypt** of which sum cash transfer assistance shall be provided with the understanding that Egypt will undertake significant economic reforms which are additional to those which were undertaken in previous fiscal years, and of which not less than \$200,000,000 shall be provided as Commodity Import Program assistance.

- \$150,000,000 “should be made available” for **Jordan**.

- \$50,000,000 “should be made available” for **Indonesia**.

- The final legislation does not include language proposed by the Senate for not less \$10,000,000 from various accounts for humanitarian, economic rehabilitation and reconstruction, political reconciliation and related activities in Aceh, Papua, West Timor and Maluku. However, the conference managers did direct USAID to urgently pursue opportunities to provide such

assistance to address urgent needs in these impoverished and politically volatile regions. Funds made available for these purposes may be made available to and managed by the Office of Transition Initiatives.

- The conference managers remain concerned with the political situation in Indonesia, and encourage the Government to continue to implement needed political, legal, economic, and military reforms. While the managers appreciate the complex situation within Indonesia, they find criticism by President Megawati Sukarnoputri of American-led efforts to counter international terrorism to be dismaying.

- Not less than \$15,000,000 for **Cyprus** to be used only for scholarships, administrative support of the scholarship fund, bicomunal projects, and measures aimed at reunification of the island and designed to reduce tensions and promote peace and cooperation between the two communities on Cyprus.

- Not less than \$35,000,000 for **Lebanon** to be used, among other programs, for scholarships and direct support of the American educational institutions in Lebanon.

- Notwithstanding later Section 534(a) of this Act, ESF funds made available for assistance for the Central Government of Lebanon shall be subject to regular notification procedures of the Committees on Appropriations.

- Also, the Government of Lebanon should enforce the custody and international pickup orders, issued during calendar 2001, of Lebanon's civil courts regarding abducted American children in Lebanon.

- The conference managers expressed deep concern by reports that the Government of Lebanon will not cooperate with the President's request, made pursuant to E.O. 13224, to freeze the assets of Hezbollah, a group included on the State Department's list of terrorist organizations. The managers will closely monitor the Government of Lebanon's future cooperation with this and other aspects of the campaign against terrorism.

- Not less than \$25,000,000 for **East Timor** of which up to \$1,000,000 may be transferred to and merged with appropriation for Operating Expenses of USAID.

- Under the heading, *Bilateral Economic Assistance, Burma*, not less than \$6,500,000 of ESF funding for democratic activities in **Burma**, democracy and humanitarian activities along the Burma-Thailand border, and for Burmese student groups and other organizations located outside Burma.

- \$1,656,500,000 of ESF funding has been earmarked for FY 2002. This leaves \$539,500,000, or 24.5 percent of the total appropriated, remaining for other ESF programs.

- This compares to \$527,896,000, after rescissions, or almost 23 percent, remaining in FY 2001 for other ESF programs.

- ESF funds from this Act may be used to provide assistance to the **National Democratic Alliance of Sudan** to strengthen its ability to protect civilians from attacks, slave raids, and aerial bombardment by the Sudanese Government forces and its militia allies. The providing of such funds shall be subject to the regular notification procedures of the Committees on Appropriations.

- In this case, assistance is defined to include non-lethal, non-food aid such as blankets, medicine, fuel, mobile clinics, water drilling equipment, communications equipment to notify civilians of aerial bombardment, non-military vehicles, tents, and shoes.

- Though not legislated, the Senate proposal included a ceiling of \$10,000,000.

- With respect to ESF funds appropriated by this Act or prior acts, the responsibility for policy decisions and justifications for the use of such funds, including whether there will be a program for a country that uses these funds and the amount of each such program, shall be the responsibility of the Secretary of State and the Deputy Secretary of State. This responsibility shall not be delegated.

- The conference managers are concerned that the programs and activities funded by ESF accurately reflect both the priorities of the Secretary of State and the budget justification material provided to the Committees on Appropriations, as modified by the conference agreement. The managers reiterate the importance of Congressional intent in the programming of ESF funds, and anticipate a cooperative approach during FY 2002 on funding allocations and programming decisions.

- To improve accountability for the delivery of assistance, the managers urge the Department of State and the Office of Management and Budget (OMB) to streamline the current practice of apportioning ESF so that the bureau or agency designated by the Secretary or Deputy Secretary to obligate and manage the funds is able to do so in a more efficient and timely manner.

- Other conference report language includes:

- Final legislation did not include proposed Senate language related to funding for the **Documentation Center of Cambodia**, but the conference managers recognize the vital research the Center provides to the people of Cambodia on atrocities committed by the Khmer Rouge. The managers endorse the Senate language and expect the Department of State and USAID to provide sufficient levels of funding to the Center. The managers request the Secretary of State to report to the Committees on Appropriations not later than 60 days after enactment of this Act on a multi-year funding strategy for the Documentation Center of Cambodia.

- Final legislation did not include Senate proposed funding of not less than \$12,000,000 for **Mongolia**; however, the conference managers support this level of funding for assistance, which is consistent with the budget request.

- Though not legislated, the conference managers direct that \$53,000,000 of ESF be provided for **reproductive health/family planning**, as assumed in the budget request.

- The conferees reiterate their support for conflict prevention analysis in light of 11 September events, and urge the administration to provide funding for groups previously cited, such as the **International Crisis Group**, whose work identifies and addresses the causes of conflict and the failed states which breed terrorism. Conference managers also reiterate support for important conflict resolution programs as described in the House and Senate reports, including funding of up to \$1,000,000 for **Seeds of Peace** and up to \$1,000,000 for the School for International Training's **Conflict Transformation Across Cultures Program (CONTACT)**.

- The conference managers endorse the House report language regarding support for the **International Arid Land Consortium and Blaustein Institute for Desert Research**.

- The conference managers also endorse the Senate report language concerning the jurisdiction of and accelerated U.S. financial support for the war crimes tribunal for **Sierra Leone**.

- And finally, the conference managers encourage the State Department to support programs designed to connect the information technology networks of Central Asian and Central and Eastern European members of the **Partnership-for-Peace (PfP)**, to help strengthen integration and cooperation among these nations.

Other Assistance Programs for FY 2002

Title II, Bilateral Assistance

Development Assistance

- \$1,178,000,000 is appropriated for development assistance to remain available until 30 September 2003.

International Disaster Assistance

- \$235,500,000 is appropriated for international disaster relief, rehabilitation, and reconstruction assistance, to remain available until expended.

Transition Initiatives

- \$50,000,000 is appropriated to support transition to democracy and to long-term development of countries in crisis, to remain available until expended.

- Such support may include assistance to develop, strengthen, or preserve democratic institutions and processes, revitalize basic infrastructure, and foster the peaceful resolution of conflict.

- USAID shall submit a report to the Committees on Appropriations at least five days prior to beginning a new program of assistance.

Assistance for Eastern Europe and the Baltic States

- \$621,000,000 is appropriated, to remain available until 30 September 2003, to carry out the provisions of the *Support for East European Democracy (SEED) Act of 1989*, P.L. 101-179, 28 November 1989.

Assistance for the Independent States of the former Soviet Union

- \$784,000,000 is appropriated, to remain available until 30 September 2003, to carry out the provisions of the *Freedom for Russia and Emerging Eurasian Democracies and Open Markets (FREEDOM) Support Act of 1992*, P.L. 102-511, 24 October 1992.

- Earmarks include:

- Not less than \$17,000,000 solely for the **Russian Far East**.

- Not less than \$90,000,000 for **Armenia**.

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- Not less than \$30,000,000 for nuclear reactor safety initiatives.
 - Not less than \$154,000,000 for the **Ukraine**.
 - \$90,000,000 should be made available for **Georgia**.
 - The President may waive Section 907 of the *Freedom Support Act*, restricting assistance to **Azerbaijan**, if he determines and certifies to the Committees on Appropriations that to do so:
 - Is necessary to support U.S. efforts to counter international terrorism, or
 - Is necessary to support the operational readiness of the U.S. Armed Forces or coalition partners to counter international terrorism, or
 - Is important to Azerbaijan's border security, and will not undermine or hamper ongoing efforts to negotiate a peaceful settlement between Armenia and Azerbaijan or be used for offensive purposes against Armenia.

Title II, Independent Agencies

Inter-America Foundation

- \$13,106,950 is appropriated for the Foundation in accordance with Section 401, FAA.

African Development Foundation

- \$16,542,000 is appropriated for the Foundation to carry out Title IV, *International Security and Development Cooperation Act of 1980*, P.L. 96-533, 16 December 1980.

Peace Corps

- \$275,000,000 is appropriated, to remain available until 30 September 2003, to carry out the provisions of the *Peace Corps Act*, P.L. 87-293, 22 September 1961.

Title II, Department of State

International Narcotics Control and Law Enforcement

- \$217,000,000 is appropriated, to remain available until expended, for necessary expenses to carry out the provisions of Section 481, FAA.

Andean Counterdrug Initiative

- \$625,000,000 is appropriated, to remain available until expended, to carry out Section 481, FAA, solely to support counterdrug activities in the Andean region of South America.
- The President may make available up to an additional \$35,000,000 for the Andean Counterdrug Initiative, which may be derived from funds appropriated under the heading, International Narcotics Control and Law Enforcement, in this Act and other foreign operations appropriations acts.
- Not less than \$215,000,000 shall be apportioned to USAID for social and economic programs.

- Amends Section 3204(b)(1)(A), *Emergency Supplemental Act 2000*, P.L. 106-246, 13 July 2000, by changing the number of U.S. **military personnel in Colombia** in support of Plan Colombia to not exceed 400, vice 500.

- Amends Section 3204(b)(1)(B) of the aforementioned P.L. 106-246, by changing the number of U.S. **civilian contractors in Colombia** in support of Plan Colombia to not exceed 400, vice 300.

- President shall ensure that if any helicopter procured with funds under this heading is used to aid or abet the operations of any illegal self-defense group or illegal security cooperative, be immediately returned to the U.S.

Migration and Refugee Assistance

- \$705,000,000 is appropriated, to remain available until expended, to enable the Secretary of State to provide, as authorized by law, a contribution to the **International Committee of the Red Cross**, assistance to refugees, including contributions to the International Organization for Migration and the U.N. High Commissioner for Refugees.

- Funds may be available for a headquarters contribution to the International Committee of the Red Cross only if the Secretary of State determines and reports to the appropriate committees of the Congress that the Magen David Adom Society of Israel is not being denied participation in the activities of the International Red Cross and Red Crescent Movement.

- Not less than \$60,000,000 shall be made available for refugees from the former Soviet Union and Eastern Europe and other refugees resettling in Israel.

United States Emergency Refugee and Migration Assistance Fund

- \$15,000,000 is appropriated, to remain available until expended, to carry out the provisions of Section 2(c) of the *Migration and Refugee Act of 1962*, P.L. 87-510, 28 June 1962.

Nonproliferation, Anti-terrorism, Demining and Related Programs

- \$313,500,000 to carry out Part II, Chapters 8 and 9 of the FAA, Section 504 of the *Freedom Support Act*, Section 23 of the AECA, or the FAA (for demining activities, the clearance of unexploded ordnance, the destruction of small arms, and related activities).

- An amount not to exceed \$14,000,000, to remain available until expended, may be made available to promote bilateral and multilateral activities relating to nonproliferation and disarmament.

- An amount not to exceed \$500,000, in addition to funds otherwise available for such purposes, may be used for administrative expenses related to the operations and management of the demining program.

- The conference managers intend that funds in this account be allocated as follows:
 - Nonproliferation and Disarmament Fund — \$14,000,000
 - Export Control Assistance — \$17,000,000
 - International Atomic Energy Agency — \$50,000,000

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- Comprehensive Nuclear Test Ban Treaty (CTBT) Preparatory Commission — \$20,000,000
 - Korean Peninsula Economic Development Organization (KEDO) — \$90,500,000
 - Anti-terrorism Assistance — \$38,000,000
 - Terrorist Interdiction Program — \$4,000,000
 - Demining — \$40,000,000
 - Small Arms Destruction — \$3,000,000
 - Science Centers — \$37,000,000

Title V, General Provisions

Limitation on Representative Allowances (Section 505)

- Directed ceilings are set on FMFP and IMET allowances
- For FMFP, not to exceed \$2000 for entertainment expenses, and not to exceed \$125,000 for representation allowances. The later figure for representation allowances is an increase over prior fiscal years' \$50,000.
- For IMET, not to exceed \$50,000 for entertainment allowances. This figure remains unchanged from prior fiscal years.

Prohibition Against Direct Funding for Certain Countries (Section 507)

- No funds appropriated or made available by this Act shall be obligated or expended to finance directly any assistance or reparations to **Cuba, Iraq, Libya, North Korea, Iran, Sudan, or Syria**. This prohibition shall include direct loans, credits, insurance, and guarantees of the Export-Import Bank or its agents.

Military Coups (Section 508)

- No funds appropriated or made available by this Act shall be obligated or expended to finance directly any assistance to the government of any country whose duly elected head of government is deposed by decree or military coup
- Assistance may be resumed to such government if the President determines and certifies to the Committees on Appropriations that subsequent to the termination of assistance a democratically elected government has taken office.
- The provisions of this Section shall not apply to assistance to promote democratic elections or public participation in democratic processes.
- During FY 2002, and FY 2003, the President is authorized to waive this Section with respect to Pakistan. Refer to Section 1, P.L. 107-57, later in this article.

Deobligation/Reobligation Authority (Section 510)

- Obligated balances of FMFP funds as of the end of the fiscal year immediately preceding the current fiscal year are, if deobligated, continued available during the current fiscal year for the same purpose under any authority applicable to such appropriations under this Act. This authority may not be used in FY 2002.

Availability of Funds (Section 511)

- No funding appropriated by this Act shall remain available for obligation after the expiration of FY 2002 unless expressly so provided in act.

- However, funds appropriated for the purposes of, inter alia, *International Narcotics Control, Support for the Economic and Democratic Development of the Independent States of the former Soviet Union, Support for the Economic and Political Independence of the Countries of the South Caucasus and Central Asia, Economic Support Fund, Foreign Military Financing Program, and Assistance for Eastern Europe and the Baltic States* shall remain available for an additional four years from the date on which the availability of such funds would otherwise have expired, if such funds are initially obligated before the expiration of their respective periods of availability contained in act.

- Notwithstanding any other provision of this Act, any funds made available for the purposes of the Economic Support Fund which are allocated or obligated for cash disbursements in order to address balance of payments or economic policy reform objectives, shall remain available until expended.

Limitation on Assistance to Countries in Default (Section 512)

- Also referred to as the **Brooke-Alexander Amendment**.

- No part of any appropriation in this Act shall be used to furnish assistance to any country which is in default during a period in excess of one calendar year to the U.S. of principal or interest on any loan made to the government of such by the U.S. pursuant to a program for which funds are appropriated under act.

- The President may determine otherwise, following consultations with the Committees on Appropriations, if the assistance to such country is in the national interest of the U.S.

- For the first time, this Section contains the above presidential waiver authority.

- For the first time, the exemption of this Section to FAA and AECA-authorized counternarcotics assistance to Colombia, Bolivia, and Peru no longer applies. Additionally, a similar sanction exemption of Section 620(q), FAA, for Colombia, Bolivia, and Peru counternarcotics funding when in default of in excess of six months in loan repayments no longer applies.

- This Section does not apply to Pakistan. See later Section 3(2), P.L. 107-57, for further discussion.

Notification Requirements (Section 515)

- For the purposes of providing the Executive Branch with the necessary administrative flexibility, none the funds made available under act for; inter alia, *International Narcotics Control*

and Law Enforcement, Andean Counterdrug Initiative, Assistance for Eastern Europe and the Baltic States, Assistance for the Independent States of the former Soviet Union, Economic Support Fund, Peacekeeping Operations, Nonproliferation, Anti-Terrorism, Demining, and Related Programs, Foreign Military Financing Program, and International Military Education and Training; shall be available for obligation for activities, programs countries, or other operations not justified or in excess of the amount justified to the Committees on Appropriations for obligation under any of those justified to the Committees are previously notified fifteen days in advance.

- The President shall not enter into any commitment of funds appropriated for Section 23, AECA, purposes for the provision of major defense equipment, other conventional ammunition, or other major defense items defined to be aircraft, ships, missiles, or combat vehicles, not previously justified to Congress or twenty percent in excess of the quantities justified to Congress unless the Committees on Appropriations are notified 15 days in advance of such commitment.

- Notification procedures of this Section to Committees on Appropriations for Section 506(a)(2), FAA, drawdowns are no longer required. However, required prior notification to Congress for drawdowns is codified within Section 516(b)(1), FAA.

Special Notification Requirements (Section 520)

- None of the funds appropriated by this Act shall be obligated or expended for **Colombia, Haiti, Liberia, Serbia, Sudan, Zimbabwe, Pakistan**, or the **Democratic Republic of the Congo** except as provided through the regular notification procedures of the Committees on Appropriations.

- **Eritrea** and **Ethiopia** have been removed from this list.

Prohibition Against Indirect Funding to Certain Countries (Section 523)

- None of the funds appropriated or otherwise made available by this Act shall be obligated to finance indirectly any assistance or reparations to **Cuba, Iraq, Libya, Iran, Syria, North Korea**, or **Sudan**, unless the President certifies that the withholding of these funds is contrary to the national interest of the U.S.

- In comparison to prior years' legislation, the **People's Republic of China** has been removed from this list while Sudan has been added. The countries prohibited indirect funding by this Section are now the same countries listed in Section 507 of act prohibiting direct funding.

Notification on Excess Defense Equipment (Section 524)

- Prior to providing excess defense equipment (EDA) on a grant basis, DoD shall also notify the Committees on Appropriations to the same extent and under the same conditions as are other committees pursuant to Section 516(f), FAA.

- Before issuing a letter of offer (LOA) to sell EDA under the AECA, DoD shall notify the Committees on Appropriations in accordance with regular notification procedures if the articles are significant military equipment (SME) or are valued (original acquisition cost) at \$7,000,000 or more, or if notification is required elsewhere in this Act for the use of appropriated funds for specific countries that would receive such EDA. The notification is to include the original acquisition cost for the articles.

- The presales notification of EDA that is SME or originally acquired at a cost \$7,000,000 or more is new and now in general alignment with advance notification procedures for the grant transfer of EDA contained in Section 516 (f)(1), FAA.

Authorization Requirement (Section 525)

- Funds appropriated by this Act, except funds appropriated under *Peace Corps and Trade and Development Agency*, may be obligated and expended.

Prohibition on Bilateral Assistance to Terrorist Countries (Section 527)

- Funds appropriated for bilateral assistance under this Act and funds appropriated under such heading in a provision of law enacted prior to the enactment of this Act, shall not be made available to any country which the President determines:

- Grants sanctuary from prosecution to any individual or group which has committed an act of international terrorism, or

- Otherwise supports international terrorism.

- For determined national security or humanitarian reasons, the President may waive this prohibition. The President shall publish each waiver in the *Federal Register* and, at least fifteen days before the waiver takes effect, shall notify the Committees on Appropriations of the waiver to include justifications.

Prohibition on Assistance to Foreign Governments that Export Lethal Military Equipment to Countries Supporting International Terrorism (Section 544)

- None of the funds appropriated or otherwise made available by this Act shall be available to any government which provides lethal military equipment to a country the government of which the Secretary of State has determined is a terrorist government for the purposes of Section 6(j) of the *Export Administration Act*.

- This prohibition shall terminate twelve months after that government ceases to provide such military equipment.

- This Section applies with respect to lethal military equipment provided on contract entered into after 1 October 1997.

- This prohibition may be waived if the President determines that such assistance is important to the U.S. national interest. When exercised, the President shall submit to the appropriate congressional committees a report with respect to the furnishing the assistance to include a detailed explanation of the assistance to be provided, the estimated dollar value of the assistance, and an explanation of how the assistance furthers U.S. national interests.

War Crimes Tribunals Drawdown (Section 547)

- Authorizes the drawdown of commodities and services of up to \$30,000,000 for the U.N. War Crimes Tribunal established with regard to the former Yugoslavia.

- Any funds made available for tribunals other than **Yugoslavia** or **Rwanda** shall be made available subject to regular notification procedures of the Committees on Appropriations.

Landmines (Section 548)

- Demining equipment made available to USAID and the Department of State and used in support of the clearance of landmines and unexploded ordnance for humanitarian purposes may be disposed of on a grant basis in foreign countries, subject to such terms and conditions as the President may prescribe.
- Section 1365(c) of the *National Defense Authorization for Fiscal Year 1993*, P.L. 102-484, 23 October 1992, is amended to extend the U.S. moratorium on the transfer of anti-personnel landmines from eleven years after 23 October 1992 to sixteen years after 23 October 1992 (year 2008).

Prohibition of Payment of Certain Expenses (Section 550)

- None of the funds appropriated or otherwise made available by this Act under the headings, inter alia, *International Military Education and Training* or *Foreign Military Financing Program* for Informational Program activities, or Economic Support Fund may be obligated or expended to pay for:
 - Alcoholic beverages, or
 - Entertainment expenses for activities that are substantially of a recreational character. Including entrance fees at sporting events and amusement parks.

Haiti Coast Guard (Section 554)

- The Government of **Haiti** shall be eligible to purchase defense articles and services under the AECA for the Coast Guard, subject to the regular notification procedures of the Committees on Appropriations.

Limitation on Assistance to Security Forces (Section 556)

- This is often referred to as the *Leahy Amendment*.
- None of the funds made available by this Act may be provided to any unit of the security forces of a country if the Secretary of State has credible evidence that such unit has committed gross violations of human rights, unless the Secretary determines and reports to the Committees on Appropriations that the government of such country is taking effective measures to bring the responsible members of the security forces unit to justice.
 - If funds are withheld from any unit pursuant to this Section, the Secretary of State shall promptly inform the foreign government of the basis for such action and shall, to the maximum extent practicable, assist the government in taking effective measures to bring the responsible members of the security forces to justice.

Discrimination Against Minority Religious Faiths in the Russian Federation (Section 557)

- None of the funds appropriated under this Act may be made available for the Government of the **Russian Federation**, after 180 days from the date of enactment, unless the President determines and certifies in writing to the Committees on Appropriations and the Committee on Foreign Relations of the Senate that the Government of the Russian Federation has implemented no statute, executive order, regulation, or similar government action that would discriminate, or

would have as its principal effect discrimination, against religious groups or religious communities in the Russian Federation in violation of accepted international agreements on human rights and religious freedoms to which the Russian Federation is a party.

Assistance for the Middle East (Section 558)

- Of the funds appropriated by this Act under the headings Economic Support Fund, *Foreign Military Financing Program*, *International Military Education and Training*, *Peacekeeping*, for refugees resettling in Israel under *Migration and Refugee Assistance*, and for assistance for Israel under *Nonproliferation, Anti-Terrorism, Demining, and Related Programs*, not more than a total of \$5,141,150,000 may be available for **Israel, Egypt, Jordan, Lebanon**, the **West Bank** and **Gaza**, the Israel-Lebanon Monitoring Group, the Multinational Force and Observers, the Middle East Regional Democracy Fund, Middle East Regional Cooperation, and Middle East Multilateral Working Groups

- The use of prior year funds appropriated under such headings that were allocated for other recipients may not be used this fiscal year for funding programs listed above Middle East countries or programs.

- This limitation may be waived by the President if determined and certified to the Committees on Appropriations that it is important to U.S. national security to do so and any such additional funds shall only be provided through the regular notification procedures of the Committees on Appropriations.

- This ceiling for last fiscal year was \$5,241,150,000, or a decrease of \$100,000,000 for FY 2002.

Cambodia (Section 563)

- The Secretary of the Treasury should instruct U.S. executive directors of the international financial institutions to use the voice and vote of the U.S. to oppose loans to the Central Government of **Cambodia**, except loans to meet basic human needs.

- No funds appropriated by this Act may be made available for assistance for Cambodia unless the Secretary of State determines and reports to the Committees on Appropriations that Cambodia:

- Is making significant progress in resolving outstanding human rights cases, including the 1984 grenade attack against the Buddhist Liberal Democratic Party, and 1997 grenade attack against the Khmer Nation Party,

- Has held local elections that are deemed free and fair by international and local election monitors, and

- Is making significant progress in the protection, management, and conservation of the environment and natural resources, including in the promulgation and enforcement of laws and policies to protect forest resources.

- In the event the Secretary makes the required determination, assistance may be made available to Cambodia only through regular notification procedures to the Committees on Appropriations.

- Notwithstanding the above determination by the Secretary, funds appropriated by this Act may be made available for assistance for basic education and for assistance to the Government of Cambodia's Ministry of Women and Veteran's Affairs to combat human trafficking, subject to the regular notification procedures of the Committees on Appropriations.

- None of the funds appropriated or otherwise made available by this Act may be used to provide equipment, technical support, consulting services, or any other form of assistance to any tribunal established by the Government of Cambodia pursuant to a memorandum of understanding with the U.N. unless the President determines and certifies to Congress that the tribunal is capable of delivering justice for crimes against humanity and genocide in an impartial and credible manner.

Foreign Military Training Report (Section 564)

- The Secretaries of State and Defense shall jointly provide to Congress by 1 March 2002, a report on all military training provided to foreign military personnel (excluding sales and excluding training provided to military personnel of NATO countries) under programs administered by the Departments of Defense and State during FY 2001 and FY 2002, including those proposed for FY 2002.

- The report shall include, for each military training activity, the foreign policy justification and purpose for the training activity, the cost of the training activity, the number of students trained and their units of operation, and the training location.

- The report is also to include, with respect to U.S. personnel, the operational benefits derived from each such training activity and the U.S. military units involved in each activity.

- The report may include a classified annex if deemed necessary and appropriate.

- The report is to be submitted to the Committees on Appropriations, the Senate Foreign Relations Committee, and the House International Relations Committee.

Korea Peninsula Energy Development Organization (KEDO) (Section 565)

- Of the funds made available under *Nonproliferation, Anti-Terrorism, Demining, and Related Programs*, not to exceed \$95,000,000 may be made available for KEDO only for the administrative expenses and heavy fuel oil costs associated with the agreed framework. This is an increase over the FY 2001 authorized amount of \$55,000,000.

Colombia (Section 567)

- Funds appropriated by this Act or prior foreign operations appropriations acts may be made available for assistance for the **Colombian Armed Forces** as follows:

- Not more than sixty percent of such funds may be obligated after a determination by the Secretary of State and a certification to the appropriate committees that:

- The Commanding General of the Colombian Armed Forces is suspending those members, of whatever rank, who have been credibly alleged to have committed gross violations of human rights, including extra-judicial killings, or to have aided or abetted paramilitary groups,

- The Colombian Armed Forces are cooperating with civilian prosecutors and judicial authorities (including providing requested information, such as the identity of persons

suspended from the Armed Forces and the nature and cause of the suspension, and access to witnesses and relevant military documents and other information), in prosecuting and punishing in civilian courts those members of the Colombian Armed Forces, of whatever rank, who been credibly alleged to have committed gross violations of human rights, including extra-judicial killings, or to have aided or abetted paramilitary groups,

- The Colombian Armed Forces are taking effective measures to sever links (including by denying access to military intelligence, vehicles, and other equipment or supplies, and ceasing other forms of active or tacit cooperation), at the command, battalion, and brigade levels, with paramilitary groups, and to execute outstanding orders for capture for members of such groups, and

- The balance of such funds may be obligated after 1 June 2002, if the Secretary determines and certifies to the appropriate committees that the Colombian Armed Forces are continuing to meet the aforementioned criteria.

Prohibition on Assistance to the Palestinian Broadcasting Corporation (Section 569)

- None of the funds appropriated or otherwise made available by this Act may be used to provide equipment, technical support, consulting services, or any other form of assistance to the Palestinian Broadcasting Corporation.

Iraq (Section 570)

- Funds appropriated under the heading *Economic Support Fund* may be made available for programs benefiting the Iraqi people and to support efforts to bring about a political transition in Iraq.

- Not more than fifteen percent of the funds (except for costs related to broadcasting activities) may be used for administrative and representational expenses, including expenditures for salaries, office rent and equipment.

- Not later than sixty days after enactment of this Act, the Secretary of State shall consult with the Committees on Appropriations regarding plans for the expenditure of funds under this Section.

- Funds made available under this Section are made available subject to the regular notification procedures of the Committees on Appropriations.

West Bank and Gaza Program (Section 571)

- For FY 2002, thirty days prior to the initial obligation of funds for the bilateral West Bank and Gaza Program, the Secretary of State shall certify to the appropriate committees of Congress that procedures have been established to assure the U.S. Comptroller General will have access to appropriate U.S. financial information in order to review the uses of U.S. assistance for the Program funding under the heading *Economic Support Fund*.

Indonesia (Section 572)

- Funds appropriated by this Act under the headings *International Military Education and Training* and *Foreign Military Financing Program* may be made available for assistance for Indonesian military personnel only if the President determines and submits a report to the

appropriate congressional committees that the Government of **Indonesia** and the Indonesian Armed Forces are:

- Taking effective measures to bring to justice members of the armed forces and militia groups against whom there is credible evidence of human rights violations in **East Timor** and Indonesia,
- Taking effective measures to bring to justice members of the armed forces against whom there is credible evidence of aiding and abetting illegal militia groups in East Timor and Indonesia,
- Allowing displaced persons and refugees to return home to East Timor, including providing safe passage for refugees returning from West Timor and demonstrating a commitment to preventing incursions into East Timor by members of militia groups in West Timor,
- Demonstrating a commitment to accountability by cooperating with investigations and prosecutions of members of the armed forces and militia groups responsible for human rights violations in East Timor and Indonesia,
- Demonstrating a commitment to civilian control of the armed forces by reporting to civilian authorities audits of receipts and expenditures of the armed forces,
- Allowing U.N. and other international humanitarian organizations and representatives of recognized human rights organizations access to West Timor, Aceh, West Papua, and Maluku, and
- Releasing political detainees.
- Though not specifically legislated, the conference report allows for Expanded IMET assistance for Indonesian civilian officials.

Briefings on Potential Purchases of Defense Articles or Defense Services by Taiwan (Section 573)

- Not later than ninety days after enactment of this Act, and not later than every 120 days thereafter during FY 2002, the Department of State, in consultation with the Department of Defense, shall provide detailed briefings to the appropriate congressional committees (to include the Committees on Appropriations) on any discussions conducted between any executive branch agency and the Government of **Taiwan** during the preceding 120 days on any potential purchase of defense articles and services by Taiwan.

Restrictions on Assistance to Governments Destabilizing Sierra Leone (Section 574)

- None of the funds appropriated by this Act may be made available for assistance for the government of any country for which the Secretary of State determines there is credible evidence that such government has knowingly facilitated the safe passage of weapons or other equipment, directly or through intermediaries, within the previous six months to the Sierra Leone Revolutionary United Front (RUF), Liberian Security Forces, or any other group intent on destabilizing the democratically elected government of the **Republic of Sierra Leone**.
- None of the funds appropriated by this Act may be made available for assistance for the government of any country for which the Secretary of State determines there is credible evidence

that such government has aided or abetted, within the previous six months, in the illicit distribution, transportation, or sale of diamonds mined in Sierra Leone

- HR 2722, *Clean Diamond Trade Act*, was introduced by numerous co-sponsors and passed by the House on 2 August 2001 and 28 November 2001, respectively. It remains outstanding for action within the Senate. It is to prohibit the import of rough or polished diamonds into the U.S. unless the exporting country has implemented a system of controls to include mining source and export/import identification documentation that meets the requirements of the U.N. Security Council Resolutions on trade in *conflict diamonds*. The purpose of the system is to ensure conflict diamonds from certain sub-Saharan Africa countries entering the world market place were not the source of financing undesired military activities, the overthrow of legitimate governments, subversion of regional peace and stability, and the cause of terrible human rights violations. The bill also authorizes the annual appropriation of \$5,000,000 during fiscal years 2002 and 2003 to provide assistance to countries seeking to implement procedures to stop the trade in conflict diamonds.

Commercial Leasing of Defense Articles (Section 580)

- Subject to the regular notification procedures of the Committees on Appropriations, authorizes the use of FMFP funding to Israel, Egypt, and NATO and major non-NATO allies for the procurement by leasing (including leasing with an option to purchase) of defense articles from U.S. commercial suppliers, not including major defense equipment (MDE) (other than helicopters and other types of aircraft having possible civilian application), if the President determines there are compelling foreign policy or national security reasons for those defense articles being provided by commercial lease rather than by government-to-government sale (FMS) under the AECA.

War Criminals (Section 581)

- None of the funds appropriated or otherwise made available by this Act may be made available for assistance to any country, entity, or municipality whose competent authorities have failed, as determined by the Secretary of State, to take necessary and significant steps to implement its international legal obligations to apprehend and transfer to the **International Criminal Tribunal for the former Yugoslavia** all persons in their territory who have been publicly indicted by the Tribunal and to otherwise cooperate with the Tribunal.

Funding for Serbia (Section 584)

- Funds appropriated by this Act may be made available for assistance for **Serbia** after 31 March 2002, if the President has made the determination and certification to the Committees on Appropriations that the Government of the Federal Republic of Yugoslavia is:

- Cooperating with the International Criminal Tribunal for the former Yugoslavia including access for investigators, the provision of documents, and the surrender and transfer of indictees or assistance in their apprehension,

- Taking steps that are consistent with the Dayton Accords to end Serbian financial, political, security and other support which has served to maintain separate Republika Srpska institutions, and

- Taking steps to implement policies that reflect a respect for minority rights and the rule of law, including the release of political prisoners from Serbian jails and prisons.

- This determination and certification requirement shall not apply to Montengreo, Kosovo, humanitarian assistance, or assistance to promote democracy in municipalities.

El Salvador Reconstruction and Central America Disaster Relief (Section 585)

- During FY 2002, not less than \$100,000,000 shall be made available for rehabilitation and reconstruction assistance for **El Salvador**.

- From funds appropriated by this Act, not less than \$65,000,000, of which not less than \$25,000,000 shall be from under the heading *Economic Support Fund*, \$25,000,000 should be from under the heading *International Disaster Assistance*, and not less than \$15,000,000 shall be from the headings *Child Survival and Health Programs Fund* and *Development Assistance*.

- From funds appropriated under such headings in the foreign operations appropriations acts for FY 1999 and prior years, not to exceed \$35,000,000.

- Also, during FY 2002, not less than \$35,000,000 of the funds managed by USAID should be made available for mitigation of the drought and rural food shortages elsewhere in Central America.

Excess Defense Articles for Central and Southern European Countries and Certain Other Countries (Section 589)

- Notwithstanding Section 516(e), FAA, during each of the fiscal years 2002 and 2003, funds available to the DoD may be expended for packing, crating, handling, and transportation (PCH&T) of excess defense articles (EDA) transferred under the authority of Section 516, FAA, on a grant basis to the countries of Albania, Bulgaria, Croatia, Estonia, former Yugoslav Republic of Macedonia, Georgia, India, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Mongolia, Pakistan, Romania, Slovakia, Slovenia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

- Final legislation did not include the Senate proposal regarding a report on the use of defense articles and services and financial assistance to **Uzbekistan**. However, the conference managers recognize and appreciate that Uzbekistan is providing logistical support and facilitates for the U.S. military and humanitarian operations in Afghanistan. But the managers are aware of Secretary of State reports of serious human rights violations by Uzbek security forces and require the Secretary of State to submit two reports.

- Not later than four months after enactment of this Act, and ten months thereafter, reports describing in detail (1) the defense articles and services, and financial assistance provided by the U.S. to Uzbekistan during the six-month period ending thirty days prior to the submission of the report. (2) The use during such period of such articles, services, and financial assistance provided by the U.S. to units of the Uzbek Ministry of National Security or Ministry of International Affairs.

- Section 105 of P.L. 104-164 is amended to allow DoD funds to be expended for PCH&T of grant EDA to be transferred to countries eligible to participate in the Partnership for Peace (PfP) and that are eligible for assistance under the *Support for East European Democracy (SEED) Act of 1989*, P.L. 101-179, 28 November 1989.

- The *Congressional Budget Justification for Foreign Operation*, FY 2002, lists the following countries requiring U.S. assistance under the authority of the SEED Act: Bosnia, Croatia, Kosovo, Former Yugoslav Republic of Macedonia, the former Republic of Yugoslavia, Albania, Bulgaria, and Romania.

An Act to Authorize the President to Exercise Waivers of Foreign Assistance Restrictions with Respect to Pakistan through September 30, 2003, and for Other Purposes, P.L. 107-57, 27 October 2001

- Enacted from S1465. Since no conference was held, no conference report was filed.

Exemptions and Waiver of Appropriations Act Prohibitions with Respect to Pakistan (Section 1)

- Any provision of the foreign operations appropriations act for FY 2002 or earlier fiscal years that prohibits direct assistance to a country whose duly elected head government was disposed by decree or military coup shall not apply to with respect to Pakistan.

- Not less than five days prior to obligation of funds for Pakistan, the President shall consult with the appropriate congressional committees.

- For FY 2002, refer to Section 508, P.L. 107-115, earlier in this article.

- The President is also authorized to waive any similar restrictions with regard to Pakistan during FY 2003, if determined and certified to the appropriate congressional committees that the waiver:

- Would facilitate the transition to democratic rule in Pakistan, and
- It is important to the U.S. efforts to respond to, deter, or prevent acts of international terrorism.

Increased Flexibility in the Exercise of Waiver Authority of MTCR and Export Administration Act Sanctions with Respect to Pakistan (Section 2)

- Any waiver under the authority of Section 7(e), AECA, and Section 11B(b)(5), EAA, regarding Missile Technology Control Regime (MTCR) sanctioned foreign persons (defined to include persons, companies, agencies, governments, etc.) in Pakistan prior to 1 January 2001 may be exercised:

- Only after consultation with the appropriate congressional committees, and
- Without regard to the notification periods set forth in the respective section authorizing the waiver. The AECA period is normally 45 working days and the EAA period is normally 20 working days.

- The MTCR articles, data, and technology controlled by the AECA are listed within Section 121.16 of the *U.S. Munitions List* (USML) which is located within Part 121 of the *International Traffic in Arms Regulations*, 22 CFR 120-130.

Exemption of Pakistan from Foreign Assistance Prohibitions Relating to Foreign Country Loan Defaults (Section 3)

- Section 620(q), FAA, regarding the sanctioning of countries that are more than six months in arrearage in payments for FAA-authorized loans shall not apply to Pakistan.

- Likewise, Section 512, P.L. 107-115, earlier in this article, “Brooke-Alexander Amendment” sanctions regarding no assistance to countries more than one year in arrearage in loan repayments shall not apply to Pakistan.

Modification of Notification Deadlines for Drawdowns and Transfer of Excess Defense Articles to Respond to, Deter, or Prevent Acts of International Terrorism (Section 4)

- Any special drawdown notification to Congress conducted under the authority of Section 506(a)(2)(i)(III), FAA, for the purpose of antiterrorism assistance, that the President determines to be important to U.S. efforts to respond to, deter, or prevent acts of international terrorism shall be made at least five days (vice the legislated fifteen days) in advance of the drawdown.

- Any grant EDA transfer advance notification to Congress conducted under the authority of Section 516(f)(1), FAA, for the transfer of significant military equipment (SME) or defense articles valued (original acquisition cost) at \$7,000,000 or more, that the President determines to be important to U.S. efforts to respond to, deter, or prevent acts of international terrorism shall be made at least fifteen days (vice the legislated thirty days) in advance of the transfer.

Appropriate Congressional Committees Defined (Section 5)

- “Appropriate committees” for this Act is defined to mean the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Committee on International Relations and the Committee on Appropriations of the House of Representatives.

Termination Date (Section 6)

- Except as otherwise provided in Section 1 (military coup exemption during fiscal years 2002 and 2003) and Section 3 (Brooke-Alexander Amendment exemption during FY 2002), the provisions of this Act shall terminate on 31 October 2003.

Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2002, P.L. 107-77, 28 November 2001

- Enacted from HR 2500. The conference report is contained in House Report 107-278, printed in the *Congressional Record* on 9 November 2001.

Title IV - Department of State and Related Agency, Department of State, Administration of Foreign Affairs, Diplomatic and Consular Programs

- Appropriated \$3,142, 277,000 for necessary expenses of the Department of State and the Foreign Service not otherwise provided for, to include, inter alia:

- No funds may be obligated or expended for processing licenses for the export of satellites of U.S.-origin (including commercial satellites and satellite components) to the People’s Republic of China unless, at least fifteen days in advance, the Committees on Appropriations are notified of such action.

- Appropriated \$487,735,000, to remain available until expended, for worldwide security upgrades.

Protection of Foreign Missions and Officials

- Appropriated \$9,400,000, to remain available until 30 September 2003, to provide for extraordinary protective services, as authorized.

Embassy Security, Construction, and Maintenance

- Appropriated \$458,000,000, to remain available until expended, for necessary expenses for carrying out the *Foreign Service Buildings Act of 1926*, preserving, maintaining, repairing, and planning for buildings that are owned or directly leased by the Department of State, renovating, in addition to funds otherwise available, the Harry S. Truman Building, and carrying out the Diplomatic Security Construction Program as authorized.

- Appropriated \$815,960,000, to remain available until expended, for costs of worldwide security upgrades, acquisition, and construction as authorized.

Payment to the American Institute in Taiwan

- Appropriated \$17,044,000 for necessary expenses to carry out the *Taiwan Relations Act*, P.L. 96-8.

Contributions to International Organizations

- Appropriated \$850,000,000 for expenses, not otherwise provided for, necessary to meet annual obligations of membership in international multilateral organizations.

- Any payment of arrearages under this title shall be directed toward special activities that are mutually agreed upon by the U.S. and the international organization.

- \$100,000,000 may be made available only pursuant to a certification by the Secretary of State that the U.N. has taken no action in calendar year 2001 prior to the date of enactment of this Act to increase funding for any U.N. program without identifying an offsetting decrease elsewhere in the U.N. budget and cause the U.N. to exceed the budget for the biennium 2000-2001 of \$2,535,700,000.

- Funds appropriated under this heading may be obligated and expended to pay the full U.S. assessment to the civil budget of NATO.

Contributions for International Peacekeeping Activities

- Appropriated \$844,139,000, of which fifteen percent shall remain available until 30 September 2003, for necessary expenses to pay assessed and other expenses of international peacekeeping activities.

- None of the funds made available by this Act shall be obligated or expended for any new or expanded U.N. peacekeeping missions unless, at least fifteen days in advance of voting for the new or expanded mission in the U.N. Security Council (or in an emergency, as far in advance as practicable) until:

- The Committees on Appropriations and other appropriate committees are notified of the estimated cost and length of the mission, the vital national interest that will be served, and the planned exit strategy, and

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- A reprogramming of funds plan is submitted.

- Funds shall be available for peacekeeping expenses only upon a certification by the Secretary of State to the appropriate committees that American manufacturers and suppliers are being given opportunities to provide equipment, services, and material for U.N. peacekeeping activities equal to those being given to foreign manufacturers and suppliers.

National Defense Authorization Act for FY 2002, P.L. 107-107, 28 December 2001

- Enacted from S1438. The conference report is contained in House Report 107-333, printed in the *Congressional Record* on 12 December 2001.

Operations and Maintenance Funding (Section 301)

- Funds are authorized to be appropriated for, inter alia:
 - (a)(19) - For Overseas Humanitarian, Disaster, and Civic Aid programs — \$49,700,00
 - (a)(23) - For Cooperative Threat Reduction programs — \$403,000,000

Defense Language Institute Foreign Language Center Expanded Arabic Language Program (Section 306)

- Of the amount of Operations and Maintenance authorized to be appropriated for the Army, \$650,000 may be available the Defense Language Institute Foreign Language Center for an expanded Arabic language program.

Foreign Students Attending the Service Academies (Section 533)

- Amends 10 *United States Code* (USC) 4344(a)(1) [for the USMA], 10 USC 6957(a)(1) [for the USNA], and 10 USC 9344(a)(1) [for the USAFA] to allow the service secretaries to have up to sixty (vice forty) persons at any one time from foreign countries to receive instruction at each service academy. A replacement paragraph regarding the waiving of reimbursement to attend the academy is also inserted: “(b)(3) The Secretary of Defense may waive, in whole or in part, the requirement for reimbursement of the cost of instruction for a cadet [midshipman] under paragraph (2). In the case of a partial waiver, the Secretary shall establish the amount waived.” This amendment is not to apply to any person who entered the academy to receive instruction before the date of enactment of this Act.

Authority to Transfer Naval Vessels to Certain Foreign Countries (Section 1011)

- The President is authorized to transfer the following thirteen ships to the respective countries:

- Transfer as grant EDA in accordance with Section 516, FAA:
 - Ex-USS Wadsworth (FFG-9) to **Poland**.

- Ex-USS Capodanno (FF-1093), Ex-USS Thomas C. Hart (FF-1092), Ex-USS Donald B. Beary (FF-1085), Ex-USS McCandless (FF-1084), Ex-USS Reasoner (FF-1063), and Ex-USS Bowen (FF-1079) to **Turkey**.

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- Transfer through FMS in accordance with Section 21, AECA:
 - Ex-USS Kidd (DDG-993), ex-USS Callaghan (DDG-994), ex-USS Scott (DDG-995), and ex-USS Chandler (DDG-996) to the Taipei Economic and Cultural Representative Office in the U.S. (**Taiwan**).
 - Ex-USS Estocin (FFG-15) and ex-USS Samuel Eliot Morison (FFG-13) to **Turkey**.
 - The value of the grant transfers are not to be counted towards the Section 516(g)(1), FAA, annual transfer ceiling value of \$425,000,000.
 - Any expenses incurred by the U.S. in connection with the grant transfers are to be charged to the recipient country.
 - The President may waive reimbursement of charges for the lease of up to one year in accordance with Section 61, AECA, for any grant transfers authorized by this Section to Turkey.
 - To the maximum extent practicable, as a condition of ships transferred under this Section, any repair or refurbishment of the ships before joining the naval forces of the recipient country, shall be performed at a shipyard located in the U.S., including a U.S. Navy shipyard.
 - The authority to transfer any ship under this Section shall expire at the end of the two-year period beginning on the date of enactment of this Act.

Extension and Restatement of Authority to Provide Department of Defense Support for Counter-drug Activities of Other Governmental Agencies (Section 1021)

- Amends Section 1004 of the *National Defense Authorization Act for Fiscal Year 1991*, P.L. 101-510, 5 November 1990.
- During fiscal years 2002 through 2006, the Secretary of Defense may provide support for the counter-drug activities of any other department or agency of the Federal Government or any State, local, or foreign law enforcement agency for the following purposes:
 - The maintenance and repair of equipment that has been made available to any department or agency of the Federal Government or to any State or local government by DoD for the purposes of preserving the potential future utility of such equipment for the DoD and upgrading such equipment to ensure compatibility of that equipment with other equipment used by the DoD.
 - The maintenance, repair, or upgrade of equipment (including computer software, other than the above equipment for the purpose of ensuring that the equipment being maintained or repaired is compatible with equipment used by the DoD and upgrading such equipment to ensure the compatibility of that equipment with equipment used by the DoD.
 - The transportation of U.S. and **foreign country personnel** (including per diem expenses associated with such transportation), and the transportation of supplies and equipment, for the purpose of facilitating counter-drug activities within or outside the U.S.
 - The establishment (including an unspecified minor military construction project) and operation of bases of operations or training facilities for the purpose of facilitating counter-

drug activities of the DoD or any Federal, State, or local law enforcement agency within or outside the U.S. or counter-drug activities of a foreign law enforcement agency outside the U.S.

- The minor construction is intended for the modification or repair of a DoD facility and has an estimated cost of more than \$500,000.

- When the decision is made to carry out this construction project, the Secretary of Defense shall submit a written notice of the decision to the congressional defense committees, including the justification for the project and the estimated cost. The project may be commenced only after the end of the 21-day period beginning on the date on which the written notice is received by Congress.

- Counter-drug related training of law enforcement personnel of the Federal Government, of State and local governments, and of foreign countries, including associated support expenses for trainees and the provision of materials necessary to carry out such training.

- The detection, monitoring, and communication of the movement of air and sea traffic within 25 miles of and outside the geographic boundaries of the U.S. and surface traffic outside the geographic boundary of the U.S. and within the U.S. not to exceed 25 miles of the boundary if the initial detection occurred outside of the boundary.

- Construction of roads and fences and installation of lighting to block drug smuggling corridors across international boundaries of the U.S.

- Establishment of command, control, communications, and computer networks for improved integration of law enforcement, active military, and National Guard activities.

- The provision of linguist and intelligence analysis services.

- Aerial and ground reconnaissance.

- This support to be provided by DoD is to be requested by:

- The official who has responsibility for the counter-drug activities of the department or agency of the Federal Government, in the case of support for other departments or agencies of the Federal Government,

- The appropriate official of a State or local government, in the case of support for State or local law enforcement agencies, or

- An appropriate official of a department or agency of the Federal Government that has counter-drug responsibilities, in the case of support for **foreign law enforcement agencies**.

- The Secretary of Defense may not limit the requirements for support may be provided only to critical, emergent, or unanticipated requirements.

- The Secretary of Defense may acquire services or equipment by contract for support provided if the DoD would normally acquire such services or equipment by contract for the purpose of conducting a similar activity for the DoD.

- The Secretary of Defense may provide support pursuant to this Section in any case the Secretary determines that provision of such support would adversely affect the military

preparedness of the U.S. in the short term if the Secretary determines that the importance of providing support outweighs such short-term adverse effect.

Extension of Reporting Requirement Regarding Department of Defense Expenditures to Support Foreign Counter-Drug Activities (Section 1022)

- Section 1022 of the *Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001*, P.L. 106-398, 30 October 2000, is amended by requiring a report by 15 April 2001 from the Secretary of Defense to the congressional defense committees detailing the expenditure of funds by the Secretary during the preceding fiscal year [in this case, FY 2001] in direct or indirect **support of the counter-drug activities of foreign governments.**

Acquisition of Logistical Support for Security Forces (Section 1211)

- Section 5 of the *Multinational Force and Observers (MFO) Participation Resolution*, 22 USC 3424, is amended with an added new subsection (d)(1) “the U.S. may use contractors to provide logistical support to the Multinational Force and Observers under this Section in lieu of providing such support through a logistical support unit comprised of members of the U.S. Armed Forces.” A new subsection (d)(2) is also added, “Notwithstanding subsections (a) and (b) and section 7(b), support by a contractor under this subsection may be provided without reimbursement whenever the President determines that such action enhances or supports the national security interests of the U.S.”

Extension of Authority for International Cooperative Research and Development Projects (Section 1212)

- Amends 10 USC 2350a extending authority to engage in cooperative research and development projects with **any other friendly foreign country**. Prior to this change, authority only existed to engage in such projects with NATO, NATO organizations, NATO countries, and major non-NATO allies.

- Additionally, a memorandum of agreement (MOU) (other formal agreement) with any other friendly foreign country to engage in such a project may go into effect only after the Secretary of Defense submits to the Committees on Armed Services and on Foreign Relations of the Senate and to the Committees on Armed Services and on International Relations of the House a report with respect to the proposed MOU and a period of thirty days has passed after the report has been submitted.

- Not later than 1 January of each year, the Secretary of Defense shall submit a report to Congress specifying the countries that are eligible to participate in a cooperative project agreement under this new Section and the criteria used to determine the eligibility of such countries.

Cooperative Agreements with Foreign Countries and International Organizations for Reciprocal Use of Test Facilities (Section 1213)

- Amends 10 USC 2350 with a new Section 2350I allowing the Secretary of Defense, with the concurrence of the Secretary of State, to enter into a memorandum of understanding with a foreign country or international organization to provide for the testing, on a reciprocal basis, of defense equipment by the U.S. using test facilities of that country or organization and by that country or organization using test facilities of the U.S. The MOU is to provide for charging the user party direct and indirect costs incurred by the providing facility in furnishing test and

evaluation services. The new section provides specific definitions and procedures for determining these costs.

Report on Significant Sales and Transfer of Military Hardware, Expertise, and Technology to the People's Republic of China (PRC) (Section 1221)

- Section 1202 of the *National Defense Authorization Act for Fiscal Year 2000*, P.L. 106-65, 5 October 1999, is amended by adding a new subsection 1202(d). The required annual report submitted by the Secretary of Defense not later than 1 March 2002 shall include a separate section describing any significant sale or transfer of military hardware, expertise, and technology to the PRC. This report is to include the history of such sales and transfers since 1995, forecast possible future sales and transfers, and address the implications of those sales and transfers for the security of the U.S. and its friends and allies in Asia. The new subsection provides detailed requirements for analysis and forecasts to be included in the report.

Report by Comptroller General on Provision of Defense Articles, Services, and Military Education and Training to Foreign Countries and International Organizations (Section 1223)

- The Comptroller General shall conduct a study to include the following:
 - The benefits derived by each country or international organization from the receipt of defense articles, services, and training provided after 31 December 1989, pursuant to the drawdown of such articles, services and training from DoD stocks under Sections 506 (special drawdowns), 516 (grant transfer of excess defense articles), or Section 552 (emergency peacekeeping drawdowns), FAA, or any other provision of law.
 - Any benefits derived the U.S. from the provision of defense articles, services, and training pursuant to the drawdowns and grant EDA transfers.
 - The effect on readiness of the [U.S.] Armed Forces as a result of the drawdowns and grant EDA transfers.
 - The cost to the DoD with respect the provision of the drawdowns and grant EDA transfers.
- An interim report is to be provided to Congress not later than 15 April 2002, with the final report being submitted not later than 1 August 2002.

Cooperative Threat Reduction with States of the Former Soviet Union (Sections 1301 through 1309)

- Also referred to as *The Nunn-Lugar Fund*.
- Authorizes \$403,000,000 to be appropriated to the DoD for FY 2002 **Cooperative Threat Reduction (CTR) Programs**, to be available for obligation for three fiscal years, of not more than the following amounts may be obligated for the purposes specified:
 - Strategic offensive arms elimination in Russia — \$133,405,000;
 - Strategic nuclear arms elimination in Ukraine — \$51,500,000;
 - Nuclear weapons transportation security in Russia — \$9,500,000;

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- Nuclear weapons storage security in Russia — \$56,000,000;
 - Biological weapons proliferation prevention activities in the former Soviet Union — \$17,000,000;
 - Activities designated as Other Assessments/Administrative Support — \$13,221,000;
 - Defense and military contracts — \$18,650,000;
 - Chemical weapons destruction in Russia — \$50,000,000;
 - Weapons of mass destruction infrastructure elimination activities in Kazakhstan — \$6,000,000;
 - Weapons of mass destruction infrastructure elimination activities in Ukraine — \$6,024,000; and
 - Activities to assist Russia in the elimination of plutonium production reactors — \$41,700,000.
- Not more than fifty percent of the FY 2002 CTR funds may be obligated or expended until thirty days after the submission of:

- The report required to be submitted in FY 2001 under Section 1308(a) of the *Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001*, P.L. 10-398, 30 October 2000.

- The multi-year plan required to be submitted for FY 2001 under Section 1308(h) of the *Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001*, P.L. 10-398, 30 October 2000.

Department of Defense and Emergency Supplemental Appropriations for Recovery from and Response to Terrorist Attacks on the United States Act, 2002, P.L. 107-117, 10 January 2002

- Enacted from HR 3338. The conference report is contained in House Report 107-350, printed in the *Congressional Record* on 19 December 2001.

- Division A is the traditional *Department of Defense Appropriations Act, 2002*. Division B is entitled, *Emergency Supplemental Act, 2002*. Along with the first two Divisions, Division C entitled, *Spending Limits and Budgetary Allocations for Fiscal Year 2002*, and Division D entitled, *Miscellaneous Provisions*, are also included within P.L. 107-117.

- In response to the 9 September 2001 terrorist attacks, HR 2888 was legislated and enacted as the *2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States*, P.L. 107-38, 18 September 2001. It appropriated \$40,000,000,000, to remain available until expended, to provide assistance to the victims of the attacks, and to deal with other consequences of the attacks.

- \$10,000,000,000 shall not be available for transfer until 15 days after the Director of the Office of Management and Budget has submitted to the Committees on Appropriations a proposed allocation and plan for use of the funds.

- \$20,000,000,000 may be obligated only when enacted in a subsequent emergency appropriations bill.

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- Not less than one-half of the \$40,000,000,000 shall be for disaster recovery activities and assistance related to the terrorist acts in New York, Virginia, and Pennsylvania on 11 September 2001.

Division A - Department of Defense Appropriations, 2002

Title II

Operation and Maintenance, Defense-Wide

- Appropriated an amount not to exceed \$25,000,000 for the **CINC initiative fund** account.
- Appropriated \$1,000,000 available only for continuation of the **Middle East Regional Security Issues** program.

Overseas Humanitarian, Disaster, and Civic Aid

- Appropriated \$49,700,000, to remain available until 30 September 2003, for expenses relating to the Overseas Humanitarian, Disaster, and Civic Aid programs.
- While not legislated, the conferees agree to provide \$5,000,000 to be available if matched by private funds, only for the acquisition, transportation, and distribution of wheelchairs to victims of overseas conflicts, landmines, and other disturbances. The Secretary of Defense should work with appropriate non-government organizations, such as the Wheelchair Foundation, to implement this initiative on a matching basis with private resources. The conferees expect special attention and emphasis to be made to respond to the need and circumstances in Afghanistan as rapidly as possible.

Title VI

Defense Health Program

- Appropriated \$14,000,000 available for HIV prevention educational activities undertaken in connection with U.S. military training, exercises, and humanitarian assistance activities conducted in **African nations**.

Title VIII, General Provisions-Department of Defense

- Section 8002 states that during FY 2002, provisions of prohibiting the payment of compensation to, or employment of, any person not a citizen of the U.S. shall not apply to personnel of the DoD.
- Salary increases granted to direct or indirect hire foreign national DoD employees funded by this Act shall not be at a rate in excess of the percentage increase authorized by law for DoD civilians whose pay is computed under the provisions 5 USC 5332, or at a rate in excess of the percentage increase provided by the appropriate host nation to its own employees, whichever is higher.
- This does not apply to DoD foreign service national employees serving at U.S. diplomatic missions whose pay is set by the Department of State under the *Foreign Service Act of 1980*.
- This does not apply to foreign national employees of the DoD in the **Republic of Turkey**.

- Section 8009 authorizes the use of funds appropriated with Title II of this Act to be obligated for humanitarian and civic assistance costs pursuant to 10 USC 401 and these obligations are to be reported to Congress as of 30 September of each year.

- These funds shall be available for providing humanitarian and similar assistance by using Civic Action Teams in the **Trust Territories of the Pacific Islands (TTPI) and freely associated states of Micronesia** pursuant to the Compact of Free Association as authorized by P.L. 99-239.

- Upon determination by the Secretary of the Army that such action is beneficial for graduate medical education programs conducted by the Army medical facilities located in Hawaii, the Secretary may authorize the provision of medical services at such facilities and transportation to the facilities on a nonreimbursable basis for civilian patients from **American Samoa, the Commonwealth of the Northern Mariana Islands, the Marshall Islands, the Federated States of Micronesia, Palau, and Guam.**

- Section 8030 authorizes the DoD during FY 2002 to incur obligations not to exceed \$350,000,000 for purposes specified in 10 USC 2350(j), only in anticipation of receipt of contributions only from the Government of **Kuwait.**

- Upon receipt of such contributions from Kuwait, the funding shall be credited to the appropriations or fund which incurred such obligations.

- Section 8056 states that none of the funds appropriated or otherwise made available by this Act may be obligated or expended for assistance to the **Democratic People's Republic of North Korea** unless specifically appropriated for that purpose.

- Section 8072 states that none of the funds available for DoD for FY 2002 may be obligated or expended to transfer defense articles or services (other than intelligence services) to another nation or international organization for certain specified activities unless the Committees on Defense, International Relations, and Foreign Relations are notified fifteen days in advance of such transfer.

- The specified activities include any international peacekeeping or peace-enforcement, or humanitarian assistance operation.

- The notification to Congress is to include a description of articles or services to be transferred and a statement of value. In the case of articles to be transferred, a statement whether the inventory requirements of all elements of the Armed Forces, including the reserve components, for the type of articles have been met; and whether the items proposed to be transferred will have to be replaced and, if so, how the President proposes to provide funds for such replacement.

- Section 8073 authorizes the Secretary of Defense to issue loan guarantees of up to \$15,000,000,000 in support of U.S. defense exports not otherwise provided for. The exposure fees charged and collected for each guarantee shall be paid for by the country involved and shall not be financed as part of a loan guaranteed by the U.S.

- Section 1321, *Defense Authorization Act, Fiscal Year 1996*, P.L. 104-106, 10 February 1996, first authorized this program as the **Defense Export Loan Guarantee (DELG) Program.**

- Section 8081 authorizes the Secretary of Defense to waive, during FY 2002, the reimbursement of the cost of conferences, seminars, courses of instruction, or similar educational

activities of the **Asia-Pacific Center for Security Studies** for military officers and civilian officials of foreign nations if the Secretary determines that attendance by such personnel, without reimbursement, is in the U.S. national security interest. Any waived costs shall be paid from appropriations available for the Center.

- Section 8088 states that none of the funds made available by this Act may be used to approve or license the **sale of the F-22** advanced tactical fighter to any foreign country.

- Section 8089 allows the Secretary of Defense, on a case-by-case basis, to waive with respect to a foreign country each limitation on the procurement of defense items from foreign sources provided in law if the Secretary determines that the application of the limitation with respect to that country would invalidate cooperative programs entered into between the DoD and the foreign country, or would invalidate reciprocal trade agreements for the procurement of defense items entered into under 10 USC 2531, and the country does not discriminate against the or similar defense items produced in the U.S. for that country.

- This is to apply to contracts and subcontracts entered into on or after the date of the enactment of this Act.

- Options for the procurement of items that are exercised after such date under contracts that are entered into before such date if the option prices are adjusted for any reason other than the application of a waiver granted under this Section.

- Section 8093 states that none of the funds made available by this Act may be used to support any training program involving a unit of the security forces of a foreign country if the Secretary of Defense has received credible information from the Department of State that the unit has committed a gross violation of human rights, unless all corrective steps have been taken.

- The Secretary of Defense, in consultation with the Secretary of State, shall ensure that prior to a decision to conduct any training program involving a security forces unit, full consideration is given to all credible information available to the Department of State relating to human rights violations by foreign security forces.

- The Secretary of Defense, after consultation with the Secretary of State, may waive this prohibition if he determines that such a waiver is required by extraordinary circumstances. Not more than fifteen days after the exercising of such a waiver, the Secretary shall submit a report to the congressional defense committees describing the extraordinary circumstances, the purpose and duration of the training program, the U.S. forces and foreign security forces involved, in the program, and the information relating to the human rights violations that necessitates the waiver.

- Section 8109 states that, during FY 2002, under regulations prescribed by the Secretary of Defense, the **Center of Excellence for Disaster Management and Humanitarian Assistance** may also pay, or authorize payment for, the expenses of providing or facilitating education and training for appropriate military and civilian personnel of foreign countries in disaster management, peace operations, and humanitarian assistance.

- Section 8112 directs that \$131,700,000 of the funds appropriated under the heading *Research, Development, Test and Evaluation*, Defense-Wide be made available for the **Arrow missile defense program**. Of this amount, \$97,700,000 shall be made available for the purpose of continuing the Arrow System Improvement Program (ASIP), continuing ballistic missile defense interoperability with **Israel**, and establishing an Arrow production capability in the U.S. The remaining \$34,000,000 shall be available for the purpose of adjusting the cost-sharing of the

parties under the agreement between the DoD and the Ministry of Defense for Israel for the Arrow Deployability Program.

- Section 8171 requires, not later than 180 days after enactment of this Act, the Secretary of Defense, in cooperation with the Secretaries of State and Energy, submit a report to Congress describing the steps that have been taken to develop cooperative threat reduction programs with **India** and **Pakistan**. The report is to include recommendations for changes in any provisions of existing law that is currently an impediment to the full establishment of such programs, a timetable for implementation of such programs, and an estimated five-year budget that will be required to fully fund such programs.

Title IX, Counter-Terrorism and Defense Against Weapons of Mass Destruction

Former Soviet Union Threat Reduction

- Appropriates \$403,000,000 to support the **Cooperative Threat Reduction (CTR) program**, to remain available until 30 September 2004. \$12,750,000 of this funding shall be available only to support the dismantling and disposal of nuclear submarines and submarine reactor components in the Russian Far East.

Division B - Emergency Supplemental Act, 2002

Chapter 3, Department of Defense - Military, Operations and Maintenance

Defense Emergency Response Fund

- Unobligated balances under the heading *Former Soviet Union Threat Reduction*, \$30,000,000 shall be transferred to *Department of State, Nonproliferation, Anti-Terrorist, Demining, and Related Programs* only for the purpose of supporting expansion of the Biological Weapons Redirect and International Science and Technology Centers programs, to prevent former Soviet biological weapons experts from emigrating to proliferant states and to reconfigure former Soviet biological weapons production facilities for peaceful uses.

General Provisions - This Chapter

- Section 304 states of the amounts appropriated by P.L. 107-38 which remained available in the Defense Emergency Response Fund on 18 December 2001, an amount not to exceed \$100,000,000 may be available for payments to **Pakistan and Jordan** for logistical and military support provided, or to be provided, to the U.S. military operations in connection with Operation Enduring Freedom.

Chapter 6, Bilateral Economic Assistance, Funds Appropriated to the President, USAID International Disaster Assistance

- Of the amounts appropriated by P.L. 107-38, \$50,000,000, to remain available until expended, for International Disaster Assistance to be obligated for humanitarian and reconstruction activities in **Afghanistan**.

Conclusion

This year's article includes the description and analysis of six separate pieces of enacted security assistance related legislation. The Administration's request for FY 2002 security assistance funding was generally met, especially with a twenty percent growth in IMET funding. Of note, was the increased flexibility provided by legislation for the President in using security

assistance and other aid programs to combat international terrorism. The 10 January 2002 enactment of the final appropriations acts precludes this article from including country and other program allocations conducted by the Secretary of State; therefore, initial allocations for the fiscal year will be the subject of an article in the next edition of the *DISAM Journal*.

The obvious focus for U.S. assistance overseas remains in Eastern Europe, the Middle East, and now Southwest Asia. Many waiver authorities with accompanying congressional notifications are provided to the President especially in the areas of FAA-authorized special drawdowns and the transfer of excess defense articles (EDA) in support of the war on terrorism. These authorities are further extended into the waiving of mandatory sanctions. The number and variety of countries now eligible during FY 2002 and FY 2003 for DoD-funded transportation of grant EDA have also expanded. From another perspective, the massive grant transfer of DoD equipment is now being examined for military and political effectiveness and cost to the DoD both in dollars and readiness.

While the war on terrorism has primarily taken place to the north in Afghanistan, the focus of U.S. foreign policy has broadened to include the subcontinent. A report is required to determine the need and required five-year budget for establishing a Pakistan-India cooperative threat reduction program similar to the nuclear nonproliferation program for the former Soviet Union (FSU) established by the Nunn-Lugar Amendment within the FY 1991 National Defense Authorization Act.

As earlier demonstrated during Operation Desert Storm and reinforced now during Operation Enduring Freedom, security assistance and other aid programs remain essential for the successful conduct of both U.S. foreign policy and military operations.

Acknowledgements

The efforts and valued support of others aided in the preparation of this article. The legislation summaries produced by the Defense Security Cooperation Agency (DSCA), and the review of the manuscript by our DSCA colleagues, Brian Knapp, Neil Hedlund, Jane Amesse and Char King were particularly helpful and very much appreciated. Finally, I am extremely grateful for the valuable editing suggestions provided by DISAM's Gregory Sutton, LT Dana Clay, and Patti Vocke.

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Globalization of Export Controls and Sanctions

By

Lincoln P. Bloomfield, Jr.

Department of State Assistant Secretary for Political Military Affairs

[The following are excerpts from the speech Lincoln Bloomfield, Jr. presented to the 14th Annual Export Controls Conference held in London, England, November 7, 2001.]

For quite some time, I have been looking forward to engaging in discussion with all of you on the globalization phenomenon, and how it relates to export controls, before the momentous events of September 11, 2001. Now, I submit to you, our deliberations are far more timely and the environment for considering the future of export control policies is more dynamic. I will begin my remarks with a few numbers, and see what significance we might draw from them.

The First Number Is 80

Eighty is the number of countries whose citizens perished in the attacks of September 11, 2001 in New York, Washington, and Pennsylvania. The World Trade Center was designed and built to be a symbol of transnational economic linkages. As the world now knows all too well, it lived up to its promise in full.

The Second Number Is 122

That is the latest count by the U.S. government of countries that, in one way or another, have provided help or offered to provide help to the military dimension of what we call Operation Enduring Freedom. Let me repeat myself: 122 countries are today pledging support of one kind or another to this military operation.

That statistic tells me that, for all the talk in recent years about globalization in the economic realm, globalization in the political realm is today the driving force of international security. The U.S. military has recognized this growing trend for some time. In recent years, the Pentagon has been pursuing a series of transitions in the way it thinks and operates. Beginning in the 1990s the push for U.S. joint command structures and operations between the Army, Air Force, Navy and Marine Corps; then moving to create more effective relationships at the so-called “inter-agency” level in Washington; and finally culminating in a concerted emphasis on truly effective international military cooperation what our military commonly refers to as “coalition” operations. All of these summarized in military parlance as jointness, inter-agency, and coalition modes of operation represent America’s vision of the future of defense in the 21st century. And now look at what has developed just since September 11, 2001. North Atlantic Treaty Organization (NATO) has invoked Article V, the mutual defense clause, as has the *Rio Treaty* each for the first time ever. Indeed, over forty multilateral declarations of commitment and support have been issued. We do live in extraordinary times.

One would imagine that this dramatic turn of events sends all of us a message about how we should think about meeting common defense needs. The message seems obvious that our shared security interests demand export control regimes that will facilitate collaborative defense modernization and transnational defense industrial cooperation, so as to maximize military interoperability among allies in the future.

The Third Number Is 68

There is one other post-September 11 number that tells an equally significant story, in my view: namely 68. That is the number of countries in which the secretive 'al-Qaida' terror organization operates, as best we have been able to determine.

Of all the cooperative efforts undertaken by governments in the weeks since the September 11 terror attacks, the international counterterrorist mission has perhaps been the most intensive and comprehensive. The objective is very difficult to achieve: finding, verifying and detaining very secretive individuals, denying them access to their money, and shutting off possible opportunities for them to strike again. The United States does not have the luxury in counterterrorism of being politically correct, or steering clear of inconvenient or difficult aspects of the case. Either we all succeed in stopping the terrorists before they strike, or terrible harm may occur, potentially affecting the world in one way or another.

So here is another aspect of globalization, a negative aspect, and I believe it carries a cautionary message for all of us when we contemplate the future of defense trade regulation between and among nations. Export controls are in one sense a lot like counterterrorism: unless a system can reliably prevent the unauthorized transfer of potentially dangerous military capabilities to hostile parties, all of us may pay the price. Either all of our export controls live up to this basic standard, or bad things can happen when friends and allies decide to share sensitive military technology and know-how with the best of intentions and motives.

A national export control regime is, in this sense, like a boat: either it is water-tight and floats, or there are leaks, and it will sink. The distinction for our purposes is, however, that when our governments accelerate transnational flows of defense technologies, including many that our adversaries could potentially use successfully to challenge our interests, then every one of our boats, our national export control systems must be water-tight. As with counterterrorism, this is very hard to do in our free and open societies.

What then, can we say about future directions in export controls, particularly transatlantic, in the post-September 11 environment?

My own view is that two clear messages emerge. First, we are politically drawn closer together than we have been for many years, reminded by our enemies why all of us are natural friends and allies. This, of course, bodes well for political level support to defense initiatives that bolster our alliances.

Second, however, we have been dramatically reminded that our open societies can be penetrated, with relative ease, by persons dedicated to carrying out terror attacks against us and our way of life. If al-Qaida has so little difficulty planning deadly attacks by moving in and out of 68 countries, what confidence can we have that individuals, companies, and governments who oppose our interests will be any less successful at exploiting our open societies, and using fraudulent documentation, for the purpose of obtaining sensitive military technologies from us? I think we have to admit that the September 11 events give us less, rather than more, confidence in the reliability of our systems to control illicit exports.

The Bush administration recognizes that we need to balance the non-proliferation goal of export controls with the need for defense trade to bolster alliance interoperability and maintain the quality of the defense industry. In fact, we need to do both functions denying risky exports and approving legitimate ones.

It is clear that advancing interoperability directly enables countries to conduct military operations in a coalition environment such as we have done in the Balkans and are starting to do in Afghanistan. Interoperability is achieved not only through the export of our own weapon systems, but through international coproduction. I think the U.S. will have a lot to talk about with our Atlantic allies in the coming months and years regarding transatlantic defense modernization. On the other hand, we need to be just as clear that legitimate export controls support national security, in all our countries.

Let us remember that although the Cold War is fast becoming a memory erased by recent events, we still have potential strategic competitors, and live in a world where others have intercontinental nuclear missile forces. While there is much to be said for exploring better political and economic relations with these important countries, we do not need to arm them.

The new strategic environment is also characterized by an emerging missile threat from new sources. Some countries, whose politics and international behavior the U.S. regards with concern, are developing nuclear weapons secretly, as well as the missile systems to deliver them. To expedite the development of these programs, these so-called countries of concern look to the advanced Western countries for technology.

The United States cannot and will not sit idly by while this new missile threat develops. The Bush administration has made missile defense for the United States, its allies and its deployed military forces a priority. The cost of missile defense will be substantial, but I think we can all see today that our societies will pay a high price when their security is truly threatened and we can equally see that the loss of security such as we have experienced these last two months, exacts a far higher cost than a sufficient defense. So we are actively working to curb nuclear and missile proliferation.

The threat of terrorism comes not only from embargoed states, but also from transnational criminal organizations that have found shelter in countries that support them and disavow knowledge of their terrorist acts. The participants in the *Wassenaar Agreement* have targeted export controls against these states, and the Bush administration wants this multilateral effort to remain resolute, placing security priorities above the commercial aspect.

The United States can recall the acute sense of embarrassment when we discovered after the Gulf War that our own industries had provided the underpinnings for Iraq's weapons of mass destruction programs. The United States and our allies should take this lesson to heart. None of us wants to have to explain after the fact why our exported weapons technology was able to be used by a terrorist state to strike out at our own interests.

And now we face the challenge of shutting off support of any kind to terrorist groups. These actors will not be so easily targeted using export controls. Not only do they engage in an unconventional, asymmetric form of warfare, they use our open commercial environment and systems in ways that can be disadvantageous or even lethal to us.

However difficult the challenge, the burden upon us remains the same. The application of export controls to trade between allies may be an inconvenience, but we believe it is necessary to prevent diversion of arms and defense technology to terrorist networks and states. The only issue is how to do it well, without getting in the way of our alliance modernization objectives.

The Bush administration is taking a number of actions to deal with these requirements in an efficient way.

- While maintaining an effective export control system, the United States Office of Defense Trade Controls (ODTC) has made investments to smooth the review and adjudication of 45,000 license applications per year, for the commercial export of defense goods, services, and technology. ODTC now has 35 licensing officers (up from 21 in 2000) at work reviewing applications for the export of items on the *United States Munitions List* (USML), as well as reviewing proposed technical assistance agreements and manufacturing license agreements.

- These recent investments in staff and technology have resulted in approximately 2,600 license applications per month being processed in an average of nine days. The ODTC is also able to process an additional 1,000 license applications per month for those applications that need to be referred to other U.S. government agencies for concurrent review. On the average, applications and agreements in this interagency arena are processed within sixty days.

- An electronic licensing system has been developed by ODTC, and now more than sixty percent of all new license applications are submitted electronically by industry via ODTC's internet web site. The ODTC is also consulting with the Department of Defense as well as industry to develop a fully automated system for the submission of the license application and all supporting documentation, for encrypted interagency distribution and review. Indeed, we have taken significant planning steps within this past week toward this end.

- ODTC has instituted an expedited export process to provide needed defense articles to military coalition partners engaged in Operation Enduring Freedom. This expedited process results in an arms export license being processed in 24 to 48 hours on average. This is for Operation Enduring Freedom cases that are certified as necessary by one of the coalition governments and by the United States Department of Defense (DoD). We are utilizing a dedicated staff of licensing officers and pre-arranged coordination procedures with DoD.

- A number of programs under the Defense Trade Security Initiative (DTSI) are aimed at simplifying and expediting defense trade with allied governments.

- The State Department is working with the United Kingdom and Australia, as it did already with Canada, to establish a licensing exemption regime after arrangements have been worked out for common export control treatment of controlled munitions and defense technology. In my talks yesterday with British counterparts, we charted a course to resolve the issues still under discussion.

- Other DTSI programs to expedite license processing with allies are the Special Embassy Program in Washington, providing certain Embassies rapid turnaround from ODTC in a fully electronic mode, and NATO's Defense Capabilities Initiative which is a high policy priority for this administration.

We are also engaged in a review of the USML to determine if some items ought to be added or dropped, or perhaps treated as dual-use commodities on the commerce control list, rather than as munitions items designed, developed, or modified for military use. The first tranche of USML categories currently under review are:

- Category 1, firearms;
- Category 5, explosives and propellants;
- Category 8, aircraft and aircraft parts;
- Category 14, chemical and biological agents and;
- Category 16, nuclear weapons development and testing equipment.

This portion of the munitions list review, representing one-quarter of the list, will be complete soon and our hope is that the results will be published by the end of this year.

So there we have an overview of export control policy from the Washington perspective. I came into my present government position about six months ago with a mandate from Secretary Powell to make the U.S. export licensing process faster, easier and more user-friendly. We are moving in the right direction.

An efficient, technologically modern, and transparent export control system should be able to give industry clearer signals, sooner. If the eventual answer to a license request is going to be no, it is better for the exporting company to have the answer sooner than later. My goal is to be able to say yes and no with equal speed and efficiency.

Now that the Joint Strike Fighter program has been awarded, the tempo of transatlantic defense industrial cooperation will increase. There is much discussion of Eurohawk and other such collaborative initiatives. The success of all of these programs is tied to government export control policy and process.

We have much to discuss in this conference. I will leave you with the simple thought that the process of export controls should be nothing more or less than an extension of foreign policy. Today we all know we need to secure our free societies against the asymmetric threats of terrorism and the proliferation of missiles that may carry weapons of mass destruction. At the same time, we are equally seized with the imperative to ensure that our alliance member forces will have superior capability across the spectrum of potential conflict, now and into the future.

All that remains is for us to work together to fulfill these fundamental policy goals. For my part, I look forward to collaborating with many of you to achieve these ends.

Performance Based Budgeting and Performance Based Costing

By

**Lieutenant General Tome H. Walters, Jr., USAF
Defense Security Cooperation Agency**

Introduction

In its lead article of December 15, 2000, the *Federal Financial Management News* indicated that, in the upcoming years, “performance-based government” would be a central element with the Congress and the new Bush administration. Two financial management initiatives are currently underway in the security cooperation community that will move us significantly in this direction. These two initiatives are performance based budgeting (PBB) and performance based costing (PBC).

The key to both PBB and PBC is that they will give us the tools to understand where our foreign military sales (FMS) administrative budget dollars are currently spent and an opportunity to decide where they should be spent. Together with a new resource allocation process to work trade-offs, PBB and PBC will significantly improve FMS financial management. Performance based budgeting provides us with a multi-year process that links budgets to corporate strategy, planning, performance measures, and program execution. It will permit us to take the initiative with the Office of Management and Budget (OMB) and the Congress in explaining our basic program, as well as in requesting increases to the out year annual funding ceiling, if these are required.

Performance based costing is the natural complement to PBB. It would be shortsighted in the extreme to improve our FMS administrative budget process without simultaneously developing a better understanding of how the funds are actually spent. Performance based costing provides us with a costing infrastructure of the various organizations that receive FMS administrative funds. Inherent in this visibility is the ability to better account for our costs and improve program management. Significantly, it allows us to better explain our costs to our foreign customers who have often asked how the funds were spent.

While the Defense Security Cooperation Agency (DSCA) leadership recognized the need for implementing PBB and PBC, and championed these initiatives, major elements of PBB and PBC originated in the military departments (MILDEPs). For sometime, both the Army and Navy have cross-walked their traditional object class budgets to categories that better explain annual budgets on a program basis. Similarly, the Air Force and Navy Inventory Control Point (NAVICP) were early pioneers in costing initiatives that seek to improve cost information and operational data—each of which utilize activity based costing (ABC) models.

Background

For over three decades, the FMS trust fund has been run, by most accounts, on a solid financial basis. In recent years, the FMS administrative account has operated with healthy balances—sufficient to provide prudent increments to our annual budgets, while still reserving a margin for unforeseen adverse situations. At the same time as we have been fiscally sound, we have been informationally poor i.e., we have not had sufficient information to explain the

programs supported by our annual budgets, the results generated by these funds, or where precisely our costs are incurred.

This situation is no one's fault. Essentially, it stems from the historical way security cooperation developed, particularly in two areas.

- First, the FMS administrative account is not appropriated by Congress. Obligation of these funds is not required to conform to the Department of Defense planning, programming and budgeting system (PPBS) or the program objective memorandum (POM) cycle. As a consequence, we have not historically operated within a structure that links planning, programming, budgeting, and strategy to program execution.

- Second, we are required to fully recoup the costs of the FMS program as a pro rata recovery applied to each sale. We have performed this mission successfully for over three decades. Operating on the basis of a pro rata recovery, however, has not forced us to do a bottoms-up analysis of our costs, nor provided us with needed insights into the types of activities on which our funds were being spent. This cost visibility is an essential element of what constitutes "best practices" today in both the private and public sectors.

It will come as a surprise to many people, including people in our own security cooperation community, that increases in sales through the FMS process do not automatically translate into increased FMS administrative budgets. Rather, a congressional ceiling that appears in the annual *Foreign Operations and Related Programs Appropriations Act* controls our FMS administrative budgets. Whatever our sales levels, however, this requirement places a premium on our being able to articulate to Office of Management and Budget (OMB) and the Congress what programs our baseline budgeting is funding, what requirements are unfunded, and how, specifically, budgetary increases would be used. This situation came home to us as recently as November 1999 when the General Accounting Office (GAO) reported that, "the Department of Defense does not have sufficient information to determine the administrative costs associated with the FMS program."

Additionally, the current emphasis in government accountability and reform has pushed us in the direction of PBB and PBC. The *Government Performance and Results Act* (GPRA) of 1993 is meant to encourage a results, oriented culture of performance in government operations, and one that clearly links resources to programs and measurable results.

The culmination of these events prompted DSCA to work with the military departments to develop and implement a new budget process i.e., performance based budgeting (PBB). On November 8, 2000, a memorandum officially implementing the PBB process was signed. This was done in fiscal year 2001 and was used to develop the fiscal year 2002 operating budget and the fiscal year 2003 presidential budget (PB) request. The initial PBB cycle addresses the FMS administrative budget, but it is our intention to include the remaining funding sources, particularly the foreign military financing (FMF) administrative budget in the new planning and budgeting process over time. Also, implementation of PBB in the first year has focused on DSCA and the military departments. DSCA is aware that the first year of a new process is one of significant transition, and has spoken of fiscal year 2001 as a practice year to encourage an open and positive environment. Various points in fiscal year 2001 are intended to allow for assessment, feedback and adjustment to the PBB process.

Coupled with PBB, we have also embarked on a major project to create a cost infrastructure of our security cooperation organizations i.e., PBC. Beginning in the fall 2000, assessments were done of DSCA and the military departments to determine our current ability to track the costs of our FMS administrative program. Based on this assessment and recommendations for an

optimum cost environment, the DSCA director authorized the PBC project. In a memorandum dated March 30, 2001, I indicated that my target was to have 80 percent of the cost infrastructure mapped over a twenty-four month period through April 2003. This would allow the PBB process to use actual cost data in developing the fiscal year 2004 budget.

PBB Core Functions

One of the more significant changes of the new PBB process was to realign our requirements from solely an object class basis, salaries, travel, contracts, etc., to one that attempts to capture expenditures in program-like categories. Accordingly, the PBB process is built around six FMS core functions that were developed collaboratively with the military departments and DSCA. The core functions essentially parallel our FMS business life cycle, and thereby allow us to budget and collect cost in major program areas. The six core functions have been progressively broken down into several sub-functions, which in turn will be broken down into discrete activities in our PBC models. The core functions serve as a bridge that transforms our traditional-somewhat static-budget outlook from one of discrete lines of expenditure to a more programmatic outlook. Performance measures are a natural adjunct to the core functions. These measures will help us assess how well we are doing in executing the budget, and the results we are getting for our budgeted dollars. Figure 1 provides an overview of the six FMS core functions and a complete breakdown can be obtained from the PBB website. http://www.dsca.osd.mil/vti_script/SEARCH.htm0.idq.

Figure 1 Core Functions

Core Function	Definition
Pre-Letter of Request (LOR)	Efforts expended prior to receipt of a LOR, includes responding to inquiries, pre-requirements determination, developing a total package approach (TPA), if required, or specifying the mix of FMS and direct commercial sales (DCS) under a hybrid approach.
Case Development	Efforts required to process customer request, gather, develop and integrate price and availability data for preparation of a letter of offer and acceptance (LOA). These efforts continue from receipt of a customer's LOR through case preparation, staffing and customer acceptance.
Case Execution	Overall coordination to initiate case implementation efforts required to conduct and execute case management, security assistance, team management, technical, logistical, and financial support, and the contractual efforts under acquisition and contracting.
Case Closure	All actions required to perform logistical reconciliation, certify line, and case closure.
Other Security Cooperation	All efforts involved in the administration and management of special programs and projects associated with security cooperation requirements, particularly, the non-FMS security cooperation programs authorized under the <i>Foreign Assistance Act</i> , such as International Military Education and Training (IMET), the foreign military financing (FMF) program, the grant excess defense articles (EDA) program, and direct commercial sales.
Business Sustaining	Efforts required in providing employee supervision, leadership, and guidance including personnel management, workload management, and secretarial support that cannot be traced directly to one of the other five core functions or specific cost objectives.

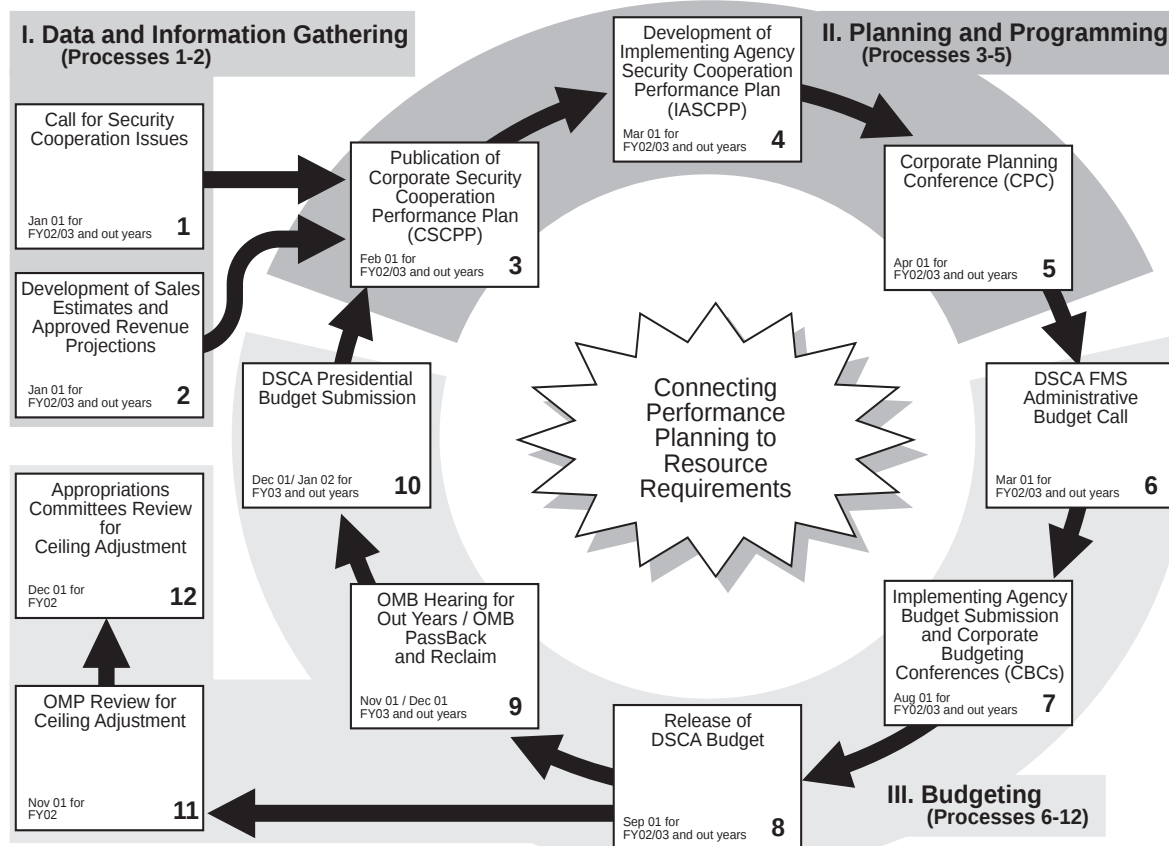
PBB Cycle

PBB is a twelve-step process built around three stages:

- Data and information gathering;
- Planning and programming; and
- Budgeting.

Emphasis was placed on integrating these stages into a coherent cycle of events. Each process in the cycle is designed to channel information in a way that links resources to program execution. The PBB cycle is a multi-year process that includes some of the key elements of the Department of Defense's PPBS process. For example, on February 14, 2001, DSCA published its fiscal years 2002 and 2003 Budget and Programmatic Guidance. This guidance encapsulates the major issues and trends impacting the security cooperation community and sets the stage for the ongoing budget dialogue between DSCA and the military departments. "Fiscal Years 2002 and 2003 Budget and Programmatic Guidance" was highlighted in the spring issue of the *DISAM Journal*, 23:3, page 31 and can be obtained from the PBB website http://www.dsca.osd.mil/vti_script/SEARCH.htm0.idq. This document is analogous to the Defense Guidance, an integral part of the PPBS process. Figure 2 portrays the overview of the PBB cycle.

Figure 2 Overview of the Full Performance Based Budget Cycle



- The first stage in the PBB cycle is data and information gathering. It includes the following process steps.

- Call for security cooperation issues; and

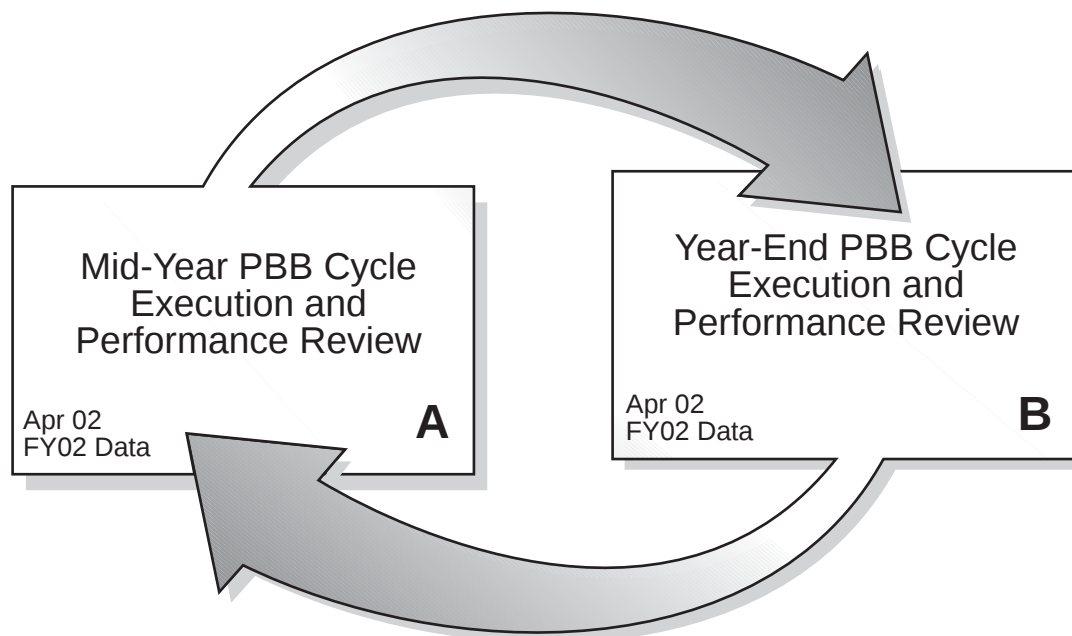
- Development of sales estimates and approved revenue projections. The purpose of this stage is to provide an opportunity for DSCA and the military departments to discuss internal and external issues important to the FMS environment as a whole. It is also the stage in which the fiscal environment for FMS in terms of sales and revenues is outlined in detail. It is within this overall environment that our budgetary estimates will take form.

- The second stage is planning and programming. This stage highlights the development of goals and objectives for the upcoming fiscal year and out years. The development of these goals and objectives results from the dialogue that begins with the budget and programmatic guidance and culminates in the corporate programming conference process steps 3-5. The ultimate outcome of the planning and programming stage is a strategy for how DSCA and the military departments will allocate their resources. This stage, with its push for increased planning and collaboration, represents the most fundamental change to our historical budget practices.

- The third stage is budgeting and it comprises all of the other process steps. From issuance of the FMS administrative budget call to allocation of resources. The significant change in the budgeting stage is in the increased emphasis on narrative and descriptive information to support the budget data. In addition, it is within this stage that DSCA requests information regarding performance measures. The performance measures were discussed and agreed upon by DSCA and the military departments in fall 2000.

The PBB cycle also includes an execution and performance review process. The review process provides a mechanism for explicitly linking budgetary resources and performance measures, and for evaluating planned versus actual performance. Figure 3 addresses this aspect of the PBB cycle.

Figure 3 Execution and Performance Review Cycle

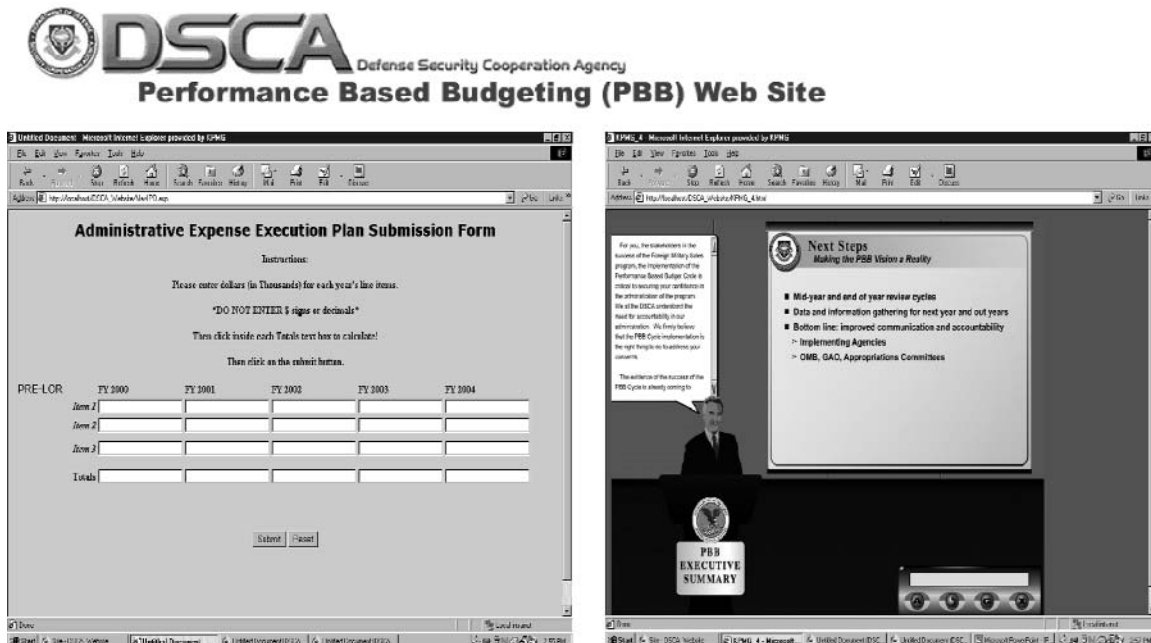


PBB Website

From the initial days of the PBB and PBC project, it was envisioned that both processes would utilize internet technology. In this regard, the web is an integral element of these processes and web technology is a key enabler of the PBB cycle in a manner that can optimize the new budgetary processes through automation. The PBB website has been operational since April 2001 and it has become the focal point for implementing the PBB cycle. The PBB website was used to publish both fiscal years 2002 and 2003 *Budget and Programmatic Guidance*, and the results of the PBB Corporate Programming Conference. In May 2001, the website was used to issue the fiscal years 2002 and 2003 FMS administrative budget call. The budget call was available for downloading by applicable persons in the security cooperation community a few hours after the memorandum was signed. In August 2001, the military departments successfully submitted their fiscal years 2002 and 2003 budget requirements via the PBB website. There is now a budget database that permits multiple levels of analysis in real time.

The PBB website is backed by a comprehensive E-Learning module that is integral to the website itself. The E-Learning module contains instruction for people at various levels involved in the budgetary process. Figure 4 contains screen shots of the PBB website.

Figure 4 Performance Based Budgeting Web Site



Performance Based Costing

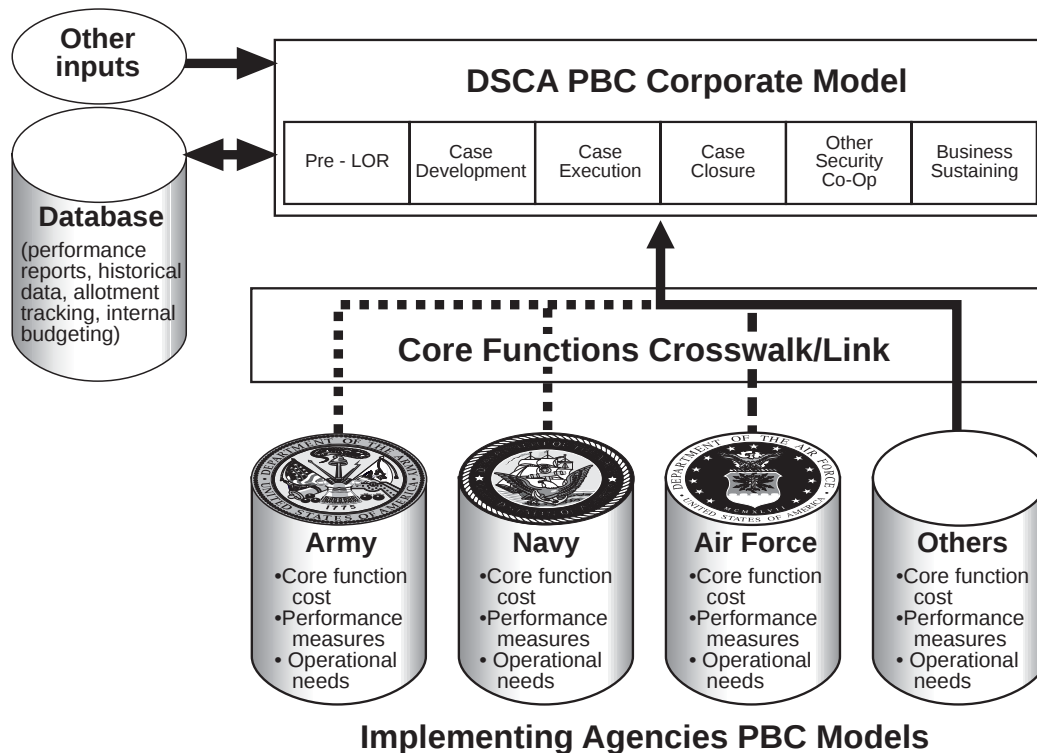
Performance based costing is designed to provide decision-makers at all levels in the security cooperation community with sufficient cost and programmatic information to manage their organizations. It will also help us to better understand macro-level aspects of our business, such as the costs structure underlying our FMS administrative rate, the appropriate level of the annual FMS administrative ceiling, and so forth.

The need to better understand the costs of conducting our security cooperation operations has been evident for some time. It is doubtful that we will be successful in adjusting our annual FMS administrative ceiling unless we are able to clearly articulate to the Congress what programs our baseline is funding. Similarly, our FMS customers have placed a priority on better understanding

what costs are included in their quarterly billings. Performance based costing provides an optimum method for gathering and understanding these costs. Performance based costing assigns resource costs to activities based on the use of resources, and assigns activity costs to products based on the use of activities. These activity costs can be rolled up to the six FMS core functions at various organizational levels. Over time, this visibility will focus management action on the cost of these activities and opportunities for improvement.

As background to the PBC effort now underway, initial assessments were done in the September 2000-February 2001 period of the existing costing infrastructure in DSCA and the military departments. The assessments were intended to show the organizational complexity of each entity; their existing cost model capability, and the role that cost data played in the budgetary process. Based on these assessments and other information, “to-be” cost models were developed. After a detailed briefing to the military departments and to the DSCA Director, it was decided to move towards these costs models. Figure 5 provides a high level schema of the PBC corporate model.

Figure 5 PBC Corporate Model



Conclusion

Performance based budgeting and performance based costing and a resource allocation process will transform major elements of security cooperation financial management. For the first time, we will have a planning framework that links our resources to shared goals and strategic objectives. We will be able to develop and monitor multi-year budgets, perform financial modeling and forecasting, and relate budgetary dollars to program execution. The PBC component will allow our organizations to determine and analyze the costs of key processes, activities and services. Appropriate performance measures will allow us to relate our planning to our actual execution. With an increased knowledge and understanding of the budget, performance levels, and goals, we will be equipped to make better decisions about security

cooperation programs and activities and we will be better able to justify those decisions to all stakeholders.

About the Author

Lieutenant General Tome H. Walters, Jr., USAF is the Director of the Defense Security Cooperation Agency, Office of the Secretary of Defense. The general was born in Shreveport, Louisiana, and graduated from the U.S. Air Force Academy in 1970. He has served in command and staff positions at Air Force headquarters, the Joint Staff, Air Mobility Command, Air Training Command and Strategic Air Command. He commanded an air refueling squadron, a pilot training operations group and air refueling wing. He is a command pilot, having flown more than 3,500 hours in air refueling and trainer aircraft, including 100 combat support sorties in Southeast Asia.

PERSPECTIVES

Reinvention: Transforming FMS For The 21st Century

By

**Frederick C. Beauchamp,
Defense Security Cooperation Agency**

[The following is an excerpt of the speech given at the 2001 Defense Security Cooperation Agency Conference, September 26, 2001.]

Ten initiatives listed below have been introduced to improve the foreign military sales (FMS) process for our international customers and defense industry alike. These improvements will leverage U.S. information technology capabilities and will enhance the professionalism of the U.S. civilian workforce.

- Team International;
- Standby Letter of Credit in Lieu of Termination Liability Prepayments;
- Improved Payment Schedule Methodology;
- Greater Customer Participation in FMS Related Contract Processes;
- Customer Satisfaction Index;
- Electronic Letter Of Offer and Acceptance Coordination;
- Web-based *Security Assistance Customer Handbook*;
- Electronic *How To Guide For Letter Of Request Preparation*;
- Improved Case Closure and Reconciliation; and
- Civilian Workforce Initiatives

To fully appreciate what the Defense Security Cooperation Assistance (DSCA) is about to share with you, look back on how DSCA got here. In 1998 the Cold War had been over for nearly a decade. The Gulf War had been won. The U.S. international clientele had become focused on customer service and value for their money. The international clientele were rightfully seeking a larger role in the FMS process and wanted to be treated as partners. They were demanding a better accounting for the use of their scarce defense resources and an improved response from an FMS process that was seen as having become too cumbersome. The international clientele were seeking improvements and the U.S. could not ignore them.

The U.S. defense industry colleagues were also seeking a greater role in the FMS process and were, like the U.S. international customers, growing frustrated with its burdensome nature. Export controls were increasingly seen as limiting American competitiveness in the global

market. U. S. defense industry was asking for greater U.S. government support to its sales and marketing efforts. The U.S. defense industry was seeking improvements. The U.S. could not ignore them either.

In response, the Department of Defense senior leaders decided in 1998 to reinvent the foreign military sales process. DSCA joined with the military departments, other defense agencies, as well as industry representatives and our international customers in a concerted effort to develop new ideas and procedures.

In responding to the directive of our leadership, DSCA learned that reinventing FMS is a formidable bureaucratic challenge requiring new thinking and approaches. FMS depends on the defense procurement system with its functional stovepipes, production priorities, and contracting restrictions. Authority for export controls is vested in the Department of State. DSCA could not overcome this challenge alone.

An interagency team produced three reinvention white papers containing twenty-two formal recommendations for improvement. At the same time, each of the military departments launched their own reinvention initiatives. However, our enthusiastic efforts resulted in too much being undertaken too early on.

The need to concentrate on more immediate needs and build from there was soon realized. In December 2000, DSCA's Director, General Walters, shifted the focus to eight to ten significant initiatives that could be implemented in the near term and which would benefit the widest segment of the security cooperation community. Reinvention ideas taking longer to implement because of staffing or resource considerations would be undertaken through a dedicated business process reengineering effort.

To achieve General Walters' short-term objectives, DSCA consolidated a number of working groups into four integrated process teams (IPTs). These teams were placed under the direct supervision of the Director, DSCA and his senior counterparts from the military departments. The major areas of focus for the IPTs were partnering, finance, business processes, and training and career development. Teams included folks from all three military departments, the Defense Logistics Agency, Defense Finance and Accounting Service, the Commerce Department, the acquisition community, the Foreign Procurement Group and our defense industry associations. It was a truly successful team effort by an outstanding group of people.

Of the ten initiatives introduced there is something for everyone:

- International customers;
- Service and interagency partners;
- Contractors; and
- U.S. Workforce.

Some initiatives are fully-developed and ready to go. Others are close, requiring only final staffing or signature; some will take a bit longer to implement while DSCA lines them up with budget cycles and identifies resources needed to make the ideas a reality. These are only the first steps along the transformation pathway to a more efficient and effective process of security cooperation.

Team International

This is an exciting concept in which international customer, U.S. contractor and representatives of the U.S. government form as a team at the earliest possible stage in an export sales development to discuss and define requirements. Inspired by an existing Navy program and developed by the partnering IPT, team international will be best suited for programs that introduce a weapon system into a customer's inventory; integrate a weapon system on a nonstandard or non-U.S. platform; or involve more than one military department. Team international will foster a true partnership among the U.S. government, the international customer and U.S. industry by promoting a greater understanding of each other's needs, expectations and limitations.

Stand by Letter of Credit in Lieu of Termination Liability Payments

International customers have long complained that too much of their money is unnecessarily encumbered in termination liability prepayments. These pre-payments are set aside initially to reimburse incurred costs in the event of a premature contract termination. To address this concern, the finance IPT developed a plan to institutionalize the use of Standby Letters of Credit with commercial banking sources in lieu of termination liability. This practice, recently approved by the DoD Comptroller, will adapt a proven commercial banking practice to foreign military sales and could produce potential savings to qualifying nations.

Improved Payments Schedule Methodology

Our customers have also told us that our payment schedules for FMS cases are inaccurate and do not reflect true financial requirements. In response, the finance IPT thoroughly reviewed and updated the assumptions used in our current payment schedule methodology. The finance IPT determined payment schedule actions that will be required during each stage of an FMS contract; reformatted payment schedules to make them more user-friendly; and rewrote applicable policies. DSCA is confident that these initiatives will dramatically improve the accuracy and reliability of payment schedules and result in increased customer satisfaction.

International Customer Participation in FMS Related Contract Processes

The international customer participation initiative is intended to provide the international purchasers a greater role and increased visibility into the process that produces contracts issued in their behalf by the Department of Defense. At the same time, DSCA believes that it will protect U.S. industry from the unauthorized disclosure of sensitive commercial data. When the policy is fully reflected in the *Defense Federal Acquisition Regulation Supplement*, customers will be encouraged to participate in discussions with industry regarding technical specifications, price-performance trade-off decisions, delivery schedules, special warranty provisions, and other requirements unique to the FMS customer. This represents a significant step forward in making the process more transparent and inclusive while protecting contractors' proprietary equities.

Customer Satisfaction Index

Effective internal business practices are needed to provide the service and support demanded by the U.S. international customers. When service and support fall short of expectations, U.S. customers must have a way of telling us. The business processes IPT, with the Army in the lead, developed a customer satisfaction index which, when fully fielded, will encourage feedback and focus on customer concerns. The customer satisfaction index consists of a computer-generated survey that measures the customer's perceptions of the quality, timeliness, and value of our products and services. It can be administered annually to all customers at once or to individual customers during various phases of an FMS sale. The index also provides the opportunity to

register complaints and will be used to allow managers to focus attention and resources where required.

Electronic LOA Coordination

A long-standing criticism of the FMS process has been the amount of time it takes to complete a Letter of Offer and Acceptance (LOA). Working with our Defense Security Assistance Development Center in Mechanicsburg, Pennsylvania, DSCA formed a team consisting of personnel from the business processes IPT, policy, comptroller and information technology offices to develop a means to electronically send, distribute, review and countersign LOAs. The process, involving a combination of e-mail and the Defense Security Assistance Management System (DSAMS) was successfully fielded in August of 2001. Thirty-nine LOA documents were reviewed using the new procedures and the average processing time was five days, down from the usual ten to sixteen days using paper documents. This achievement is the first step in a series of process improvements designed to speed the approval of LOAs through a major innovative use of our information technology.

Web-based Security Assistance Customer Handbook

The *Electronic Customer Handbook*, developed by the partnering IPT through a contract with Information Spectrum, Inc., is a meaningful and useful tool for all customers that will be readily accessible on the worldwide web. It provides a basic level tutorial for newcomers in the field of foreign military sales and a refresher for others. The handbook is relatively brief and presents a condensed description of steps in the FMS process with electronic links or references to documents such as the *Security Assistance Management Manual* for more detailed explanations. The *handbook*, currently still in draft, [since this article was written, the *handbook* has been published] will be under constant review and updated on a regular basis. DSCA looks forward to feedback from its users.

The *Electronic Customer Handbook* also includes a detailed guide for preparation of Letters of Request (LOR). Developed by the business processes IPT, this how to guide will help reduce the appreciable amount of time it currently takes to prepare and have an LOR accepted by the United States government. DSCA has had a great deal of help developing this LOR guide from both subject matter experts and potential users. It is available in the *Customer Handbook* on our DSCA web site and also in CD ROM. This initiative allows both the neophyte and expert to walk through the steps required to both prepare and submit an effective Letter of Request.

Improved Case Closure and Reconciliation

Another of our initiatives involved a multiple-step focus on FMS case closure and reconciliation. Worked intensively by the Finance IPT, the first step was to ensure all Implementing Agencies operate under the same Accelerated Case Closure Procedures. This makes certain that not only the military departments but all agencies managing FMS contracts are now operating under the same closure guidelines. A concerted effort was then made to recruit more international customers into Accelerated Case Closure Procedures. Briefings emphasizing improvements made to the program were presented to those customers who do not currently participate. Finally, the IPT set up a series of concentrated closure reviews intended to reduce the backlog of FMS cases over two years old that are supply complete.

Civilian Workforce Initiatives

In conclusion with an overview of our workforce initiatives developed by the Air Force Training and Career Development IPT. These initiatives are focused on DSCA's most valuable

stakeholder, our people. All government agencies face the same challenge today: an aging workforce, where up to 50 percent of our civilian employees will be eligible for retirement in the next five to ten years. All must deal with the effects of the staffing reductions of the 1990s on the retention of well-trained and educated personnel. DSCA believes that our international affairs civilian career personnel require a broader sense of community and enhanced professional development, much like the DoD acquisition career field.

The Training and Career Development IPT has laid the groundwork for three programs. The first will enhance the professionalism of our civilian workforce with established and certifiable standards for education, training and experience. The second will sustain the workforce through recruitment and development of security cooperation interns. The third will educate a targeted segment of the workforce utilizing an international affairs advanced degree program. Because the scope of these programs is so far-reaching and the resource requirements so extensive, it will be a while before they are fully implemented.

About the Author

Fred Beauchamp is the Chief, Strategic Planning for Defense Security Cooperation Agency. His responsibilities include coordinating the development and implementation of a series of FMS reinvention initiatives. Beauchamp retired from the U.S. Army as a Colonel in 1993. Before coming to DSCA he served as the Military Assistant to the Special Advisor to the President and Secretary of State for Arms Control Matters. He was also the Deputy Director of the NATO Policy Directorate, Office of the Secretary of Defense.

Strength through Cooperation: A Customer Perspective

By

**Mr. Dirk J. Habig,
Defense Cooperation Attaché for the Netherlands**

[The following is an excerpt of a speech given at the 2001 Defense Security Cooperation Agency Conference, September 26, 2001.]

Before I will speak about some aspects of the subject of this DSCA conference allow me to dwell for a few moments on the horrific events of 11 September. Queen Beatrix of the Netherlands, our government and countless organizations and individuals from my country have offered their sympathy and condolences to the American people and expressed their abhorrence of these acts of terrorism. Let me, however, once more, also on this occasion express the Netherlands and my own feelings of disgust about the terrorist attacks in New York, Washington and Pennsylvania. Feelings of disbelief still prevail.

I would like to offer once more our condolences with the unimaginable losses inflicted upon the people and society of the United States. Be assured of our deepest feelings of sympathy with all of you. The bonds of friendship between the Netherlands and the United States are centuries old. Twice the Netherlands and its European neighbors have been the beneficiaries of American bravery, resoluteness and sense of justice. I trust you will see in the difficult days to come that the concepts of friendship, alliance and shared values are taken as seriously on the other side of the Atlantic as they are taken here. Let me now turn to the subject of this conference. I am both honored and pleased, to have been invited to join you here at your annual conference on Security Cooperation and to participate in your discussions on the role of security cooperation in a changing world.

When I looked at the list of speakers at this conference, it occurred to me that presumably the organization of this DSCA conference had foreseen for me, the role of bringing you the customers' perspective. Although I will share some of my thoughts on the actual topics of this conference, I hope you will also allow me to divert somewhat from the focal points of the conference and share with you some thoughts on other relevant and related subjects. The theme of this year's conference is "Strength Through Cooperation". And that, ladies and gentlemen, really sets my mind at rest, or at least it should do so. Of course, as cooperation necessarily involves two or more parties, I presume therefore, that the customer (and that is, as I said how I see my role here for today) is involved. So, the title of the conference indicates to me that we are talking serious and sound business here.

And indeed the role of security cooperation in a changing world is serious business. This changing world had its effects on the second sub-theme of this conference, the developments related to the foreign military sale (FMS) reinvention process. I understand that later this conference, results of these foreign military sales re-invention initiatives will be made public and discussed in more depth. In general I would like to say the following on the FMS reinvention process. I can only praise those who took the initiative for this reinvention, for frankly, there was a lot to reinvent. It is clear to me that the Netherlands defence community, and I am sure that the same goes for other countries as well, is more than pleased with what has been initiated and what has been accomplished up to now, but I do understand that these are two very different things.

The process which is taking place, might be qualified as a kind of change in culture. Originally the FMS process itself and its application might be seen as structured around pillars such as complying with the law, applying the regulations and legitimacy, while these days there seems to be a shift in focus (within the boundaries the law permits naturally) towards effectiveness and efficiency. I would consider this a change in culture beneficial for both the customer and the supplier. A fine example of win-win. What happened up to now fortunately seems to be more than just a new vision being tabled. In fact, in this case the leadership of DSCA is already in a position to announce some concrete results. And as I understand, the end is not yet in sight. So, in an initial conclusion, the Netherlands welcomes the present initiatives and will remain an active supporter. That means that we will support you, not only in devising, but also in implementing new initiatives.

The question now is, is everything in the FMS-garden lovely, roses only as it were or are there some thorns left? In that context, let me share with you the following remarks. If I understand this reinvention process correctly, one of the triggers for the initiatives was the result of what we could call an initial form of customer participation. Or was it the decrease of that participation, in other words sales? Whatever the exact cause; there was and to a certain extent still is, a gap between what the customer wants and what the storekeeper is able to offer. Anyway, that is the feedback I seem to receive from the customer. What I would like to note in this respect is the need to institute and implement as soon as possible a new mechanism. This mechanism should eliminate and prevent a re-emergence of such a gap, a gap between what the customers want, and, even more importantly, what they are prepared to pay for on the one hand, and on the other hand, what the U.S. FMS organizations are able and willing to offer and at what price.

It is of absolute vital importance in my view that such a mechanism will be operational as soon as possible, including a follow-up for the implementation of the lessons learned. Let me emphasize that determining what should be improved in the working relationships with customers is one thing, and it is of course of utmost importance. However, of equal importance, after agreeing on what should be done, is the actual implementation of those action items itself. If you allow me a rather blunt warning: if you as the DSCA fail to institute a controllable implementation mechanism for the accomplishments of the integrated product teams, much of the potential gain of the whole operation may well be lost. No stone should be left unturned in order to realize a successful implementation of your accomplishments in the different service organizations.

Let me also say a few words about export control. I fully realize that great experts on these matters have made, and will make, remarks of high interest on this issue at this conference. However, it is a subject which is dear to my heart and on which I have spent and am still spending a lot of time and energy. In the invitation for a conference on U.S. export controls some time ago, the following was stated: achieving effective control over the transfer of sensitive technologies has become increasingly difficult in a world of porous borders, rapid technological innovation, globally integrated business operations, and increasing reliance on commercial technologies for the development and production of the military systems that are vital to the maintenance of superior U.S. military capabilities. Let me start by stating that I fully understand and respect the U.S. government's view that you should be careful in deciding what technology you want to transfer, to whom, and under what circumstances. I believe that most if not all of my colleagues from the North Atlantic Treaty Organization (NATO) alliance would agree with me on that. It is clear that first and foremost, technology transfer should be an instrument of your national security policy. However, in this respect it is difficult to define U.S. national security interests along clear cut borders. It is, amongst others, in the U.S. national security interest to sustain a competitive and sound defense industrial base on U.S. soil. Yet, over the past decade, the U.S. home market has diminished tremendously. The U.S. industry has had to overcome that deficit not only by downsizing and restructuring, but also by expanding their export sales. And that is where I think

the heart of the matter lies: national security interests are nowadays also influenced by the economic necessity of U.S. companies to export more.

So the lines are not so clearly drawn any more. Then again, I do believe that some nations should be more equal than others, and that certainly should apply to the NATO alliance. In the legitimate U.S. export control process allies with a track record such as the Netherlands do not deserve to be treated on the basis of the lowest common denominator. A more flexible process should be put in place, which facilitates the necessary technology transfer to these allies. It has been said before, and I would like to repeat it here: I urge the U.S. government to concentrate its export controls on those American technological gems that really need to be protected. What use is there to control and restrict export of an American defense item that for the bigger part consists of microchips made in Taiwan, Korea or Japan. I know some people even question why the technology is being given any way. But these people do not take into account the fact that transatlantic cooperation is a sheer necessity nowadays. It is not an end in itself, but a means to an end. The goal is building international peace and security. I realize that these words represent more than ever, questions of the day. NATO has proven to be and is likely to remain the primary instrument to safeguard peace and security in at least our part of the world. Within the alliance, we have to facilitate cooperation in order to achieve better interoperability. The Kosovo conflict as well, highlighted the need for coalition operations. The DoD after-action report concluded that U.S. sensitivity to releasing certain types of information greatly inhibited combined planning and operations in some areas. The same report stated that we see that interoperability will be the cornerstone for future alliance participation. The report advises that the U.S. carefully reviews its policy regarding licensing requirements for our allies.

In short, it is my view that the U.S. export control regime should take into account two things: First, a clear categorization of nations: who is on your list of friends, and what place do they take on the ladder. It is evident to me that in that categorization, NATO allies should rank among your very best friends. Furthermore, I suggest the U.S. also takes into account a nation's track record in security issues, including third-party transfers, their loyal support to the U.S. and their participation in coalition operations. Secondly, with that categorization in hand, you could ask yourself the question: is there a reason why we shouldn't share that technology? That is exactly the opposite of the question asked today: is there a reason why we should? (I guess that this inverted approach could substantially help reduce today's *Munitions List*.)

Once you have decided that certain technologies cannot be exported, then you should of course go all out and make your controls as effective as possible. In other words: "fewer export controls, but better ones". That is also the gist of the recent report on the subject published by CSIS, under the inspiring leadership of Dr. John Hamre, who already during his years as Deputy Secretary of Defense, identified the problems caused by an antiquated system of export controls and started working on them with a group of similarly concerned allies.

Let me conclude by making it perfectly clear that I did not come here today to moan and complain only. Most of what we do together in the field of defense security cooperation is well done, but what good would my speech do if I only came here to sing your praises?

Industry's Contribution to the 2001 Strength through Cooperation Conference

By

**Vance D. Coffman
Chairman and Chief Executive Officer Lockheed Martin Corporation**

[The following is an excerpt of a speech given at the 2001 Defense Security Cooperation Agency Conference, September 26, 2001.]

Like all of you, I witnessed the tragic events of September 11, 2001 and have been following the subsequent developments and I am no better equipped than the next person to comment on what happened. I thought the President struck just the right tone the other night when he said:

We are a country awakened to danger and called to defend freedom. Our grief has turned to anger and anger to resolution.

We in the defense industry share that resolution. We understand that the days ahead will be a time when our nation and its allies need us most. Our number one priority will be to provide these governments with the tools necessary to prosecute what the President has called "the first war of the 21st century." I have personally assured the leaders of the U.S. armed services that Lockheed Martin will do whatever it takes to meet their needs.

We also understand that there will be changes in the foreign military sales (FMS) process and we will support this audience in transitioning FMS to reflect the very different world view that has resulted from the events of September 11th.

It is important to note that the Defense Security Cooperation Agency (DSCA) was already engaged in streamlining FMS, and General Walters deserves a great deal of the credit for the improvements that have been made. Examples abound, but perhaps the most illustrative is the reduction in the time needed to secure Letters of Offer and Acceptance (LOA). The average length of time it used to take DSCA to process an LOA was 18 days. The letter had to be physically transported from official to official, with the usual downtime spent in boxes and out boxes and the time needed to walk the letter from office to office. Since Gen. Walters directed that LOAs be handled electronically, the average period for securing them has dropped to just three days. And the very first electronic LOA was completed in just five hours.

Similarly, the Department of Defense's (DoD) efforts under the broad charter of the Defense Trade Security Initiative (DTSI) to improve export processes is noteworthy. An excellent example of DTSI is the proposal that major programs and projects now need only one authorization which should have the effect of allowing the U.S. government to license major programs one time, at the beginning of the program, rather than through literally hundreds of piecemeal license applications. Obviously, this should prove to be a great advantage for a program such as the Joint Strike Fighter, where international participation is inherently part of the program.

Despite these advances, all of us here could point to numerous ways that the FMS process can continue to be improved and barriers to international cooperation among our coalition partners can be lowered. In the wake of the events of September 11th, it is incumbent upon all of us involved with U.S. technology and weapons systems to develop the tools to enable the strongest possible military coalition to fight this global war against terrorism. I believe the U.S. can do this

while at the same time protecting those technologies necessary to preserve America's unique role as a global military power.

It is increasingly obvious to everyone that we are living through a period of immense and unprecedented change in the international security environment. Paralleling that phenomenon has been a similar sea-change in the global business environment as well, and that is what I would like to focus on for the next few minutes.

Looking back, we can see that the end of the Cold War enticed our governments to reduce expenditures on defense, driving a significant consolidation of our industry. We were forced to adjust to this new reality through an accelerating series of reductions, combinations, and rationalizations.

Consequently, the defense industry of the year 2001 bares little resemblance to that of 1980, 1990, or even 1995. We have built large corporations with great technological depth and with sufficient product diversity to remain profitable and competitive, despite the government's reduced investment in procuring weapons systems. The point is that the changes which have occurred in the defense industry in the last decade were not discretionary. They have been essential to insuring the survival of a robust, if substantially smaller, defense industrial base.

In retrospect, we can see that we made those changes just in time because one of the few areas that has resisted the extreme turbulence in the financial markets over the past two weeks has been defense stocks. Some would ascribe this phenomenon to the prospect of greater defense spending. But equally important is the realization that the defense industry has already endured the difficult consolidation that is now beginning to affect, for example, the airline industry. All told, the industry shed more than 1.5 million jobs in the decade following the end of the Cold War.

Speaking as the Chief Executive Officer of a company that was created in response to these many changes, I can tell you that in order to make progress, we had to break through a mind set that had been built up through the half-century of the Cold War. We finally recognized that our prosperity and our very survival as a company hinged on our ability to satisfy not only our customers, but to satisfy our investors as well. We had to become lean, we had to understand what our true strengths were as a corporation, and we had to focus all our energies on bringing value added to every product we offered. These challenges required a new set of business skills that would work in conjunction with our long-standing technical skills.

Further, I might add that the destruction of the World Trade Center in New York demonstrated with horrendous clarity the true interconnectedness of the global economy. Markets in every part of the world responded to the event by enduring enormous losses in stocks virtually across the board. In other words, globalization is a reality. It is very clear now that we really are all in this together governments, businesses, financial markets and that our entire way of life is at risk if we do not act decisively and collectively.

That may sound like a pessimistic statement, but I am actually cautiously optimistic. I have seen that long-held routines governing how we do business can, because of a sudden change in mind set, suddenly become fluid, allowing inefficiencies rooted in decades of routine to be brushed aside. With this new changed approach, we can then be more productive, more efficient, and, of course, provide better value to our customers. Ironically, there is an example from Lockheed Martin's own experience that demonstrates how breaking a long-held mind set can yield benefits to all parties involved. The example involves our relationship with America's former adversary, the Soviet Union. Today, Lockheed Martin has in place two multi-billion dollar joint ventures with Russia. With separate Russian enterprises, we formed International Launch Services, through which we offer the Proton and Atlas launch vehicles internationally; and we

have an agreement to buy Russia's highly efficient and reliable RD-180 rocket engines and are now installing that engine in our new Atlas V upgraded launch vehicle. Our relationships with Russian companies are authentic partnerships among equals; real, strong and substantial. By using Russian technologies and aerospace workers in a way that benefits their economy and keeps those resources from proliferating to other countries, these programs benefit world stability.

I might say that some find it even more ironic that we have been able to work through contentious commercial cross-border issues with a former adversary an adversary; which, by the way, did not understand the free market system at a time when we still have difficulties setting up significant joint ventures with our traditional allies. These partnerships would have been unthinkable just a few years ago. In the current environment, they are regarded by us as contemporary business practice.

Today, thanks to help from DSCA and the military departments, Lockheed Martin alone has more than 300 partnerships in place, in more than 30 countries around the globe. Our partnership arrangements themselves are now routinely optimized to address the changing needs of our global customers. We obviously need to do more if we are, in the words of President Bush, to direct every resource at our command, including every necessary weapon of war to the destruction and to the defeat of the global terror network.

Let me share with you a couple of examples of what we perceive as innovative international partnering. First, there is the partnership to develop the North Atlantic Treaty Organization's (NATO's) tactical air defense program, known as the Medium Extended Air Defense System (MEADS). The initial phase involves five major tasks. They are divided among integrated product teams that are led by companies from the three countries sharing in the program Germany, Italy, and the United States. The companies leading each team were selected based on merit or their special expertise. Each team also includes people from other companies and other countries. In each aspect of the program, the work is also divided internationally. This approach not only ensures that the best resources available are devoted to each task, but that the labor is shared effectively addressing and resolving any issue of national work share. In addition, there is a greater level of technology sharing than we would have expected under more conventional partnering arrangements. The resulting product will have wider application in the marketplace than it otherwise might have had. It will be more affordable. It will not be duplicated by anything already produced by a national program. The approach taken with MEADS could serve as a model for other programs. It is a new way to form an industrial coalition; dealing with issues of security, technology sharing, and division of labor, while at the same time leveraging the investments of three countries to obtain a system none could procure individually.

Another innovative example is our approach to the Joint Strike Fighter (JSF). We believe JSF will be the multi-role fighter for the 21st century. Because it will be adopted by the U.S. Air Force, Navy, and Marines; by the Royal Navy and Royal Air Force and other NATO allies and friendly nations. The JSF will be the key to greater interoperability worldwide. For the JSF program, Lockheed Martin and our principal partners BAE Systems and Northrop Grumman formed a single team, using what has been called a Best Athlete approach to product development. Under this approach, members of the team are prepared to bring the best available resources from any of the partner companies to bear on a given problem. Work share is not decided and divided in advance. The "Best Athlete" wins major work content share. We created a new team that we believe validates the principle that the whole not only can be, but must be, greater than the sum of its parts. We incorporated BAE Systems' state-of-the-art production tools and short-take-off-and-vertical-landing experience; Northrop Grumman's manufacturing controls, which are among the finest in the world; and Lockheed Martin's proven expertise with Lean Manufacturing. The JSF manufacturing process thus incorporates the best of all three partners. Furthermore, our JSF integrated project teams have been led and constituted by the

personnel with the most-appropriate experience, irrespective of their nationality or company. The result is what we believe is a world-class team that has resolved challenges with real gains in performance.

Now I want to emphasize: Although the examples I have cited involve Lockheed Martin, I am not suggesting that we are unique in developing partnerships. Clearly others in our industry recognize this global imperative. Some of them are our partners. Many of those companies have also developed partnership arrangements separate from the ones they have with us: Thales with Raytheon, BAE Systems with Boeing, EADS with Northrop Grumman to name just a few. At the same time, a number of companies have also opted to expand their reach across the Atlantic by acquiring other companies. General Dynamics took this approach when it bought the Santa Barbara tank plant in Spain. BAE Systems has followed a similar course by adding two companies acquired from Lockheed Martin to their portfolio in the U.S. These and similar transactions have demonstrated the viability of transatlantic ownership as another option. Whatever the method, joint ventures and partnerships, or investing equity in specific companies we in the defense industry have for some time believed that our respective governments must embrace a transatlantic marketplace that is integrated, open, and competitive.

We all want to see that our military alliances, especially NATO, are optimally prepared for whatever security challenges emerge in the 21st century. Governments are forming coalitions to engage those challenges, and the defense companies that support those governments must have the ability to form our own “coalitions.” Transatlantic defense market integration has many advantages. Common requirements would allow larger production runs and equipment that is both less-costly and more-interoperable. Open markets would mean the best, most-affordable technology would be available across the alliance. And it would mean that industry would be more robust, with a more-efficient allocation of research and development resources and sharing of best practices on a transatlantic basis. As compelling as it is, however, this ideal will not be easy to achieve. To be successful, we will need unprecedented cooperation and trust among industry and all relevant agencies of the governments involved. Harmonizing requirements among military services requires a whole new mind set. We must reach a workable accommodation on the kinds and degrees of technology that we are willing to share. We need to address issues of openness, transparency, and reciprocity. All of these impediments require energetic, engaged, visionary leadership in order to reach a viable, real-world resolution. We believe strongly that the men and women in this room can provide such leadership, and we in industry are prepared to follow your lead. Together, we must find ways to make these international partnerships work. The price of failure is simply too high, in terms of higher costs, lost innovation, lower levels of interoperability, and ultimately weaker defenses at a time when we need to bring the very best of our respective technologies to the fore. We must not only remain open to change that is in the best interest of both our Nation and its Allies, we must seek that change. Today we have not just a great opportunity but, quite realistically, an absolute imperative to break through the mind set of recent years in order to achieve our national security goals. We will not be able to do so by nibbling around the edges, we must be bold, we must be focused and we must not stop short of real, basic reform.

Speech Presented to the 2001 Strength through Cooperation Conference

By

**Lincoln P. Bloomfield, Jr.
Assistant Secretary of State for Political Military Affairs**

[The following are excerpts of a speech given at the 2001 Defense Security Cooperation Agency Conference, September 26, 2001.]

It means a lot to me to be with my Defense colleagues, for obvious reasons. I consider it a high honor to appear before you, General Walters, and all the men and women of our armed services as well as civilian Department of Defense (DoD) professionals attending today. The events of September 11 will never be forgotten by anyone who calls the Pentagon home, and I salute your dedication and your service. The attacks at the Pentagon and World Trade Center also highlight the fact that there is no longer a front line as we used to conceive of it. Homeland security, the newest area of national security, recognizes that the world's problems have crossed the oceans and challenge us where we live. Clausewitz [*On War*] said that war is a continuation of politics by other means. With the lines of what constitutes war being redefined by the new war on terrorism, the need for close coordination between the Departments of State and the DoD has never been more important. In fact, many of my officers in the Political Military Bureau who should be here today are, like many DoD officers, on watch. I have officers serving in our own operations center, within the commander and chiefs, and military department senior staff. We are the ones who open the door to foreign governments that allow our forces to operate around the world. We are DoD's primary liaison and voice at State.

With that in mind, I have been invited to talk about the issues shaping the future of security assistance in the Bureau of Political Military Affairs. The timing of this discussion could not be better. In my first four months on the job, I have been spending a good deal of time contemplating Bureau of Political Military Affairs (PM) priorities, notably with regard to security assistance. Since I first applied for work at PM twenty years ago, without success I might add, it has been my view that the defining mission of PM is to help integrate military power and diplomacy in the service of U.S. foreign policy objectives. If there was any doubt what that meant two weeks ago, we are certainly living that vision now, every day.

Internationally, this means working to maintain the vitality and efficacy of our defense and security relations with allies and friendly countries. In troubled areas of the world, it means helping anticipate and plan for crises, and contributing to a coordinated response to crises.

At home, it means maintaining optimal coordination of policies and programs between the state department and the defense department in manners where both departments have a role. The military services and the Joint Staff, as well as the Office of the Secretary of Defense, must be assured that their concerns and issues will be understood, and appropriately addressed, within the Department of State (DoS), for the benefit of both Departments in the formulation and execution of foreign policy. Perhaps nowhere is this coordination function more essential and productive than in the area of security assistance and arms transfers. The Defense Security Cooperation Agency (DSCA) and PM manage key elements of U.S. security engagement with friends and allies worldwide.

Of course, this includes military assistance in the form of foreign military financing (FMF, international military education and training (IMET), and peacekeeping operations (PKO) funds, where we have a truly excellent working relationship with DSCA, at all levels. What may be less obvious is the rest of the PM function and how it works with the defense community and the international arena. As most of you know, in April of 1999, the Arms Control and Disarmament Agency was legislated out of existence and its operations folded into the State Department. As a result, the Bureau of Political Military Affairs, which until that time had stood as the only bureau responsible to the Under Secretary for Arms Control and International Security, gained three new siblings, the Arms Control Bureau, the Nonproliferation Bureau, and the Verification and Compliance Bureau.

While this process has strengthened the State Department in many ways by delineating these areas of expertise and authority, it clearly left much of the DoD world wondering which number to call in the State Department on many issues. As I made the rounds in DoD prior to starting this job, I was troubled to find that my defense colleagues no longer knew what the Bureau of Political Military Affairs does, or when they should call our bureau. That is perhaps the greatest challenge I inherited in leading the bureau, reestablishing an identity and a profile for the bureau. In this context, our interest in defense issues both at the Office of Secretary of Defense and uniformed services levels is reflected by the valuable presence of more than twenty military officers serving in the bureau. Their professionalism, and knowledge they bring to the job, is a key to PM's effectiveness. The Bureau of Political Military Affairs' most visible security assistance role is in overseeing the military assistance accounts, which provide funding to over 125 friends, allies, and regional and multinational organizations.

Military assistance accounts include IMET, FMF, and PKO. Our fiscal year 2002 funding request totals \$3.9 billion. These accounts enable us to promote U.S. national security, as well as global and regional stability, by strengthening democratically elected governments and containing international threats, hopefully reducing the likelihood of conflict.

Assistance programs help us to establish and maintain mutually beneficial military-to-military relations, to build coalitions when needed, to enhance interoperability between U.S. and friendly military forces, and to increase defense cooperation with other countries generally. These funds also help build the capability of many friendly military forces to participate in peacekeeping and humanitarian relief operations, thus reducing the pressure to send in U.S. forces

There are plenty of recent examples of ways in which assistance funds support timely security requirements:

- Support for the Macedonia Framework in all aspects, including military and civilian assistance;
- Support for Ukraine's continuing participation in KFOR;
- Support for DoD's efforts in establishing a deployment in Southeastern Europe;
- Defense Multinational Peacekeeping Brigade (SEEBRIG);
- Continued support of Operation Focus Relief and UNAMSIL's peacekeeping operations in Sierra Leone; and

Obviously, the same approach will help us shape programs and develop new security relationships in the campaign against terrorism.

Security assistance funding is not, however, PM's only contribution to the assistance field. Assistance comes in many forms, which are reflected in our bureau's wide-ranging portfolio. Let me elaborate a bit on other functions of the bureau and the impact they have. Through defense trade, PM promotes the security of U.S. allies and friends. We are responsible for controlling the export of all items on the U.S. munitions list, to include direct commercial sales of defense articles, services and technology. This amounts to 45,000 licenses per year, which in fiscal year 2000 was valued at \$25 billion of defense articles and \$30.3 billion in defense services.

Bureau of Political Military Affairs' job is to see that potentially dangerous items and know-how do not fall into irresponsible hands; and PM's regulatory oversight is a key factor in promoting the security of supply to U.S. allies and friends, disrupting the illegal arms acquisition networks of terrorist states, organizations and other unauthorized uses, and assisting U.S. law enforcement in the prosecution of those who conspire to violate U.S. laws and regulations in this area. The Bureau of Political Military Affairs can enhance allied defense modernization by improving our own procedures for licensing of legitimate sales, and for curtailing illegal activities in the U.S. and abroad that target U.S. arms and technology.

The Bureau of Political Military Affairs is responsible for the implementation of the Defense Trade Security Initiative (DTSI), launched in May 2000, which seeks to streamline defense trade control procedures in an effort to facilitate defense trade for the benefit of our allies' defense forces and U.S. industry. This is a new process, full of many unknowns for both the government and industry. Many of you here know that there has not yet been a lot of licensing activity under the DTSI. There are probably many reasons for this. The new programs require industry to anticipate the shape of significant multi-year programs, and this involves advance planning that may not be easy. The Bureau of Political Military Affairs is examining the DTSI experience to date, and wants to facilitate the licensing of major programs, long-term supply relationships and key alliance programs. PM needs to work together to ease the burdens on both sides as PM tries to make DTSI a very positive tool.

It is true that Congress, industry and our allies have expressed concerns with the U.S. licensing process in the past. Under this administration, we are making it our concern as well. The Bureau of Political Military Affairs has already begun a review of the licensing process. PM wants the Office of Defense Trade Controls to have the resources it needs to run a 21st century operation.

The Bureau of Political Military Affairs also has responsibility for authorizing all government-to-government arms transfers worldwide through the FMS program. Foreign military sales transfers total \$12.2 billion per year. It is clear that the close cooperation between PM and DSCA on FMS is essential, and we are excited about DoD's innovations to the FMS program. Further, the Department of State is working to be part of DSCA's electronic process to handle FMS cases not requiring congressional notification. Previously, DSCA sent faxes to the Department of State for determination of cases, and the process took 24-48 hours. Now a spreadsheet is delivered electronically from DSCA to the Department of State, which allows same-day turnaround time. In the last two years, the Bureau of Political Military Affairs has improved U.S. arms transfer processing times by 50 percent, PM wants to keep modernizing along with our friends at DoD.

The arms sales approval function necessitates close cooperation with DoD to determine the appropriateness of the potential transfer, the reliability of the recipient, and the availability of the defense items and services from non-U.S. sources. A transfer decision takes into account whether proposed transfers serve the national interest of the U.S. from a global, regional and individual country perspective.

The U.S. conventional arms transfers policy serves the goal of helping allies and friends deter or defend themselves against aggression, while promoting interoperability with U.S. forces for those times when combined operations are in order. The policy also aims to promote regional stability while inhibiting the proliferation of weapons of mass destruction and missile delivery systems. We take all of these criteria seriously.

The Bureau of Political-Military Affairs is also responsible for managing the Department of State efforts to curb the proliferation of small arms and light weapons. We led the U.S. effort at the *U.N. Conference on the Illicit Trade in Small Arms and Light Weapons*, which resulted in a consensus agreement on a Program of Action with 140 nations this past July, at 6:30 one fine Saturday morning, after marathon negotiations.

Our bureau manages a \$2 million annual program to destroy surplus weapons that may be poorly secured overseas (100,000 in Albania so far this year, 80,000 in Bulgaria). We are working on agreements to destroy small arms ammunitions in Bulgaria and weapons in Yugoslavia. This relatively new program is important to our conflict prevention efforts.

The Bureau of Political-Military Affairs Humanitarian Demining program seeks to promote stability and lay the basis for economic recovery in areas affected by war. With a \$40 million annual budget, PM oversees demining programs in over three dozen countries, up from just 13 in 1997. The DoS and DoD work together in the interagency effort to support the U.S. government mine action programs around the world. My hope is that through aggressive efforts of many entities worldwide, we can begin to bound the entire problem and address it systematically with other governments and non-government organizations in the not-too-distant future.

As of this week, PM is to be the lead State Department organization in working with the Department of Defense to shape a policy approach to the land mine issue that balances essential military requirements with very grave humanitarian concerns. PM also has the lead policy role in contingency planning and peacekeeping. We are responsible for developing and coordinating complex contingency plans for areas of potential crisis as directed by the National Security Council.

I think you are aware that PM also manage the Enhance International Peacekeeping Capabilities (EIPC) program, a \$5-12 million per year grant aid program designed to assist countries in building up their peacekeeping capabilities. DSCA's collaboration with PM in the administration of this program is invaluable. This is a small but cost-effective use of FMF funds through which PM can promote interoperability in peacekeeping operations and increase the pool of countries able to undertake these operations all over the world. The Bureau of Political-Military Affairs is managing the department's critical infrastructure protection outreach effort, working with other governments to deal with cyber terrorism and other threats to the world's increasingly interdependent information infrastructure, along with telecom, energy and other critical infrastructures.

Our office of International Security Operations (ISO) tracks and facilitates U.S. military operations to ensure that U.S. foreign policy objectives are met. It is a real advantage for me to have military and civilian experts available to advise the Secretary of State on issues such as operations in Iraq (no-fly zones), Department of State and Department of Defense force protection, U.S. and the United Kingdom basing issues, missile defense, space policy, and weapons of mass destruction consequence management. I could go on with more specialized functional areas, including international security operations, confidence and security building measures, base access, burden sharing negotiations, eleven this year, and no fewer than twenty security bilaterals worldwide. I think you can see that the Bureau of Political Military Affairs' mission contributes to overall U.S. foreign policy goals in all kinds of ways. Guided by the

leadership of President Bush and Secretary Powell, PM is poised to fulfill its new missions - building influence, reinforcing security architectures, addressing sources of instability and crisis worldwide. It is a big challenge, but when our national interests are on the line as they are today, we have no hesitation in taking on the task.

Business Process Integrated Process Team Reports Successful Results

By

**Glenn A. Lazarus,
Defense Security Cooperation Agency**

In May 1998, the Deputy Secretary of Defense directed that efforts be undertaken to reinvent the foreign military sales (FMS) process. Since then, the Defense Security Cooperation Agency (DSCA) has developed a number of initiatives designed to increase transparency in the FMS process, improve internal business practices, and better develop the security cooperation civilian workforce. To facilitate the process in December 2000, the Director of DSCA, Lieutenant General Tome H. Walters, Jr., established four integrated process teams (IPTs). One of those IPTs was charged specifically with improving business processes.

The business processes IPT, held its first meeting on January 29, 2001 and its last on June 21, 2001. With Glenn Lazarus of DSCA as its team leader, the IPT consists of twenty-two members and representatives of DSCA, Defense Logistics Agency (DLA), the military departments, the Foreign Procurement Group, and U.S. defense industry. The team had a dynamic series of eleven meetings over a five-month period. In addition, a team led by Jerry Fronabarger of Information Spectrum, Inc., a DSCA contractor, provided key support to some of the Business Processes IPT activities. The goal of achieving dramatic improvements in critical measures of performance was for the IPT both challenging and stimulating.

Ultimately, it was determined that the IPT should focus its efforts on seven specific issues.

- Improve customer satisfaction and feedback into the FMS process;
- The identification of business metrics and the subsequent development of standard performance measures applicable at all levels of the security cooperation community;
- Implementation of an electronic (paperless) procedure to speed the Letter of Offer and Acceptance (LOA) coordination process;
- Development of an electronic how to book for the customer for Letter of Request (LOR) preparation;
- The identification of security cooperation best practices and making them available on the DSCA web site;
- Identification of one step in the Letter of Request and Letter of Offer and Acceptance (LOA) process that would produce value-added if eliminated or stopped; and
- Consider the utility of a Process Action Work Out Team (PAWOT) to look at the LOR/LOA process.

With only five months to tackle these issues, the business process IPT decided at the end of April, with the director's approval, to concentrate on three of the seven issues as initiatives to be rolled out at September's Security Cooperation 2001 - DSCA's annual security cooperation conference. It was determined that three of the remaining four should be developed as longer term business process reengineering initiatives. The last, the PAWOT was set aside as a management tool to be used at an appropriate time in the future. [Editor's note: DSCA has created

a new Business Process Reengineering (BPR) office under the Policy, Plans and Programs Directorate. Headed by Lazarus, the BPR office will deal not only with the remaining business process initiatives, but also with new, innovative ideas as they come to the forefront. BPR will be the subject of a future *Journal* article.]

Customer Satisfaction Index

The Business Processes IPT determined that listening to our customers was critical in identifying and meeting their needs, expectations, and consequently was crucial to our future success. Further, the IPT believed strongly that it was imperative that we provide each customer the opportunity to inform the security cooperation community on how we were meeting our commitment to them. It was with this in mind that the director, DSCA, directed and partially funded the Army to develop a pilot program known as the customer satisfaction index (CSI) that would measure the quality, timeliness and value of the services rendered to our FMS customers. The CSI was subsequently developed on the basic premise that today's partners expect open on-going relationships with their security assistance providers.

Clifford Crivello of United States Army Security Assistance Command (USASAC) led the Army effort. He points out that the Army-generated, web-based CSI responds to our cooperation partners' stated needs. It is a formal tool, vice the many informal existing ones, that captures the customer's voice. This unique management tool:

- Tells us how well business practices are working;
- Determines if and where improvements are needed, and where resources might be focused;
- Determines if changes made actually lead to improvements; and
- Determines how responsive the security cooperation community is to problems, and the speed with which they are resolved.

The customer satisfaction index consists of three phases:

- Phase I, A Base-Line Survey;
- Phase II, Security Assistance Query; and
- Phase III, Satisfaction Determination.

Figure 1 employs close-ended questions that are used to establish a base line of our customers' perceptions of our products and services. Phase II allows for complaints and queries - to be responded to within 72 hours (excluding weekends and holidays). Phase III is used to determine more specific customer satisfaction. Figure 2 captures the actual web page used by the Army to describe Phase III. The CSI will be conducted annually, as well as being event driven, e.g., after various phases of the FMS process. Figure 3 shows what the Pre-Letter Of Request/Letter Of Acceptance questionnaire looks like.

The CSI will allow the tracking of trends by country, by region, and even globally. Customers will be able to see their own data and cumulative data. Security assistance personnel will be able to see comparative data as well.

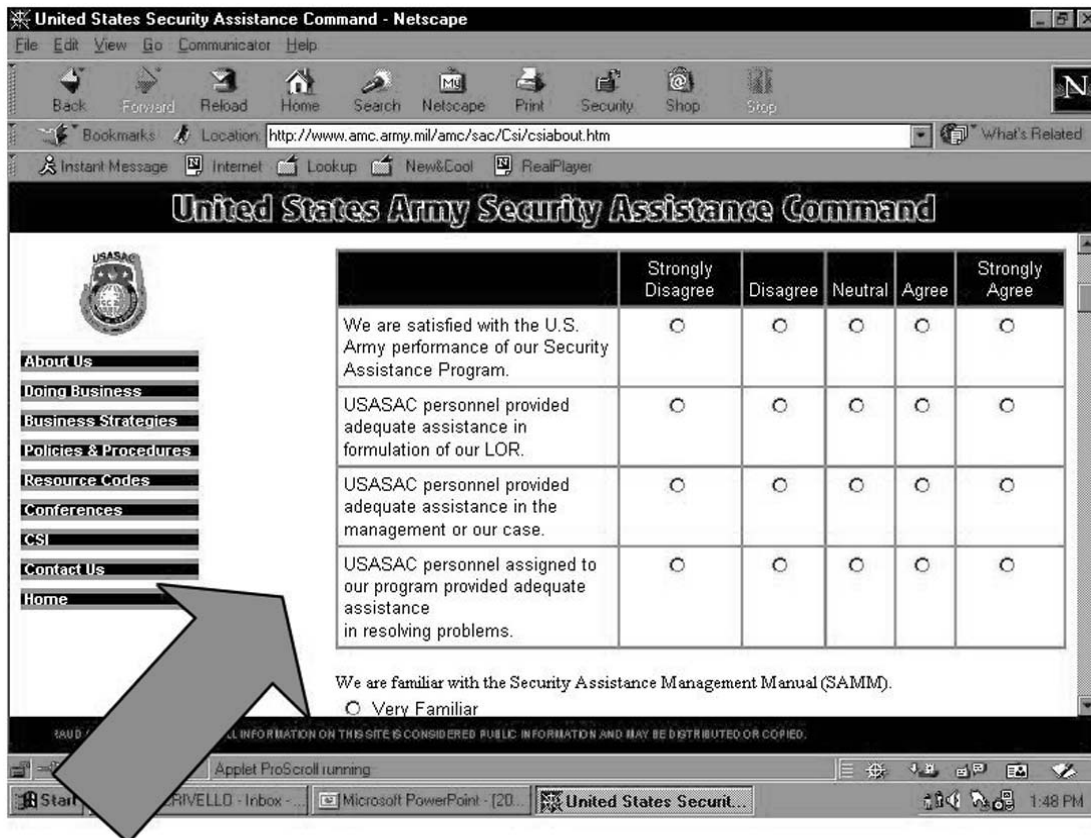


Figure 1

Phase I - Automated interactive survey, via the web

Figure 2

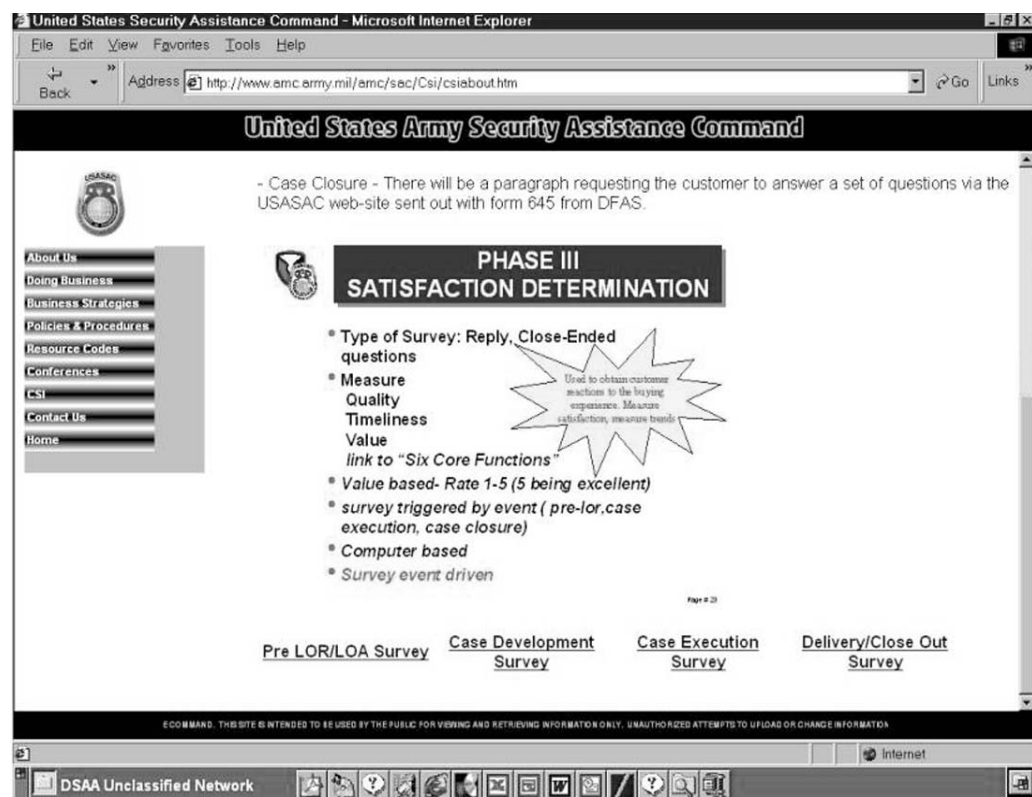


Figure 3

United States Army Security Assistance Command
SECTION 2 - Pre-LOR/LOA

Our P&A and/or other information requests are processed through:
☐ Our Embassy
☐ SAO
☐ Either
☐ Other
☐ Uncertain

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
We received timely responses to our requests for Price and Availability (P&A) data.	☐	☐	☐	☐	☐
We receive timely responses to our requests for information.	☐	☐	☐	☐	☐
We receive adequate guidance when additional information is required prior to processing of requests.	☐	☐	☐	☐	☐
If the information requested is delayed, we are advised of the reason(s) for the delay.	☐	☐	☐	☐	☐
We are satisfied with the U.S. Army Pre-LOR performance compared to other nations.	☐	☐	☐	☐	☐
We are satisfied with the U.S. Army Pre-LOR performance as compared to other U.S. Military Services.	☐	☐	☐	☐	☐

What is your overall rating of how the U.S. Army provides Price and Availability data and information to facilitate a LOR?
☐ Excellent
☐ Very Good
☐ Good
☐ Fair
☐ Poor

Comments:

DSAA Unclassified Network

It is important to note that the CSI is the first real attempt by the security cooperation community to provide the customer with a vehicle to render a regular and systematic “report card” on how we are doing. The results definitely will shape the way we do business in the future as we build upon strengths and resolve shortcomings.

Electronic LOA Coordination

In early 2001, the security cooperation community committed to a goal of processing eighty percent of all LOAs from LOR receipt to offer within 120 days. Of this 120 day time line, IPT #4 found that roughly eighteen days were spent by the military departments in sending paper copies of LOAs to DSCA; the DSCA staff reviewing them; the obtaining of State Department approval; physically countersigning them; and sending them back to the implementing agency. More accurately, only half of all LOAs were passing through this part of the process in less than eighteen days.

As most readers are now aware, on August 13, 2001, the Security Cooperation Community implemented the use of electronic LOA countersignature procedures. This major innovation not only eliminated the necessity to mail or courier documents between the military departments and DSCA, but also allowed for parallel processing and review, vice sequential, throughout DSCA.

With our new electronic countersignature capability and associated business process changes, [see the article in *The DISAM Journal*, 24:1, “Electronic Case Coordination and Tracking - Team Effort”, pp. 126, now most LOAs complete this part of the process in seven days as compared to eighteen days previously. Specifically, between August 13th and November 30th 2001, we processed 883 cases with an average processing time of seven days. We expect even greater success after users become more familiar with the process. As familiarity increases and older

cases move on out through the system, we are hopeful that we can process most cases using these procedures in 3-4 days. In addition to the obvious time saving benefits, we are also confident that these new procedures will add consistency to our reviews, and allow comment information to be recorded in the Defense Security Assistance Management System (DSAMS).

The great success of this change is the direct result of true cooperation. This fast-paced, five month effort owes its success to the hard work performed at the military departments and the dedication of the Defense Security Assistance Development Center.

Customer LOR Guide

When the Business Process IPT learned that it was taking an average of 45 days for customers to generate LORs with sufficient information that could allow for an accurate LOA to be produced, the IPT set for itself a goal of producing an electronic customer LOR guide. The purpose of this guide was to speed up processing time by instituting more consistent input from the customers, and fewer returns for incomplete information.

A real team effort by international customers, military departments, DSCA and contractor support resulted in a product that is not only web-based on the DSCA home page <http://www.dsca.osd.mil>, but also produced in a CD ROM version for those customers not always having ready internet connectivity. The fact that over 200 CDs were distributed at Security Cooperation 2001, attests to the community's interest in the product. Initial feedback on the LOR Guide has been very positive, both with our international partners and with our security assistance officers who use it as a refresher to their DISAM instruction.

If the customer takes advantage of the information and LOR checklists contained in the guide, he or she will provide the security cooperation community with more precisely defined requirements documents. Further, by using the addressee information contained in the guide, the likelihood of complete distribution of LORs to all U.S. government interested parties will increase.

In conclusion, the business processes IPT members found the IPT process to be very worthwhile. The dynamics brought to the table by having the foreign procurement group and U.S. industry participate was extremely worthwhile. "Transparency" permeated throughout everything the IPT did. The business process IPT, as a working group, is now relegated to the pages of security cooperation history, but the business processes it identified still require attention. When Security Cooperation 2002 rolls around next 16-17 October, we are confident that there will be more "good news" stories to report.

About the Author

Glenn A. Lazarus is presently in charge of Business Process Reengineering in the Policy Plans and Programs Directorate of DSCA. He previously served at DSCA as the team leader for the Business Processes' Integrated Process Team, and as Deputy Director in the Americas and Sub-Saharan Africa Division. Glenn is a career civil servant, and retired Army Lieutenant Colonel. He has a bachelors degree in English and an masters degree in international relations. Glenn has over twenty years experience in the Office of the Secretary of Defense

How an International Logistics Control Office Goes to War

By

Tom H. Caudill
Air Force Security Assistance Center

Introduction

The purpose of this study is to serve as a guide for the military departments' (MILDEPs) International Logistics Control Offices (ILCOs) to follow when coalition defense operations involving U.S. Forces and military forces of friendly and allied countries supported through the foreign military sales (FMS) program are initiated. Since Operations Desert Shield and Desert Storm in 1990 and 1991 significant changes in business operations and advances in technology, especially in communications with the advent of e-mail and satellite imaging, have occurred. While recognizing these changes, this case study focuses on the business processes and technologies available at the time of the Gulf War and the approach used by the Air Force ILCO as it went to war in 1990 and 1991. This study was accomplished as part of the researcher's completion of the Capstone Course for the Defense Leadership and Management Program. It was completed prior to the September 11, 2001 attacks on the World Trade Center and the Pentagon.

A Case Study

The FMS program is legally sanctioned in the *Arms Export Control Act* (AECA) of 1976, as amended. The FMS program is the means by which military articles and services are transferred from a component of the U.S. government to a foreign government or international organization in non-emergency circumstances. From a legal perspective, the FMS program is a peace-time program; however, beginning with Operations Desert Shield and Desert Storm in the summer of 1990 and continuing to the more recent operations in Yugoslavia in the winter and spring of 1999, FMS has become a critical component of coalition defense operations, war-time planning, and logistics support. The basic legal controls of FMS which restrict the FMS program from quickly responding to a crisis, however, have not changed. The Air Force Security Assistance Center (AFSAC) located at Wright-Patterson Air Force Base, Ohio is the Air Force ILCO. The Army ILCO is located at New Cumberland, Pennsylvania while the Navy ILCO is located at Philadelphia, Pennsylvania. An ILCO is responsible for the sale, logistical support and financial management of military articles and services sold to foreign governments and organizations through FMS.

Using the AFSAC as a case study, this paper will outline and discuss:

- The purpose of the FMS Program;
- The laws and policies governing the FMS Program;
- How the FMS Program contributes to coalition defense planning and operations;
- How an ILCO "gears-up" from a peace-time program to meet the operational tempo required for combat missions; and
- What lessons learned for U.S. military departments may be gleaned from the AFSAC experience that can be drawn on to ensure FMS contributes to coalition defense planning and operations.

Executive Summary

Since the end of the Vietnam War and the Cold War, the U.S. government has been reluctant to pursue worldwide military operations unilaterally. Especially since 1990, the U.S. foreign policy, when exercised through military operations, has usually been accomplished through coalition defense forces. The U.S. Department of Defense (DoD) military departments have engaged in combat operations using their own supply systems while depending on the FMS program to logistically support and reinforce coalition partners' military requirements to ensure their full participation in coalition defense operations. During such crisis, the DoD ILCOs have accomplished their responsibilities by the seat of their pants. The ILCOs have lived through the experience on a day-to-day basis, inventing the process as they went along. At the conclusion of coalition operations, the military departments have not written down FMS lessons learned in any single, concise how to do it document. There are, to be sure, selected reports and articles scattered throughout various journals (e.g., *Journal of Air Force Logistics*); however, these reports and articles are often at a high indeture level, appropriate for strategic planning, but do not provide lock-step guidance necessary for implementation at a local ILCO level. Moreover, these articles focus on U.S. forces' operations. They do not discuss how our FMS partners played in coalition operations.

By 2007, fully one-half of the DoD Workforce will have retired, be eligible to retire, or be eligible to leave government service through some form of incentive buy-out. Much of the intellectual property that has implemented coalition operations on the FMS-side of the ledger will be lost once these members of the DoD workforce leave. By codifying this knowledge-base in a single, concise document the MILDEPs can expect to continue the successful coalition defense operations through the FMS program they have enjoyed in years past.

Overview of the U.S. Security Assistance Program

Purpose and Structure of the Security Assistance Program

In the Fourth Century, Vegetius wrote "Qui desiderat pacem, praeparet bellum"-Let him who desires peace, prepare for war (Brandt, page 1). The purpose of the U.S. government's security assistance (SA) program is to advance the security of the U.S. by ensuring regional stability and economic development of democratic, free-economies around the world (*Congressional Presentation for Foreign Operations Fiscal Year (FY) 2000*, pp. xii-xiii). The security assistance program provides for:

- Military assistance;
- Economic support;
- Military education and training;
- Peacekeeping operations;
- Anti-terrorism assistance; and
- The sale of, credit transfer of, or loans for defense articles or services to friendly and allied governments and international organization, *Congressional Presentation for Foreign Operations Fiscal Year 2000*.

The security assistance program is administered by the U.S. Department of State and implemented through the DoD MILDEPs. There are six major components of the SA program. These are:

- FMS and FMS construction;

-
- Foreign military financing;
 - Direct commercial sales licensed under the AECA of 1976, as amended;
 - International military education and training;
 - Economic support fund; and
 - Peacekeeping operations.

There are also four other programs related to the SA Program:

- Lease of defense articles;
- Transfer of excess defense articles;
- Emergency drawdowns of defense stocks; and
- Third-country transfers (Brandt, pp. 57-62).

For the purposes of this study the focus will be on FMS and the role the Air Force FMS ILCO has played in supporting the operations of coalition defense partners.

Origin and Evolution of the SA Program

Security assistance (or, in a narrower sense, the transfer of arms and articles of warfare) has been part of international relations as long as societies have been preparing for and engaging in war. Whenever it was assumed to be in the best interest of one nation to give or sell arms or other military support to another, arms transfers of some type have taken place. The supply and demand for arms have been, and remain, a natural consequence of the desire to achieve national goals and maintain national security . . .

The practice of military assistance/arms transfers can be traced to the earliest recorded military histories. A classic example of problems associated with such transfers can be found in Thucydides' *History of the Peloponnesian War*, written some 2500 years ago. The transfer of arms was as controversial then as now, as illustrated by the declaration of Aristophanes, the classical playwright, when he held that the armaments industry was hindering peace in ancient Greece (Brandt, p. 24).

Perhaps the first instance of U.S. security assistance policy may be found in the *Monroe Doctrine* issued in 1823. This doctrine declared that the Americas (North, Central and South) were off limits to incursions from European powers. Further, "...the doctrine implied that the U.S. would vigorously oppose such actions by whatever means seemed appropriate to meet the real or implied threats to the safety of the U.S. or its neighbors in the Western Hemisphere" (Brandt, p. 25). The U.S. government financial support, defense article transfers and finally military involvement in World Wars I and II, along with the allied nations opposed to the Axis Powers and Germany, were clear-cut examples of coalition defense operations at the beginning and middle of the last century. Following World War II, the *Truman Doctrine* espoused the concept of collective security and the containment of Soviet expansion into Western Europe. As the Cold War between the U.S. and its North Atlantic Treaty Organization (NATO) Allies and the Soviet Union and its Warsaw Pact Forces intensified, subsequent doctrines from successive presidential administrations (e.g., Eisenhower, Kennedy/Johnson, Nixon, etc.) espoused foreign policy predicated on a concept of collective security with other nations having similar values (Brandt, pp. 26-43).

Evolution of Coalition Defense Planning and Operations Administered Through the SA Program

From Military Assistance to Foreign Military Sales

In 1949 the *Mutual Defense Assistance Act* (PL 81-329) created the Military Assistance Program which made mutual security pacts and the concept of security assistance integral and intertwined elements of the doctrine of containing Soviet expansion. Security assistance was largely in the context of granting military defense equipment and economic development funds and projects to countries at risk to communist expansion and subversion (Ripley and Lindsay, pp. 220-221). In reality, it was the singular threat of U.S. military force, garrisoned throughout the world and ringing the Soviet Union in Europe and Asia which gave credence to the concept of collective security, and value to the idea of transferring military equipment to other nations as a hedge against Soviet military aspirations.

In 1969 President Nixon declared that “while the United States would honor its commitments, American’s allies and friends would have to bear the primary burden of their own defense” (Ripley and Lindsay, p. 221). Central to the *Nixon Doctrine* was the sale of defense equipment as opposed to the transfer of defense equipment as grants-in-aid. It was envisioned that regional states using their own indigenous personnel, armed with U.S. purchased military equipment and trained in common strategies, tactics and communications would provide for the stability and collective security interests of the region (Ripley and Lindsay, p. 221). From this concept evolved the FMS Program.

From Foreign Military Sales to Coproduction Relationships

As FMS customers became more sophisticated in the management of their own defense needs, they wanted to be more involved in their own defense planning and development. Moreover, they wanted to bolster their own security by ensuring their own domestic industrial base. The relationship between the U.S. government and FMS countries was changing from that of a supplier to client states to that of a partnership with the defense industry worldwide (Pierre, p. 11). One approach to helping FMS customers establish their own warm industrial defense base while at the same time ensuring common configuration for defense articles is the coproduction program. Major objectives of the coproduction program are to:

- Enable countries to improve military readiness through expansion of their technical and military support capability; and
- Promote U.S.-allied standardization of military materiel and equipment” (DoD Directive 2000.9, p. 3).

Coproduction meant common equipment and supply stocks would be available in-theater and in selected countries from manufacturing sources other than U.S. industry. These common stocks would thus be available for coalition defense forces (U.S. and FMS countries) to use in the event hostilities should breakout in a given region. The concept of collective security was no longer singularly dependent upon U.S. industry’s ability to surge to meet an emergency somewhere in the world; moreover, the logistics footprint and pipeline could be reduced by not having to depend so exclusively on the transport of military equipment from the U.S. to the area of conflict (DoD Directive 2000.9, p. 3). Coalition defense partnership was starting to evolve to a reality.

From Coproduction to Coaliton Partnerships

Under the umbrella of the United Nations, as shown in both the Persian Gulf and the Balkans, unilateral military action by a single state can be replaced by military action sanctioned by the community of nations.

. . . the United Nations remains a central institution for dealing with violence and instability... The U.N. is the only major intergovernmental organization with a broad political mandate in its charter and something close to universal membership . . . (Snow, p. 287)

Moreover, the *War Powers Act* passed by the U.S. Congress in the closing stages of the Vietnam War was intended to curtail unilateral military actions by an American President and gave Congress the potential to play a more active role in the use of force abroad (Rosati, pp. 330-331). In no small measure, the need to seek coalition partners is an outgrowth of the American experience in Vietnam and what Rosati terms group politics. Group politics is a term denoting the rise and involvement of special interest groups in both national and international politics, such as business and social interest groups, ethnic/nationalistic groups, and religious groups. Each of these groups has had a singular and collective influence on what actions the U.S. government will or will not take in terms of unilateral coalition defense operations (Rosati, pp. 445-480).

Coalition Defense Operations in Kuwait, Bosnia Herzegovina, Kosovo and Yugoslavia

Application of Military Force in Foreign Policy

In certain circles of thought and in times past, the role of the military in foreign policy was thought to be limited to two tasks:

- Guard the security of the U.S.; and
- Fight and win a war at the command of the civilian authorities (Lerche, p. 117).

In reality, military force capability, and as importantly, the threat to employ such capability, has always been an essential component of U.S. foreign policy, beginning with the issuance of the *Monroe Doctrine* (Brandt, pp. 22-45). It was the application of military force that accomplished U.S. foreign policy goals in the Gulf and the Balkans during the 1990s. Since the inception of the SA program, military operations have not been limited to merely war-fighting. Instead, military operations have embraced other venues such as, anti-terrorism, technical and managerial education and training, peace-keeping and anti-narcotics interdiction. In today's international arena the use, or threat of such use of the military in various venues of foreign policy is key to the successful application of U.S. goals and objectives (Kissinger, p. 61).

The Political Climates

The political climate among the various Gulf states was a major restraint on the degree to which military objectives could be developed and executed. Since the end of the Gulf War much revisionist assessments of the success of this particular coalition operation have been written. It is essential that the objectives of any coalition operation be melded with the political realities of its members. The removal of Saddam's occupying force in Kuwait was the singular objective of Operations Desert Shield/Desert Storm. It was this objective that the coalition was formed to achieve. The removal of Saddam from power in Iraq was never an objective of the coalition. The suggestion that a principal objective of Operation Desert Storm, the removal of Saddam from

power, failed has no basis in fact. The Gulf nations within the coalition would not have accepted a military force dominated by the western powers removing an Arab leader from a position of authority within his own country (Sterner, pp. 212-219). The coalition could quite possibly have collapsed on this point alone. In fact, most of the region's leaders were advocating an "Arab solution" to the Gulf crisis without western power intervention (Bennett, Leggold and Unger, 39-75). Coalition planning and execution must always consider and accommodate the political forces at play in the partners' domestic and international politics.

As expressed by Richard Holbrooke in 1998, the major lesson of coalition operations in Bosnia was the inability of the European nations to charter and stay a military course without U.S. commitment to and participation in that mission. Perhaps the European partners had become too dependent on the U.S. to lead military operations during the Cold War. In Bosnia, the U.S. had left the leading up to the European states and found their resolve to accomplish the task to be wanting. Only by committing U.S. troops to assist with the withdrawal of United Nations peacekeeping units already stationed there, and subsume their role as peacekeepers was the U.S. able to ensure that the NATO countries would maintain their commitment to the Bosnian mission and eventually help secure the peace agreements codified in the *Dayton Peace Accords* (Holbrooke, pp. 72-76).

Kagan noted that in today's multipolarity environment created by the demise of the Soviet Union and the end of the Cold War, there is a huge chasm between calls for full partnership espoused by other nations, and an actual desire to participate on the world stage as a full partner.

What France, Russia and some others really seek today is not genuine multipolarity but a false multipolarity, an honorary multipolarity. They want the pretense of equal partnership in a multipolar world without the price or responsibility that equal partnership requires. They want equal say on the major decisions in global crises without having to possess or wield anything like equal power. They want to increase their own prestige at the expense of American power but without the strain of having to fill the gap left by a diminution of the American role (Kagan, p. 12).

Coalition Defense Operations at Work

Despite the political climates at play among various coalition members, the application of a common language (English) along with common communication systems and links, use of common strategies and tactics, knowledge and use of common weapons and common spares support, along with the development of personal relationships with key decision-makers among coalition partners as a result of the SA Program, coalition defense operations have enjoyed considerable success during the past decade.

Well, a funny thing happened on the way to an overhaul of the security assistance program. Desert Storm showed that maybe the way we had been doing business wasn't all that bad.

In our opinion, and this is what we are saying to those who accuse us of business as usual, Desert Storm vindicated the policy we have been following on security assistance for the past quarter century and longer . . .

Without the close political and military relationship we enjoy with Israel, how would we have convinced the Israeli government not to intervene in response to Saddam's provocations-both verbal and actual? Our security assistance program is a key building block of the U.S. and Israeli relationship.

What would we have done had Turkey not closed its oil pipeline with Iraq immediately after the invasion of Kuwait?

Without that strong signal from a key player in the region, the entire sanctions regime might have broken down. Turkey also permitted us extraordinary access to its military facilities to help stabilize the northern front and to operate in the air over northern Iraq . . .

Would an Egypt still attuned to Soviet tactics and operating Soviet equipment been as eager and as able to play a major role in the coalition? How would we have moved the massive amounts of personnel and equipment to the gulf without access to Egyptian bases?

Greece, traditionally sensitive to non-NATO use of its military facilities, was extremely responsive to our requests for overflight, landing, and use of facilities to support the deployment. Greece, of course, also participated in the naval sanctions enforcement effort with, by the way, ships loaned through our assistance programs (Martel, pp. 7-9).

The Air Force ILCO “Goes to War”

A Peace-Time Program

As noted previously above, the FMS program is essentially a peace-time program and is accomplished in “non-emergency” circumstances *Arms Export Control Act* (AECA), Sections 1 and 3). The FMS program is legally sanctioned in the AECA of 1976, as amended and based on a contractual agreement termed a Letter of Offer and Acceptance (LOA). An LOA is an agreement between the U.S. government and a foreign government to sell U.S. manufactured military articles and services. The MILDEP responsible for a particular type of equipment (e.g., the Air Force, responsible agent for swept-wing aircraft, the Navy, responsible agent for ships, the Army, responsible agent for tanks) is authorized to either provide articles and services if available from DoD stocks, or to enter into a contract with U.S. industry on behalf of a foreign military service to procure the equipment requested in the LOA. It is very much a business arrangement between a buyer and a seller to contract for the purchase of specific articles and services (Brandt, p. 57). The AECA, procurement laws and regulations, and political oversight often make the purchase and delivery of requested materiel a cumbersome and long, drawn-out process (Brandt, pp. 283-291). The export controls established by law limiting the transfer of certain technologies likewise delay and restrict delivery of materiel requested by FMS purchasers in the LOA (Brandt, p. 91).

The “Balloon Goes Up”

On 2 August 1990, Iraqi President Saddam Hussein jolted the world by launching a crushing invasion of tiny neighboring Kuwait . . . But within days the U.S. response became urgent and purposeful. President George Bush has seized on the far-away conflict as a flagrant challenge to ‘the new world order’ - the greater harmony between nations that many hoped would follow the end of the Cold War (Rosegrant and Watkins, p. 1).

Operation Desert Shield began in earnest on August 8, 1990 when President Bush announced the deployment of U.S. forces to protect Saudi Arabia. Working in concert with indigenous governments in the Gulf region, the Soviet Union and the United Nations, the U.S. was able to build a coalition defense force intended to preclude further Iraqi expansion and to force Iraqi

military forces from Kuwait (Rosegrant and Watkins, pp. 13-19). At the end of Operations Desert Shield (the deterrent phase of the crisis over Kuwait) and Desert Storm (the active combat phase) 36 different countries had participated in the coalition defense operation (Rosegrant and Watkins, p. 54). From this genesis evolved the modern concept of coalition defense operations to meet military threats within specific regions, from the Persian Gulf to Kosovo, and from Bosnia to Yugoslavia to Somalia.

First Steps

From the very beginning of Operation Desert Shield and Desert Storm political sensitivities were of paramount concern for operational planners. "Prevailing regional politics led the Gulf states to seek an 'Arab-only' solution to the July crisis . . . To this was added the fear of military escalation should the Gulf states turn to outside powers . . ." (RAND, p. 19). Additional concerns of antagonizing Saddam and giving credence to his assertions that the Gulf states were in collusion with the Western Powers limited what could be accomplished on a cooperative basis. "Consequently, the political concerns of the regional leadership again were key factors in determining the range of available U.S. options and the extent to which U.S. forces could 'lean forward', even if greater U.S. expectations of an invasion existed" (RAND, pp. 19-20). So tenuous were these initial steps that even specific beddown lists for coalition defense aircraft had to be negotiated on a case-by-case basis throughout the Arabian Peninsula (RAND, p. 21).

Host-nation political impediments also had made it difficult to preposition munitions in-theater. Despite the conduct of joint exercises and other types of cooperation with many of the Gulf states, most had not allowed U.S. forces to accomplish site surveys. As a result, U.S. planners had little advanced information on what was available at deployment locations in the region. Despite such constraints, however, as the RAND study indicated, the security assistance program in the Gulf was viewed as a major success.

The long-term U.S. security assistance programs leading to the development of the extensive basing infrastructure into which U.S. forces deployed must be viewed as a major success. In Saudi Arabia, many facilities are modern and are built with substantial overcapacity, which was readily exploited by arriving U.S. air forces . . .

A critical but intangible benefit for Operation Desert Shield was the network of contacts and personal relations established by in-country security assistance officers (SAOs) over the years. When the crisis occurred, these officers were well-placed to assist in expediting the U.S. deployments, a particularly important service given the lack of peacetime agreements with the host countries on crisis procedures (RAND, pp. 22-23).

The assistance of Soviet Foreign Minister Eduard Shevardnadze brought about by the "thawing" in relations between the United States and the Soviet Union, as well as the warm personal relationship that had evolved between the foreign minister and the U.S. Secretary of State during the previous two years, did much to lay the foundation for coalition defense operations in the Gulf. The United Nations did not descend into factional posturing between East and West that had so characterized the deliberations and inaction of that body in previous years. So critical to the successful implementation of Desert Shield strategy was Soviet support that Secretary of State James Baker referred to this moment in his memoirs as "the day the Cold War ended" (Baker, pp. 1-16).

As the crisis continued and negotiations for a coalition response escalated, the Saudi Arabian Ambassador, Prince Bandar Ibn Sultan was invited to the White House to view classified intelligence photographs showing Iraqi troops massing at the Kingdom's border. This visit was

followed up with a trip to the Kingdom by Secretary of Defense Richard Cheney. Secretary Cheney assumed King Fahd would be reluctant to accept U.S. forces on Saudi soil without some guarantee that troops would leave as soon as they were no longer needed. Much to his surprise King Fahd's main concern was that the U.S. would not respond with sufficient strength necessary to thwart Saddam's military might. Once Secretary Cheney showed the King the same intelligence photographs previously shown the Saudi Arabian Ambassador and gave proof of President Bush's resolve to send 200,000 troops to the Kingdom, King Fahd accepted the offer of U.S. support. Forty hours later, U.S. F-15 aircraft were on the ground in Saudi Arabia (Rosegrant and Watkins, pp. 10-11). This initial agreement, soon to become a full coalition defense operation and later known to the world as Desert Shield and Desert Storm, was thus born. It is important to realize that military operations executed under Desert Storm could not have taken place had not the political groundwork been laid through diplomatic, personal and professional relationships years before.

Eliminating and Working Around Obstacles

The concept of mutual support among coalition partners had to be modified from a peace-time program to that of a crisis operation during Desert Shield and Desert Storm. Peace-time policy requires that a purchaser of U.S. manufactured materiel obtain prior U.S. government permission before exporting such materiel from the U.S., or from transferring U.S. manufactured military equipment purchased under the FMS program from one coalition partner to another. This makes sense in peace-time, as it allows the U.S. government to track and maintain visibility over defense equipment purchased under the FMS program. In the middle of a war, however, this is the kind of bureaucratic obstacle which cannot be tolerated since hundreds of thousands of pieces of equipment must be transferred to many different countries in an extremely short period of time. (Rutledge, p. 61).

At the urging of the U.S. central command authorities, both the DoS and DoD developed what amounted to "diplomatic notes" to all coalition members. These agreements required each coalition partner to guarantee that it would maintain records of what has been transferred to them and then to others if required. Further, coalition partners guaranteed that they would not transfer selected articles (e.g., Stinger Missiles) to others (Rutledge, p. 61).

Since the FMS program is a business arrangement between the U.S. government and a friendly or allied government, the purchase of military equipment must be accounted for through the DoD delivery reporting data systems. Equipment sent to a purchaser must be billed and paid for. This condition requires numerous edits in the data systems used to manage the FMS program to ensure:

- A country is authorized to receive a particular type of equipment;
- Obligation Authority (OA) to pay the FMS-incurred billing is available prior to releasing a defense article to a customer; and,
- Specific types of defense requirements are processed against pre-designated LOAs (*Security Assistance Handbook*, pp. 3.1-1 through 3.2-10).

The numerous systems' edits slow down the requisitioning and supply processes, and thus inhibit the effort to move equipment in-theater in an expedited manner, although the tracking of "what equipment was sent where" is not affected. At the Air Force Security Assistance Center (AFSAC), the first order of business was to remove selected edits in the data system supporting FMS requirements. Defense equipment and spares were allowed to flow through the logistics data systems and pipeline in an expeditious manner. As a result, most all non-service oriented

LOAs became available for ordering various types of defense equipment without distinction as to the type of LOA normally required for specific defense equipment (Morton, p. 1). This allowed all available obligation authorities on coalition partners' FMS LOAs to immediately become available for "flooding the logistics pipeline" to the area of conflict.

Establishment of a 24-Hour Command Post

At the After Action Review Conference at McDill Air Force Base, Florida in June, 1991, participants praised the establishment of a 24-hour command post and the resulting open and constant communications created and managed by the AFSAC almost from the first day of the Gulf crisis. The communication flow was between the supply and repair sources in the U.S. and the depots and operational bases in Saudi Arabia (Oehme Memo, July 17, 1991). Using telephone, message traffic, memorandums and supply status list sent through faxes (e-mail was not available in 1990 and 1991) inbound and outbound communications were available on a 24-hour basis. At any time during the day or night operational units from the area of conflict were able to talk with the Air Force ILCO to secure immediate status reports regarding critical items and overall resupply actions. Knowing this information allowed the operational units engaged in combat to seek alternative support strategies (such as lateral logistics support from other coalition partners stationed in-theater) when required, rather than being in the dark as to where resupply and equipment replacement articles were in the pipeline and when they might expect this materiel to arrive in-theater. This constant communication between the sources of materiel, resupply and repair in the U.S. with coalition partners in the Gulf served as an important informational source for planners in Kingdom (Oehme Memo, July 17 1991).

Establishing a Priority Project Code and Upgrading Force Activity Designators

During the transfer of excess F-4 aircraft and logistics support to the southern flank of NATO under the Southern Region Amendment in 1988, the AFSAC created a unique specialized project code entitled Pacer Gander. Materiel transferred with the Pacer Gander Project Code assigned was shipped with no restrictions and controlling edit checks from DoD supply sources to authorized FMS recipients. During Desert Shield and Desert Storm, Project Pacer Gander was reactivated. By shipping materiel destined to the Gulf under the Pacer Gander Project, military articles were moved from supply sources at an accelerated rate. In concert with the theater commanders in chief's request, the Air Force lobbied for upgrades to the coalition partners force activity designators (FADs). An upgraded FAD provided selected coalition partners the same priority level for supply support as U.S. Air Force units engaged in combat operations in the region. This action gave both U.S. Forces and coalition partners in the Gulf priority over other U.S. units and FMS customers in other regions of the world. Priority support, transferred under the banner of Pacer Gander was key to the ability of the Air Force ILCO to flood the logistics pipeline to the area of conflict (Air Force Instruction 23-110, Volume IX, Chapter 14, p. 14-107).

Procurement Strategy

Many of the weapon systems or their specific configurations used by FMS countries are not standard to the U.S. Air Force and DoD. Consequently, the normal procurement process used by DoD does not adequately support the purchasing requirements of many FMS requisitions. The AFSAC created a specialized purchasing program in late 1989-1990 termed the nonstandard item parts and repair system (NIPARS) (NIPARS Statement of Work, Section C, April 2, 1990). The NIPARS program has evolved through three iterations since 1988 and is now termed the Parts Repair Ordering System (PROS). NIPARS/PROS is an indefinite quantity and indefinite delivery (ID/IQ) contract with a prime vendor. The prime vendor is paid and incentivized to secure supply and repair sources worldwide in an expedited manner for nonstandard items and hard to find,

long-lead, high demand, short supply standard items. The current Defense Logistics Agency virtual prime vendor initiative evolved from the NIPARS/PROS concept (SAIC PROS Brochure)

The U.S. government competitively contracts with a prime vendor for an ID/IQ contract. The prime contractor is responsible for securing secondary vendor sources from wherever possible. The U.S. government's cumbersome procurement process with its many checks and balances, thus, no longer delays critical item purchases since the prime is the contracting authority rather than the U.S. government (SAIC PROS Brochure). Moreover, the AFSAC relaxed some of the detailed requirements for price and availability (P&A) from standard DoD supply sources in order to expedite the procurement process, opting instead to use data from previous P&A submissions for similar type equipment. Purchase requests were, in turn, walked through the procurement process rather than passing such requests through the mail and distribution system. "A close rapport was established with the Wright-Patterson Contracting Center to cut through red tape" (Oehme, Memo March 18 1991).

Changes to LOA Development and Coordination Requirements

Normally, FMS equipment end items are purchased on a defined order LOA. A defined order LOA specifies the exact number of items and exactly what type of equipment end item (e.g., F-15 aircraft) are to be purchased. This approach results in legislative reporting requirements which allow for clear visibility, extensive coordination and national debate prior to the shipment of requested end items to FMS customers (AECA, Section 63). During the contingencies of Desert Shield and Desert Storm and Yugoslavia, blanket order LOAs were used extensively, where possible. Blanket order LOAs are much like basic ordering agreements. The FMS countries identify the type of equipment required (e.g., "support equipment"), along with OA necessary to purchase the equipment rather than defining the specific equipment (e.g., "automatic test set for repair diagnostics for F-16 avionics") required. A dollar value is established by the purchaser without identified quantities (Air Force Instruction 16-101, Paragraph 4.16.2).

Normally, FMS countries sign the LOA in-country after all coordination on the U.S. government side has been accomplished. Typically this adds up to sixty days to the overall coordination process prior to materiel being order against that LOA, *Security Assistance Management Manual*, p. 701-704. During contingencies in Desert Shield and Desert Storm coalition partners in the Gulf were asked to give their embassies in Washington, D.C. authority to sign LOAs, thereby reducing the processing time by up to 60 days since, among other factors, international mailing times were eliminated. Finally, AFSAC secured approval to implement the LOA into the logistics data systems at time of signature, rather than having to wait until actual OA was loaded into the data system (Morton, p. 2).

Managing Resupply Requirements and Critical Item Support

Once the Joint Chiefs of Staff had upgraded FMS countries FADs equal to those of U.S. Air Force units in-theater with similar missions, requisitions from those countries were upgraded automatically within the DoD data systems. As a consequence, requirements from coalition partners in the Gulf passed through the logistics data system controls with little hindrance and delay. Using Pacer Gander project code and another project code issued by the Pentagon, "9BU", coalition partners in the Gulf were placed at the top of the priority list ahead of all other FMS countries (Morton, p. 2).

Supply sources at U.S. government depots were ordered to process coalition partners' requirements on a fill or kill basis. If the requirement was not on the shelf ready to be shipped out immediately, the requisition was to be terminated from the DoD supply list and procured through other means such as the NIPARS program. Additional supply and repair sources were

contacted and assessed for capability should “. . . a slow-down be encountered with primary repair activities. With appropriate waivers, use of all know repair suppliers should ensure a rapid turn-around of reparable assets” (Morton, p. 2).

Lessons Learned

The experience of the AFSAC in both Desert Shield and Desert Storm and Yugoslavia suggests that above all else DoD planners must remember that coalition defense operations are as much political as they are military. The internal and external politics of coalition members-their individual objectives and constraints-are major determinates in the degree of success one may legitimately expect from military actions. The military objective of the group must meld with the political objectives of the individual coalition members. Failure to remember this fact may lead the coalition into chaos.

The Air Force ILCO's experience in the Gulf also suggests that DoD needs to develop a parallel business process for crisis management to build on the existing peace-time FMS process. A crisis management process based on the lessons learned in this and any other studies/experiences, written down and ready to be superimposed on the existing FMS process when the balloon goes up, would eliminate the uncertainty of actions required to bring the FMS customers into full coalition defense operations. Further, a written contingency plan and procedure would eliminate the delays experienced in Desert Shield and Desert Storm in which the normal FMS business process had to be modified in order to support wartime operational tempo, including flooding the logistics pipeline to the area of conflict, and transferring U.S. manufactured equipment to those coalition partners with the greatest need without the bureaucratic obstacles and controls required by the day-to-day peace-time FMS process.

The DoD ILCOs must be prepared to surge to the required levels of war-time operational tempo if full participation of FMS countries in coalition defense operations is to be achieved. Such participation must be in concert with the National Security Policy of the United States, as developed and managed by the National Command Authority, and implemented by the CINCs. A documented crisis management process for ensuring full participation of FMS countries should initially focus on capturing the lock-step procedures found in this paper since these are the procedures the AFSAC followed to provide support to FMS partners in Desert Shield and Desert Storm and Yugoslavia. The history of AFSAC support during time of war as captured in these case studies indicates that an ILCO can successfully surge to meet the operational tempo required for full participation of FMS countries in coalition defense operations. In addition to eliminating day-to-day policy obstacles which preclude the DoD logistics support system from surging to war-time requirement levels, lock-step procedures include:

- Establishing a 24-hour command post to ensure constant communications with supply points in-theater;
- Creating a priority project code for the purchase and transportation of logistics support requirements for FMS customers destined for the area of conflict;
- Reinventing the U.S. government procurement process to reduce the administrative time required for contracting;
- Changing the LOA development and coordination processes for the duration of the crisis in order to reduce the administrative times required before contracting, requisitioning, and transportation actions can occur; and

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- Using the interactive query capabilities available from the FMS management information systems to actively manage and forecast resupply and critical item support.

The basic principles and processes of the SA program also need to be included in any lessons learned documentation. Infrastructure development, international military education and training, the role of security assistance officers in building personal as well as professional international relationships, and the interoperability edge enjoyed by the military forces of coalition defense partners as administered by the DoD's ILCOs have contributed significantly to the successes of the past.

It was no surprise that in Kosovo, and to a similar but less exclusive extent in the Gulf War, American aircraft and munitions played a dominant role. Efforts to achieve interoperability in order to fight effectively in a coalition are not new. The need was recognized at least as early as WWII. However, the events of this decade have taught us that effective coalition warfare is not a luxury, but a necessity, as our National Security strategy now indicates. By laying the foundation that allows allies to operate effectively together, security assistance serves as an indispensable U.S. military force multiplier (Rake and Marolt, p. 3).

Critical to this mind set [i.e., an expeditionary mind set] is not only training and equipment but an understanding that we will deploy and operate with other allied forces-most likely out of their bases-which will require the airmen of the 21st century to be not only technically competent but also internationally oriented.

Some examples of recent operations that involved multinational forces include: humanitarian relief after Hurricane Mitch in Central America; Operation Northern Watch in Turkey with coalition partners United Kingdom and Turkey; Operation Southern Watch including units from United Kingdom, France and Saudi Arabia; and of course, the Balkans, Operation Allied Force (Ramos, p. 7).

The lessons learned from operations Desert Shield and Desert Storm were revalidated when the author returned to the FMS arena in the spring of 1999, following a three year assignment in Headquarters Air Force Materiel Command. Operation Allied Force was in the beginning stages of the intensive air war against Yugoslavia. Much to his chagrin, he soon realized the experience gained from the Gulf War had been lost to the AFSAC organization due to the loss of intellectual capital among managers and technicians as a result of downsizing and retirements. By drawing on the experience of the AFSAC during Desert Shield and Desert Storm and reissuing lessons learned documented at that time, the FMS countries were better able to meet their responsibilities in a coalition defense operation (Caudill, p. 1).

Summary

The purpose of this study is not only to meet the requirements for DLAMP but to also serve as a case study and a how to guide for DoD ILCOs to use in supporting coalition defense partners through the FMS program. The FMS program, sanctioned in the AECA of 1976, as amended, is essentially a peace-time program; however, over the past decade it has become a critical component for logistics planning and support of foreign military forces engaged in coalition defense operations with U.S. Forces.

Through in-country and in-theatre common military equipment stocks purchased and delivered through the FMS program, both U.S. and coalition defense partners have a logistics supply source available to ensure U.S. manufactured military equipment is available to accomplish the mission set by the participating governments. Planning and implementing the

supply posture necessary to meet the operational tempo during coalition defense operations requires major changes to the way the FMS program is conducted in a peace-time environment. Key to these changes are:

- Setting aside normal day-to-day constraints on the process;
- Establishing a 24-hour command post;
- Creating a priority project code;
- Reinventing the normal procurement process;
- Managing closely resupply and critical item support; and
- Ensuring constant communications with in-country, in-theatre supply points.

The AFSAC experience in supporting coalition defense operations serves as a lessons learned for ensuring the FMS program is used to its greatest potential, i.e., planning, infrastructure development in peace-time, weapons system acquisition and logistics support during military operations. Drawing on that experience as documented in this case study and further refined in the future as needed, the MILDEPs can, with a high degree of confidence, reasonably expect similar levels of success in coalition defense operations previously realized.

About the Author

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The Army Foreign Area Officer in Security Assistance

By

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Introduction

Military security assistance officers (SAOs) make up the majority of U.S. security assistance personnel stationed in embassies around the world. Almost every nation with which the U.S. has a security assistance relationship has a significant land force capability. Army foreign area officers (FAOs) occupy one third of available security assistance billets. In U.S. Southern Command, for example, FAOs comprise 100 percent of military group commanders and Army Section chiefs. This article seeks to help security assistance personnel better understand the Army FAO system.

The Army is the only service that has FAOs as a branch, rather than a secondary specialty. Not a basic branch, FAO is an assignments branch that lists field grade officers designated career management field 48, foreign area officer, and places those officer personnel against Joint and Army requisitions into attaché, political-military officer and SAO positions to best utilize their skills after successful service as a company grade officer (second lieutenant to captain) in a basic branch. Promotion to the rank of major from the basic branch is a prerequisite to FAO service.

Army foreign area officers are divided into nine regional areas of expertise based on regional studies and language skills. They are drawn from all branches of the Army. They have diverse backgrounds and capabilities that may be successfully matched to security assistance assignments.

All Army FAOs have service in a basic branch such as infantry, armor, quartermaster, ordnance or military intelligence. The foreign area officer candidates assess into the program through the functional area designation process between service years five and six. Officers who meet the qualifications are given an area of concentration in their seventh year of service. All officers career field designate at approximately the tenth year after their primary zone boards for the rank of major. Foreign area officer training is programmed by year group and typically begins between years eight and ten. Career field designation affects the future career progression of the officer after year ten.

The regional areas are listed as career management fields 48 B through J. Field 48B is Latin America, 48C is Western Europe, 48D is South Asian/Pacific, 48E is Eurasia, 48F is East Asian China, 48G is Middle East/North African, 48H is North Asia, Japan/Korea, 48I is Southeast Asia, and 48J is Africa.

Each FAO has language skills designated for their region, along with a master's degree in international affairs, regional studies, or a related discipline. As part of their qualification, most FAOs spend a year or more conducting in country training where they experience an immersion opportunity and regional orientation travel. Some language skills may be country-specific, such as Tagalog, or may have regional applications such as Russian, Chinese, French or Arabic.

Security assistance positions, attachés or political-military officers are three key FAO positions for officers desiring promotion to the rank of colonel. Two other positions are service school instructor and political-military staff officer. Many security assistance positions are coded

for majors, allowing relatively junior FAOs to form a significant portion of the population. These junior FAOs must perform well in security assistance jobs if they desire promotion.

Army FAOs compete against other FAOs and Army acquisition corps officers, functional area 51, in the Operational Support career field for promotion. The different Army officer career fields are Operations, Operational Support, Institutional Support, and Information Operations.

Competition for, and in, security assistance jobs is keen. This promotion system, along with a management program that removes FAOs from the branch if they do not perform FAO duties ensures the security assistance community receives the best qualified officers. Foreign area officers in over-strength specialties are retrained and transferred at the needs of the Army and at the request of the individual FAO so long as the transfer from one region to another is from one that is over-strength to one that is under-strength.

How FAO Branch Matches FAOs to Security Assistance Jobs

The quality cut for FAOs to be nominated to a security assistance position is identical to the nomination procedure for attachés or the Joint Staff. All FAO security assistance positions, with the exception of those on Army Staff, some component command positions and at the Defense Institute of Security Assistance Management (DISAM) are joint positions. First and foremost, the FAO must be fully qualified as a FAO with education, language training and in-country training complete. The FAO is then screened and nominated to the controlling command. This is the theater commander-in-chiefs and the unified command, or the Defense Intelligence Agency for attachés. In countries with smaller security assistance programs the FAO may perform both the security assistance and attaché mission and receive training for both jobs.

The unified commands specify the skills and specialized training for security assistance personnel, specifying training at DISAM for all security assistance personnel and the Individual Terrorism Awareness Course for personnel likely to deploy overseas. Foreign area officers that are majors or lieutenant colonels may receive additional joint professional military education, phase two, enroute to a security assistance assignment. Combat arms or logistics skills may be specified for a given position, with prior, or similar experience, required either by previous assignment or basic branch experience. These requirements become the joint manpower requisition forwarded to FAO assignments branch.

The foreign area officer assignments branch then checks individual officer files for the right match for the skills required, ensuring a match of capabilities to requirements. The ability to work independently, under pressure, is a personal quality frequently specified. Consistent high performance in related or previous assignments is also a filter. Screening also includes review of the FAO's official photo, microfiche and officer records brief for any factors that may render the officer less qualified to fill the billet. After successful nomination for the position, the officer is programmed for required training.

The Defense Institute of Security Assistance Management training typically consists of the Overseas Course and any of the following specialty blocks, Training Program Management, Training Management System and the Security Assistance Automated Resource Management Suite. Training beyond the core course is specified by the unified command, and may be added at the request of the student. There is also training on the Security Assistance Network to ensure worldwide connectivity for the security assistance community.

DISAM also provides an Executive Course for senior officers at the level of O-6 and above, along with tutorials for senior officers entering key security assistance positions, including SAO chiefs. DISAM welcomes command visits from unified command staff personnel and command

sergeants major as these visits allow DISAM to familiarize key leaders with current issues in the security assistance community, leading to better utilization of FAO skills. Army FAO personnel assigned to specific slots may also attend specialty courses, such as the Training Officer Course at the request of their unified command.

Practical Applications

The results of this selection and training process are basic branch experience, language skills, coupled with a thorough regional orientation and security assistance skills that are fused, to produce the new Army FAO. These skills are coordinated and used by the FAO in-country as not only a security assistance professional, but someone who is aware of the ramifications of those activities on a country and regional level. This provides the theater commander-in-chief (CINC) with an officer that works and integrates well within the country team and, more importantly to the commander-in-chief, one who can execute the full range of plans and programs from peacetime engagement and counternarcotics missions to facilitating reception, staging, onward movement and integration of personnel and equipment in support of large-scale contingency plans.

The SAO duties traditionally cover more than foreign military sales or international military education and training. SAO duties may involve designation by the Undersecretary of Defense (Policy) as the U.S. Defense Representative. The effective combination of knowledge and skills makes the FAO well suited to these positions as well as security assistance jobs.

There are many opportunities available to the Army FAO in security assistance. These range from a single individual in an austere, overseas location performing the role of both attaché and security assistance chief, to Army section chief jobs in the larger SAOs to a few instructor slots at DISAM. Additional examples of security assistance jobs include training officer, joint actions officer, joint operations officer and exercise officer. All of these positions require coordination with unified commands and military departments.

Frequently, the FAO in a security assistance job facilitates case management between the host country and the services by assisting the host country with tracking case activities and discrepancies. The FAO may also advise on the preparation and delivery of letters of request or facilitate payment to the DFAS on an existing account. Depending upon the level of expertise in the host country, and upon the “newness” of the security assistance program, the FAO may even assist with financial reconciliation, showing his counterpart how to read logistics requisitions and status, or the DD 645 (the bill). The vetting of foreign students remains a security assistance responsibility, along with tracking both students and U.S. origin defense equipment in the host country. The FAO assuming a security assistance job should have all current and historical files and suspense lists on hand. These files must cover all activities the FAO will control.

Army FAOs are highly encouraged to coordinate with the person they will replace. The primary issue is overlap time. Overlap on the ground is the best method of ensuring continuity in security assistance programs, and all services should do their best to facilitate this key handover of duties. As mentioned previously, each position may have additional duties other than those associated with security assistance. It is important that FAOs be proficient in security assistance duties before assuming additional responsibilities, as security assistance duties are their primary responsibilities. The FAO should integrate with the host country and country team as soon as practical.

Why is this important? In some countries, the security assistance presence is the only U.S. military presence or access to host country resources that the theater commander-in-chief possesses. The FAO/SAO must therefore be familiar with U.S. Army, host nation and joint

doctrine. FAO knowledge of the operational art and doctrine facilitates the conduct and coordination of joint and combined operations with the host country and potential coalition partners. With their contacts and access to host country infrastructure and decision-makers, Army FAOs frequently become the go-to people for unified commands until further assets arrive in the host country in support of a contingency mission. As an example, in the aftermath of the attack on the USS COLE, an Army FAO obtained access to much-needed resources, including medical evacuation aircraft from a third country.

Along with the country team and the chief of mission, the SAO is a key player in facilitating military programs in any country. The SAO Chief also integrates the embassy's mission performance plan and the CINC's theater engagement plan. Together, the chief of mission and theater CINC recommend the size of the security assistance presence in any given country for Congressional approval. The bottom line is that the theater CINC specifies the special skills, personal qualities and training for security assistance positions and FAO Assignments Branch provides the Army officer best suited to perform the challenging job at hand.

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Previous assignments include a tour in Germany as an artilleryman with assignments as a fire direction officer, a battalion task force fire support officer and as the headquarters battery executive officer. After transitioning to the military intelligence branch he served a tour with 5th Special Forces Group (Airborne) as a special security officer, battalion military intelligence officer and military intelligence detachment commander. Since then, he has completed all the training to become a Foreign Area Officer, including a tour with the Office of Military Cooperation-Kuwait, where he attended the Kuwait Mubarak Al-Abdullah Joint Command and Staff College administered by the British Military Mission. Major Holzhauer reads and speaks French and Arabic.

Major Holzhauer was commissioned through the Army Reserve Officer Training Corps at the University of Colorado where he earned a bachelor's degree in political science. He has a master's degree in national security affairs, Middle East, North Africa, from the Naval Postgraduate School. He has a second master's degree in military science from the Kuwait Mubarak Al Abdullah Joint Command and Staff College/British Military Mission in Kuwait.

The Value of Military Industrial Offsets

By

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Introduction

Kremer and Sain acknowledge there are differences among authors on the definition of military industrial offsets. They have identified at least three common elements among them. First, offsets are compensation in a non-monetary form. Second, their intended purpose is to compensate buyer costs. Last, offsets are often a condition of the sale of military hardware (Kremer and Sain, 1992, p.1). So, a solid definition of offsets, what the British call industrial participation (“Offsets In Defense Trade”, *DISAM Journal*, 21:3, p. 80) and what Canadians call “industrial benefits” (Marvel, p. 44), is a requisite of this discussion. One definition is comprehensive.

Offsets are industrial compensation practices mandated by many foreign governments when purchasing defense articles [from U.S. manufacturers]. There is a definition developed in 1986 by a U.S. government interagency group: ‘...offsets are industrial compensation practices required as a condition of purchase in either government-to-government or commercial sales of defense articles and/or defense services as specified in the International Traffic in Arms Regulations. In defense trade, offsets include mandatory co-production, licensed production, subcontractor production, technology transfer, countertrade, and foreign investment. Offsets may be direct, indirect, or a combination of both. Direct offsets refer to compensation such as co-production or subcontracting, ‘directly’ related to the system being exported. Indirect offsets apply to compensation unrelated to the export item, such as foreign investment or countertrade’ (“Offsets In Defense Trade”, *DISAM Journal*, 20:2, p. 67).

Kremer and Sain agree with these categories of offsets (Kremer and Sain, p. 2). And, both of these definitions are consistent with that recognized and used by the U.S. government’s Office of Management and Budget (OMB, p. 2). “Three common types of international military sales that involve offsets (sic): (1) foreign military sales (FMS); (2) foreign military financed (FMF) direct commercial sales; and (3) “pure” direct commercial sales (Russin, 1995, p. 108). Regardless of the acquisition context, offsets offer many benefits. Some of these major advantages will be discussed in this paper along with some major disadvantages, though there are also other minor advantages and disadvantages that will not be addressed here are. In addition, some improvements in how offsets are handled that could mitigate these disadvantages are discussed.

On the surface, most military industrial offsets appear to be a strange approach to conducting business. In some cases they can even become what Congressman Ron Wyden (D-Oregon) has called “. . . just bizarre . . .,” referring to an offset agreement associated with the sale of the F/A-18 to Spain by McDonnell Douglas Corporation (Petty, p.66). But, since the dire circumstances in which they were begun, World War II’s aftermath, most European countries and Japan have come to expect them, and in some cases, even demand them, when doing business with U.S. defense firms. For reasons that will become obvious here, these procuring nations highly favor offsets. This anomaly in normal business practices has nonetheless become routine practice with foreign governments’ eye toward improved industrial base positioning and improved technology.

In the cold war environment after World War II, U.S. defense firms were a dominant force and today continue to play a major role in the international arms market. The U.S. government initially sought co-production and licensed production of U.S. weapon systems in defense trade with foreign governments to help rebuild the war ravaged economies and industrial bases in Japan and Western Europe the North Atlantic Treaty Organization (NATO) countries during the late 1950s and 1960s. The first co-production efforts involving U.S. defense contractors were in Europe for the F-105 Starfighter aircraft and the Hawk antiaircraft missile system in the late 1950s (Wilson, p. 79). The philosophy was and remains “nations tend to align politically, economically, and diplomatically with other nations with whom they trade arms (Petty, p.74).” It was a concept developed by buyers vice sellers in the defense industry. In terms of avenues to implement offset agreements, logistics provides ample opportunities.

European countries demand more offsets than any other region by far. They accounted for over two thirds of all offset agreements between 1993 and 1996, specifically, the United Kingdom, the Netherlands, and Switzerland accounted for 55 percent of all new agreements. Europe accounted for more than 85 percent of all agreements in 1995 and 1996 (“Offsets In Defense Trade”, *DISAM Journal*, 21:3, p. 80). Usually, the larger the contract, the higher the offset since they are typically expressed as a percentage of the contract value (Mathews, et al., p. 28).

Logistics is a term used to describe everything required to maintain and sustain a weapon system operationally throughout its useful life. Sols correctly identified logistics areas which readily lend themselves to offset agreements. As an expert in logistics, he believes at least five areas should be addressed in offset agreements; (1) supply of spare parts, (2) weapon system maintenance, (3) training and technical assistance, (4) documentation, and (5) tools and test equipment (Sols, p. 30-31). Offsets are overwhelmingly tied to the aerospace industry. It is not only the weapon system itself, but also the tens of thousands of parts and components per aircraft with ample advanced technology that lend themselves so readily to offset opportunities (“Offsets In Defense Trade”, *DISAM Journal*, 21:3, p. 62).

There is no agreement in terms of what constitutes a successful offset program. But, there are two common themes. First, an offset agreement is deemed successful in the subjective judgment of the parties. That obviously varies with the parties involved. The second theme centers around the survival of the offset agreement. Simply put, an offset agreement’s success is defined as the implementation and execution of the agreement in a way that all parties are satisfied with the results (Kremer and Sain, pp. 32-33). Experienced sellers and experienced buyers, therefore, recognize a concept that opposes the concept of liquidated damages, that of “best efforts”. This is a moral vice legal commitment of the selling firm to fulfill its obligations. Though it is a preferred position of sellers because it reduces financial risk, it is not a generally mandated policy of companies in offset contracting (Marvel, p. 44). And, it is matter of business ethics and good will toward a company’s customer. Each is aware a single default on a promise to fulfill its offset obligations would effectively end it ability to conduct similar business with that country in the future. So, given the assumption all parties operate in an environment of good faith, what are the major arguments for and against the use of offsets?

Advantages of Offsets

There are some distinct advantages for countries to participate in offset agreements that accompany arms sales. They include cost and government policy impacting it, national and allied security concerns, the impact on employment, and offset agreements’ impact on technology transfer.

Buyer Nation Motivation

Buyer nations' view offsets in a multi-beneficial way. Their concern is more of appeasing and even pleasing their public over the issue of buying from a foreign supplier.

Considerations of the political acceptability of arms purchases from a foreign source, the maintenance and development of domestic defense and commercial industries, and the preservation of foreign exchange are often important, if exogenous, factors in the development of weapons procurement policies in many nations, including the U.S. In fashion, the arms policy of the U.S. government is influenced by foreign policy/national security considerations that sometimes conflict with economic efficiency (Eisenhour, p. 27).

In terms of the internal politics in foreign countries, offsets offer an avenue of allowing the buyer government to justify purchases from a foreign source on grounds other than it assists in a larger picture of cooperative defense. Offsets keep jobs and money in the buyer country's economy (Eisenhour, p. 28).

Cost

Though requiring countries no longer necessarily need offsets to recover from the ravages of a war or other economic calamity, most European countries now require offsets because they ease the burden of large defense purchases on their economies. They also increase or at least preserve their own domestic employment, allow them to gain newer, more highly desirable technology, and promote targeted industrial sectors ("Offsets In Defense Trade", *DISAM Journal*, 20:2, p. 67).

U.S. and Allied Common Security

One of the biggest advantages, the main reason the U.S. government tolerates offset agreements, deals with the issue of common defense among allies.

In efforts to provide national and alliance defense at the lowest possible cost [a debatable point among a number of other authors], nations are looking at cooperative ventures in order to share the skyrocketing R&D and production costs of defense equipment. At the same time, individual companies seek international partners as a way of sharing technology and improving their own technological skills (del Castillo Masete, p. 118).

Arms transfers enhance the preparedness of allies and friends by providing them with modern means to defend themselves against foreign aggressors. [They] contribute to U.S. power projection capabilities when such [arms] transfers are agreed to in whole or in part as consideration for the granting of basing or access rights for U.S. forces on foreign soil. Offsets indirectly contribute to U.S. power projection to the extent that where offsets are a condition without which an arms transfer cannot take place [if the offset is not granted], the U.S. would not receive the sale's external advantages, which may include base or access rights (Eisenhour, p. 27).

Though the cost inefficiency of co-production is well known and well documented, there are also some distinct and overriding advantages to it.

Arms transfers promote rationalization, standardization, and interoperability in that they result in allies and friends using common weapon systems. Co-production and licensed production contribute positively and directly in this area. Co-production and

licensed production provide incentives for allies to standardize on common systems, and enhance the ability of allies to maintain and support the systems of other alliance members (Eisenhour, p. 27).

Nonetheless, offsets have served important U.S. foreign policy and national security objectives, such as increasing allied countries' industrial capabilities, standardizing military equipment, and modernizing allied forces. Nearly all U.S. defense trade partners require offsets, sometimes exceeding the value of the contract ("Offsets In Defense Trade", *DISAM Journal*, 20:2, pp. 67-68). The U.S. government generally opposes them, but has taken only token action to decrease their use (Marvel, p.43). It maintains a non-interference policy toward offsets. "No U.S. government agency may encourage, enter directly into, or commit U.S. industry to an offset arrangement in connection with the sale of defense articles or services to a foreign government. [The] decision whether to engage in offsets . . . rests entirely with industry (O'Conner, p. 108)." "The essential difference between the U.S. [offsets] policy and those of most other countries is that the U.S. requirements are based on national security concerns rather than economic ones...[accordingly, there are] statutes and regulations that limit the ability of foreign contractors to sell [defense items] to the U.S. government (Eisenhour, p. 31)."

Employment

From the viewpoint of the U.S. government and the work force in America, there are at best few employment advantages. But, these may only be a perception or even an assumption. Though there is disagreement among authors in terms of offsets' impact on employment in the U.S., the truth is they may even be beneficial. In 1988, the Office of Management and Budget (OMB) concluded offsets may have a minor negative impact on employment. They cite the reason is because of the insignificance of offsets' impact as firms producing weapons for foreign sale represent only 200,000 to 300,000 jobs, about one half of one percent of private sector employment. The attribute may well be because of sole sourcing of U.S. made goods to procuring countries. In fact, OMB conjectured their impact may actually be positive (Kremer and Sain, p. 18).

Technology Transfer

Two factors determine whether technology transfer is harmful or beneficial, the technology itself at a particular juncture and the timing of the transfer. A firm must judge how much the transfer of technology will hurt it in future competitions against a now technically enhanced competitor. Kramer and Sain state firms tend to transfer only technologies that will not hurt their competitiveness in future business. It is usually technology they believe will become outdated in two to three years. Technology is perishable with time. If held too long, it becomes worthless. If transferred too soon, it harms the firm's competitiveness in a current and near future market (Kremer and Sain, pp. 23-24).

Technology transfer has its advantages. But there are also some major draw-backs which will be examined in the disadvantages section below. Relatively few countries are capable of both developing and producing military aircraft. From the viewpoint of the purchasing country, technology transfer is an obvious, big benefit. It not only upgrades their weapon systems for defense, it also positively impacts their commercial economy, the industrial base. "From a military perspective, not all offsets are bad. Properly controlled, [technology transfer] can promote national security (Petty, p. 76)." It seems this is through standardized technology used in common equipment.

Disadvantages of Offsets

The most obvious question to ask about offsets is are they cost effective? The answer to that question is almost always no. U.S. manufacturers attempt to address the issue of higher cost due to small domestic orders by selling weapon systems to U.S. allies, preferring the outright sale of systems to any offset agreement for reasons discussed above. Just as there are a number of advantages, there is a seeming plethora of disadvantages. Among them, and some of the most important ones, are cost effectiveness, the state of procuring nations' economies, negative effects on U.S. employment, and technology transfer to potential enemies.

Cost Effectiveness

The prime contractor and the U.S. government do not see as many advantages to providing offsets. From the defense firm's vantage, offsets provide almost no cost advantages in the sale of the primary weapon system. But, there may be opportunities provided in logistics to support the main item in the areas of maintenance and replacement parts, training, etc. In these cases, the prime contractor may find itself in a position to broaden its influence into previously forbidden markets. Though cost efficiency is listed below as a disadvantage of offsets, the U.S. government sees some value in allowing them.

From the industry's viewpoint, they represent a drain on a firms' resources as well as those of the nation vice representing a form of opportunity. But, arguably, as a result of providing offsets, firms have broadened their concept of customer relations. They have changed their orientation to one of customer-focused, economic, planning, business development, and cultural analysis instead of simply their product's technical merit and price. Contractors, therefore, must now know their customer well enough to be able to offer him an offset attractive enough to induce a purchase (Marvel, p. 44). That obviously requires much more time and effort for a company. But, that, in turn, costs money. U.S. defense firms have come to view offsets as a necessary evil of doing business overseas. Without them, they simply cannot effectively compete in offshore markets. Offsets are viewed by firms as a marketing cost.

The cost of offsets is difficult to measure and varies greatly in different situations, but it can be substantial. Military weapon system production lines, such as aircraft, do not use mass production techniques, but instead design production to minimize cost related to maximum anticipated yearly deliveries. Also, the relatively small quantities ordered by the military raise the cost per unit, making overall cost more sensitive to changes in unit volume. Thus, the larger the order quantities, the more dramatically the per unit cost falls. Offsets penalize both the foreign purchaser and the U.S. taxpayers. Then, why offset? If given the opportunity, foreign governments prefer to spend national budgets domestically. By offsetting the high-priced import of a major weapon system, a government can redirect expenditures back into its domestic economy up to [and sometimes exceeding] the value of the offset agreement. So instead of spending money abroad, it is actually spent at home. Moreover, the offset may also help promote or preserve an indigenous defense base, infuse new technology into the economy, or introduce domestic firms to potential export partners ("Offsets In Defense Trade", *DISAM Journal*, 21:3, p. 58-59).

Offsets can alter the nature of arms transfers. Offsets can introduce rigidities and increased costs into the procurement process, because they may prevent the supplier from obtaining needed commodities [parts and supplies] from the most cost-effective sources. They can divert resources, which may enhance military capability at the expense of a more efficient use of those resources. However, in many cases, without the cooperative efforts resulting from offsets, the sale would not be consummated (Eisenhour, p. 27).

Co-production was among the first forms of offsets to be employed by U.S. firms and their customer countries. It is the most inefficient and costly offset form. It puts a much heavier burden on the buying country than it would experience had it purchased the weapon system outright from the U.S. manufacturer. Most, if not all, of the research and development (R&D) is complete when a co-production agreement is undertaken, what would have been a potential savings to a purchaser. Technical data can be transferred to the buyer country with or without compensation. In addition, a duplicate assembly plant is often established in the purchasing country. Parts and component sourcing is also negotiable. Co-production deprives the U.S. producer of production volume and creates a duplicate facility, which will certainly have much less volume than the original (U.S.) producer's factory. This establishes a higher average cost in both the U.S. facility and in the buyer's facility ("Offsets In Trade Defense", *DISAM Journal*, 21:3, p. 60).

The State of Economies

Just as important as obtaining offsets, a procuring country must also carefully consider the context in which they plan to use offsets in attempting to build its industrial base. One obvious example is United Arab Emirates (U.A.E.) difficulties in convincing local investors to put their money into the long-term industrial, educational, health, or service programs covered in offset agreements vice into more immediately profitable sectors like oil and real estate. For the U.A.E., they fight a dual problem with the marked reluctance of Western industries and investors to put money and technology into the U.A.E., unless forced to do so via offset commitments (Bonsignore, p. 19).

Employment

As stated earlier, offsets make possible sales from prime contractors to foreign countries that would not otherwise occur. This sustains prime contractors' manufacturing operations that could be in the process of depleting U.S. military orders, especially during periods of decreased budget authority. "Major [prime] contractors know that offsets can hurt their workforce, their subcontractor base, and potentially even their product quality. Yet they accept offsets as a necessary evil to be endured in order to sell in the international market (Petty, p. 68)." Offsets also encourage cooperation among U.S. firms in meeting their offset obligations.

Notwithstanding the perceived negative impacts offsets have on employment described above, Kremer and Sain state offsets' perceived negative influence on U.S. employment are due to two reasons. First, parts produced overseas instead of being produced domestically cost jobs in the U.S. Second, jobs are lost because items are imported to the U.S. in order to fulfill offset commitments (Kremer and Sain, pp. 17-18).

Technology Transfer

The transfer of advanced technology is a concern for the U.S. government. This concern falls into two areas. First, if the transfer of technology occurs incorrectly, it will erode the military industrial base because it increases competition from foreign contractors in all three tiers of the industrial base. The second area of concern is the effect foreign suppliers have on U.S. war fighting capability because of potential reliance on foreign made parts (Storer, p.13). "The industrial base has strategic impacts on the defense, economy, and political strength of a nation (Petty, p. 75)." "... [The chance that advanced technology will be compromised . . . is increased not only because of its proliferation, but also because foreign firms have less concern for safeguarding technology they do not own (Storer, pp. 10-11)."

According to Kremer and Sain, most authors agree there is a likelihood the lower two tiers, subcontractors and parts suppliers, are negatively impacted because the majority of offset agreements involve subcontracting parts production to foreign companies. These often replace U.S. suppliers. They also state direct subcontracting for parts have the most likelihood of an adverse impact. This happens because it is the prime contractors that negotiate offset deals to their own advantage, then pass on the obligation to fulfill it to the lower tiers. Prime contractors typically have more resources than the lower tiers and are thus better able to fulfill their obligations. The increased competition from foreign firms further press the lower two tiers to perform more efficiently. But, that generally leads to lower cost and higher quality in the end item - not a negative impact in the longer term. This brings the discussion to the second area of concern, the effect foreign suppliers have on U.S. war fighting capability because of potential reliance on foreign made parts (Storer, p.13).

There is always the danger U.S. firms could be driven out of business due to competition from foreign firms. "... [F]oreign production represents a source of additional competition which may reduce the U.S.' share of the market, and hence, the industrial base (Storer, pp. 11-12)." This forces the U.S. government into decisions regarding tradeoffs for cost versus national security. It has chosen the latter (Kremer and Sain, p.19-21).

Small and medium defense subcontractors are the real offset losers. A 1994 Government Accounting Office (GAO) report clearly summarizes the problem of offsets to the subcontractors. Once established through offset obligations, foreign producers have become highly competitive with U.S. subcontractors, prompting the U.S. prime contractors to maintain long-term supplier relationships with the foreign customers' industries. These relationships may benefit the U.S. prime contractors. According to an industry spokesman, these supplier relationships may even reduce the prime contractors' prices, but at a cost to the U.S. industrial base (Petty, p. 68).'

A Parts Shortage for Military Equipment is a Real Concern

"... [A]s a result of offset agreements, some parts are no longer manufactured in the United States. It is possible that politics or war might deny the U.S. access to critical parts when they are needed. It would take up to two years to restart dormant capability in the United States (Storer, p. 13)."

Improvements

These are distinctly negative outcomes to participating in offset agreements. But, the consensus of opinion among writers is there are three mitigating factors, or reasons to believe offsets are not as bad as many authors say. First, for companies fulfilling offset agreements, buying countries often record credits at a rate greater than one-to-one. Kremer and Sain cite General Dynamics' (GD) experience as an example. Their worldwide experience is they need invest only four cents to receive a dollar's credit toward fulfilling its offset obligations. Second, because offset obligations are performed over the span of as much as a decade, they are fulfilled in later year dollars worth less than current year dollars. Thus, the value of the offset is reduced relative to the sale's value. Finally, some companies are able to compensate for lost profits with increased business in other areas. They are able to expand the scope of a transaction, creating more opportunities for profit in areas like training, service agreements, and an improved market position (Kremer and Sain, pp. 18-19). Individual countries are adapting to the need for better offset management/credit administration. Over and above these factors, there have been specific actions taken by parties who have been offset participants in the past. In addition, conditions are evolving which would lead some to believe offsets are not as bad as they once thought. Governments have taken specific actions to further refine/improve offset administration.

As examples, the Ministry of Defense in Finland has established an Offset Committee to oversee and judge the quality of work submitted for direct and indirect offsets. The contractor must apply to the Committee before settling a deal for offset credit. And, the work must be accomplished within ten years of the end of the contract performance period (Bickers, p. 519). Similarly, U.A.E.'s government has a body for offset administration called the U.A.E. Offset Group, to address the U.A.E.'s problems cited above (Bonsignore, p. 13). These bodies also minimize the likelihood the relationship a U.S. firm's relationship with a foreign government will sour.

Another approach is to replace the offset arrangement with a newer, more easily controlled arrangement to achieve the same goals. The Independent European Program Group (IEPG), now the Western European Armaments Group.

In 1986, an IEPG report, *Towards a Stronger Europe*, identified the need for *juste retour*, a fair return, in the form either of technology transfer or work sharing...for a purchasing country's investment in a weapons program. While the concept of *juste retour* is similar to offsets in that it seeks to confer an economic benefit on a nation acquiring military systems from another, it differs in operating on a broad, long-term basis rather than project by project. To substitute *juste retour* for offsets, the IEPG members agreed that national contracting procedures would remain in place but that awards would be based on 'the most economic offer,' regardless of the bidder's country. It requires a bureaucracy to implement and has all of the disadvantages associated with attempts to manage any sort of economic activity. Moreover, it may be difficult to allocate work shares to the satisfaction of the governments. Despite the drawbacks of *juste retour*, it does have advantages over transaction-specific offsets. First, defense trade is and has been anything but *laissez-faire*. Interests of national security, balance of trade, and industrial bases constantly influence proposed transactions; the only question is how this influence is managed. *Juste retour*, by contrast [to offsets], helps to achieve more efficient development and production, while conferring economic benefits on the participants. It can consider the region-wide effects of sales and technology transfers, and it can produce arrangements more understandable than offset agreements. A fair test of *juste retour* will have to wait until a European Defense Equipment Market has been established and there is an adequate experience in managing cross-border weapons development and production (Wilson, p. 74-75).

One method of assisting in the increased cost of offsets is in the European market's continued move toward economic consolidation, eliminating some of the duplication, at least on the European continent. "Dropping the remaining national barriers within Europe could reduce costs by 12 to 20 percent, according to a study for the European Commission, and could provide an edge in competing with the U.S. The continued division of European defence aerospace compounds U.S. (sic) advantage in economies of scale. (Isby, p.11)."

As of 1990, U.S. Department of Defense policy authorized administrative costs associated with the implementation of offset agreements between a U.S. defense contractor and foreign government customer to be included in the price of the items offered for domestic sale (O'Conner, p. 108). Because offset agreements could unduly place the U.S. government at financial risk, DoD will still not allow itself to be a party to any offset agreement and assumes no obligation to satisfy the offset requirement or bear any of its associated costs (O'Conner, p. 109).

Storer voiced a common criticism of the way offsets are managed by the government, in that there was no one agency or organization to track the impact of offsets on the U.S industrial base (Petty, p. 67) (Storer, p. v). So, the U.S. government has taken statutory and regulatory steps to

control offset agreements. For example, it has assigned the Department of Commerce as the single focal point for annual offset reporting on their impact on the U.S. economy and industrial base to Congress (Kremer and Sain, p. 79).

The U.S. government at one time provided foreign military financed direct commercial sales (FMF) funding grants to receiver nations given as military aid to foreign governments for the purchase of defense equipment. The aided country then negotiated with U.S. industry for offsets against the purchases. Those offsets provided a second pay-back and could include the export of jobs and technology. But, now the U.S. government prohibits offsets associated with such weapons procurement grants.

Though there is no agreement in terms of what constitutes a successful offset agreement, with nearly fifty years of trying various ways to implement offset agreements, there is now enough experience in the field to be able to identify the characteristics and conditions that will likely lead to a successful program when one is initiated. Hsiung has identified some well-defined characteristics of successful offset programs. First, the purchasing country must be motivated from a long-term perspective to acquire technology and strengthen its economic and/or political position. Second, it is important to recognize the advantages and disadvantages of employing offsets are different for each country. It depends on the political and economic environment as well as the industrial infrastructure of each country. Another characteristic of successful offset agreements is seen in that negotiations to acquire the benefits from an offset agreement depends heavily on the purchasing country's buying power. And, last, a purchasing country's government procurement policy and behavior must be linked to the offset agreement to provide a basis for promoting the country's further economic development (Hsiung, p. 11). The first of these, the purchasing country's motivation for a long-term commitment is also recognized by others as an important factor for success (Kapstein, p. 657). In light of the fact offset agreements have eroded the second and third tier subcontractors and vendors, the U.S. government has issued statutes and regulations that limit the ability of foreign contractors to sell defense items to the U.S. government (Eisenhour, p. 31). This should go far in correcting the problem with offsets' negative impact on the U.S. industrial base.

Conclusion

Notwithstanding the disadvantages of offsets, there appears to be enough U.S. government political motivation to continue providing or financing them, especially given the move to seek solutions to some of the disadvantages, cost being one of the biggest. In Europe, uncertainty over NATO's future will dictate the nature of the relationship between the U.S. and European defense aerospace industries. Increased economic globalization and increasing nationalism will also form the nature of that competition and cooperation (Isby, p. 20). Some of the major advantages of offsets were discussed in this paper along with some of the major disadvantages. Some of the most important disadvantages are cost effectiveness, the state of procuring nations' economies, their negative effects on U.S. employment, and technology transfer to potential enemies.

In addition, some improvements in how offsets are handled that could mitigate these disadvantages were discussed. "Offsets positively impact interoperability, alliances, training, and modernization; they have a substantial positive impact on the industrial base and economies of scale (Petty, p. 76)."

About the Author

Lieutenant Colonel William Jones is an active duty, twenty-four year veteran in the U.S. Air Force specializing in systems acquisition and program management. Jones is the division chief for the Programs and Resources Division at the Air Force Institute For Advanced Distributed

Learning. He has served as contract negotiator and buyer for the B-52 modernization and cruise missile integration, contracting officer in Research and Development contracting supporting President Reagan's Space Defense Initiative. Jones has been a Commander of a DoD unit for contract administration for Germany and central Europe, and the Program Manager for NATO AWACS Modernization just north of Munich. William holds two master of arts degrees in Psychology and Procurement and Materials Management. He is currently a doctoral student pursuing a degree in international and intergovernmental relations.

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EDUCATION AND TRAINING

Foreign Students Learn Logistics Data Management

By

John Zellers

Defense Logistics Information Service International Cataloging

Battle Creek, Michigan is fostering the use of multinational coalitions for peacekeeping and has given cooperative logistics a prominent role. A cornerstone for supporting such forces is the interoperability between North Atlantic Treaty Organization (NATO) and non-NATO nations through the use of a common system like the NATO Codification System (NCS) for item cataloging and stock numbering. For this reason, interest in the system continues to grow.

The NCS is the standard system for collecting information about items of supply, including the assignment of National Stock Numbers (NSNs). Its data is distributed in many forms that include Federal Logistics (FEDLOG) and the NATO Master Cross Reference List.

Over the last few years, the U.S. NATO Codification Bureau (NCB) at the Defense Logistics Information Service (DLIS) in Battle Creek, Michigan, has become the hub of training activity for nations seeking to align their logistics processes with the cataloging standard used by the United States, NATO and a growing number of nations around the world. In September 2001 the U.S. Naval Construction Brigade (NCB) completed its second annual offering of a training program, known as the Logistics Information Management Course for International Logisticians, colloquially referred to as the NCB College.

As international interest increases in this program, it is intended to be an annual event. The next training program is scheduled for September 10 through Nov. 1, 2002. In fact, early registrations have already been received from Austria, Ecuador, Estonia, Lithuania, Mexico, Slovakia, and Thailand, with three other nations pending at this point. For others such as the Czech Republic, Hungary, Korea, Singapore, Lithuania, Estonia, Switzerland, Ecuador, Macedonia, Brunei, as well as NAMSA the experience has proven to be very educational and even enjoyable.

Foreign students attending the NCB College also have the chance to visit the State Capitol Building in Lansing, Michigan, as part of their courses on democracy and American culture.





Hungarian Army Lieutenant Colonel Attila Falcsik presents a gift to U.S. Marine Colonel Philip N. Yff, Defense Logistics Information Service Commander, in appreciation of DLIS' hospitality during the NATO Codification Bureau College courses that Falcsik and nine other foreign officers attended.

Students attending the NCB College receive a glimpse of what America was like during earlier times when they visit Greenfield Village near Detroit, Michigan where historic scenes have been preserved.



Ten foreign officers and civilians were among the students attending the second NATO Codification Bureau College conducted at the Defense Logistics Information Service. Shown from left to right: (Front Row) Swiss Army Lt. Col. Beat Kocherhans; Estonian Anu Kutt Head Codification Bureau, Estonia Ministry of Defence; Lithuanian Army Maj. Antanas Surkus; DLIS Deputy Richard Maison; Brunei Army 1st Warrant Officer Siti Sarawati HJ Ahamad and Korean Air Force Maj. Dong-Won Lee. (Middle Row) Korean Federal Supply Class Manager Kwang Yeong Kim, Hungarian Army Lt. Col. Attila Falcsik, Macedonian Systems Engineer Gjoko Vancov, Lynn Schmoll, deputy chief of DLIS' International Division; and Ecuadorian Navy Lt. Jorge G Saldana M. (Back Row) John Zellers, DLIS' course coordinator; Mary Lloyd, DLIS Foreign Military Sales specialist; Celia Torres, DLIS International Division member, Chris Yoder, chief of DLIS' International Division; Brian Bundy, DLIS Command Support member; and Hungarian Army Lt. Col. Tamas Dicse.

During the eight-week program, participants learn about the following areas:

- Technical rules and procedures of the National Codification System, and the standards for data elements and for data exchange;
- Major components of a national cataloging headquarters, and the various functions, which can be a part of a headquarters operation, based on the U.S. example;
- The experiences, challenges, and successes of other nations in implementing a cataloging system at a national level; and
- How to use the U.S. model to evaluate their own unique national environments, and to apply it to planning for either development of a Naval Construction Brigade or the enhancement of their existing national processes.

All these concepts are presented in three distinct areas related to the implementation of a national cataloging system: logistics applications of the NCS, the technical requirements for implementation of the system, and the internal operations and infrastructure of a bureau.

The logistics applications phase will highlight the interfaces and uses of codification data in logistics life cycle applications, emphasizing the acquisition of technical documentation used for cataloging. The technical requirement phase will highlight NCS implementation in such areas as the NATO Commercial and Governmental Entity Codes (NCAGE), the governance structure of the NCS (ACodP-1), NATO Mailbox System and U.S. data exchange, and the interface between the NCS and industry. Besides the presentation of concepts and theories in the classroom, participants will get a thorough grounding in the behind-the-scenes skills it takes to operate an NCB. In the internal operations and infrastructure phase, students will also get a chance to put into practice what they learn with practical application exercises.

As a result of this training, each nation is better equipped to evaluate current codification methods using a model NCB organization, like the United States. The possible uses of the NCS to support other logistics applications will be more easily identified, specifically as they apply to data requirements. This training will enable members of any national core study team to participate more effectively with other consulting nations under any bilateral agreements to refine codification infrastructure.

Besides the technical aspects of the program, students are given opportunities for exposure to various cross-cultural experiences available through our Information Program. Future trips are anticipated to Chicago; Greenfield Village in Dearborn, Michigan; and Michigan State University, to name a few.

Each year we make improvements in the quality and content of the curriculum. The upcoming 2002 session will incorporate more on-the-job experience with the cataloging functions to include more practical, hands-on exercises, a broader sampling of cultural experiences and trips, and other enhancements based on suggestions from past students.

For more information on the NCS, see our web site at <http://www.dlis.dla.mil/nato/> and related links. Contact Mary Lloyd at 616-961-4310, or email: mlloyd@dlis.dla.mil, or John Zellers at 616-961-5688, email: jzellers@dlis.dla.mil, for any further information about this article. Marketing brochures are available with more information about the curriculum. Course information is also offered through the web site at <http://www.dlis.dla.mil/nato.htm>. Prospective students may use the site to watch for the latest information on the plan of instruction, course schedule, calendar of events, and registration procedures.

About the Author

John Zellers is a supply systems analyst for the NATO Cataloging Division at the Defense Logistics Information Service (DLIS). He is the program director for the NATO Codification Bureau (NCB) College, known as the Logistics Information Management Course for International Logisticians. He has twenty-four years experience in cataloging program management, to include the development of foreign military sales training programs for the U.S. Air Force and now DLIS.

WebLINK-International

By

**Lieutenant Jon Ulrich, USN
Defense Logistics Information Service**

The Unified Commands have emphasized that the United States very rarely acts on a unilateral basis. Today's operations are conducted as part of an international coalition. The Unified Commands have thus identified the requirement that information systems recognize the international character of military operations. To this end, the Defense Logistics Agency (DLA) has deployed an international version of a logistics information tool - WebLINK-International. This initiative supports DLA's strategic objective of support to the warfighter and customer support.

The Defense Logistics Agency has designated the Defense Logistics Information Service located in Battle Creek, Michigan as the program manager for WebLINK-International. The system provides a single point of entry to multiple logistics information systems for visibility of the supply pipeline for international customers. The international logistics community have asked the following questions. Where is my stuff? What is the status of my requisitions? Whom do I call?

Features and Capabilities

WebLINK-International <https://www.link.dla.mil> was released in fourth quarter of fiscal year 2001. The WebLINK-International is a scaled down version of the Logistics Information Network (LINK). While LINK has fifteen data feeds, the International Version has five data feeds. The data feeds are summarized below.

- Defense Automated Addressing System Center (DAASC) Inquiry system provides information on Department of Defense Activity Address Codes (DODAAC), Routing Identifier Codes (RIC), and Military Assistance Program Address Codes (MAPAC);
- The Defense Reutilization & Marketing (DRMS) system gives visibility of excess stock available from Defense Reutilization and Marketing Offices (DRMOs) located worldwide;
- The Logistics Information Processing System (LIPS) provides requisition, supply status, and shipping status information for all requisitions processed through the Defense Automatic Addressing System (DAAS);
- The Logistics Remote Users Network (LOGRUN) provides descriptive information about items of supply in the Federal Government Inventory, and contractors who do business with the Department of Defense; and
- The Standard Automated Material Management System (SAMMS) gives visibility of inventories and requisitions processed by the Defense Logistics Agency Inventory Control Points.

Who Can Use the International Version?

Foreign liaison, exchange officers and other security assistance representatives from countries with foreign military sales (FMS) cases for equipment are eligible to use the International version.

Sponsorship and Security Requirements

Foreign liaison, exchange officers and other security assistance representatives with a need to know must have authorization from their U.S. government sponsor. Foreign embassy personnel who reside in the United States will be sponsored by their respective embassies and will route their access requests through the Headquarter DLA command security office. System access requests are required for each person requiring access. Either the U.S. government sponsor or the national embassy must provide a letter on their official letterhead which includes the following information:

- An explanation of why the access is needed, citing related agreements, contracts or other arrangements that necessitate access to WebLINK; and
- Background information of each person requesting access.

A more detailed explanation of the security requirements can be found at https://www.daas.dla.mil/sar/fna_link.html

How to Use WebLINK-International

WebLINK-International resides on the unclassified network. There are no restrictions requiring the use of a military account. All that is needed is a 128-bit browser. Queries are processed by using the following steps:

- You select a database, build your queries, and submit them to the LINK server.
- The server signs onto the database, retrieves the data you requested, and builds response files for you.
- To get your response, click on the responses box unless you checked the Receive responses via e-mail box on the sign-in page. The server will now provide you with all the responses that have been processed. You should receive responses within an hour. If you experience delays in receiving your request, we have a LINK help desk, linkadam@dlis.dla.mil or commercial phone (616) 961-4303, DSN 932-4303 which can help you with your problems.

WebLINK-International has special features built in. It allows for automatic queries, for example, requisition status for hot items every morning at 0800. WebLINK-International can run these queries and have them e-mailed to you every morning. WebLINK-International also has the ability to run batch queries and allows you to download the results in a spreadsheet.

Future Enhancements

The WebLINK-International team is working diligently to improve the interactivity of their product. Our first priority is to replace the current fast batch process with interactive access to the data sources. Two additional capabilities are planned for future release, submission of supply assistance requests, and submission of supply discrepancy reports. We will also work with the military services to identify additional data sources to make WebLINK-International your one stop shop for international logistics needs.

About the Author

Lieutenant Jon Ulrich, is a U.S. Navy Supply Officer and has been assigned to the Defense Logistics Information Service since August 2001. His previous duty assignments include Supply

Officer, USS HAYLER (DD-997), and Supply Officer, Combat Logistics Group Two, Detachment Earle, New Jersey. He has earned a Bachelor of Arts degree in economics from Point Loma Nazarene College.

The SAN International Military Student Officer Web Site: Student Management with a Web Browser

By

Lieutenant Commander Jamel Weatherspoon, USN

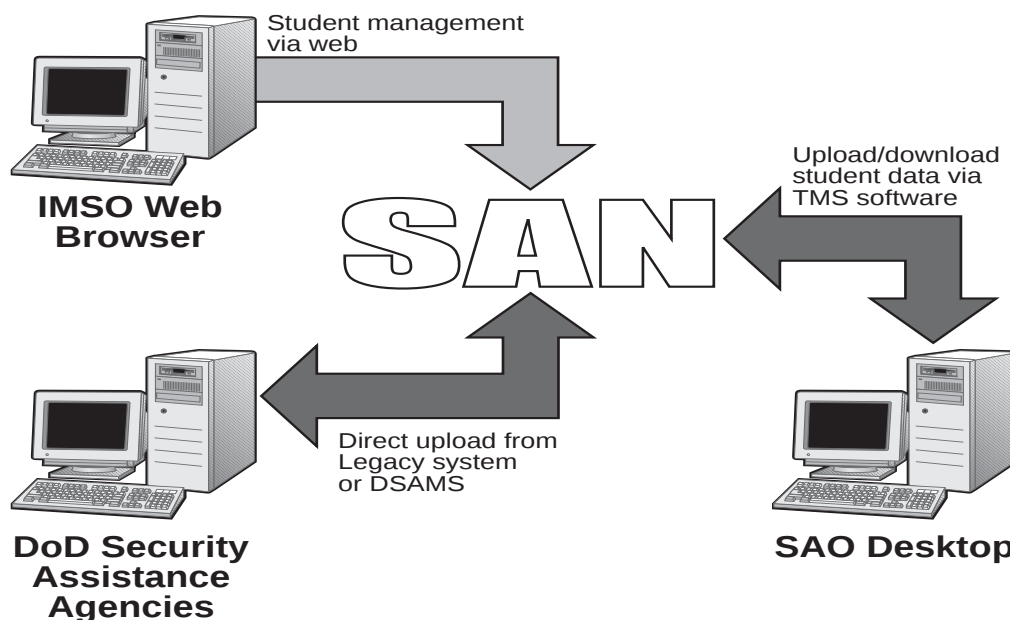
and

Ronald Elliott

Naval Education and Training Security Assistance Field Activity (NETSAFA)

The Security Assistance Network (SAN) International Military Student Officer (IMSO) web is a database driven; browser based web site running on the SAN that is designed to assist the IMSO with the management of training international students. Working in concert with the Defense Security Cooperation Agency (DSCA), Defense Institute of Security Assistance Management (DISAM) and Institute for Defense Analysis (IDA), the SAN IMSO web effort was spun from the fundamentals of the Naval Education and Training Security Assistance Field Activity (NETSAFA) IMSO web site. The authors of this article were chartered in the summer of 2001 by DSCA to develop a multi-service IMSO web site to manage international students at training activities around the country.

Figure 1 SAN Web Student Information Flow



First Web Browser Based IMSO Student Management Tool

The IMSO web site is set to interface with the DSCA (SAN) and the release of TMS v6.0, DISAM's Training Management System (TMS) software. The SAN IMSO web was brought on-line October 30, 2001 and has entered a testing and review phase. It is the first web browser based IMSO student management tool on the SAN. The application allows the IMSO to view activity/country security assistance contact information, review projected student throughput, review course information and submit student status reports. The IMSO web will standardize

business practices and reduce the cost of developing and maintaining multiple IMSO versions of TMS. The web interface will ultimately decrease the time, cost and effort involved in transmitting “Official Messages” related to routine student progress reporting. Figure 1 illustrates the flow of student information between the SAN, TMS v6.0, and SAN IMSO web. The next phase of the project will enable the IMSOs to manage the Department of Defense Informational Program (DoD IP) at their respective activity. The DoD IP interface is targeted for March 2002.

The first screen presented to the user upon accessing the IMSO web function on the SAN is the student projection view see Figure 2 for the IMSOs activity (or activities as the user can manage more than one training activity). In a drop down selection, the user can shift the view of students to students confirmed, students arriving in the next thirty days and if applicable, any fiscal year/quarter with students projected. The IMSO views information on students and courses by clicking on that selection. When the IMSO is viewing active or confirmed students, he/she can submit class convening reports, completion reports or update the student status. The statuses of the student include leave taken, warning status, disciplinary actions, etc. The next release will include DoD IP management functions to include creating the event, assigning actions to the event and ultimately assigning students and associated information to the action.

IMSOs can update their respective activity information and ‘behind the scenes’ updates are delivered to the appropriate military department (MILDEP). An IMSO can also view course description information and submit change requests to the MILDEP as needed. Typically this is done with e-mail, however for Army, special programming modules were written to allow the updating of a course information database hosted at Security Assistance Training Field Activity (SATFA). The database at SATFA is automatically updated at the same time the IMSO updates the SAN database. Additionally, the user can view projected students via FY/QTR and can update selected items, like student name, invitational travel order (ITO), student control number (SCN), etc. When an update occurs the modification is delivered to the MILDEP to ensure the country desk officer is aware of the change. Student convening reports and completion reports are also maintained by the IMSO with updates to the MILDEP country program manager (CPM). Exporting student information to an Excel spreadsheet is available should a user need to store the information offline or perhaps import the data into another application. We have learned that some large activities have automated various IMSO duties using in-house information technology staff. So, exporting to Excel from the browser is an easy way to import SAN IMSO data into an already existing local application.

Figure 2 View of IMSO First Web Screen

The screenshot displays the IMSO web interface. At the top, the 'imso' logo is on the left and 'security assistance network' is on the right. Below the logo, navigation links include 'IMSO Home', 'Return to SAN Menu', and 'Logoff SAN - DIANNE ATCHER'. The 'DSCA - Defense Security Cooperative Agency' is also noted. A search section allows filtering by 'student status' (set to 'Active & Confirmed') and 'student name' (with a 'View All' link and a 'GO' button). A 'User support' link is present. The main content area shows the POC (Point of Contact) information for Mrs. Dianne Atcher, including her phone numbers (DSN and COMM), her affiliation with the US Army Armor School, and her address at Fort Knox, KY. Below this, there are icons and links for '159 Students', '11 Courses', 'More Info on Activity', and 'View All Course Offerings'. At the bottom, it indicates 'Entries 1 to 1 of 1' and provides a 'Contact Us' link to 'The Security Assistance Network Group'.

Get the Groundwork Set for the Initial Release of the IMSO Web

In addition to developing the heart of the SAN IMSO Web which is the delivery of international training course information and student information to the IMSO, a great deal of effort was focused on the interface with the existing SAN. Each SAN user had to be assigned a “user role” that allowed system privileges. User administration functions permit ‘super users’ to grant or deny IMSO access and manage IMSO profiles. Similar administrative functions are used to manage MILDEP country program manager contact lists and record change notification lists.

As work progressed, MILDEP functional users and seasoned IMSOs came online to brainstorm ideas and offer suggestions. This phase of development was vital as this is their tool and it needs to meet as many of their needs as possible. Each offered great ideas and additional features such as, expanded Excel spreadsheet downloads to assist Army Training Requirements & Resources System (ATRRS) data entry concerns, expanded activity profile, projected student FY/QTR counts on the fly and course international notes and prerequisites. The latter two features permit the SAN IMSO Web and the SATFA Green Book to stay in agreement as IMSOs modify course notes and prerequisites.

We have attempted to incorporate the majority of requirements in the initial phase and want to say, ‘Thanks’ to those in the Security Assistance community that assisted us in this endeavor.

Technical System Details in the Development of SAN IMSO Web

The SAN IMSO web is a team-based project established in conjunction with the DSCA, DISAM and IDA. Under the tutelage of the DSCA chief information officer and DISAM, LCDR Jamel Weatherspoon and Ronald Elliott at the Naval Education and Training Security Assistance Field Activity (NETSAFA) fulfilled the programming and development effort.

The browser-based SAN IMSO web eliminates the need to install software on the client personal computer and no distribution updates of software are needed; all is done on the web server. The application uses the weekly MILDEP uploads to the SAN as its primary source of data. This primary source of data is then complemented with additional tables that support various student status reports, course descriptions, country holidays and informational program management tables. It should be noted that this phase of the IMSO Web uses the current SAN database architecture, however future releases will incorporate changes necessary for DSAMS integration.

The SAN IMSO web runs on an Intel based sever and is built on Microsoft’s Active Server Page (ASP) technology. The ASP provides the capability to generate web pages fast and easily through Microsoft’s popular VBSCRIPT programming language that incorporates many components found in the Microsoft VB programming language. VBSCRIPT is used to ultimately produce HTML that is then shipped to the user’s browser (Netscape or Microsoft IE) where the information is presented. Additionally, VBSCRIPT data access components provide convenient tools to query local or remote databases, which is exactly how the SAN IMSO web operates. Through the use of these components the IMSO web extracts data from locally maintained databases and presents the user with information based on user role business practices or user options selected in the browser. In addition to updating local databases, the IMSO web also delivers information to databases maintained by NETSAFA and SATFA where each site then processes the data for further integration into their respective applications. Tools used to bring the SAN IMSO web into existence include, Microsoft Visual Interdev, Microsoft Windows NT/2000 Server, Microsoft Internet Information Server (IIS4/IIS5), ASP, VBSCRIPT, JAVASCRIPT, FOXPRO databases, SQL SERVER (MILDEP use) and SQL. Using today’s off the shelf tools and the current SAN database structure; the SAN IMSO web delivers information

to existing MILDEPS, the Security Assistance Network (SAN) and the future application of DSAMS.

The Changing Landscape of the Security Assistance Community

It would be easy to say that the work on the SAN IMSO web is done but the reality is web sites are never really complete. The web browser and the Internet are great tools to use in the security assistance community. Some ideas for the way ahead for the IMSO web include DSAMS interfaces, reports in PDF format and perhaps even XML based technology for easy data sharing. In a nutshell, we are only limited by our vision for the future when it comes to delivering international training information to the Security Assistance community. Additionally, the way ahead includes quality training for IMSOs. Training and suggestions for enhancements will take place at DISAM and MILDEP IMSO conferences. However, IMSO conferences are not regularly scheduled events, due to timing or lack of funding.

The relationship between the IMSO, the security assistance office (SAO), and the MILDEP training agencies is a close one. They are all responsible for tracking international students. The enhancements in TMS v6.0 combined with the SAN IMSO web will bring these parts of the security assistance community closer together. This was a lesson learned in the implementation and development of NETSAFA's IMSO and SAO web site application, WEB STATIS. WEB STATIS takes full advantage of the internet, but only supports the maritime database hosted at NETSAFA. Using the SAN database now allows the IMSO and SAO to go to one system and track all of the students receiving training under the security assistance program. In the future the security assistance community should build on the flexibility that the internet provides and complement the desktop TMS application with a browser-based SAO interface similar in nature to the IMSO interface. The SAO still needs a desktop database application. The desktop application TMS is not subject to internet blockages that may result from changes in information security conditions or poor internet connectivity. Providing a complementing product available with a web browser would be taking a step in the direction of corporate business. TMS could be made lighter thus easier to maintain and deploy. The SAO could manage significant amounts of daily business via a browser in real-time. There are a few countries that do not have reliable internet connectivity but everyday that number dwindles. Likewise, training program management reviews (TPMRs) could be administered in the same manner. Imagine, a direct internet connection to the SAN and then push the gathered information to the MILDEP or DSAMS. The continuous improvements in technology will eventually change the landscape of the security assistance community.

About the Authors

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Security Assistance Training Now on Line

By

Gary Taphorn

and

Richard Rempes

Defense Institute of Security Assistance Management

Introduction

Beginning in January, DISAM greatly expanded its training interface with the user community with the introduction of an internet-based course on the fundamentals of security assistance. Known as the Security Assistance Management Orientation Course (SAM-OC), the course is designed principally as an overview of security assistance for employees of the Department of Defense, as well as other government agencies, who are new to the field or who may have part-time security assistance responsibilities.

Course Description

SAM-OC consists of thirteen lectures: an introductory session and twelve lectures on the various aspects of security assistance. Each lesson is taught by a veteran DISAM instructor who is qualified in that field. The course is designed to closely replicate instruction in a DISAM classroom. Specifically, in progressing through a lecture the student will be able to:

- View a PowerPoint slide with key points;
- Listen to the instructor's voice as he addresses those points;
- Follow along by reading the text of the instructor's remarks at the bottom of the screen;
- Navigate through the instructional pages either sequentially or at random by using the collapsing list of lecture sections and pages.

Lesson Topics in SAM-OC

- **Introduction**
- **Legislation and Policy**
- **Security Assistance Office Operations**
- **Foreign Military Sales Process**
- **International Defense Acquisition Policy**
- **International Sales Contractual Instruments**
- **Technical Transfer and International Program Security**
- **International Armaments Cooperation Programs**
- **Security Assistance Training Management**
- **Department of Defense Logistics**
- **Foreign Military Sales Financial Management**
- **A Comparison: Direct Commercial Sales and Foreign Military Sales**
- **Ethics and Standards of Conduct**

At the beginning of every lecture, the student will also see the instructor on video as he or she introduces the topic. Additionally, at selected points in each lecture, the instructor will ask the student to read or scan reference material, frequently found in the DISAM textbook *The Management of Security Assistance*, which can be accessed by a hyperlink imbedded in the lesson. Finally, each lesson includes a series of review questions to help ensure that the student has grasped a basic comprehension of the material. Because students can access and complete these lectures at their own pace, this type of learning is considered asynchronous. The other type of distance learning is synchronous instruction, which involves the students viewing and interacting with the instructor in real time, usually in accordance with pre-set schedules and on-line meeting times.

Distance Learning in DoD

The use of the internet as a training tool, variously called distance learning, or “E-learning,” or computer based training (CBT), has increased geometrically within the Department of Defense (DoD) in recent years. All of the military services have begun to exploit the advantages of distance learning and the Army in particular has been very aggressive. For example, usage of the Army’s Reimer Digital Library, which is the single repository for the Army’s training and doctrine information, has expanded from four thousand hits per month in July, 1996 to fourteen million hits per month in September, 2001. Other DoD schools, such as the Defense Acquisition University at Fort Belvoir, are now requiring the completion of some courses via distance learning as a prerequisite to attendance at other resident courses. In summary, distance learning has become a growth industry within DoD almost overnight and is certainly here to stay for the foreseeable future.

Advantages

Although the security assistance community is relatively small compared to other training audiences within DoD, it can reap the same benefits from distance learning that are available to other users. Here are a few of the principal advantages of distance learning, as designed by DISAM:

- Employees new to security assistance can begin learning about the field in their first week on the job, as opposed to waiting for the next available resident course at DISAM;
- Students can learn at their own pace, by playing a section of a lesson more than once, or starting and stopping at their convenience. SAM-OC has been organized into bite-size blocks to facilitate short on-line sessions of 20 - 30 minutes;
- Students can pursue distance learning from any computer with access to the internet, whether at work or home;
- Students may use the course as a refresher on selected security assistance topics, as appropriate; and
- Although there is no direct interface between student and instructor, the student may contact the instructor via e-mail link to resolve any questions.

Training Demographics of the Security Assistance Community

The introduction of an on-line orientation course is, in part, an outgrowth of a worldwide survey by DISAM in April 2000 on the training needs of the security assistance community. The

results of this survey were published in the *The DISAM Journal* 23:3, pp. 66-73. A few key findings of that study are repeated below:

- **DISAM Attendance.** Twenty percent of respondents had never attended a traditional DISAM course, although twenty-three percent had attended at least three courses.
- **Security Assistance Experience.** Forty percent had less than three years experience in security assistance, with nearly half of those having less than one year (this includes the military personnel in SAOs and unified command billets).
- **Distance Learning Experience.** Sixty-six percent had indicated no prior participation in computer-based training.
- **Media Preference.** Eighty-two percent of respondents indicated satisfaction with use of the internet as a learning medium.
- **Willingness to Learn.** An overwhelming eighty-five percent indicated they would be willing to participate in security assistance training through distance learning. Of these, only thirteen percent indicated a preference for pursuing studies during off-duty hours. The remaining forty-six percent preferred to study during duty hours exclusively and thirty-nine percent chose a combination of both on-duty and off-duty study hours.

Results of the survey support the conclusion that there is a need for, as well as a willingness to pursue, distance learning within the security assistance community. The SAM-OC course is one response by DISAM to those findings.

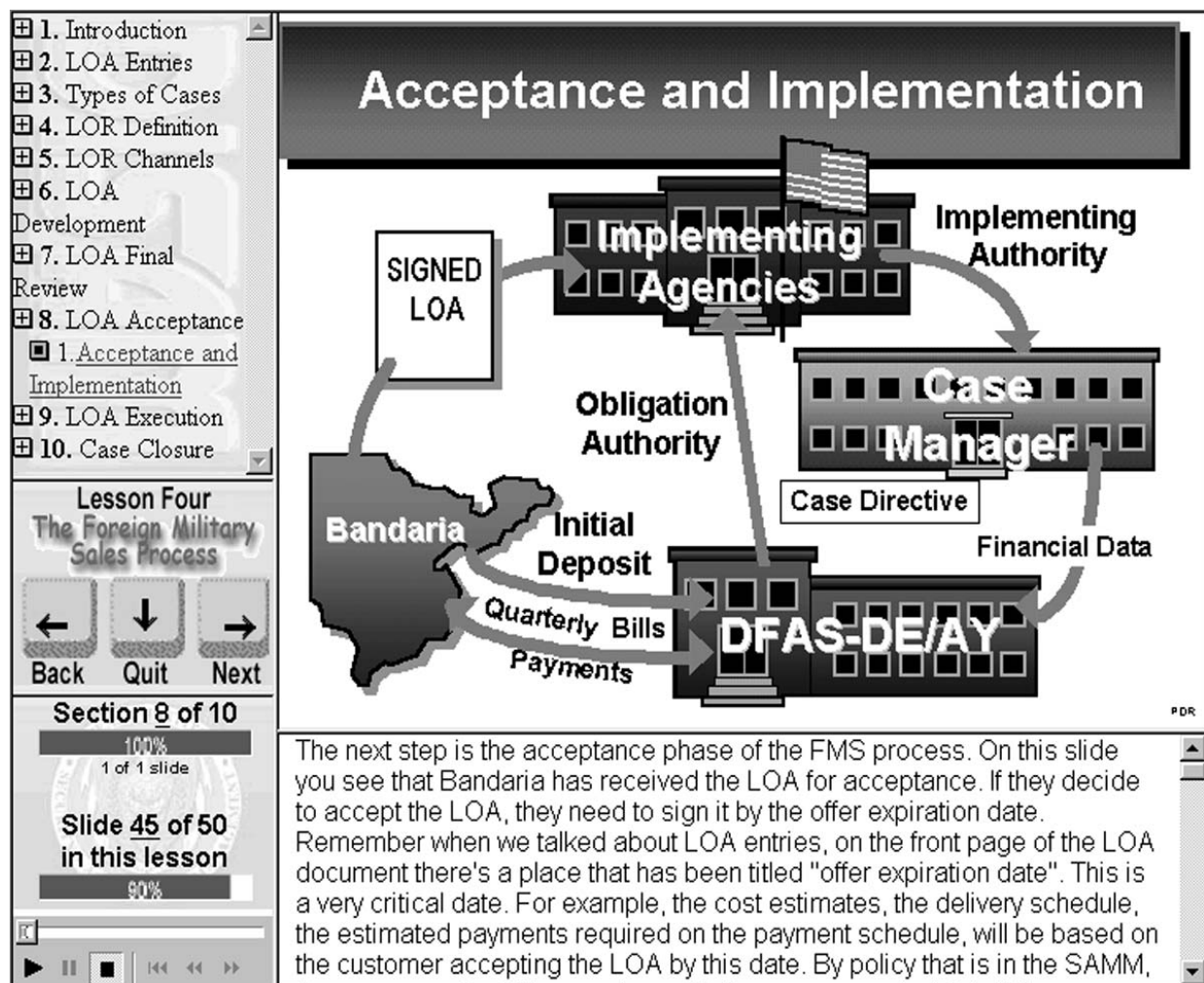
Target Audience

SAM-OC is not only designed to reach security assistance employees at an earlier date than resident instruction. It is also intended to expand access to security assistance instruction for DoD and other government employees who are on the periphery of security assistance or who would not normally have the opportunity for resident attendance at DISAM. A few examples of the target audience for SAM-OC include:

- Security assistance staff officers at the unified commands and the Joint Staff;
- Personnel assigned to SAOs overseas whose duties are not primarily security assistance and who therefore are not scheduled for the resident SAM-O course;
- Personnel assigned to Defense Attache Offices (DAOs) overseas who manage security assistance programs, often on a part-time basis;
- Foreign service nationals (FSNs) who serve in SAOs;
- Employees of other federal organizations with security assistance functions or oversight, such as the Department of State, Department of Commerce, the U.S. Coast Guard, and the National Imagery and Mapping Agency (NIMA); and
- Employees of defense contractors funded by security assistance. SAM-OC is *not* open to foreign (host nation) officials at this time. DISAM is not funded to provide training to the public at large, except where official duties involve security assistance and foreign military sales activities.

More Details on the Course

As a concurrent effort with the development of SAM-OC, DISAM has retooled the distance learning portion of its website. The most significant change is that the prototype distance learning course, the *DISAM Virtual Classroom* is gone, having been replaced by SAM-OC, which is an official catalogue course. After clicking on Distance Learning, viewers may follow instructions to register on-line for the course by filling out a pre-formatted e-mail message to the DISAM registrar. In addition to basic information about yourself, including your e-mail address, DISAM will ask for your immediate supervisor's name and contact information. This may be used to verify your eligibility to take the course, which is on a public domain website. After submitting your registration form, the computer screen will automatically take you to the login page for the course, which is <http://disam.blackboard.com>. Blackboard is the commercial firm which provides the content management software for the course. At this screen, you will create your Blackboard student account, to include your own user name and password. After reviewing all information submitted, the DISAM registrar will respond by e-mail, normally within one working day, confirming your registration and indicating that you are formally enrolled in the course.



Sample screen from SAM-OC

Once registered, students may access the course at the website above with their user name and password. The actual course content is located under a button labeled "Lectures." However,

during their first session(s) on-line, students are encouraged to “surf” through the remaining buttons, which provide a wealth of supporting and administrative information that may prove beneficial. Of special importance are e-mail links to the various instructors, should the student have questions or concerns on a particular topic. The course is estimated to take about thirty hours to complete, which includes playing the lessons, reading the linked material, and taking an end-of-course test. The test, which is taken on-line and timed at ninety minutes, consists of fifty multiple choice questions drawn proportionately from all thirteen lessons. Finally, an end-of-course critique offers students a chance to provide feedback to the DISAM faculty. Students have ninety days from registration to complete the course.

Computer System Requirements

As with all computer-based courses, there are minimum system requirements for accessing SAM-OC. These are discussed in detail within the distance learning portion of the DISAM website. Briefly, the key requirements are as follows:

- An IBM-compatible personal computer which runs Windows 95/98/ME with 64 Mb RAM, or which runs Windows 2000/NT with 128Mb RAM;
- An internet connection of at least 56 Kb;
- Internet Explorer 4.0 or later (Netscape Navigator is not supported);
- A 256-color monitor capable of a resolution of 800 x 600; and
- A current version of Apple Quicktime 4 or 5 and Adobe Acrobat Reader, both of which can be downloaded from the DISAM website, if needed.

As with all internet-based programs, bandwidth, or the speed of your connection to the internet, has a significant impact on the download speed of audio and video content in SAM-OC. Most machines connected to the internet in U.S. government offices have connection speeds that are sufficient to download and play the audio/video content in near real-time. Most users at home are connected via analog modems, which are significantly slower (28.8K, 56K). Audio files can take several minutes to load, and the user may experience pauses and buffering. While not ideal, an obvious fix to this problem is to mute the audio, or simply turn off the speakers. Although the student will not hear the instructor’s voice, the text at the bottom of the screen is an exact transcription of the audio.

The Future of Distance Learning

The introduction of its first official course via the internet is only one of several DISAM initiatives within the distance learning arena. In August 2001, DISAM released a training tool on CD-ROM entitled *Overview of the Letter of Request*. Targeted primarily at members of the overseas security assistance offices (SAOs), this CD offers a simplified but realistic look at the full range of factors which contribute to a rational and comprehensive LOR by the host nation and how the SAO can assist in this process. Later this year, DISAM will release a second CD-ROM for the security assistance training officer, which will offer a generic pre-departure briefing for foreign students headed to the United States. In summary, distance learning is gradually becoming a more important and visible component of security assistance training. DISAM remains ready to support the user community with additional distance learning products and solicits user input to that end.

About the Authors

Gary Taphorn is an instructor at DISAM, currently serving as the distance learning course manager. He is a retired Army lieutenant colonel and Middle East Foreign Area Officer, and has served four tours of duty with security assistance responsibilities. He earned a bachelor's degree from the Xavier University in Cincinnati, Ohio and his master's from Georgetown University, Washington, D.C.

Rick Rempes is an instructor at DISAM, currently developing and producing CD-ROM and web-based training. Rempes came to DISAM from the U.S. Army Defense Ammunition Center, McAlester, Oklahoma, where he spent ten years as an instructor and distance learning programmer. He has previously served as an Army civilian ammunition inspector and logistician and completed several tours in England and Germany. Rempes is a graduate of Central Michigan University.

Meeting Customer Requirements: DISAM Offers Tailored On-Sites and Mobile Education Teams

By

Joanne B. Hawkins
Defense Institute of Security Assistance Management

DISAM has long provided tailored instruction to domestic and international customers in a variety of security assistance subjects. As the international customer base continues to expand, we have found the levels of experience and the needs of our customers vary. The same applies to the domestic security assistance management organizations which continue to experience high personnel turnover. While we continue to have resident courses with a standardized curriculum that cover a broad range of experience levels, DISAM can also provide specialized instruction appealing to the very basic needs or to the very experienced, in the form of an on-site to the domestic customer or a Mobile Education Team (MET) to the international customer.

For example, a 3-day Industry on-site may focus primarily on legislation, technology transfer and export controls, licensing requirements, the foreign military sales (FMS) process and the Letter of Offer and Acceptance (LOA), and Department of Defense acquisition policies. Whereas, a 3-day on-site for the Defense Finance and Accounting Service (DFAS) might focus on the FMS process, pricing, billing, funds management and case reconciliation. And a 3-day on-site for the Defense Contract Management Agency (DCMA) could emphasize the legislation, FMS process, acquisition and logistics. The bottom line is that DISAM can deliver tailored instruction to meet the customers' specific needs. This is the theme of this year's annual curriculum review: *Meeting Customer Requirements*. The key is for the customer to identify what those needs are, and a little advanced planning.

Often we are asked to export an entire specialized course to an on-site location. DISAM offers several courses that we can take on the road. These include the Case Reconciliation course (SAM-CR), the FMS Contract Management course (SAM-CT) and the Logistics/Customer Support course (SAM-CS), all of which are offered as 4-day on-sites. Unfortunately, not all our courses travel. Often this is because the course involves numerous guest speakers or computer labs or seminars that simply can not be packed up and moved. But selected elements of those specialized courses can be conducted on-site. DISAM offers a case management course (SAM-CM) and a financial management course (SAM-CF) for domestic customers in residence only. But domestic customers wanting case management or financial management emphasis can request a 3-day on-site in which many of the elements of the CM or CF course will be presented.

DISAM also offers four courses as exportable Mobile Education Teams (MET) to international customers. These are the two-week Foreign Purchaser course (SAM-F), the five-day Planning and Resource Management course (SAM-P), the three-day International Training Management course (SAM-IT), and the five-day Logistics/Customer Support course (SAM-CS). While all the DISAM METs are tailored to the customer's requirements, the SAM-CS course is particularly noteworthy.

Meeting International Customers' Logistics Needs

Four years ago DISAM introduced the Logistics/Customer Support Course (SAM-CS) to the security assistance community. The course is designed for all personnel supporting FMS logistics, to include Department of Defense personnel, contractors, freight forwarders and customer foreign liaison officers. The course focuses on reducing frustrated and misdirected

shipments, reducing supply discrepancies and improving case reconciliation. Since its inception in 1998, the course has been well attended by both domestic and international customers, and it has been presented three times by Mobile Education Teams to international customers: Twice to Israel in New York City in 2000, and once in Warsaw, Poland in 2001. Additionally, DISAM has been approached to present the course to other countries. The standard resident course assumes that the international customer has a basic military logistics infrastructure in place upon which to apply this knowledge. Therein lies the problem.

Many of our newer international customers are just beginning to establish their security assistance program. Some have not yet established a single follow-on support case. Others have established cases, but are still so unfamiliar with the Department of Defense logistics system that they cannot make use of the numerous documents generated by the ILCOs and the Defense Automated Addressing System Center (DAASC), the organization that processes supply status reports. Some international customers have requested assistance from their supporting security assistance officer (SAO) or Defense Attaché (DAO). Too often these well-meaning civilian or military professionals little experience with these logistics and financial documents. When the SAO is not knowledgeable enough to provide such assistance, it is time to consider a Logistics/Customer Support Course (SAM-CS) Mobile Education Team (MET).

DISAM can help. In keeping with our effort to provide tailored instruction to the customer, we are able to modify the SAM-CS course to apply to those international customers who are still defining their logistics needs. This modified five-day course emphasizes more the FMS process, the fundamental Department of Defense logistics structure, the Department of Defense provisioning process, interpreting the logistics reports and status documents sent to the customer, acquiring and interpreting catalog data, publications support, maintenance support, acquiring non-standard items and basic military standard requisitioning and issue procedures. Although this modified SAM-CS course also covers the acquisition process, transportation, freight forwarding and discrepancy reporting, these areas are less emphasized because the customer is less concerned with them at this stage. A typical 5-day international SAM-CS logistics primer might look like this:

Day 1

- Intro to security assistance programs
- FMS process: The preliminary, definition, and request phases. Emphasis on development of the Letter of Request
- FMS process: The offer, acceptance and case implementation
- Types of FMS cases

Day 2

- Provisioning
- Forecasting equipment failures and parts usage
- Maintenance support
- Acquisition basics
- Publications
 - How to establish publications cases for standard and nonstandard publications
 - The differences between standard publications and technical manuals/technical directives/technical orders

Day 3

- ILCS/STARR-PC
 - What ILCS is and how to get it
 - What STARR-PC is and how to get it
 - Role of the ILCO
- Role of the ICP/Item manager
- Catalogs and DLIS products
 - How to get them, and how to use them
 - How to read catalog data
 - NSN/part cross-referencing
 - Interchangeability/Substitutability

Day 4

- Requisition processing
- Setting up a logistics tracking system
 - Open requisitions
 - Follow-ups
 - Cancellations
 - Completed orders
- Reports from the ILCO and DAASC
 - Quarterly requisition report
 - Cancellation report
 - Monthly open/completed report
 - Blanket order reconciliation/validation
 - DAASC logistics transaction report

Day 5

- Transportation
 - Using the defense transportation system
 - Freight forwarders
 - Frustrated cargo resolution
- Reconciling the DD645, billing statement and the delivery listing
- Supply discrepancies

This modified Logistics/Customer Support course intends to help the customer establish basic logistics management procedures to make the best use of the Department of Defense logistics system and the FMS program. For more information about the SAM-CS course, e-mail myself at Joanne.Hawkins@disam.dsca.osd.mil or phone at commercial (937) 255-8192 or DSN 785-8192.

Scheduling an On-site or MET

The DISAM curriculum allows small teams of instructors to conduct on-site courses and overseas METs throughout the year while the resident courses are in session in Dayton. These on-site travel periods are built into the DISAM schedule, and customers are plugged into those available dates on a first-come, first-served basis. All customers must identify their specific instruction needs so that the DISAM subject matter experts can be scheduled to conduct the training and pull together the necessary resources to provide tailored instruction. All this takes time and planning. Domestic customers should identify their instructional requirements at least six months prior to the training dates, and international customers should get on the DISAM calendar at least one year in advance of the requested dates. Domestic on-site customers should contact Gary Geilenfeldt, e-mail Gary.Geilenfeldt@disam.dsca.osd.mil at (937) 255-8196 or DSN 785-8196 to schedule an on-site course.

Any MET to an international customer must be coordinated through the SAO or U.S. military representative at the embassy. Because of the long lead time needed to prepare for such a tailored MET, DISAM recommends the SAO consider programming the MET into the country's long-range training schedule and establish the Letter of Request at least a year in advance. International customers or SAOs should contact Bob Hanseman e-mail, Robert.Hanseman@disam.dsca.osd.mil at (937) 255-5851 or DSN 785-5851 to schedule a MET. International customers must establish a training case with the Air Force Security Assistance Training group before a MET can be locked in.

About the Author

Joanne B. Hawkins is an Associate Professor and has been teaching at the Defense Institute of Security Assistance Management since 1992. She is a retired Army logistician. She is the coordinator for logistics instruction at DISAM and the course director of the Logistics/Customer Support Course (SAM-CS). She also instructs in international programs security, FMS process, finance, legislation and foreign policy.

SECURITY ASSISTANCE COMMUNITY

Defense Institute of International Legal Studies Awarded the Joint Meritorious Unit Award

On Thursday, 8 November 2001, Mr. Richard Millies, Deputy Director, Defense Security Cooperation Agency (DSCA), traveled to Newport, RI to present the Joint Meritorious Unit Award (JMUA) to the staff of the Defense Institute of International Legal Studies (DIILS). He was accompanied by Ms. Beth Baker, DSCA/ Policy. This occasion also provided an opportunity for Mr. Millies and Ms. Baker to receive an orientation tour of DIILS and briefings on the DIILS mission, and to engage in extensive discussions with the DIILS staff on their various responsibilities.



Mr. Richard Millies, Deputy Director of DSCA, and Colonel Richard Price, Director of DIILS hold the Joint Meritorious Unit Award presented to DIILS.

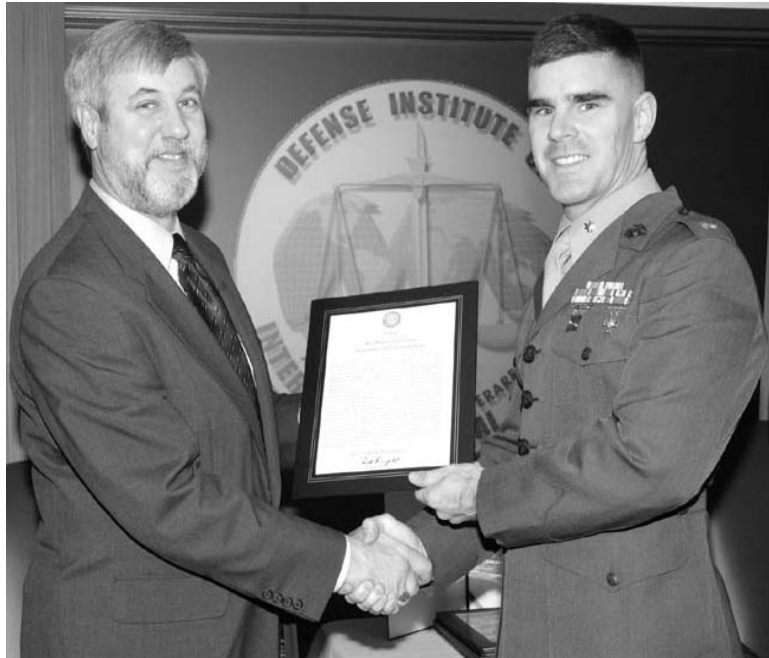
Secretary of Defense Donald Rumsfeld awarded the Joint Meritorious Unit Award to DIILS on 27 August 2001. In the award Secretary Rumsfeld made note of the

“ . . . exceptionally meritorious achievements for the period of 16 June 2000 to 15 June 2001. During this period, the Institute led United States foreign policy efforts worldwide under the State Department’s Expanded International Military Education and Training program. Staff members presented 54 seminars in 30 countries and trained more than 2,350 senior foreign civilian and military officials. The Institute staff executed State Department policy by providing international humanitarian law training to Russian Federation Forces during the conflict in Chechnya. The faculty worked directly with the Colombian government on human rights and rule of law training for the military, both key components of “Plan Colombia.” The institute quickly responded to Administration decisions to conduct rule of law training in Nigeria upon its transition to democracy and to educate members of the Iraqi National Congress on “War Crimes Investigation and Prosecution.”

The Iraqi National Congress is now better prepared for the eventual transition of power and the prosecution of war criminals from the current Iraqi regime.”

The award recipients included the active duty and civilian staff, as well as Reserve officers from all four Services, who served at DIILS during the period of the award.

It is highly unusual, and possibly unique, for this prestigious award to be presented to a joint U.S. military organization that is a legal organization. DIILS is a joint agency activity that is



engaged in international legal training on military justice, disciplined military operations, adherence to the rule of law, and respect for human rights. In his presentation, Mr. Millies noted the tremendous efforts put forth by DIILS that merited this award, and commented that he was confident that DIILS is well prepared to successfully face the many challenges that lay ahead for DIILS and the entire Security Assistance community.

Major D. J. Riley, a Country Program Manager at DIILS receives his Joint Meritorious Unit Award.



YNC Matthew Marshall, an Administrative Officer at DIILS is congratulated by Mr. Richard Millies.

2002 POINTS OF CONTACTS

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Director (DSCA)
Defense Security Cooperation Agency
Crystal Gateway North
1111 Jefferson Davis Highway
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(Unsecure) MEAN's Fax: 604-0541 or 4-6543
(Unsecure) COMPT's Fax: 604-6538 or 4-6536
(Unsecure) GC's Fax: 604-6547 or 4-6539
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Office of the Director (DSCA)	604-6606
General Counsel (GC)	604-6588
Legislative and Public Affairs (LPA) Office	604-6617
Strategic Planning Team (SP) Europe, Russia, Americas & Sub-Sharan, Africa (ERASA) Directorate	601-3703
Middle East Asia, North Africa (MEAN) - Directorate	604-6640
Office of the Comptroller	604-6556
Information Technology and DSAMS Directorate	601-3766
Humanitarian Assistance and Demining	601-3660

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DSN: 224-6626

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SA Middle East Africa Division (ECJS-M)

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Data Fax: DSN 430-5162

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UNITED STATES PACIFIC COMMAND (USPACOM or HQ USCINCPAC)

HQ USCINCPAC
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Camp H. M. Smith HI 96861

DSN: (315) 477-7654

Commercial: (808) 477-7654

(Unsecure) Data Fax: DSN: (315) 477-6669

UNITED STATES SOUTHERN COMMAND (USSOUTHCOM)

USSOUTHCOM
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3511 NW 91st Avenue
Miami FL 33172-1217

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Fax Commercial: (305) 437-1853
(Unsecure) Data Fax: (305) 437-1857

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Deputy Commander
USNAVCENT
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(Unsecure) Web: www.socom.mil
(Secure) Web: socweb.socom.smil.mil

DEPUTY UNDER SECRETARY OF THE ARMY FOR DEFENSE EXPORTS AND COOPERATION (DAS-DE&C) OR (SAAL-ZN)

Assistant Deputy Undersecretary of the Army for
International Affairs (Security Cooperation)
ATTN: DASA-DE&C
1777 North Kent Street, Suite 8200
Arlington VA 22209

DSN: 425-8077
Commercial: (703) 588-8077
(Unsecure) Data Fax: (703) 588-8490
(Secure) Data Fax: (703) 588-8765
Web Site: <http://www.army.mil>

UNITED STATES ARMY SECURITY ASSISTANCE COMMAND (USASAC)

Department of the Army
U.S. Army Security Assistance Command (USASAC)
5701 21st Street
Fort Belvoir, VA 22060-5940

SECURITY ASSISTANCE TRAINING FIELD ACTIVITY (SATFA-TRADOC)

Director
SATFA-TRADOC
Attn: ATFA-XX
Ft. Monroe VA 23651-5267

DSN: 680-3800
Commercial: (757) 727-3800
Data Fax Unclassified: (757) 727-4142/3014
Web Site: <http://www-satfa.monroe.army.mil>

TRADOC-SATFA WASHINGTON LIAISON OFFICE

Director TRADOC/SATFA
Attn: ATFA-WLO (Rm 5W1 1)
5001 Eisenhower Avenue
Alexandria VA 22333-0001

DSN: 767-5965
Commercial: (703) 617-6044
Data Fax Unclassified: (703) 617-3331

ARMY FREIGHT FORWARDER ASSISTANCE

Deputy for Operations
U.S. Army Security Assistance Command
Attn: AMSAC-OL
3rd Street and M Avenue, Bldg 54
New Cumberland PA 17070-5096

Commercial: (717) 770-6843
DSN: 977-6843

Message: TWX-CDRUSADAC NEW CUMBERLAND PA//AMSAC-OL/T

UNITED STATES ARMY SECURITY ASSISTANCE TRAINING MANAGEMENT ORGANIZATION (USASATMO)

Commander SATMO
Attn: AOJK-SA
Building D-2815, Ardennes Street
Ft. Bragg NC 28307-5000

DSN: 239-9108
Commercial: (910) 432-9108
Data Fax Unclassified: (910) 432-3695

UNITED STATES ARMY WESTERN HEMISPHERE INSTITUTE FOR SECURITY COOPERATION (WHINSEC)

Western Hemisphere Institute for Security Cooperation (WHINSEC)
7011 Morrison Av., Ridgway Hall, Room 352
Ft Benning GA 31905-2611

DSN: 835-1631/1722
Data Fax: DSN 835-6964
Web Site: www.benning.army.mil/whis.c/index.htm

UNITED STATES ARMY SIMULATION, TRAINING & INSTRUMENTATION COMMAND (STRICOM)

Commander
U.S. Army Simulation, Training and Instrumentation Command
Attn: AMSTI-CA
12350 Research Parkway
Orlando FL 32826-3276

DSN: 970-5104
Commercial: (407) 384-5104
Data Fax: (407) 384-5130
E-Mail: fms@stricom.army.mil
Web Site: <http://www.stricom.army.mil/>

UNITED STATES ARMY AVIATION AND MISSILE COMMAND (AMCOM)

Commander
U.S. Army Aviation and Missile Command
Attn: AMSAM-SA
Redstone Arsenal AL 35898-5000

DSN: 897-6908
Commercial: (256) 313-6908
Data Fax: (256) 313-6624
Web Site: <http://www.redstone.army.mil/>

UNITED STATES ARMY TANK-AUTOMOTIVE AND ARMAMENTS COMMAND (TACOM)

Commander
U.S. Army Tank-Automotive and Armaments Command
Attn: AMSTA-(CM-T)
Warren MI 48397-5000

DSN: 786-6585
Commercial: (810) 574-6585
Data Fax: (810) 574-7874
Web Site: <http://www.tacom.army.mil/>

**UNITED STATES ARMY TANK-AUTOMATIVE AND ARMAMENT COMMAND
ROCK ISLAND (TACOM-RI)**

Commander
U.S. Army Tank-Automotive and Armament Command
Attn: AMSTA
Rock Island IL 61299-7630

Commercial (309) 782-
DSN: 793-0927
Data Fax: (309) 782-2896/7201
E-Mail: amsta-lc.to@ria.army.mil

UNITED STATES ARMY OPERATIONS SUPPORT COMMAND ROCK ISLAND

Commander
United States Army Operations Support Command -
Rock Island
ATTN: AMSOS-SA
Rock Island IL 61299-6000

DSN: 793-3372-8576
Commercial: (309) 782-3372/8576
Data Fax: (309) 782-2250/2237
Web Site: <http://www.osc.army.mil/il/index.htm>

UNITED STATES ARMY MEDICAL MATERIEL AGENCY (USAMMA-ILO)

U.S. Army Medical Materiel Agency
Attn: MCMR-MMS-I
1423 Sultan Dr., Suite 100
Ft. Detrick MD 21782

DSN: 343-2058
Commercial: (301) 619-2058

OFFICE OF THE SURGEON GENERAL (DASG)

Office of the Surgeon General
International Medical Program Manager
Attn: DASG-HCZ-IA
5109 Leesburg Pike
Falls Church VA 22041

DSN: 761-1684
Commercial: (703) 681-1684
(Unsecure) Data Fax: (703) 681-3429
(Secure) Data Fax: (703) 681-8183

UNITED STATES DEPARTMENT OF THE NAVY

<http://www.navy.mil>

NAVY AND MARINE CORPS FREIGHT FORWARDER ASSISTANCE

Naval Inventory Control Point (NAVICP)
Attn: Code P753111
700 Robbins Avenue (Bldg. 4B)
Philadelphia PA 19111-5090

Commercial: (215) 697-5002
DSN: 442-5002
FAX: (215) 697-0766

Message: TWX-NAVICP PHILADELPHIA PA/P75311//

NAVY INTERNATIONAL PROGRAMS OFFICE (NAVY IPO)

Department of the Navy
Navy International Programs Office
Nebraska Avenue Complex
4255 Mount Vernon Drive Suite 17100
Washington DC 20393-5445

Commercial: (202) 764-2800
DSN: 764-2800
Data Fax (Unclassified): (202) 764-2835
<https://www.nipo.navy.mil/>

**DEPARTMENT OF THE NAVY, OFFICE OF THE ASSISTANT SECRETARY OF THE
NAVY (FINANCIAL MANAGEMENT AND COMPTROLLER)**

Department of the Navy
Office of the Assistant Secretary of the Navy
(Financial Management and Comptroller)
1000 Navy Pentagon
Washington DC 20350-1000

Operations Division (FMB-1)

DSN: 225-3262
Commercial: (703) 695-3263
Data Fax: (703) 614-7418

FMB E-Mail: FMBcode@NHBS.SECNAV.NAVY.MIL

Financial Management Policy and Systems Division (FMO-1)

DSN: 325-6706
Commercial: (202) 685-6706
Data Fax: (202) 685-6760

Financial Management Division (FMO-2)

DSN: 325-6718
Commercial: (202) 685-6718
Data Fax: (202) 685-6700

Management Accountability and Control Division (FMO-3)

DSN: 325-6742
Commercial: (202) 685-6742
Data Fax: (202) 685-6760

NAVY JUDGE ADVOCATE GENERAL (NAVY JAG)

Office of the Judge Advocate General of the Navy (Code 10)
Head, International Programs Branch
2000 Navy Pentagon (Room 2D343)
Washington DC 20350-2000

DSN: 227-9161
Commercial: (703) 697-9161
Data Fax: (703) 695-8073

COMMANDER, NAVAL AIR SYSTEMS COMMAND (COMNAVAIRSYSCOM)

International Programs Department (AIR-1.4)
Building 2272, Suite 355
Naval Air Systems Command Headquarters
47123 Buse Road, Unit IPT
Patuxent River MD 20670-1547

DSN: 757-6685
Commercial: (301) 757-6685
Data Fax: (301) 757-6684
Web Site: <http://www.navair.navy.mil>

COMMANDER, SPACE AND NAVAL WARFARE SYSTEMS COMMAND (COMSPAWARSYSCOM)

Commander
Space and Naval Warfare Systems Command
FMS Program Office - Code 054-1
4301 Pacific Highway
San Diego CA 92110-3127

DSN: 524-7322
Commercial: (619) 524-7322
Data Fax: DSN: 524-7224

COMMANDER, NAVAL SEA SYSTEMS COMMAND (COMNAVSEASYSKOM)

Naval Sea Systems Command
Security Assistance Program Office (PMS 380 & 333)
2531 National Center, Building 3
Washington DC 20363-5160

DSN: 332-1537
Commercial: (703) 602-1537
Data Fax: (703) 602-9133
Web Site: <http://www.navsea.navy.mil/>

COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND (COMNAVFAECNGCOM)

Command Officer
Naval Facilities Engineering Service Center
Waterfront Structures Division, Code ESC62
1100 23rd Ave, Bldg 1100
Port Hueneme CA 93043-4370

Commercial: (805) 982-1180
DSN: 551-1180
Data Fax: (805) 982-3491

COMMANDER NAVAL SUPPLY SYSTEMS COMMAND (COMNAVSUPSYSCOM)

Deputy Commander
Security Assistance (SUP07)
Naval Supply Systems Command
700 Robbins Avenue
Philadelphia PA 19111-5098

DSN: 442-3535/3536
Commercial: (215) 3535/3536
Data Fax: (215) 697-4940
Web Site: www.navsup.navy.mil

COMMANDER NAVAL INVENTORY CONTROL POINT (NAVICP)

Commander
Naval Inventory Control Point (NAVICP)
700 Robbins Avenue
Philadelphia PA 19111-5098

DSN: 442-2101
Commercial: (215) 697-2101
Data Fax: (215) 697-0892
Web Site: www.navicp.navy.mil

Commander
Naval Inventory Control Point
5450 Carlisle Pike
P.O. Box 2020
Mechanicsburg PA 17055-0788

DSN: 430-3701
Commercial: (717) 605-3701
Data Fax: (717) 605-7616

NAVAL EDUCATION AND TRAINING SECURITY ASSISTANCE FIELD ACTIVITY (NETSAFA)

Commander
NETSAFA
125 West Romana Street, Suite 600
Pensacola FL 32501-5849

DSN: 922-2900
Commercial: (850) 452-2900
Data Fax: DSN 922-2953/3744
Commercial: (850) 452-2953/3744
Web Site: <http://www.netsafa.navy.mil>

UNITED STATES ATLANTIC FLEET (CINCLANTFLT)

CINCLANTFLT
U.S. Atlantic Fleet N7
1562 Mitscher Avenue STE 250
Norfolk VA 23551-2487

DSN: 836-3534
Commercial: (757) 836-3534
Data Fax: (757) 836-6794
Web Site: <http://www.lantflt.navy.mil>

CINCLANTFLT
Foreign Military Sales (Code 734)
1562 Mitscher Ave. Suite 250
Norfolk VA 23511-2487

DSN: 836-3534
Commercial: (757) 836-3534
Data Fax: (757) 836-0141
Data Fax DSN: 836-0141
Web Site: www.clf.navy.mil

UNITED STATES PACIFIC FLEET (CINCPACFLT)

CINCPACFLT
Code N403
250 Makalapa Drive
Pearl Harbor HI 96860-7000

DSN: (315)474-6915/6908
Commercial: (808) 474-6915/474-6908
Data Fax: (808) 474-6956
Web Site: <http://www.cpfnavy.mil>
Message Address: CINCPACFLT PEARL HARBOR HIIIN403H

COMMANDER, NAVAL SURFACE GROUP TWO

Commander, Naval Service Group Two
Building 1878
P.O. Box 280003
Mayport NAS FL 32228-0003

DSN: 960-7354
Commercial: (904) 270-7354
Data Fax: DSN 960-7363

U.S. MARINE CORPS

<http://www.usmc.mil>

PLANS POLICY AND OPERATIONS DEPARTMENT HQ. U.S. MARINE CORPS

Strategy Plans and Operations Department Hq U.S.

Marine Corps

2 Navy Annex

Washington DC 20380-1775

DSN: 224-3706

Commercial: (703) 614-3706

Data Fax: (703) 614-1420

Fax DSN: 224: 1420

Commercial: (703) 614-3706/614-4481

Data Fax: (703) 614-4481

MSG PLAD: CMC WASHINGTON DC//PLU-SA/FMS//

MARINE CORPS SYSTEMS COMMAND (MARCORSYSCOM IP)

Marine Corps Systems Command (MARCORSYSCOM IP)

2033 Barnett Avenue, Suite 315

Quantico VA 22134-5010

DSN: 278-3489/278-3779

Commercial: (703) 784-3489/784-3779

Data Fax: (703) 784-4039

MSG PLAD: MARCORSYSCOM QUANTICO VA //IP//

MARINE CORPS COMBAT DEVELOPMENT COMMAND (MCCDC)

Marine Corps Combat Development Command (MCCDC)

Command General TECOM 466 3300 Russell Road

Quantico VA 22134-5001

DSN: 278-4778/278-4777

Commercial: (703) 784-4778/784-4777

Data Fax: (703) 784-4074

DSN Data Fax: 278-4074

Secure Data Fax: (703) 784-2534

Message Address: CG TECOM QUANTICO VA//C466//

U.S. DEPARTMENT OF THE AIR FORCE

<http://www.af.mil>

AIR FORCE FREIGHT FORWARDER ASSISTANCE

Headquarters Air Force Materiel Command

Transportation - Policy Division

ATTN: LGTT

Wright-Patterson Air Force Base OH 45433-5006

Commercial: (937) 257-5389

DSN: 787-5389

FAX: (937) 257-7680

Message: TWX - HQ AFMC WPAFB OH//LGTT//

DEPUTY UNDER SECRETARY OF THE AIR FORCE FOR INTERNATIONAL AFFAIRS (SAF/IA)

Deputy Under Secretary of the Air Force for

International Affairs (SAF/IA)

1080 Air Force Pentagon

Washington DC 20330-1080

DSN: 425-8838

Commercial: (703) 695-7262

Data Fax: (703) 425-8833

Web: www.safia.hq.af.mil

AIR FORCE SECURITY ASSISTANCE TRAINING (AFSAT) SQUADRON

AFSAT/(Office Symbol)

315 J Street West, Building 857

Randolph AFB TX 78150-4354

DSN: 487-5961

Commercial: (210) 652-5961

Data Fax: (210) 652-4573

AIR FORCE AIR LOGISTICS CENTERS

Oklahoma City Air Logistics Center/LGMRC
3001 Staff Drive STE 2AC196A
Tinker AFB OK 73145-3055

DSN: 336-3929
Commercial: (405) 736-3929
Web Site: <http://www.tinker.af.mil/>

Ogden Air Logistics Center/FMR-2
6009 Wardleigh Road, Building 1209
Hill AFB UT 84056-5838

DSN: 336-3920
Commercial: (801) 777-5184
Web Site: <http://www.hill.af.mil/>

Warner Robins Air Logistics Center/LGMRA
480 2nd Street, Suite 200
Robins AFB GA 31098-1640

DSN: 468-2502
Commercial: (912) 926) 2502
Data Fax: DSN: 468-1725
Web Site: <http://www.robins.af.mil/>

CRYPTOLOGIC SYSTEMS GROUP

CPSG
Attn: Mr. Linares
230 Hall Boulevard, Suite 201
San Antonio TX 78243-7057

DSN: 969-2751
Commercial: (210) 977-2751
(Unsecure) Data Fax: (210) 977-3437
(Secure) Data Fax: (210) 977-2924

HO ACC/DOTS

HQ ACC/DOTS
205 Dodd Blvd, Suite 101
Langley AF13 VA 23665-2789

DSN: 574-3553
Commercial: (757) 764-3353
E-Mail: acc.dots@langley.af.mil
<http://www.acc.af.mil/do/selectDOTS>
Data Fax: 574-2878

HEADQUARTERS PACIFIC AIR FORCES (PACAF)

HQ PACAF/XPXP
25 E Street STE F-207
Hickam AFB HI 96853-5417

DSN: (Voice Code 315) 449-4941
Commercial: (808) 449-4941
Data Fax: (808) 449-4826
E-Mail: xpxp@hqpacaf.af.mil
Web Site: <http://www.cidss.afmil/>

Message traffic on all security assistance
matters should be addressed to:

HQ PACAF HICKAM AFB HI//XPXP//

HEADQUARTERS TWELFTH AIR FORCE

Headquarters Twelfth Air Force (CAG)
2915 South Twelfth Air Force Drive, Suite 242
Davis-Monthan AFB AZ 85707-4100

DSN: 228-3936
Commercial: (520) 228-4712
Data Fax: (520) 228-7009

INTER-AMERICAN AIR FORCES ACADEMY (IAAFA)

Commandant
Inter-American Air Forces Academy
2431 Carswell Avenue
Lackland AFB TX 78236-5609

DSN: 473-4109/4507
Commercial: (210) 671-4109/4507

UNITED STATES AIR FORCES IN EUROPE (USAFE)

USAFE Programs/LGXI
International Logistics
Unit 3050 Box 105
APO AE 09094-0105

DSN: 480-6788
Data Fax: DSN 480-9768
Computer Fax: DSN 480-6937
Web Site: <http://www.usafe.af.mil/direct/lg/lgx/lg/lgx.htm>

OFFICE OF DEFENSE TRADE CONTROLS

Office of Defense Trade Controls (PM/DTC)
Room 200 SA-6
Department of State
Washington DC 20522-0602

Commercial: (703) 875-6644
Data Fax: (703) 875-6647
Web Site: www.pmdtc.org

U.S. DEPARTMENT OF COMMERCE

<http://www.doe.gov>

OFFICE OF INTERNATIONAL OPERATIONS (IOI)

U.S. Department of Commerce
U.S. and Foreign Commercial Services
Deputy Assistant Secretary for International Operations
14th & Constitution Av. Northwest, RM 3128
Washington DC 20230

Commercial: (202) 482-6228
Web Site: [usatrade.gov](http://www.usatrade.gov)

DEFENSE TRADE ADVOCACY

Defense Programs Division
U.S. Department of Commerce
Office of Strategic Industries and Economic Security
14th Street and Pennsylvania Avenue, Room 3878
Washington DC 20230

Commercial: (202) 482-3695
Data Fax: (202) 482-5650
Web Site: <http://www.bxa.doc.gov>

U.S. DEPARTMENT OF TRANSPORTATION

COMMANDANT OF THE COAST GUARD (COMDT COARD)

Commandant (G-CI)
U.S. Coast Guard
2100 Second Street, SW
Washington DC 20593-0001

Commercial: (202) 267-2280
(Unclassified) Data Fax: (202) 267-4588
(Secure) Data Fax: (202) 267-2167
Web Site: <http://www.dot.gov/dotinfo/uscg/Training>
e-mail address: INTLTraining@comdt.uscg.mil

No direct DSN: DSN through USN switch 225-9801 or USCG 226-7103 then ask them to connect you to 267-2280.

Future Meetings Involving the Security Assistance Community

3-5 April 2002	FMS Surcharge IPT Meetings DSCA	Washington D.C.
12-14 April	SOLE Mid-Atlantic Logistics Conference	Hampton, Virginia
15-19 April 2002	USEUCOM TPMR	Garmisch, Germany
29 April - 3 May 2002	USCENTCOM TPMR	Tampa Florida
13-17 May 2002	USSOUTHCOM TPMR	Miami Florida
16-17 October 2002	DSCA Security Cooperation Conference	Washington D.C.

RESEARCH AND CONSULTATION

Is there a security assistance procedure, requirement and/or program guidance which is (or has been) presenting a significant problem in accomplishing your security assistance function? If so, DISAM would like to know about it. If you have a specific question, we will try to get you an answer. If it is a suggestion in an area worthy of additional research, we will submit it for such research. If it is a problem you have already solved, we would also like to hear about it. In all of the above cases, DISAM will use your inputs to maintain a current "real world" curriculum and work with you in improving security assistance management.

Please submit pertinent questions and/or comments by completing the remainder of this sheet and returning it to:

DISAM/DR
2335 Seventh Street
Wright-Patterson AFB OH 45433-7803

or

Data Facsimile Number: DSN 986-4685 or Commercial: (937) 656-4685

or via internet: research@disam.dsca.osd.mil.

1. Question/Comment: (Continue on reverse side of this page if required.)

2. Any Pertinent References/Sources:

3. Contact Information: _____

Name _____

Address _____

Telephone Number _____

4. Additional Background Information: _____

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