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OFFICE OF THE SECRETARY OF DEFENSE

THE EXECUTIVE SECRETARY

2

Attachment

NOTE FOR DEPUTY SECRETARY HAMRE

1997 NOV -3 PM 4:37
OFFICE OF THE
SECRETARY OF DEFENSE

020 DSD

Attached is your Day Book
for Monday, 6 October.

J. N. Mattis

J. N. Mattis
Colonel, USMC
Executive Secretary

Attachment

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THIS BOOK CONTAINS _____
INFORMATION.

Fed case / case study

6 OCT 97

DR. HAMRE'S READ-AHEAD BOOK FOR

MONDAY, 6 OCTOBER 1997

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OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON, DC 20301



October 3, 1997

MEMORANDUM FOR THE DEPUTY SECRETARY OF DEFENSE

FROM: DEPUTY DIRECTOR OF PROTOCOL

SUBJECT: Plenary with the Minister of State for Defence Procurement, The United Kingdom of Great Britain and Northern Ireland

You have agreed to meet with His Excellency John William Gilbert, (addressed as Lord Gilbert) Minister of State for Defence Procurement, The United Kingdom of Great Britain and Northern Ireland, Monday, October 6, 1997, at 10:00 a.m. The sequence of events is as follows:

- 10:00 -- Lord Gilbert will be escorted to your office by Captain
(Approx) Richard Lewis, Office of the Under Secretary of Defense A&T Desk Officer (you will find Lord Gilbert's biography at Tab A).
- You escort Lord Gilbert to your office and pose for a photo op in front of your flags.
- You invite Lord Gilbert to be seated around your coffee table with your staffs for a plenary. You will find a list of participants at Tab B.
- 10:30 -- Conclusion of plenary. You bid Lord Gilbert farewell and return to your office.

NOTE: There will be no gift exchange.

Very respectfully,

(b)(6)



Attachments



**PARTICIPANTS FOR DEPSECDEF HOSTED MEETING WITH
HIS EXCELLENCY JOHN GILBERT
MINISTER OF STATE FOR DEFENCE PROCUREMENT
MONDAY, OCTOBER 6, 1997, 10:00 A.M., 3E944**

U.S. PARTICIPANTS

The Deputy Secretary of Defense

Ms. (b)(6) Special Assistant to the Deputy Secretary of Defense

Mr. Paul J. Hoeper, Deputy Under Secretary of Defense International &
Commercial Programs

Rear Admiral Gregory G. Johnson, Senior Military Assistant to the Deputy
Secretary of Defense

Captain (b)(6) Desk Officer

United Kingdom of Great Britain and Northern Ireland Participants

His Excellency Lord John Gilbert, Minister of State for Defence Procurement

Mr. (b)(6) Personal Secretary to the Minister

Mr. (b)(6) Defense Attaché

JE 10/31/97

Executive Summary

Setting: You will meet with Lord Gilbert as the new Labor Government is in the middle of Phase II of the Strategic Defense Review (SDR). The government initiated the SDR to take a fresh look at the country's defense posture. MoD UK and the Foreign Office recently finished the first of three phases in the SDR.

The Review's second phase will define roles, missions, and a force structure needed to meet policy objectives. The third phase, due in March 1998, will develop and cost out a detailed defense program with an eye toward taking advantage of emerging military technologies. *British officials have expressed concern that their country's military will not be able to keep pace with the US modernization program, and that they will only be able to fight along side of--rather than integrated with--US forces.* The review should provide MoD with an accurate picture of where it stands and where it needs to focus its efforts.

Items for discussion:

The Broken "Two Way Street": For over a decade now the U.S. and UK Governments have exchanged trade figures in an attempt to track the flow of defense trade between our countries. In recent years, the trade ratio has dropped from levels of 6 to 1 down to 2 to 1, (US advantage based on 1994 figures provided by the UK). However, UK officials continue to claim a "broken two-way street" in the world press. Their main arguments center around two points: DoD seldom buys major defense "systems" from British industry (unlike the UK purchase of the C-130J for example) and secondly, British companies are denied the right to bid as prime contractor for many of DoD's major programs. There are other factors which positively influence trade and defense cooperation between our countries, but they are seldom acknowledged by UK officials.

The "agreed" government formulas to measure defense trade do not accurately portray the significant trade taking place at the "subsystem" level. The increasing use of COTS subsystems and components, as well as dual-use products, casts grave doubt on whether we are capturing the true value of defense imports from the UK. We may well have reached a point where truly "defense" goods can no longer be distinguished from the larger universe of all commercial trade. Additionally, the methodology was developed before the implementation of "offsets / Industrial Participation". The MoD's Industrial Participation (IP) Program has resulted in the transfer of significant work and technology to the UK. Every U.S. company that wins a MoD contract has to reinvest 100% (or more) of contract value in purchases from British defense companies. The benefit to the UK frequently goes beyond the production program for the UK requirement, and includes benefits from other markets enjoyed by the US company. One could argue that the "real" trade ratio favors British defense companies.

Talking points: *The U.S. does buy big ticket UK systems -- Harrier, T-45 (Goshawk USN aircraft trainer), Firefly (AF Trainer), and in the near future a Light Weight Towed Howitzer for the USMC. In the UK, DoD contract management personnel are managing over 2000 contracts with a total value of £3. Billion. These contracts involve 230 companies in the UK..*

Inform him that we may not clearly understand the problem with the "two way street" as we see each purchase of US equipment produces UK jobs, significant Industrial participation, technology transfer, and market access much beyond the initial purchase.

Defense Equipment Cooperation: The previous USD(A&T) actively supported improving the existing process of identifying opportunities for international armaments cooperation. Such cooperation is key to address the modernization needs of DoD in this era of shrinking resources. DUSD(I&CP) and the Major Systems International Cooperative Opportunities Group (ICOG) have been commissioned to suggest improvements to the existing process. They are implementing the recommendations made by a recent Defense Science Board study, chaired by

Dr. Gansler, that cooperative programs be initiated earlier in the system life cycle, and based upon common military problems.

Talking Points: *You should highlight that we are taking the initiative for transatlantic cooperation. We strongly support international cooperation to improve interoperability for coalition warfare and, with the degree of consolidation in the defense industrial sectors both in the US and in Europe, to enhance competition through an expanded global defense industrial base.*

Acquisition Reform: On November 8, 1996, our Office of Defense Cooperation in the United Kingdom sponsored a conference entitled "Acquisition Reform & Environment for Defense Cooperation and Trade" at the United States Embassy in London. The purpose of the conference was to educate UK industry on what is happening in the world of DoD AR (including industry thrusts in the areas of commercialization and streamlining) so that they may become more effective competitors in the marketplace.

Talking Points: *We would like to continue to facilitate the dialog between U.S. DoD and UK MOD Acquisition Communities. We would like to educate US industry on potential changes, if any, within the MOD.*

Tactical Reconnaissance Armored Combat Equipment Requirement (TRACER): The U.S. and UK signed a statement of intent on 11 October 1996 to explore common areas for cooperation. The "Program" MOU was forwarded to UK MoD August 22, 1997, and is under review. EMD/FD cost sharing is also under consideration by the UK MoD. The final negotiation is scheduled for October 7-8, 1997.

Talking Points: *This a perfect example of the type of cooperation the U.S. would like to continue. Early common requirements definition and cooperation will save both countries a tremendous amount of effort and costs. We are very pleased with the progress of this program and look forward to cooperating with UK through all its' phases.*

U.S. Joint STARS and UK ASTOR Programs: In June 1997, a US team, led by USD(A&T) traveled to the UK to brief Lord Gilbert on a proposed cooperative radar development program. The UK stated they would entertain a dissimilar proposal from Northrop Grumman for the UK ASTOR. A follow-on meeting with the ASTOR program office has been set for 7-8 Oct to present the strategy and schedule, as well as receive from the UK a briefing on ASTOR requirements.

TALKING POINTS: *Thank them for considering a cooperative development approach for insertion of advanced radar technology into the Joint STARS and ASTOR platforms.*

Joint Strike Fighter: The MOU in place between US/UK defines Royal Navy involvement as a Collaborative Partner in Concept Demonstration Phase (CDP) of the JSF Program. The UK is contributing \$200M in CDP. The Royal Navy has a 5-member team integrated into the JSF Program Office, lead by a Navy Captain. The UK desires to be an active participant in E&MD downselect including the sharing of information with principles located in the UK.

Talking Points: *The Program Office is in the process of defining E&MD Source Selection Framework and UK participation will be integrated into the process similar to their involvement in the JSF CDP Source Selection*

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ASSISTANT SECRETARY OF DEFENSE

2400 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-2400



INTERNATIONAL
SECURITY AFFAIRS



I-97/55201

MEMORANDUM FOR DEPUTY SECRETARY OF DEFENSE
THROUGH: UNDER SECRETARY OF DEFENSE FOR POLICY
FROM: ASSISTANT SECRETARY OF DEFENSE FOR
INTERNATIONAL SECURITY AFFAIRS
Prepared by Col (b)(6) OASD/ISA (EUR) (b)(6) 3 Oct 97
SUBJECT: Visit by the Right Honorable The Lord Gilbert, 6 Oct 97

(C) Attached are briefing papers for your meeting with Lord Gilbert, British Minister of State for Defence Procurement, scheduled for 1000-1030, 6 Oct 97 in your office. Lord Gilbert is making calls on key acquisition officials during his first visit to Washington as the new Minister. Although Lord Gilbert's meetings and discussions are focused entirely on acquisition matters, other subjects may arise.

Tab A is a scope paper outlining the current British thinking on NATO issues, Bosnia, Northern Ireland and updates on the UK's Strategic Defence Review (SDR), nuclear issues and Northern Iraq. Tab B is Lord Gilbert's biography.

Reviewed by Acting DASD, European and NATO Affairs *for* *JWS/ths 10/17*

~~CLASSIFIED BY: ASD/ISA F.D. KRAMER
REASON: 1.5 (4)
DECLASSIFY ON: 3 Oct 2007~~

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(b)(6) 3 OCT 97
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