

~~SECRET~~

ASSISTANT SECRETARY OF DEFENSE  
WASHINGTON, D.C. 20301

28 NOV 1983

INTERNATIONAL  
SECURITY POLICY

In reply refer to:  
I-24143/83

## MEMORANDUM FOR THE SECRETARY OF DEFENSE

THROUGH: UNDER SECRETARY OF DEFENSE FOR POLICY 28 NOV 1983

SUBJECT: NATO Arms Cooperation: Ambassador Abshire's Proposals (U)

(S) I do not concur in the DR&S-proposed plan of action to implement Ambassador Abshire's proposal. My chief concern has to do with the proposed establishment, early on, of a high-level ad hoc Committee with members from Government, Congress, industry and labor. In my opinion it would be very risky to launch a highly visible public commission of this nature before we had a few specific successes to engender confidence in the feasibility of a larger effort. Our NATO Allies are justifiably skeptical of US promises and intentions regarding two-way street defense trade, and we should exercise great care not to raise their expectations again without some solid empirical evidence that we can actually deliver. I have been obliged on too many occasions to explain to Allied defense leaders our inability to join in or carry through with various arms cooperation ventures involving European defense items.

(S) Our first task should be to identify in-house some promising cooperative projects, scrub them well, and consult in-depth with the Services, Congressmen and US firms (potential competitors) principally concerned. Once a few selected projects were well underway and we had reasonable confidence that we could see them through to the end, we could then proceed to a second phase with creation of a broadly-based ad hoc committee a la Abshire. The committee could then build on the better record already achieved to forge a broader, more durable consensus.

(S) We believe that Paul Thayer should lead a Defense Department Group to develop initially with the Services a pre-cleared list of candidate projects and then oversee consultations with appropriate members of Congress. This approach should help to insulate selected projects from potential adverse actions in the Congress.

(U) If you agree, I recommend you sign the self-explanatory memorandum for Bud McFarlane next under.

*Richard Perle*  
Richard Perle

Attachments  
a/s

Classified by: [redacted]  
Declassify on: [redacted]

~~SECRET~~

DIST:  
OSD/CSS (3)  
USD (P)  
*[initials]*  
Clerk

Prepared by: R. Jefferson/  
P. Salestrieri, OASD/ISP,  
NATO Pol, X72847

DECLASSIFIED IN FULL  
Authority: EO 13526  
Chief, Records & Declass Div, WHS  
Date:

JUN 15 2018

330-85-0028, bX19, NATO 334

18-M-1067

~~SECRET~~

DRAFT DOD-STATE PAPER

NATO ARMS COOPERATION: AMBASSADOR ABSHIRE'S  
PROPOSALS

SUMMARY

Ambassador Abshire has recommended that the US undertake a major, high level initiative to reinvigorate trans-Atlantic cooperation in armaments development and production, as a means of strengthening NATO's conventional posture, making a more efficient use of defense resources, and combating protectionism in the defense sector.

The Departments of State and Defense agree that improvements in NATO's conventional posture are required, and that progress on NATO arms cooperation could contribute to the overall objective. Although armaments cooperation is an exceedingly complex and politically difficult issue, it is, nevertheless, crucially related to the political and financial problems of maintaining a credible Alliance defense. The issue has again become a focus of Congressional interest and Allied concern. We must address it next year in NATO as part of the post-INF deployment agenda.

This memorandum lays out the Ambassador's proposal, the pros and cons, and a recommended plan of action that includes White House participation.

The Proposal

Ambassador Abshire identifies the deteriorating European conventional force balance as the most serious challenge to the Alliance. He concludes that as part of the effort to deal with this problem, NATO requires "a U.S. led, top priority, well-orchestrated Alliance initiative to realize meaningful increases in our conventional capability through the economies made possible by transatlantic armaments cooperation."

Ambassador Abshire proposes that we first get our own house in order by creating a consensus within and among Executive, Congress, industry and labor that recognizes the political, economic and security benefits of NATO arms cooperation and will support the elimination of impediments to that cooperation. Once a consensus for action has been created, we would go to our allies with proposals for implementation on both sides of the Atlantic.

~~SECRET~~

DECLASSIFIED IN FULL  
Authority: EO 13526  
Chief, Records & Declass Div, WHS  
Date:

JUN 15 2018

As a first step, the Ambassador has proposed that leaders from government, Congress, industry and labor be brought together in a special commission to develop a package of recommendations. The Ambassador believes that only a high level, Presidentially supported effort is likely to generate the commitment required for an integrated and comprehensive approach to the transatlantic armaments cooperation required for improved conventional defense. The Ambassador sees his initiative as complementary to existing efforts to increase Alliance armaments cooperation, specifically the initiative to exploit emerging technologies for improving conventional defense launched at the 1982 NATO Summit. The Abshire initiative is also consistent with and would build upon the proposals in the recently released DoD sponsored Task Force report "Industry-to-Industry International Armaments Cooperation, Phase I - NATO Europe". Noting that many previous efforts to overcome the concerns and difficulties have not been sufficient, Ambassador Abshire urges that we address these problems in a manner permitting all interests here and in the allied countries to be represented.

#### Assessment

State and Defense agree that efforts to improve NATO conventional defense are needed and that an initiative to improve armaments cooperation would be helpful in this context. The opportunity is more timely because of heightened European frustration with the imbalance of two-way trade benefits, and because of the Roth-Glenn-Wynn amendment. If successful, the potential that greater cooperation in armaments development and production offers is threefold:

- Militarily, it has the potential of providing more and better armaments and equipment for the Alliance with greater standardization and interoperability.
- Economically, by eliminating duplication in R&D and taking advantage of economies of scale in production, we may be able to reduce the costs of weapons to ourselves and our allies; at the same time, cooperation with European industries will help us to maintain US access to European markets currently threatened by an increasing "buy European" trend in the Alliance.
- Politically, it suggests an avenue for increasing the direct interest of the countries of the Alliance in the provision of common defense equipment, and thus building support for enhanced defense efforts and broader political cooperation.

DECLASSIFIED IN FULL  
Authority: EO 13526  
Chief, Records & Declass Div, WHS  
Date: JUN 15 2018

We recognize that over the last three decades armaments cooperation has had an erratic and not notably productive history in the Alliance. There are serious structural obstacles in the path of the presumed economic, military and political benefits; many past efforts have in practice led to friction and increased costs. Traditions of Service independence; Congressional interest in military procurement in particular districts; labor interest in jobs; and buy-American practices have hampered past proposals. The problems are similar in Europe, where there are in addition protectionist impulses vis-a-vis the larger and more efficient U.S. defense industry. Any progress will therefore require extensive consensus building. Moreover, even with the best of efforts, it is not certain that all the interested parties on both sides of the Atlantic can be brought to cooperate effectively.

With the Congress, NATO armaments cooperation has both positive and negative potential. An initiative would respond directly to the Roth-Glenn-Munn amendment, which passed the Senate by a nearly unanimous vote. As such it would be a factor in maintaining support not only for NATO armaments cooperation but for our defense efforts more broadly. On the other hand, protectionist sentiments in the Congress are growing and proposals to increase the traffic on the "two-way" street of armaments cooperation could be criticized by some members as exporting U.S. jobs, especially at a time when our allies are perceived as not bearing their fair share of the defense burden. Thus, any initiative would need to be carefully prepared to demonstrate to the Congress that enhanced cooperation promised not only increased quantities of weapons for NATO at lower cost but also a fair allocation of benefits and burdens between the US and its allies.

#### Recommendations

Essential to success in the U.S.--before we could proceed to deal with the allies--would be the development of a consensus among government, industry, labor and the Congress. This consensus on the main goals and modalities of enhanced arms cooperation should include agreement that the existing structure of European and U.S. defense cooperation can be modified to result in providing the Alliance with better weapons at lower cost and in greater numbers. A consensus for action cannot ultimately be achieved without the support of the President. We have considered the possibility of a Presidential Commission, but believe that at this stage it would be more appropriate and effective if an ad hoc high level committee were organized at White House invitation, with clear Presidential endorsement. The committee would be supported by a parallel interagency group of experts which would provide the committee with the analysis it will require to make judgments and eventually to provide recommendations to the President.

DECLASSIFIED IN FULL  
Authority: EO 13526  
Chief, Records & Declass Div, WNS  
Date:

JUN 15 2018

~~SECRET~~

4

We envision the following steps:

- The NSC would issue a Presidential Directive establishing, as part of the overall U.S. effort to promote NATO conventional defense, a Senior Interdepartmental Group on NATO Armaments Cooperation, chaired by Deputy Secretary of Defense Thayer. The initial task of the SIG would be to prepare options for review in the Administration and by a Special Ad Hoc Committee and eventually by the President.
- A special Ad Hoc Committee on Arms Cooperation, drawn from leaders in the Executive, Congress, business and Labor would be formed with Secretary Thayer as chairman or co-chairman. The Ad Hoc Committee would have the kind of high-level and broadly-based participation suggested by Ambassador Abshire. In agreeing to participate, members would understand that they were being invited to design proposals for review by the Administration and eventual Presidential decision on a course to follow with the allies. At an appropriate time, the President might meet with the members of the Committee. Illustrative terms of reference and list of possible Committee members are attached.
- Once the Committee had been established, we would confirm in a low-key way to the allies the existence of the Ad Hoc Committee and the objectives of the effort. We would not, however, make a substantive approach to the allies until our internal work and that of the Ad Hoc Committee had been completed and we had agreement on a united U.S. approach to the issue.

Attachments: a/s

DECLASSIFIED IN FULL  
Authority: EO 13526  
Chief, Records & Declass Div, WHS  
Date:

JUN 15 2018

~~SECRET~~

Office of the Secretary of Defense

Chief, RDD, ESD, WHS

Date: 15 JUN 2018 Authority: EO 13526 + 5 U.S.C. § 552

Declassify: X Deny in Full: \_\_\_\_\_

Declassify in Part: \_\_\_\_\_

Reason: \_\_\_\_\_

MDR: 18 -M- 1067