

# Comments on Cooperative Acquisition

Prepared for

## Diversifying Japan's Security: A Wider Partnership for Defense Capabilities

May 12, 2010

Gregg A. Rubinstein

*GAR Associates*

Washington, DC

# Strategic Context

National Security Policy



Defense Strategy



Defense Capabilities/Requirements



Acquisition Strategy



Industrial  
Policy

Procurement  
Practices

Export Control  
Policy

# Policy Background

## Bilateral “Roles, Missions, and Capabilities” (RMC) dialogue

- Brings ‘real world’ context to defense cooperation
- Dialogue process must evolve – complete transition from capabilities to requirements and acquisition planning
  - ✓ Missile defense is the major exception so far...

## Multilateral security discussions have begun

- Australia, Korea
- RMC dialogue on some areas of interest (PKO, HRO) should broaden to include other countries
  - ✓ Build on existing Japan-Europe exchanges (such as the UK and Sweden on PKO matters) and operations (anti-piracy operations)

# International Defense Programs: Lessons of the FS-X/F-2 Project (1)

FS-X memories/myths continue to shadow collaboration on defense programs – what are the real lessons?

- Cooperative acquisition must reflect common understanding of capabilities/requirements
  - No requirements dialogue on FS-X
  - ‘Buy US’ pressure vs. promotion of indigenous aircraft
  - Political solution for FS-X “codevelopment” satisfied no one
- FS-X/F-2 was not cooperative acquisition
  - US: ‘security assistance’ for F-16 variant of no interest to DoD
  - Japan: indigenous program based on US airframe
  - Disconnect on such perceptions was never resolved; undermined any sense of mutual benefit

# International Defense Programs: Lessons of the FS-X/F-2 Project (2)

FS-X became a case study for how not to approach cooperative acquisition

- Lesson? “Don’t do this (codevelopment) again” was popular at the time...but unrealistic in today’s conditions
- Success in cooperative acquisition
  - Operational case (capabilities/requirements)
  - Business case (benefits for industrial/technology base)
  - Resolve policy/procedural obstacles
- Various problems, but greatest is the isolation of Japan’s defense industry
  - ‘Three Principles’ export policy;
  - Restrictive JMoD procurement practices;
  - Security of information concerns

# Why Revise the “Three Principles” (3Ps) Arms Export Policy?

## Defense Acquisition Strategy

meet operational requirements and more cost-effective procurements through...

## More Flexible Industrial/Tech Base Strategy

indigenous resources are too limited, thus requiring...

## Access to International Resources

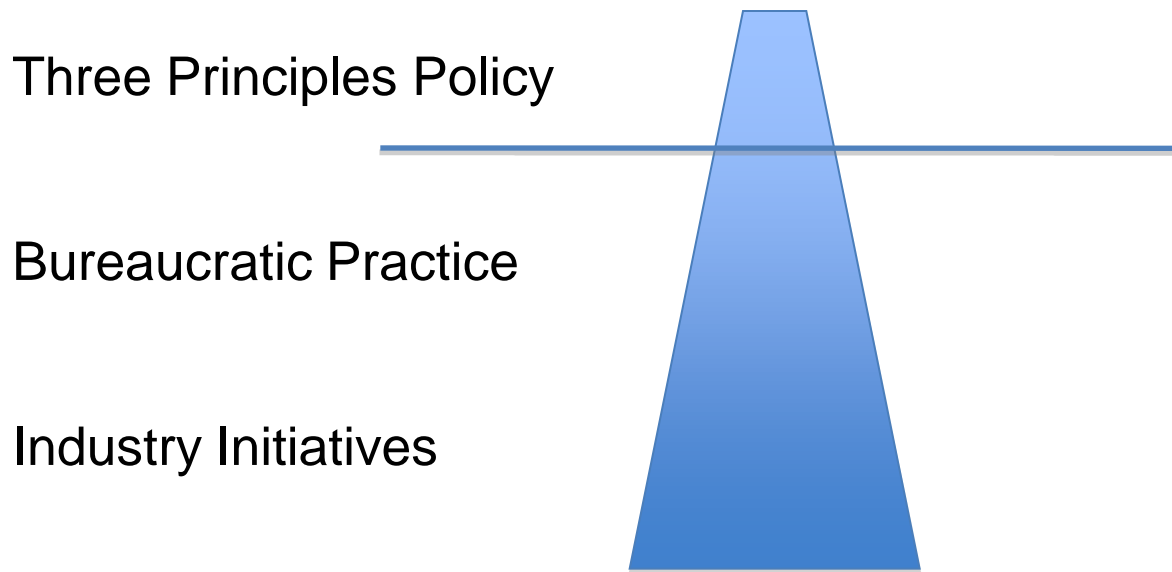
past import and import substitution strategies are no longer sufficient; must seek...

## Partnership Participation in International Defense Programs

which cannot happen under current interpretation of 3Ps policy, thus...

## Need for Revised Application of 3Ps Policy

# Revision of Export Control Policy Necessary but Not Sufficient



Like an iceberg: what is beneath the surface is more important than what is above.

# Approach to Export Control and Cooperative Acquisition (1)

## Focus on National Security

- Meet national defense requirements; support interoperability with allies/partners; support a strong industrial/tech base
- Export controls should remain consistent with other policy goals (nonproliferation)
- Objective is not to turn Japan into an “arms exporter”
- Nor is the issue a general “relaxation” of export policy
- The real point is a revised application of export controls that will support participation in selected international defense programs

## More “exceptions” to policy useful, but not sufficient...

- Short-term answer to current issues (third party transfers for joint programs), but
- Real solution must go beyond marginal adjustments of the status quo
- Requires revisions in export control policy and procedures

# Approach to Export Control and Cooperative Acquisition (2)

## Adopt a restructured export control regime

- A transparent licensing process
- Standard, case-by-case procedures for evaluating export requests
  - ✓ what? to where? why? benefits/problems > solution
- Remain within the language and spirit of Japan's basic Three Principles policy...
- By using procedures consistent with those of other defense industrial partners

## End industry isolation; not just issue of export control policy

- JMoD policy limits industry work to already established requirements
- Industrial policy should allow participation in international R&D projects
  - ✓ Strengthen industrial base competence in capabilities of potential interest (but not yet established requirements)
  - ✓ Encourage strategic alliances

# Information Security

Concern over GoJ ability to protect sensitive defense information is a serious obstacle to cooperative acquisition

- Problem affects both disclosure of classified information and...
- Release of systems/technology – especially for production in Japan

Conclusion of a bilateral General Security of Military Information Agreement (GSOMIA) in 2007 was a positive move, but...

- Process remains incomplete; requires conclusion of an Industrial Annex to extend GSOMIA provisions to contractors as well as government officials
- GSOMIA focuses on a secure process for information transfer – does not itself ensure access to sensitive information

GSOMIA matters overtaken by recent incidents involving leaks of sensitive defense information from JMoD

- Consensus on appropriate information security procedures is not only an issue for JMoD, but GoJ in general
- Studies/dialogue on problem so far inconclusive – progress here is important not only for projects with US, but other international partners

# Conclusion

A “cooperative acquisition” strategy is the most effective way to meet national security goals:

- Cost effective procurement of required defense capabilities
- Access to international resources
- Support of domestic industrial/technology base

An effective arms export policy:

- Can retain strict controls on arms exports, but...
- Allow participation in international programs of interest to Japan
- Consider export requests under a structured, transparent process

Information security procedures:

- Concerns over protection of sensitive defense information can compromise cooperation on operations and acquisitions
- Will require multi-agency consensus and cooperation