

~~CONFIDENTIAL~~

Doc #26

THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

NATO

- Summit follow up

30 JUN 1977

(21)

DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: DEC 22 2014

MEMORANDUM FOR THE PRESIDENT

SUBJECT: NATO Summit Follow-Up

X/541
Henry Owen, in his memorandum of May 16, 1977, asked that I indicate how I intend to carry forward the defense initiatives outlined in your 10 May speech at the NATO Summit Meeting.

As you are aware, NATO's Defense Ministers adopted my proposals that NATO design a Long-Term Defense Program to flesh out these initiatives. We are now developing specific work plans in ten key priority areas. NATO also adopted our proposed short-term initiatives for improving antiarmor holdings, selected war reserves, and readiness for forces by end-1978 on a scale to be agreed at the December NATO meeting.

Our plan is to stay at least one step ahead of the NATO action by providing US views sufficiently in advance of NATO actions to permit us to exercise a strong influence on the NATO development of the initiatives, without giving the entire program a "made-in-USA" label. At my request, Ambassador Komer, who was the chief designer of the short and long-term initiatives, has stayed on temporarily to lend his energy and initiative to this task. We will call on Ambassador Bennett and his staff and on our Ambassadors in capitals to lend support as needed. A summary of our organizational approach is in the enclosure.

We are following through on the defense production initiative as an integral part of the Long-Term Defense Program, in coordination with the Department of State where appropriate.

While we're off to a good start, you should know that actually re-vamping NATO's defense posture along the lines we seek will be a long uphill fight. I intend to keep them moving in the right direction, looking forward to a NATO Summit in Washington in late spring 1978.

Harold Brown

NA 73
012-3
20 June 77

30-26-0017, box 73, NATO OOD.1-1977, 1977

Filed by Sec Def
EXEMPT TO GENERAL DECLASSIFICATION SCHEDULE OF EXECUTIVE ORDER 11652. AUTOMATICALLY DOWNGRADED TO CONFIDENTIAL AT 5 YEAR INTERVALS. DECLASSIFIED ON 12/31/83.

~~CONFIDENTIAL~~

15-M-0228

SEC DEF CONTR. No. X-1912

~~CONFIDENTIAL~~

NATO Summit Follow-Up

DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: DEC 22 2014

1. Defense Improvements

a. The Long-Term Defense Program

Following up the President's proposal that NATO set about development of a long-term defense program, the Defense Planning Committee (DPC) in Ministerial Session on 17 May 1977 agreed to prepare a long-term defense program for approval by Ministers in the spring of 1978. Ministers called for submission to them of a progress report in December 1977. They also agreed to consider the need for strengthening NATO machinery in order to ensure effective follow-up action on the programs.

The NATO Defense Planning Committee in Permanent Session set the development of the long-term defense program in motion on 3 June by accepting all ten of our proposed program areas, making the NATO Executive Working Group the steering group, and calling for establishment of a task force in each program area (readiness; reinforcement; reserve mobilization; rationalization-standardization/interoperability; maritime posture; air defense; C³; electronic warfare; logistics; and tactical nuclear force modernization). They established an outline timetable for development of the proposed long-term defense program, and also charged the Executive Working Group with the task of recommending strengthened programming and implementing machinery where appropriate. NATO action to date has been fully consistent with US objectives.

Within the Department of Defense, we have established program groups paralleling each NATO program area, to recommend appropriate actions for the United States in those fields, to recommend initial US views on appropriate NATO programming in the field, and to assess NATO organizational machinery and procedures. The scheduling of defense program group actions is such as to facilitate strong support for our Mission to NATO in development of the NATO long-range program.

b. Short-Term Defense Improvements

The Defense Planning Committee in Ministerial Session also agreed to our proposals that the NATO Military Authorities should recommend realistic interim objectives, by nation, capable of being met by December 1978, aimed at (1) increasing holdings of antiarmor systems; (2) increasing holdings of selected war reserve stocks; and (3) improvements where critically needed in the readiness of NATO forces and in Allied capabilities for rapid reinforcement.

We expect that the Defense Planning Committee will review the short-term improvement recommendations when received and invite countries to include them in their formal planning. Follow-up on national decisions will occur during the NATO Annual Defense Planning Review to be

ed by ~~-----~~
TO GENERAL DECLASSIFICATION SCHEDULE OF
E ORDER 11652. AUTOMATICALLY DOWNGRADED
EAR INTERVALS. DECLASSIFIED ON 12/31/83.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

2

held in the fall, with results to be reported to Ministers in December. Many of our Allies already have informed the Military Authorities that they intend to agree to significant improvements in their national programs as part of the short-term improvements.

As with the long-term defense program, the Department of Defense has organized a program group for each of the three short-term improvement fields, to recommend US actions and US positions for NATO action.

2. Defense Production

a. Increased Purchase of European Equipment

The Department of Defense has taken the following steps to assist in carrying forward the President's pledge at the London Summit meeting that this administration's decisions concerning development, production and procurement of defense equipment will be taken with careful attention to the interests of all members of the Alliance:

- At the NATO Defense Ministers Meeting on May 18, the Secretary of Defense reiterated the President's point, and emphasized the US intention to consider procuring European systems as part of agreed program packages, such as common families of tactical communications, air and ground munitions, air defense weapons, and electronic warfare equipment. He noted that the primary aim of US purchases from our NATO partners is not economic, but promotion of the combined military effectiveness of the Alliance.

- As noted above, NATO has now begun the development of a Long-Range Defense Program to adapt the deterrent and defense posture of the Alliance to the needs of the 1980s. Among the areas to be included are rationalization of NATO's defense effort and increased standardization/interoperability of its military equipment. The question of increased purchases of European defense equipment will receive full consideration, both in the NATO task force and in the parallel DoD organization.

- The Secretary of Defense has approved a new Department of Defense Directive which establishes policy and assigns responsibilities for achieving standardization and interoperability of equipment with NATO. Among other things, the Directive requires all DoD components to consider available European systems throughout the system development and acquisition cycle.

- In addition, the Secretary of Defense has directed the Secretaries of the Army, Navy and Air Force to review available European systems and provide recommendations and/or proposals. The Army has already submitted a comprehensive study evaluating the potential of 112 European systems for possible US procurement. The OSD staff is reviewing the Army study, and will do the same for the other services.

DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: DEC 22 2014

~~CONFIDENTIAL~~

- DoD is working to facilitate technology transfer between ourselves and our NATO Allies, and has sponsored external research both on this subject and on coproduction and licensing.

Congressional rhetoric in support of our standardization policy, including procurement of European armaments, has been strong. 1976 legislation directs the DoD to provide for the acquisition of equipment which is standardized or interoperable with our NATO Allies and to seek to arrive at cooperative armament agreements in the interests of standardization. But great difficulties arise when we address specific systems with the Congress. In fact, provisions introduced by the House and Senate into the FY 78 Defense Appropriation Authorization Act make equipment cooperation with NATO more difficult. DoD has helped reverse some of these provisions; however, others remain.

We are also having some difficulties in executing Memoranda of Understanding that would promote NATO standardization. There are conflicts between our desire to limit sales to third parties and the need for our NATO partners to meet a competitive price by making such sales, thus expanding their production runs. State Department wishes to submit MOUs to Congress for approval; that will make them much more difficult to reach. I will submit a separate memorandum on this problem.

We are seeking to exempt from the Specialty Metals provision of the Annual Department of Defense Appropriation Act procurement actions which further NATO standardization. This legislation requires that US military equipment use only specialty metals mined and smelted in the United States. It seriously limits freedom to procure equipment from members of the Alliance, and makes cooperative programs more difficult. DoD is again seeking relief from this provision, and we are reasonably optimistic concerning the outcome. We plan next year to seek relief from current restrictions on procurement of clothing and naval vessels or major portions thereof.

As to regulatory practices and defense procurement procedures, with publication of the recent DoD Directive on standardization and interoperability, the Defense Department's house is fairly well in order and the Department is in a much better position to consider acquisition or licensing of European systems on an equitable basis. The difficulties will likely appear in two areas: first, identification of European systems which are cost effective when compared to systems available from domestic sources, and second, when such systems are identified, convincing the Congress that the overall Alliance interests in NATO standardization/interoperability and the two-way street outweigh any short-term economic and political liabilities.

DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: DEC 22 2014

~~CONFIDENTIAL~~

4

2b&c. European Cooperation and a Transatlantic Dialogue*

These questions are treated together because our ability to encourage greater European cooperation is related to our success in realizing a genuine joint examination of how to improve cooperation on a transatlantic basis. We intend to continue and expand several ongoing forms of dialogue on NATO arms development and production with the Europeans, while initiating broader explorations with our Allies on underlying political and economic questions. Such actions would include:

- (a) a concentrated effort to include in the long-term NATO Defense Program measures to promote standardization and interoperability, including a comprehensive, effective planning system;
- (b) expanded bilateral exploration and joint examination of political and economic obstacles to improved cooperation in development, production, and procurement of defense equipment;
- (c) continued bilateral negotiation of cooperative agreements;
- (d) support for the EPG's work, as expressed by the President at the NATO Summit; and
- (e) possible US purchase or licensing of European equipment, hopefully as part of "program packages" called for in the Long-Term Defense Program.

In addressing the question of a joint examination, as with other aspects of the President's defense initiatives, we are working closely with the Department of State at both the policy and working levels. We have achieved a consensus to press forward on bilateral and multilateral fronts with a transatlantic dialogue in any forum in or out of NATO that is agreeable to most, if not all, of our European Allies -- including at least the UK and FRG. Our purpose is to find ways to strengthen cooperation in development, production, and procurement of defense equipment. During the same period we hope it will be possible:

- To have initiated improvements in NATO's planning procedures to define weapons requirements and to develop and produce these weapons.
- To have taken concrete steps to promote a more balanced transatlantic trade in defense equipment.

DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: DEC 22 2014

* This section was prepared in conjunction with the Department of State.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

5

To initiate a joint examination we need to take into account both the methods by which the examination of improved cooperation might proceed and the substantive content. The specific aim of our initial discussions with our Alliance partners in the weeks ahead is to discover with whom, on what particular topics, in what forums, and when we can begin or increase a dialogue leading to understandings on what needs to be done to improve cooperation in development, production, and procurement of Alliance defense equipment. Exploration should pay particular attention to possibilities of involving the French, who, along with UK and FRG as major European defense producers, are essential to transatlantic cooperation. We want to involve them as early as possible but not allow them to stifle the process.

We also want to exert gentle pressure on the EPG in its September meeting as it discusses how to approach transatlantic dialogue from its side. (We are not hopeful that dialogue with the EPG itself will be possible by next May, given the apparently strong French preference to have the EPG go more slowly.) Bilateral discussions with Allies should be aimed at developing common viewpoints. The practical work going on in Alliance forums on standardization/interoperability measures under the long-term defense program will progressively define concrete defense equipment issues.

In terms of substance, our strategy for exploration should be cast in terms of following questions:

- What are the obstacles to improved transatlantic cooperation in weapons planning and production, and how might they be overcome?
- How can North America relate to European cooperation on armaments planning, and how can both of our efforts strengthen NATO defense?
- What methods should we use to promote cooperation in R&D, production, and procurement?
- Is new organizational machinery needed to facilitate this cooperation?

In bilateral discussion of specific cooperative weapons programs we intend to stress our interest in extending cooperation beyond a bilateral basis. We should make use of the potentially large size of the US market. That market should give us leverage to expand European interest in NATO standardization as opposed to simple bilateral sales to the US.

DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: DEC 22 2014

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

The US should continue to keep the Europeans advised, both bilaterally and through established NATO channels, of the progress we are making in getting ourselves organized to deal seriously with them in cooperative defense production. Doing so may have the beneficial effect of suggesting parallel actions which could be expanded whenever the Europeans choose collectively to coordinate defense production.

The single most useful step the US could take to bolster its credibility in this area would be to procure one or more significant European weapons systems. Such a decision would greatly facilitate resolution of the issue of how and where to pursue our dialogue with the Europeans. The Department of Defense will work to identify such systems before the May 1978 Washington Summit Meeting.

DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: DEC 22 2014

Office of the Secretary of Defense
Chief, RDD, ESD, WHS
Date: 22 DEC 2014 Authority: EO 13526
Declassify: X Deny in Full: _____
Declassify in Part: _____
Reason: _____
MDR: 15 -M- 0228

~~CONFIDENTIAL~~