

Remarks
By
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Opportunities and Challenges in U.S.-Arab Defense Cooperation
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Thank you for inviting me to participate in this conference and for giving me the opportunity to comment on U.S.-Arab defense cooperation. I would like to thank the National Council on Arab-American Relations for the work they have done in bringing understanding to Middle East, and John Duke Anthony for his continuing work to bring the nations of the region closer to the United States

On February 22, 1962 Gamal abd-al Nasir said that ***“Unanimity over purposes is more important than unanimity of ranks.”*** I believe that Nasser’s quote as aptly describes the opportunities and challenges for U.S.-Arab defense cooperation today as it did the particular situation he was addressing then. Today, we have unity of purpose—regional security and stability and safeguarding world access to oil reserves.

While Desert Storm forged a strong coalition to resist Saddam Hussein's aggression against Kuwait, no formal alliance binds the United States with its Arab friends.

United States Security cooperation programs contribute immeasurably to maintaining our common objectives, but not without significant challenges. Today I would like briefly to touch on these challenges, how we are overcoming them, and the opportunities that lie ahead.

The United States has long had a unique role in the Middle East, dating back to the days of Woodrow Wilson. Students of history will recall that in the years after World War One, it was the United States that championed nationalism at Versailles. In distinct contrast from the imperial powers, the United States was seen as an honest broker and was guided by the principle of self-determination.

After World War Two, the United States realized that it had more than ideological interests in the Middle East. Economic determinists always enjoy raising the issue of oil, but for at least the first two and a half decades after World War Two, geopolitical interests were paramount. The Middle East became another region in which the global confrontation between the United States and the Soviet Union played out.

In recent times, Desert Storm has set the tone for U.S.-Arab relations. Faced with the invasion of a close ally, the United States conducted one of its largest mobilizations in history. I would argue that this was not done principally to secure oil for the United States—most of the oil in question went to other states—but to enhance US national security by achieving security and stability for our friends and allies in the region.

In the aftermath of Desert Storm, we achieve this goal by helping our coalition partners modernize their military capabilities to achieve deterrence and by working to make these forces interoperable with U.S. forces. Any war the US may fight in the future will be fought as part of a coalition. Interoperability – whether of equipment, of ammunition, of doctrine, of training or of logistics – is a critical part of coalition warfare. This can be something as simple as language training for air traffic controllers or as complicated as integrating the electronic warfare suite of the UAE F-16 with existing US systems. Interoperability among our friends is also in their interest.

Our coalition partners in the region, however, are each unique, and the U.S. Security Cooperation approach to each country varies depending on each country's resources, needs, and capabilities.

- Egypt, with \$1.3 billion in U.S. Foreign Military Financing each year continues to modernize its forces by replacing aging Soviet equipment and by improving interoperability.
- Saudi Arabia, a cash customer, and the largest U.S. Foreign Military Sales program in the world with the total value of open FMS cases exceeding \$80 Billion dollars, seeks deterrence and interoperability. Saudi Arabia also shares a long border with Iraq.
- Kuwait, also bordering Iraq and a cash customer, but with less resources and space, had to rebuild its military capabilities from scratch following its occupation by Iraq.
- Jordan, with very limited resources, receives approximately \$75 Million in FMF annually and focuses primarily on border security and relies on the

provision of excess U.S. defense articles and draw downs of goods and services from U.S. stocks.

- The Gulf States of Bahrain, Oman, UAE, and Qatar, cash customers, across the Gulf from Iran have different concerns from Saudi Arabia, Egypt, and Kuwait.
- In Yemen, also replacing aging equipment, has its own set of concerns.

Of course there was a huge surge in FMS purchases in the years immediately after Desert Storm primarily to Saudi Arabia and Kuwait but also to others.

Correspondingly, Military to military contacts between the U.S. and our Arab friends increased accordingly.

Today, however, we face numerous significant challenges.

In almost every country in the region, a changing demographic profile has led to a change in spending priorities away from defense spending towards development of domestic programs. Populations have had significant growth, far outstripping the economic infrastructure's ability to absorb additional young workers. Most countries now have or will have in the near term a large unemployment problem that must be addressed. This is not unique to the region; indeed, it is a global phenomenon. As a result countries in the region are seeing cuts to defense budgets in favor of more pressing priorities.

The second challenge is posed by the sustainment costs of the sophisticated, high tech equipment purchased from the United States during the years following Desert Storm. All equipment has associated maintenance and sustainment costs. Things wear out and are broken through use. High tech equipment requires highly

trained technicians to repair it and the employment of these technicians is not cheap. Contractor technical support has been the principal means of providing these technicians. Increasing costs for repair parts and associated high tech training adds to the problem. We are concerned that some programs in the region are under funded and pose readiness and safety risks.

The previous oil price downturn caused extreme hardships in some countries to make ends meet with their defense budgets. It caused some to take a hard look at how they are spending their money. Even with the upturn in the last year or so we have not seen a return to previous defense spending levels.

Some of the less wealthy countries in the region have received drawdowns of U.S. equipment and services and the grant excess defense articles (EDA). Initially as we downsized our military in Europe the early 90s we provided this excess equipment to our friends and allies around the world. Most of the equipment was in good shape and ready to use. All that equipment is gone. Now what little is available requires significant refurbishment—costs borne by the customer—not to mention transportation costs. EDA equipment is older equipment that we no longer have in our inventories. Some of this equipment is in good condition and may or may not require refurbishing. The drawback to this older equipment is that we no longer support them for repair parts from government stocks. Commercial firms provide the parts in most cases and with the low density of this older equipment repair parts cost are high. The reality of giving excess equipment to our friends is that although it cost little or nothing initially it is increasingly expensive to run and maintain.

The US, and particularly DSCA, is deeply concerned about these problems and are looking for creative ways to help our friends attack them. Complaints about the inflexibility and bureaucracy associated with security assistance programs caused us to re-examination our business practices and our customer service. We have tried to think outside the box to solutions to these problems and have embarked on new approaches to solving them. In addition to what we have called reinvention—and we now call transformation, we also are looking at other opportunities.

We are addressing the lack of jobs for young workers and high cost of sustainment in a couple of countries by the potential use of offset companies to compete for FMS maintenance contracts. The immediate problem with this concept is the current availability of a trained workforce. DSCA has been researching ways to provide training by US contractors as an integral part of their contracted services. We believe that this is both doable and desirable. This will take some time but this initiative will provide highly skilled technicians that can be hired by offset companies. In the short term this may be more expensive program but the long-term benefits to the countries make it worthwhile in that it will increase jobs and decrease the money outflow from regional economies.

DSCA has worked with the administration to develop a combination of support for Jordan. Instead of providing draw down authority alone we have been successful in combining this with modest amounts of FMF to provide Jordan the ability to do necessary refurbishment on the equipment and to provide funds for transportation of EDA and follow on sustainment. The result is that Jordan has been able to leverage limited resources to maximum effect.

The problem of support for EDA equipment, older equipment no longer in our inventories, is also being addressed. The Army recently decided to retire UH-1 and AH-1 helicopters from their inventory. Not wanting to leave their foreign customers in the lurch they held a worldwide users conference and addressed the sustainment concerns of our customers. They worked out a transition plan from US government support for repair parts to contractor support and briefed these to the conference. They also had contractors available to meet with attendees to exchange information and establish contacts. We believe this was an extremely beneficial initiative and will encourage other conferences similar to this in the future as we phase out equipment from our inventories.

We also are embracing new initiatives that include combinations of FMS and direct commercial contracts for equipment purchases and maintenance. Customers have flexibility in these endeavors that are not present in the FMS approach alone. The most recent example is the UAE F-16 program. This approach will provide increased opportunities for offset companies that will benefit local economies and provide jobs.

We have approved and are encouraging a number of co production efforts in the region. These programs allow assembly of equipment in country with materials sent from the US. This keeps more money in the country through local salaries, develops high tech training opportunities for young workers, and of course creates jobs. The Egyptian M1 Tank Coproduction program is entering its second iteration and has been a huge success. Jordan and Saudi Arabia are considering similar programs.

These endeavors will not eliminate the current problems we all are confronted with in the region but DSCA is committed to helping our friends in the Middle East to

better deal with these challenges. We must maintain constant dialogue with you and continue to develop new more sweeping initiatives that will work in all of our interests. "Business as usual" will not work in this unusual age

In closing, let me re-state that the Middle East is a region in which the United States has varied interests. But we have shown, both in times of war and peace, our dedication to the promotion of national sovereignty within a framework that permits the peaceful resolution of conflict. There are no formal alliances like we see with NATO in Europe. Instead of the Unity of Ranks that Nasser spoke of, we have Unity over Purpose. And that purpose is a noble one.

It has been my pleasure to give you this brief overview, and now I'll be glad to take your questions.