



USAIRE NEWS – February 2010

Recent Events - Upcoming Events - News from the Board -

Dear Friends and Colleagues,

USAIRE is starting the year with dynamic and speed: since the beginning of the year we have had already two conferences which gave rise to animated debates. We intend to pursue with the same rhythm!

A number of events are already in the “design phase” and you will be informed timely. We wish to offer at least one or two breakfast or luncheon conferences per month, and the ongoing contacts with interesting already identified speakers show good perspectives to maintain this path.

Please note already the conference we plan for April 30th, 2010 with Al Volkman, Director International Cooperation, Undersecretary of Defense for Acquisition, Technology & Logistics. This key event should allow up proceeding with the debate on Transatlantic cooperation and release of existing material and legal barriers.

A visit to Brussels (EU and NATO) is in the making by our Brussels chapter at a date which will be proposed to you in the coming weeks.

We plan equally for our annual Garden Party and Golf event which shall take place end of June or in early July ...

So, a lot to come and we are looking forward to seeing you.

Recent Events

Conference “ The evolution of the transatlantic Defense market and the implications for US National Security Policy”

On January 14, 2010 we had the honour to welcome Jeffrey P. Bialos, Former Deputy Under Secretary of Defense for Industrial Affairs, today Partner at Sutherland Asbill & Brennan, who has conducted an interesting study on the accessibility of European Defense markets for US Defense suppliers. This study, growing out of a larger contract awarded to a number of US contractors, tackling the “Assessment of the European Defense Industry and Market” had been financed by the US DoD in 2009. The conference was of particular interest to us as it gave, in a dense and condensed manner, the perception US decision makers currently have on the size/structure of our European defense markets, the entry barriers and the opportunities which could be seized in the coming years in terms of sales or cooperation potential. It can be expected that the results of Bialos’ study will contribute to shaping expectations of US government officials and policy analysts in the near future, as it delivers in a probably unique manner very detailed statistics and qualitative evaluations of the 7 main defense markets in Europe. It might in particular influence the debate on export control reforms in the US, national or international buying preferences and future buying processes (open or non open to international competition) in the US.



The main questions that have been addressed during the conference were:

- *What is the degree of access U.S. firms can achieve in European defense and security markets, and to what degree can European firms access the equivalent U.S. markets*
- *What are the effects of the European Union, as distinct from separate European nations, on the defense and security markets at the prime and lower tiers of industry ?*

Jeffrey P. Bialos exposed to us the different main European Defense market structures, showing significant differences in terms of openness to competitive offers and to cooperation approaches. We were struck in particular by differences between countries such as France and Germany, which were reputed to be “close” in terms of industry and market structures. While Germany favours apparently competitive approaches, France is very much “cooperation” centred and allocates most of its procurement funds to genuine cooperation programs. From a US point of view, this induces, evidently different “access strategies”.

Given the expected evolution of an increasing role of the European Union in Defense and Security matters, Jeffrey Bialos expects that the European market structures become increasingly harmonized around competitive approaches, which should increasingly allow generating opportunities for US industry actors.

On ground of his findings our speaker recommended a number of short term actions and adaptations of the US legal framework and administration set-up:

- Nomination of a senior Pentagon Executive to manage the Transatlantic Market Development and Globalization Agenda
- Step up Armaments Cooperation in Support of Coalition Warfare and Transatlantic Market Development
- Reform internal US Governmental Rules, Policies and Processes to facilitate development of a Transatlantic Defense markets, such as export controls, industrial security, national disclosure policies, buy national legislations, ...
- Engage with the European Union a bilateral dialogue leading to a number of basic agreements
- Enhance joint measures to curb illicit foreign payments in the Defense sector.

It remains to be seen, to what extent the recommendations of our speaker will be followed with effect in the coming months and years. We will have the opportunity to address this issue again in the coming weeks with US officials which have already agreed to participate to upcoming USAIRE events.

For those who wish to read the whole study and rich data material collected by Jeffrey Bialos and his colleagues, it can be obtained under the following link:

<http://www.brookings.edu/press/Books/2009/fortressesandicebergs2.aspx> .

UAV Policy in France

On February 2nd, 2010 we had the pleasure to organise a particularly well attended and animated breakfast conference with Yves Vandewalle and Jean-Claude Viollet, eminent Members of the French National Assembly and Members of the Defence Committee. Having co-authored an Information Report (Rapport d'Information) entitled “Drones: la France à la croisée des chemins” (UAV's : France at the crossroads), we were very pleased to welcome them for a short presentation followed by a debate.

The speakers stressed that France will shortly face a severe capacity shortage in UAVs of all types. Delaying development and procurement decisions, current systems might not be replaced on time which might lead to a critical operational situation as early as in 2014.

Different tracks have been explored to cope with the crystallizing problematic. Both authors showed very transparent and straightforward with regard to possible “off-the-shelf” procurements and the ability of administration and industry to generate suitable and credible systems in the short term.

Urgent joint action between the national French authorities and the different industry players in this area (systems/vehicle platforms, ...) has been called for.

The consecutive very animated debate showed that Industry and Administration agree on the urgency of action in the area; it showed nevertheless that concerted action will not be easy to implement in the current configuration. Further political sensitization and pressure seems absolutely required to provoke rapid and pragmatic decisions in this area

The full study issued by MP Vanderwalle and Viollet can be obtained through the following Internet link: <http://www.assemblee-nationale.fr/13/rap-info/i2127.asp>



Membership News

Since the beginning of this year, three new members joined our Association:

- Igor Girard-Carrabin from Daher International
- Jean-Jacques Tillon from Dassault Aviation
- Philippe Maze-Sensier from APCO Worldwide

We are pleased to welcome them all onboard. Several other requests for membership have been received by the Committee and are currently being processed.

Upcoming events

Save the date!

Friday 30 April, 2010: Luncheon with **Al Volkman**, *Director International Cooperation, Undersecretary of Defense for Acquisition, Technology & Logistics*, at Salons France-Amériques, 9 avenue Franklin-Roosevelt, Paris 8ème.

Andreas Loewenstein
USAIRE President