



Records of Discussion
DEFENSE MOU ATTACHÉS GROUP

General Assembly & Monthly Meeting

Thursday September 28, 2023

9am – 1:30pm, hosted at Embassy of Switzerland

Attendees:

Chair	Mr Sander Oude Hengel
Dep Chair	Mr Einar Gustafson
Australia	Mr Anthony Walsh
Canada	LCDR Alain Gilbert
Canada	COL Adam McCabe
Denmark	BG Prince Joachim
Finland	COL Markus Mecklin
Finland	Ms Mari Eteläpää
Germany	Mr Dominique Dahlmanns
Italy	LTC Niccolo Cordero
Japan	Ms Moyuru Tanaka
Korea	LCDR Sungsik Shin
Netherlands	LTC Erwin Koeken
Norway	MajGen Odd-Harald Hagen
Portugal	COL Luis Miguel Correia Cardoso
Slovenia	BrigGen Klemen Medja
Spain	LCDR Carlos Juan Mirecki Gutierrez
Spain	LTC Jesus Parra Pecharroman
Sweden	Mr Joakim Lewin
Switzerland	Mr Reto Weber
Switzerland	Ms Elizabeth Dall'Acqua
Switzerland	Mr Simon Gmür
Turkey	Maj Yasin Onder
Turkey	Capt Gunduz Bingol
United Kingdom	Mr Jack Beckman
Speaker	Mr Dak Hardwick



Opening by the Chairman

The chairman, Sander Oude Hengel, opens the meeting. The chairman thanks the Embassy of Switzerland for its hospitality. New members to the DMAG introduce themselves to the group.

The Chairman and deputy chair Einar Gustafson elaborate on recent conversations on the Hill regarding both versions of the NDAA that include enhanced content requirement for Defense acquisition. DMAG has sent a letter in September to the SASC regarding enhanced domestic content requirement in the senate version of the NDAA. Staffers to representatives have indicated that a more explicit letter to the house and senate can make the difference in conference getting the senate language removed and house language accepted.

The chair argues that there is a pivotal moment to have language in the final bill accepted that exempts RDP MoU's in legislation. The deputy chair argues that this will prove an opportunity to raise the awareness around these RDP's. Several members discuss the opportunity this letter could provide.

Mr. Joakim Lewin (SWE) shares with the group the SWE ambassador has spoken with Senator Tammy Baldwin. This conversation did not lead to common understanding. Senator Baldwin argues that the tax payers money should be spent in the US. Secondly, the effects of COVID emphasized the necessity of US independent supply chains.

Mr. Dominique Dahlmanns (GER) in addition, suggests reaching out to industries, not even specifically the defense industry, but also big companies like Siemens, to influence the outcome of conference.

The chairman suggests to send another letter to SASC and HASC to reemphasizes the risk in the current NDAA wording of governor Baldwin and supporting language in the House version exempting RDP MoU's. The attending members favor this idea to send another letter by the end of next week, even with a government shutdown in sight.

Review of the previous DMAG meeting record of discussion

No comments by the attending members, the minutes are unanimously adopted.

Mr. Dahlmanns (D) informs that he intends to hire a Secretary by December, through the Embassy of Germany.

Report from the Executive Committee





The Baltic states of Lithuania and Estonia are showing interest to join as DMAG members. The executive committee will reach out to them and discuss this mutually beneficial idea, hoping that Latvia will join too.

Brazil might start negotiating a RDP MOU with the US and is therefore another potential DMAG observer.

Report from the Working Group on Industrial Base Cooperation (IBCWG)

Mr. Joakim Lewin (SWE) informs that the results of the working group on Security of Supply can be found on the DMAG webpage. The issue of the US potentially overusing their legal clauses, blocking foreign contractors, is addressed. A lot of anecdotal evidence leads that thought, actual evidence is missing though. In the next few months, the working group requests that all members provide examples where their industry was excluded from competing in the US. Mr. Einar Gustafson (NOR) adds that this compiled list of examples is a very good initiative, and could provide more leverage than bilateral work on this topic.

Report from the Working Group on Export Controls (ECWG)

No special updates from the working group.

Mr. Dahlmanns (D) comments with an interesting remark concerning waiver approval times on US' side for German support to Ukraine. Instead of the usual few days, those now take up to two months, especially when dealing with support above 5 to 7 million USD. Mr. Lewin (SWE) suggests that simple miscommunication between Commerce and the authorities might be the cause for the missing licenses and mentions a possible workaround utilized by Sweden, consisting of donating their Hawk Systems to the US instead of going through congress to donate them to the Ukraine. No similar issues are shared by the other members at this point.

The chair proposes to take Germanys' case as an example for further action, possibly reaching out to Mr. Martti Wallin (FIN) in a first step. All members are encouraged to investigate and report waiver approval times regarding their respective countries' support.

Chair asks to take this as an action (Martti Wallin with Dominique Dahlmanns) and conclude this in the minutes.

Report from the Working Group on Cyber (CWG)

LCDR Alain Gilbert (CAN) announces a Cyber Security Briefing scheduled for October 12th 2023, hosted by the Embassy of Canada. Ms. Bostjanick has agreed to answer specific questions concerning CMMC 2.0. He suggests using that opportunity and introducing a list containing all important questions.

Additionally, the Cyber working group needs a better spread, possibly new members, and some sort of regular exchange, even if not weekly.



Upcoming DMAG Meetings/Events

The calendar for the upcoming meetings is shared. Mr. Beckman (UK) at the Embassy of the UK is hosting the next meeting in October and Australia may be able to host November's meeting, thinking of an afternoon and aperitif.

Defense Cooperation Events

Other important upcoming events are the 53rd ComDef Conference on October 25th and the AUSA October 9-11th 2023.

Guest Speaker: Mr. Dak Hardwick, VP of Internal Affairs, Aerospace Industries Association (AIA)

Mr. Hardwick gives a short presentation addressing 7 key topics and holds a Q&A session.

- 1) AIA organization
- 2) FMS modernization; The tech release process is an accumulation of unrelated contracts and processes, comparable to a "hairball from a cat"
- 3) Advanced Capabilities Agenda includes topics like AI, Autonomy, Hypersonic
- 4) Critical minerals: Access needs to be ensured for critical components' manufacturing
- 5) AUKUS (Australia, United Kingdom, USA)
- 6) Ukraine: Everything exported by the US was actually never intended for export; risk aversion starts proving incorrect; process changes and many restructurations
- 7) US production at scale and at speed is a big discussion topic; the structure for peace maintenance is very different from a surging conflict structure; "production is deterrence" but deterrence is expensive; the window for change is open now!
- 8) Questions and Answers

Highlights from Mr. Hardwick's presentation:

- 1) The Aerospace Industries Association (AIA) exists for more than 100 years and consists of around 320 Aerospace companies including all the big players as well as the small sub suppliers. They meet 4 times a year with the CEOs of the Branch leaders.
- 2) A Tiger-team analyzed the FMS processes and wrote a report to DoD and State Department with 82 recommendations – all classified. The two main points were "speed to contract" and "tech release time" at DoD. During a tech release process, "100 persons can say no but not a single one yes"; after each major event, new layers of processes were added ("Frankensteined together") but never rationalized; for export, the licensing process has to be done twice. Need for contracting officers that are familiar with offset arrangements between foreign militaries and companies, understand FMS.



Need for development of the defense industrial base; partners and allies are crucial; "Driven by Ukraine, fueled by Taiwan".

3) The US has an agenda for advanced capability gaps. This includes AI and ML, quantum, as well as autonomy and hypersonic. To speed up the development of these technologies, it is the question on how to integrate foreign companies in those development processes.

4) It is important to get the access to critical minerals back. The US lost the ability to mine. Dak Hardwick explains the issue briefly along the example of Titanium Sponge used on F-35s, which is currently sourced from Japan.

5) AUKUS; The way the 3 countries work together is a ground breaking opportunity and includes other allies and partners as well. The US learns how to open up and share technologies with allies and partners in concurrence with the Arms Export Control Act.

6) The big take of the Ukraine conflict is the proof that risk aversion can be overcome and processes can be revised and improved. Most military goods provided to Ukraine were never designed for export. Despite this fact, the DoD was able to get them released and could provide that equipment to Ukraine. Software had to be adapted and documents had to be rewritten but it was all done in due time.

7) "Production is deterrence" and deterrence is expensive. Due to the current reorganization of the trade relations, we currently see an inflation of 7%. Besides production capabilities that can be grown by cooperation with foreign companies, it is also a matter of getting the required raw material at scale. Right now is the time for change. Those "open doors" will not stay open for ever. SpaceX (even though not AIA member) is used as an example of a model including industry processes, management and contracts, that operates at speed and scale and pushes advancements, while relying on existing (defense) supply chains and foreign know-how. Today's industry is 70% commercial. A way to easily upscale like during WWII will not be possible anymore.

From the Q&A:

- Based on the initiatives from senator Baldwin aiming to increase the US content of US military systems to 75%-100%, a lot of red tape will be added to the US industry. They have to request waivers and be able to certify compliance. This will drive costs up and reduce speed of development and production. It is a cost issue more than anything else.

DMAG Secretariat

Sep 28, 2023

