

RECORD OF DISCUSSION
DEFENSE MOU ATTACHÉS GROUP MEETING
Wednesday, February 27th 2019 10:00-12:00
Embassy of Australia

ATTENDEES

Mr. Pieter-Henk Schroor	Chairman
Ms. Nicole Herzog	Secretary
Dr. Karl-Heinz Seekatz	Financial Officer
Mr. Adam Culley	Australia
Mr. Bill Greenwalt	Guest Speaker
Col. Leo Radlingmayer	Austria
Mr. Andreas Stauber	Austria
Col. Stephen MacDonald	Canada
Maj. Kathie O'Brien	Canada
Ms. Melissa Fuerth	Canada
Cdr Senior Grade Jesper Duevang Rasmussen	Denmark
Lt Col. Janne Jokinen	Finland
Col. Emilie Tota	France
Col. Nicolas Tessaud	France
Col. Emmanuel Thomé	France
Mr. Christian Vinazzani	Italy
Cdr. Erik Looman	Netherlands
Col. Marek Brylonek	Poland
Cdr. Augustín Caballero Hernandez-Pizarro	Spain
Col. Mojca Pešec	Slovenia
Mr. Håkan Söderstedt	Sweden
Mr. Nils Johansson	Sweden
Mr. Ola Alfredsson	Sweden
Dr. George Spencer	United Kingdom

1. OPENING / INTRODUCTION BY THE CHAIRMAN AND HOST

- Adam Culley, Minister Counselor for Defense Materiel, welcomed the DMAG to the Embassy of Australia.
 - The Chair thanked Australia for hosting the DMAG meeting.

2. REVIEW OF THE RECORD OF DISCUSSION OF THE PREVIOUS DMAG MEETING

- No changes.

3. FOLLOW-UP ITEMS FROM THE PREVIOUS DMAG MEETING

- The Chair asked the members if any of them is interested in leading or joining the 4th Working Group “Improved Networking”.
 - He will send out a reminder regarding this Working Group.

4. U.S. EXPORT CONTROL ISSUES

- Adam Culley gave an update about the 126.4 amendment in ITAR.
- Col. Leo Radlingmayer informed the members that parts of the United States Munition List (USML) are about to be controlled by the Department of Commerce.
 - The political process is ongoing.

5. EXECUTIVE ORDER

- Col. Leo Radlingmayer informed the members about an expansion of the Executive Order “Buy American” Program.
 - This expansion mandates that federal agencies encourage recipients of federal financial assistance to use domestically produced products for widely defined infrastructure projects; the products subject to the EO include iron, aluminium, steel, cement and other construction materials made from aluminium, plastics, polymer-based products, glass, optical fiber and lumber “Produced in the United States.”
 - Col. Radlingmayer has distributed the respective article “White House Issues Executive Order Expanding “Buy American” Program” to the members on 07 February 2019.
 - The Chair mentioned that this is something all member nations should be worried about since this expansion does not grant access for the foreign industry to the national US market.
- The Chair welcomed the guest speaker, Mr. Bill Greenwalt, and Adam Culley introduced him to the group.
 - Greenwalt has served in senior positions at the Pentagon, in Congress, and in the defense industry; as Deputy Under Secretary of Defense for Industrial Policy, he advised the Under Secretary of Defense for Acquisition, Technology, and Logistics on all matters relating to the defense industrial base.

- Guest Speaker Mr. Bill Greenwalt, Atlantic Council (bgreenwalt27@aol.com):
 - Mr. Greenwalt gave a summary about the current situation in Washington, DC, and embedded it into the historical context.
 - He outlined three issues that the US is trying to cope with:
 1. Is the US really in a competition?
 - ✚ Yes, the US is in competition with China as outlined in the National Defense Strategy.
 2. Is the US falling behind technologically?
 - ✚ According to Mr. Greenwalt, the US is falling behind technologically.
 3. What will the US do to cope with the situation?
 - ✚ In answer to this question, Mr. Greenwalt explained what the nature of innovation is and how the US constructs new programs.
 - ✚ Furthermore, he outlined that the current US tools, like the budget or personnel system, are “coloured by the win of the Cold War”.
 - According to Mr. Greenwalt, it is necessary that the Department of Defense modifies how it is doing business.
 - For example, at the moment the budget system is inflexible and designed for 3-4 years, so that it takes around 7 years from the beginning to the end of the procurement process.
 - In addition, Mr. Greenwalt is of the opinion that the Executive Order on Industrial Base is looking too much into the past instead of the future.
 - In future data analytics, cybersecurity, new areas, biological attacks etc. will play a very important role.
 - Though it is important for the US to work together with their allies, however the export control system, which has been created to keep the technology out of the hands of the Soviet Union, avoids a better cooperation.
 - The US has to figure out, in cooperation with their allies, how to avoid that enemies get hands on technology.
 - For this, it is necessary to think about the following points:
 - ✚ budget reform,
 - ✚ acquisition reform,
 - ✚ techtrans reform,
 - ✚ how to incentivize people and
 - ✚ how to cooperate with entrusted partners (commercial and industrial), countries and communities.
 - At last, Mr. Greenwalt raised the question what the DMAG member states can do.
 - First of all, they shall not adapt the outdated US system when it comes to the budget and acquisition system or the development of weapons.
 - The US has to see why other nations are doing better than them in certain kind of fields; the US processes have to change.
 - Adam Culley underlined Mr. Greenwalts statements regarding the standstill of the US system by giving some examples.

- Dr. Karl-Heinz Seekatz also agreed to Mr. Greenwalts statements; he only missed that the US and the partner nations are competitors on commercial markets; in addition the US insists for foreign procurement that the production will be executed in the US.
 - In answer to this, Mr. Greenwalt mentioned that Spain, Germany and France are in a comparative advantage.
- Dr. George Spencer asked if we can learn something from the “bad” system of the Chinese.
 - According to Mr. Greenwalt, the US adapted some systems from other nations, like the one from the Soviet Union.
 - The Chinese have learned at least in policy to integrate the military side but have neglected the commercial side.
- Melissa Fuerth and Bill Greenwalt mentioned that the Atlantic Council will issue a report on Defense Acquisition Policies in April.
- Col. Stephen MacDonald asked if there is a message to US allies.
 - Mr. Greenwalt just replied that the US is on board.

6. DMAG COIN

- The Chair presented the DMAG Coin to the members.
 - The first coin was handed over to the guest speaker, Mr. Bill Greenwalt.
- The Financial Officer informed the members that he has paid the bill for the 100 ordered coins.
 - The members agreed to order another 100 coins when 80 coins have been distributed.

7. LEVEL OF AMBITION / WORK PLAN 2019

- The Chair asked the chairs of the 3 Working Groups to present the results of their groups.
- Working Group: Export Control
(Chair: Col. Leo Radlingmayer)
 - Col. Radlingmayer informed the members that the working group has had its first meeting and presented the results of that meeting.
 - The minutes of this first meeting (“DMAG Export Control WG Meeting Jan AUT (V1)”) had been sent out via the Secretary to the DMAG members on 19 February 2019.
 - Another working group meeting will be hold in March.
 - Furthermore Col. Radlingmayer informed the members that there will be a change in the system and that, in future, also Third Party Transfers shall be done electronically via this new system.
 - Since 12 questions have been included in the minutes regarding processes and problems, Col. Radlingmayer asked the member nations to send their answers by email either to him directly or to the Secretary.
 - The Secretary was asked to send out the questions again to the members.

- Working Group: Reciprocal Security and Defense Industrial Cooperation
(Co-Chairs: Adam Culley & Miss Lois Nicholson)
 - Adam Culley gave a short summary about the discussions of the working group during the last DMAG meeting (see “Record of Discussions – DMAG Meeting – January 2019”) and mentioned some of the goals:
 - getting DMAG in a better position, especially when it comes to the Executive Order.
 - better cooperation with the industry.
 - establishing a framework.
 - identifying common challenges.
 - To achieve these goals, the working group has to find out first, where each member nation but also DMAG as a group is standing at the moment; thus, it is necessary to collect ideas.
 - All member nations are encouraged to give feedback to Miss Lois Nicholson about the challenges they face like for example obstacles to gain market access in order to develop a common understanding of DMAG’s shared interests.
 - ✚ Based on that feedback, DMAG might invite guest speakers to either confront them with what the member nations think or ask them for advice how to handle certain issues.
 - ✚ Furthermore it would be helpful to engage with CSIS, since there are common interests.
- Working Group: Trade Promotion
(Chair: Andreas Stauber)
 - Andreas Stauber gave a short summary of the results of the first meeting during the last DMAG meeting in January.
 - He asked the members to check if there are any upcoming acquisition plans that are relevant for other DMAG member nations or trade promotion activities by national defense industries, which might offer possibilities to cooperate with each other.
 - As an example he mentioned an event that Austria will organize in October regarding Cyber Security.
 - The Chair will check if the Industry Day, organized by the Netherlands at the end of the year, might offer such a cooperation possibility.

8. OTHER ISSUES AFFECTING MEMBERS

- The Chair informed the members that he talked to Joe Welsh regarding the discussion and the results of the last DMAG meeting when it comes to a common event of NDIA and DMAG.
 - Joe Welsh promised to inform his group about that discussion and to come back with a new proposal regarding the date.
- The Chair asked Ambassador Tina Kaidanow, Senior Advisor, International Cooperation in the Office of the Under Secretary of Defense for Acquisition and Sustainment (OUSD(A&S)), if she is interested in attending the group as a guest speaker.
 - Ambassador Kaidanow showed great interest in attending one of the upcoming DMAG meetings.

- Adam Culley mentioned that Ms. Heidi Grant, the new Director for the Defense Technology Security Administration, might be able to attend the next DMAG meeting in April.
 - Miss Lois Nicholson will approach her.
- The Chair bid farewell to Adam Culley, who will leave the US after 8 years.

9. UPCOMING DMAG MEETINGS and EVENTS

- The Chair and the Secretary will identify a date for the DMAG meeting in May and distribute it to the members so that they can volunteer for hosting it.

Month	Host	Details/Date	Guest Speaker
April 2019	Greece	Regular meeting April 04 th	TBD
May 2019	TBD	Regular meeting May 09 th (TBD)	TBD

10. DEFENSE COOPERATION EVENTS

- **6-8 May 2019:** Sea-Air-Space Exposition, National Harbor (MD)
- **9 May 2019:** Annual meeting of Defense Industries of Australia, Washington (DC)
- **9 May 2019:** Norwegian-American Defense Conference at the National Press Club, Washington (DC)
- One-day training courses offered by the Embassy Guild (<http://www.embassyguild.org/>).
 - Courses are exclusively designed for Ambassadors, diplomats, military officers and foreign business leaders to get all necessary knowledge and tools to effectively navigate Washington and to deliver ones Embassy's message to those who matter.
 - In particular the course "The Politics of US Defense Policy" has been highly recommended by several DMAG members that already attended.
- The Society of International Affairs (SIA) offers training on a regular basis on export and import licensing. SIA interests cover the entire spectrum of licensing issues pertaining to the Department of Commerce, Defense, State and Treasury (<http://siaed.org/>).

11. ANY OTHER BUSINESS

- DMAG Finances:
 - Dr. Seekatz informed the members that there are still 7 nations left that have not paid the annual membership fees yet.
 - He will send out a reminder to the respective nations.

Drafted by Nicole Herzog, Secretary of DMAG