



THE DEPUTY SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

18 NOV 1998

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARY OF DEFENSE FOR ACQUISITION AND
TECHNOLOGY
UNDER SECRETARY OF DEFENSE FOR POLICY
ASSISTANT SECRETARY OF DEFENSE FOR LEGISLATIVE
AFFAIRS
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, DEFENSE SECURITY COOPERATION AGENCY
DIRECTOR, DEFENSE THREAT REDUCTION AGENCY

SUBJECT: Department of Defense Arms Transfer Policy Process

Determining arms transfer policy and making decisions on specific licensing and arms sale requests are two of the important functions of the Department of Defense. The overwhelming majority of arms transfer cases are processed routinely in accordance with established policy guidelines. For exceptional cases, however, involving controversial issues, high costs, advanced technology, or highly visible transfers, the Department does not have an established, transparent, and disciplined process to determine our policy or to make timely decisions. To rectify this situation, I have decided to establish an Arms Transfer Policy Review Group that will meet to establish policy or resolve arms transfer issues when the normal transfer coordination and decision-making processes are unable to reach consensus on a DoD position.

This Arms Transfer Policy Review Group will help formulate major arms transfer policies and provide a mechanism for the orderly and timely processing of particular major arms transfers. The Review Group will not review routine arms transfer requests for which there is established Department of Defense policy or precedent, nor is it meant to supplant normal arms transfer coordination and decision processes dealing with Foreign Military Sales or license reviews for direct commercial sales. In addition, issues or decisions concerning the disclosure of classified information to foreign governments and international organizations will be made by the National Disclosure Policy Committee (NDPC), which the Review Group shall consult as necessary.

The Review Group has the authority to establish the Department of Defense position with respect to

- 1) arms transfer policies for new or emerging weapon systems, or precedent setting arms transfers;
- 2) long-term, general policies regarding future arms sales to specific regions, countries, or end-users for the purpose of anticipating arms, capabilities, and technology transfer concerns;

U18444 198

- 3) specific major arms transfer proposals; and
- 4) issues anticipated or those raised during congressional consultations and notification.

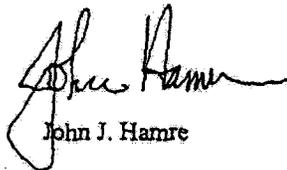
The Arms Transfer Policy Review Group will be chaired by the Under Secretary of Defense for Policy, or designee. Members of the Review Group, represented at least at the Assistant Secretary of Defense level or the military equivalent, will include representatives from Policy, Acquisition and Technology, Office of the General Counsel, Legislative Affairs, Defense Security Cooperation Agency, Defense Threat Reduction Agency, the Joint Staff, Service Secretariats, and others as appropriate. The chairman of the NDPC shall advise the committee on disclosure issues.

Meetings may be called at the discretion of the Chair or at the request of any Review Group member. The Arms Transfer Policy Review Group will seek to make its decisions by consensus. In the absence of consensus, the Under Secretary of Defense for Policy shall send a recommendation to the Deputy Secretary of Defense. Members of the Review Group will have ten working days to provide a dissenting opinion, which will be included with the recommendation forwarded to the Deputy Secretary of Defense.

Once the Department's position on these major arms transfer matters is established, an important function of the Review Group is to communicate the Department's position to the Department of State, as well as to the National Security Council staff and other U.S. government agencies, as appropriate.

The Arms Transfer Policy Review Group and its members may adopt other procedures, as necessary, to facilitate its functions, including the designation of an Executive Secretary to coordinate and distribute information, record recommendations, and provide records of the meetings.

The Review Group will evaluate its operations six months following its establishment and will forward its views to the Deputy Secretary of Defense concerning the effectiveness of this group.



John J. Hamre