
NATO group agrees on joint purchases of US guided bombs

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Eight European nations led by Denmark agreed on a legal framework through which the NATO members hope to jointly buy precision-guided munitions (PGMs) from the United States.

Besides Belgium, Czech Republic, Denmark, Greece, Netherlands, Norway, Portugal, and Spain also signed the memorandum of understanding with the NATO Support and Procurement Agency (NSPA) on 15 December.

This is the first attempt at a collective purchase of defence equipment governed by the US Foreign Military Sales (FMS) programme. The agreement authorises the NSPA to carry out on their behalf serial purchases of PGM kits worth hundreds of millions of dollars through the FMS system.

"This is seen by our FMS partners in Europe as a test case for the flexibility of transfer it gives to the US to authorise sales to a group of countries instead of bilaterally [as FMS rules traditionally require]," a senior US official told a closed gathering of allied government and industry officials in Brussels on 9 December.

"It won't be evaluated politically [in Washington] for a few years, but I am optimistic it will be judged as the way to go in the future," said the official, adding that "there could be additional types of weaponry eligible as follow-on joint purchase agreements".

Precision-guided munitions are among the top 16 identified capability priorities for NATO operations. However, the crimp on operations that FMS' bilateral rules are capable of creating was glaringly evident during the NATO-supported air campaign against Libya in 2011 when coalition allies turned to other non-coalition allies to refresh their PGM supplies.

"They bumped straight into the US restrictions on third-country transfers since each arrangement is bilateral with its own set of conditions. They had to request their smart-bombs directly from the US military, which affected its own stocks in a negative way," said the official.

Denmark subsequently set up a user-group of allies to explore the options for multinational purchases of the PGM kits from the US Department of Defense. This depended however on whether Washington could find a way to modify its FMS rules. By chance an obscure, never-used piece of legislation from 1979 - the 'Javits amendment' - was dusted off to wedge open the new flexibility, allowing the US State Department to approve the PGM arrangement in August as a new approach to pooling and sharing of capabilities among the allies.

There is a small catch, however.

"For now, the Javits amendment means this [joint procurement] will be applicable only to the allies, so [NATO partner countries] Sweden and Finland can't play - at least not yet. And the joint procurement must go through the FMS structure," observed the official.

As a first tranche, Denmark and the others will buy 500 smart-bomb conversion kits worth USD75 million, with each country earmarking how many they want to buy. Follow-on orders will eventually be worth several hundred million dollars.

The legal arrangement will be extended in April 2017 to include Poland, with the resulting nine-nation group meeting in May to frame the volume of their second tranche of PGM orders.

ANALYSIS

The new PGM joint purchase framework will mark two milestones after it's up and running. The first is its liberalisation of the FMS rules. Once the US Congressional review gives its blessing to the arrangement in a few years, the model could be extended to a wide range of kit used by the allies from basic components right up to standard weaponry such as the SM-2/SM-3 air-defence missile.

The determining criteria would be the status of an item's releasability and its commonality across a given group of allies. Routine equipment and parts with one-size-fits-all releasability would be the rule of thumb. By contrast, technologically advanced or complex systems or those at the edge of classification would probably not qualify for multination export, thus falling under the FMS's standard bilateral terms and transfer restrictions.

The second milestone is that the PGM agreement will represent - finally - the first concrete project of substance since NATO began its 'smart defence' efforts in 2011 to promote more pooling and sharing of military assets and capabilities among the allies.

A number of existing projects among the allies at the time, some of them truly old, were trussed up by NATO headquarters to give the appearance of smart defence progress, but no informed observers were fooled. The Danes and Washington, however, can now take the credit for achieving the first.