

# DefenseNews

www.defensenews.com

A GANNETT COMPANY

CONFLICT  
OVER ISLANDS  
COULD  
ENSNARE U.S. 6



September 24, 2012

## EUROPE

### Delay Gets Costly

French AWACS upgrade hung up over tech export issues. *Page 4*

28 **Finland:** Could cuts hurt mission?

42 **Italy:** Finmeccanica eyes overseas deals.

## THE AMERICAS

### Spotlight on Minesweepers

Gulf exercise revitalizes long-ignored mission. *Page 26*

## ASIA & PACIFIC RIM



### No Home for Carrier?

Delays, issues over yard repairs plague former Russian flattop. *Page 38*

34 **Japan:** Panetta visit strengthens ties.

## INTERVIEW

### Gen. Mark Welsh

New U.S. Air Force chief talks sequestration, future missions. *Page 46*



## SPECIAL REPORT

### Top USMC Priorities

Logistics and lift pose challenges as service turns toward Pacific. *Page 11*



# A Solution to Sequestration?

## Simpson-Bowles Re-Emerges as Framework for Compromise

By JOHN T. BENNETT

Simpson-Bowles is back. Several small groups of U.S. senators from both political parties are quietly trying to piece together legislation that would avoid twin \$500 billion cuts to national defense and domestic programs.

While those lawmakers and their aides are tight-lipped about the ideas being bandied about, there appears to be a common starting point: a set of proposals first put forward in 2010 by a presidentially created commission.

"It's definitely in play — at least parts of it are," Sen. Claire



Sen. Lindsey Graham, R-S.C.

McCaskill, D-Mo., said.

That commission's work is commonly referred to as the Simpson-Bowles report, colloquially named after its co-chairmen: former Sen. Alan Simpson, R-Wyo., and Erskine Bowles, President Bill Clinton's former chief of staff.

If lawmakers this year or early next year are able to set aside



Sen. Claire McCaskill, D-Mo.

partisan conflict long enough to pass a \$1.2 trillion deficit-paring plan, lawmakers and sources say they doubt it will mirror the Simpson-Bowles panel's work. But, much like negotiating to buy an automobile, the commission's report has served as a starting point for talks between Democrats and Republicans.

See *SIMPSON-BOWLES*, Page 8

# Euro Firms Vie To Help Secure Libyan Borders

By ANDREW CHUTER, TOM KINGTON and PIERRE TRAN

**LONDON, ROME and PARIS** — Libya's new government is discussing a potentially multibillion-dollar program with at least three European governments to provide sensors and other equipment to secure its borders, industry executives said.

Britain, France and Italy have all had discussions with the Libyans in the past few months about possible government-to-government arrangements. EADS Cassidian, Finmeccanica, Thales, BAE Systems, KBR, QinetiQ and General Dynamics are among an array of companies positioning to

bid either as part of a consortium or alone once the Libyans firm up their requirements.

Timing of the project remains uncertain even though securing the border against illegal immigrants, terrorists and others is a top priority for the new government in Tripoli, industry executives and others said.

The Sept. 11 attack on the U.S. Consulate in Benghazi, which left four people dead, including the ambassador, has focused attention on the inability of a still-fragile Libyan administration to provide security, including on its borders.

Libya's land borders run for more than 4,000 kilometers with

neighbors Algeria, Tunisia, Niger, Chad, Sudan and Egypt. It also has a long coastline. A security program aimed at sealing what has always been a highly porous border would target sub-Saharan immigrants transiting through Libya en route to Europe and extremist Islamist terrorists.

European executives said the maritime security issues first identified by the Moammar Gadhafi regime remain unresolved but it is likely the new government will give it a lower priority than the land border.

Although no tender document has been released, Italian sources said, the land deal could eventual-  
See *LIBYAN BORDERS*, Page 8

# DoD Previews New Guidelines For Better Buying Power

By ZACHARY FRYER-BIGGS

In need of big savings, the U.S. Defense Department is once again digging into the acquisition process, looking to reform a system seemingly immune to change. But rather than developing a new buying strategy, Pentagon leadership wants to change the mindset of the people carrying out the rules.

The Pentagon's new push soon will arrive in the form of Better Buying Power 2.0, a memorandum designed to further the efforts of version 1.0, which was released in September 2010 as a way to streamline and find efficiencies in defense acquisition. What's striking about the new memo's aim, and about the language employed by its chief advocate, Frank Kendall, undersecretary of defense for acquisition, technology and logistics, is that culture and mindset within the acquisition community are the targets, and that the previous version did not address the problem.

"I think the mixed-at-best implementation of Better Buying Power is a reflection of that deficiency," said Steven Grundman, the Lund Fellow at the Atlantic Council. "Better Buying Power 2.0 would add the infrastructure of training, documents and, yes, culture, that is actually going to enact at the far reaches of the acquisition system the sound principles that were in Better Buying Power."

Kendall has acknowledged the need for cultural change, drawing a distinction between himself  
See *U.S. ACQUISITION*, Page 6

PERIODICALS-NEWSPAPER HANDLING

(D)

Vol. 27, No. 36 \$4.50 (\$7.50 Non-U.S.)

www.telephonics.com

C4ISR NOW!

NetCom-V™

Redefining Intercommunications

TELEPHONICS  
A Griffin Company

# Island Group Dispute Could Spark Conflict

By WENDELL MINNICK

**TAIPEI** — With China becoming a rising global defense powerhouse and the U.S. shoring up support among Asian allies, all eyes are focused — oddly enough — on a tiny island group in the East China Sea as bickering over their ownership could escalate into an all-out war, experts said.

## Senkaku Outcome?

Experts plot likely scenarios. Page 32

## Ties Reaffirmed:

Panetta visit strengthens U.S.-Japan relations. Page 34

China and Japan escalated their sniping over the Japanese-controlled Senkaku Islands, known as the Diaoyu Islands to China, just before last week's visit by U.S. Defense Secretary Leon Panetta to both countries. Located in the East China Sea, the five islands are between China and the Japanese island of Okinawa.

Stakes are high since ownership of the islands can have major consequences for seabed demarcation under international law, which notionally gives the owners a 200 nautical mile exclusive economic zone (EEZ) around them.

The rich fishing grounds and high expectations of oil reserves under the seabed, combined with a growing population that must be fed and an industry with a vast thirst for oil, allow for little patience in Beijing for Tokyo's arguments over legalities under international law.

China also sees the islands as key geostrategic real estate. Possession of the islands would allow China's Navy to break through the first island group and control the southern flank of Japan and the northern flank of Taiwan. The islands, also claimed by Taipei, are only 90 nautical miles from Taiwan.

The dispute over the islands appears to have calmed down for the time being, despite the fact that Panetta chose a highly volatile time to go to the region. On Sept. 18, China observed the "Day of Humiliation" marking the 81st anniversary of Japan's invasion of Manchuria. The annual observance sometimes becomes violent, with protests in both China and Taiwan.

Some in China are questioning the wisdom of the timing of Panetta's visit. "Picking this date really raised attention to it here in Beijing," said Da Wei, director of the President's Office at the China Institute of Contemporary International Relations in Beijing.

However, Panetta's visit was planned months ahead in consultation with Beijing and was a reciprocal trip for a visit to the U.S. of China's defense minister this year, said Ralph Cossa, president of the Pacific Forum, Honolulu. The primary motivation was to continue building U.S.-China military relations, but the island controversy certainly refocused discussions, he said.

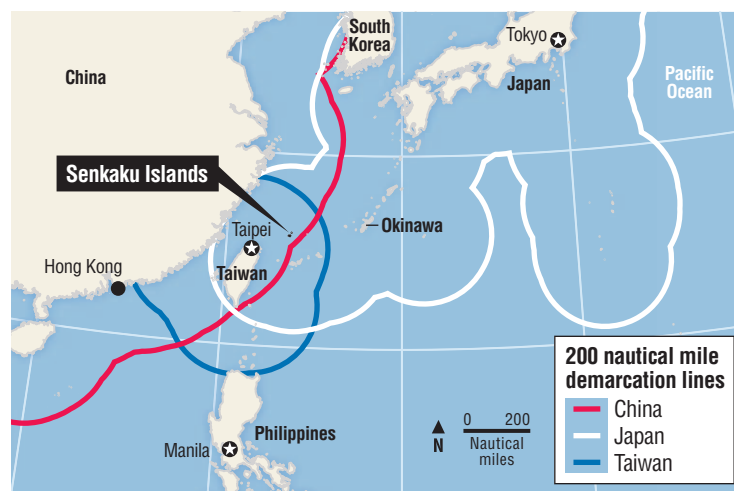
Panetta's visit gave him the "opportunity to privately explain the continuing U.S. defense commitment to Japan, which has always included 'territories administered by Japan,'" including Senkaku, despite Chinese press allegations the new U.S. "Asia pivot" policy is a containment strategy aimed at China, Cossa said.

The fact is, the U.S. does not have a direct interest or position on the sovereignty status of the islands, said David Lampton, director of China Studies at the Johns Hopkins Paul H. Nitze School of Advanced International Studies in Washington.

Lampton, who was in Beijing during Panetta's visit, said the U.S. has a stake in the "peaceful reso-

## WHO OWNS THE SENKAKUS?

China and Japan are arguing over which country has territorial claim to the Senkaku Islands. Although the islands are controlled by the Japanese, they're also included in the territorial borders of China and Taiwan.



SOURCE: NATURAL EARTH MAPPING DATA, DEFENSE NEWS RESEARCH

JOHN BRETSCHNEIDER/STAFF

lution of this issue and Washington does have an interest in coming out of this incident looking like a credible, reliable alliance partner of Japan."

This goal causes problems for Washington in Beijing. "How do you be a reliable ally of Japan and at the same time even remotely look like an 'honest broker' to Beijing?"

This problem is compounded by the fact that the islands are covered under the "U.S.-Japan Mutual Defense Treaty," said Bernard "Bud" Cole, author of the book "The Great Wall at Sea." In the end, if a conflict should ensue, the U.S. "will be extremely loath to get involved, even in the event of a low-grade conflict." Cole's concern is the tendency by the Chinese Navy to "routinely underestimate the capabilities" of the Japanese Navy, "of which I think very highly."

"This could contribute to Chinese miscalculation," Cole said.

In China a conflict would test U.S. resolve to honor its defense agreements with Japan and, at the same time, push the limits of how far the U.S. is willing to anger an economic powerhouse with more than \$1 trillion of U.S. debt in its coffers.

"This dispute is a serious concern for the U.S. because it is to some extent related to the strategic credibility of U.S. power in the region," said Di Dongsheng, general secretary of Renmin University's Center for Strategic Studies in Beijing.

Dong Wang, director of Peking University's School of International Studies, Center for Northeast Asian Strategic Studies, agrees. "U.S. commitment to defending its allies has exposed itself to risks of enveloping itself [in] a real military conflict with China."

This is a typical "alliance dilemma," he said, noting that the U.S. has, since 2000, removed its ambiguity over the question of whether Article 5 of the Mutual Defense Treaty covers the Diaoyu Islands.

The goals of the U.S. shift from strategic ambiguity to strategic clarity may be interpreted in two ways by China, Dong said. First, it reassures and encourages Japan to "play a larger role in helping maintain U.S. primacy/hegemony in the Asia Pacific." Second, it is a hedge against a rising China.

Dong said one of the unintended consequences is that it emboldens Japan "to take provocative moves on the Diaoyu Islands issue, because now Japan believes it has America's backing if [it takes] steps to shift the status quo over Diaoyu Islands to its own favor."

The new X-band radar deployment for ballistic missile defense, announced during Panetta's Tokyo visit, signifies the U.S. is taking Japan's side, "as it is perceived in Beijing," said Zhu Feng, deputy director, Peking University's Center for International and Strategic Studies. This encourages "Tokyo to stand up to China. ... Things are getting dangerous."

Dong said that if "war breaks out over Diaoyu Islands, [and] that possibility cannot be completely ruled out," then China would have "no choice but to defend its sovereignty, and everyone, including the U.S., stands to lose."

Washington does not want to get involved in a war over "what seems to be an obscure group of tiny islands," said Michael Mazza, a China military specialist at the American Enterprise Institute. "But the White House would also be hard-pressed to let its most important Asian ally — perhaps most important ally, period — fend for itself should Japan find itself in a bind." □

Email: wminnick@defensenews.com.

## U.S. ACQUISITION

From Page 1

and his predecessor, current Deputy Defense Secretary Ashton Carter.

"Ash liked to say at times that he didn't do culture," Kendall said at an event hosted by the Center for Strategic and International Studies (CSIS) in February. "I remember him getting a question about that at the first press conference he had, I think, about Better Buying Power. I'm doing culture because I think at the end of the day a lot of our problems stem from culture."

David Berteau, director of the International Security Program at CSIS, said the original Better Buying Power never refuted cultural change, it just didn't emphasize it.

"It wasn't that he [Carter] didn't like culture change, he just said, 'I don't have time for it,'" Berteau said. "But you have to make time for it. A lot of times acquisition alone is not enough to change the overall system."

Speaking at a Senate aerospace caucus breakfast hosted by the Aerospace Industries Association Sept. 19, Kendall provided what he described as a "sneak peek" at the next version of Better Buying Power, emphasizing training of the acquisition workforce to increase understanding of the concepts espoused by the previous version. A draft of the new memo is set to be distributed to contractors in the coming weeks for comment.

"We're turning our attention toward increasing the capability of the professionals that work for us," he said. "Acquisition is hard. I've been in the business a long time. I have ample opportunity to use my engineering degrees, my business degrees and my law degrees. It's a very complicated business. I don't expect everybody to have that many degrees, but I do expect people to really know their stuff."

In particular, he pointed to a culture of spending that doesn't emphasize value.

"There's this culture of, get the money out the door, and by the way if you don't get it out

the door, you'll have less next year," he said.

Besides training, the new memorandum will target changes to DoD's 5000 series instructions that provide the management framework for the acquisition system.

"You can't manage a system like the acquisition process through memos," Berteau said. You have to do it by building it into the fundamental directions, instructions and regulations."

The lack of changes to guiding documents in the first version of Better Buying Power meant that acquisition officers needed to employ the same thought process as Carter, not an easy task, said Grundman, who also helms Grundman Advisory.

"At the time, I said that to implement these practices, he was relying on there being decision-makers in the system who understand this stuff and are as smart as him," Grundman said. "Because as we know there is almost no one in the Pentagon who is as smart as Ash Carter, and that's what it would take to get this done without some kind of a manual to transmit

down to the contracting officers and acquisition executives what this is supposed to do."

Driving the new push for reform is recognition that DoD can't afford its global strategy without finding savings in acquisition.

Complicating matters is an ongoing struggle between factions within the Pentagon who disagree over the flexibility provided to the acquisition workforce. On one side is Carter, who advocates for providing discretion to acquisition officers in the hope of finding the best deals. On the other is a group that views discretion as an opportunity for fraud and is attempting to provide stricter guidelines to officers.

"This is an ideological contest," Grundman said. "I don't think that the federal government in particular will ever be awarded the discretion that I think, frankly, efficiency requires. That's one of those prices we pay for democratic governance." □

Email: zbiggs@defensenews.com.