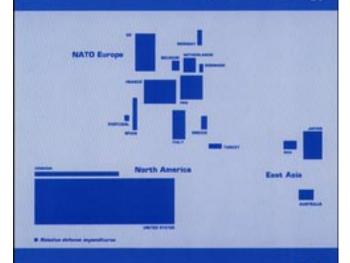
# Arming Our Allies: Cooperation and Competition in Defense Technology

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#### **ARMING OUR ALLIES:**

Cooperation and Competition in Defense Technology





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#### **Foreword**

Cooperating with our allies in the supply and joint production of defense technology has been an important element of U.S. national security policy and a cornerstone in alliance relations for the past 40 years. As the undisputed technological leader of the Free World in the post-WWII period, the United States transferred military technology to its allies in Europe, Asia, and the Middle East to help them rebuild their industries and defend against the military threat from the Soviet Union and its allies.

The success of this decades old policy has led to many economic and political changes. Consequently, Congress and the Administration are re-evaluating the nature of the military threat in light of the failure of communism in Eastern Europe, deepening detente in U.S.-Soviet relations, decreasing defense budgets, and escalating competition with our allies in both military and commercial technologies.

This review comes at a time when the United States has lost its monopoly advantage in the development and production of sophisticated defense systems. Three centers of rough technological and economic parity now dominate the globe—the United States, the European Community, and Japan. As a result, overcapacity and real competition for shrinking defense markets among the different national and regional defense industries has become evident.

At the request of the Senate Committee on Armed Services and the House Committee on Government Operations, OTA undertook an assessment of international collaboration in defense technology. This Special Report is the frost product of that assessment. It provides an overview of the subject and analyzes the impact that changes in the environment of defense technology and reduced East-West tensions will exert on defense industrial cooperation and associated alliance relations.

JOHN H. GIBBONS

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NOTE: OTA appreciates and is grateful for the valuable assistance and thoughtful critiques provided by the advisory panel members. The panel does not, however, necessarily approve, disapprove, or endorse this report. OTA assumes full responsibility for the report and the accuracy of its contents.

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