

April 2010



Dear Fellow Free Weapons Market Advocates,

Looking for **unexploded munitions**? I strongly advise you to **not work in conjunction with the Thai military**. According to *The Straits Times*, (February 2, 2010), the Thai Army is equipped with a dubious “bomb detector” called the GT200. After inspecting the GT200, Sidney Alford, an explosives expert with a droll sense of humor, commented, “Speaking as a professional, I would say that it is an empty plastic case.” Until the government ordered them to stop buying them a few weeks ago, Thailand’s top brass continued to insist that the GT200 is quite effective, even though, as the article notes, the device has **no power source**.

The GT200 actually is effective. It effectively illustrates the **world’s worst procurement system**, a useful reference point. Imagine a line traced between two extremes of **good and bad weapons procurement practices**. At one end: the guys who selected that empty plastic case. That system enabled a few corrupt or incompetent bozos to get away with endangering Thai servicemen (**fun fact**: when you’re selling empty plastic cases at bomb detector prices you can offer 50% “commissions” and still enjoy **49.99% profit margins**).

At the other end of the good/bad procurement spectrum is a Platonic ideal of weapons buying, a theoretical construct consisting of **some people in a room**. These people are given a budget, a set of requirements, and some operational parameters. They are not authorized to consider any other factors. They are behind a heavy lead door that keeps out everyone else, except **friendly IT people and folks who bring donuts and coffee**. These people are patriotic but not jingoists. They don’t care where a weapon is built. It could be made in any country, or anyone’s political district. The people in this room think about nothing else except buying the **best equipment for servicemen at the best price**. Jobs, other economic concerns, and technology transfer is irrelevant to these people. When the people in this room make a weapons procurement decision or formulate an RfP, it is respected by everyone else.

That happy end of the procurement spectrum, sadly, is a rarity, if not an impossibility. And that brings me to the point of this letter: KC-X has moved the US in the wrong direction on that procurement spectrum. This requirement became hyper-politicized years ago, and it’s gone way too far. When was the last time you heard a politician involved with the process talk intelligently about **KC-X requirements** or **competitor capabilities**?

The history speaks for itself. The original Boeing lease deal wasn’t political, but it was somewhat suspect, and Senator John McCain made it political, fast. He maintained that corruption and incompetence were involved, and there were aspects of his complaint that were legitimate. But then he went way too far. Allied with other Republicans he made it abundantly clear to the Air Force that the KC-30 was the way to go **if they valued their budget and their careers**.

Then the Democrats and their Kansas allies got their chance to return the favor. Northrop Grumman was right. The current proposal heavily favors Boeing. While there are valid budget and cost reasons for going with the KC-767, the most likely explanation for the change is that DoD realizes that the political winds have changed direction, especially with Boeing partisan Norm Dicks in charge of the

House Defense Appropriations subcommittee. Pro-Boeing congressmen have employed every lame effort to shift the KC-X debate to tangential issues. Introducing the **US-EU WTO jetliner dispute** – a totally economic concern – as a competitive discriminator in weapons procurement was a **low point**.

I take that back. The **absolute low point** in KC-X's dismal history took place a few months ago, when the pro-KC-30 crowd got desperate. Senator Shelby (R-Alabama, and Toulouse too) malevolently held up scores of administration and DoD appointments in an effort to change the RfP. There's no better way to corrupt procurement practices than to imply that the people in charge of procurement can have their careers disrupted by politically unpalatable decisions. That was a **perfect GT200 moment**.

Actually, I take that back too. The **new low point**, as I'm writing this, is Congressman Dicks' comments implying trouble for any US contractor that works with EADS/Airbus. But I'm sure that if we wait a few days, there'll be a new KC-X low point.

With a sequence of horrors like this, KC-X has nudged the US in the **wrong direction** on that procurement spectrum. US procurement practices have moved closer to Continental Europe (and towards those clowns who bought the GT200). That has not escaped the attention of European politicians, who **zealously purvey hypocritical claptrap** about the importance of open defense markets. When you hear European politicians criticize KC-X, remember these are the guys who almost killed the A400M by mandating a local engine instead of going with a lower risk Pratt Canada bid. US equipment has no chance in Europe when it faces local competition. After my last month's letter one confused EADS lobbyist thought I wasn't aware that France operates KC-135s (50 year old planes purchased when there was no other choice). Clear proof that France would consider a Boeing tanker today!

US military procurement can still be moved in the right direction. Following the failures of KC-X, VH-71, and Aerial Common Sensor, the US needs to re-embrace source globalization. It hurts to reward bad behavior by European politicians but it's more important to create a better and more open procurement system than theirs. The KC-X process should be delayed for a month or two (but no longer) for an EADS bid. DoD should also resist any efforts to seal the borders for upcoming competitions. Finmeccanica's M-346 should be given equal weighting for USAF's T-X trainer requirement. Embraer's Super Tucano should be given equal weighting for USAF's LAAR light attack requirement. Also, DoD must ensure that AgustaWestland's AW 101 gets equal consideration for VXX, especially since it's now up against an all-US Sikorsky/Lockheed Martin team.

But most importantly, the US needs to stop the maddening politicization of weapons procurement. It's one thing for congressmen to steer add-ons to their home districts. It's quite another thing for them to meddle in weapons procurement competitions on the basis of where one side's equipment is built. These politicians should be chastised.

This month's WMCAB updates include Teal's 20th annual business aircraft forecast. We've also updated the Gripen, Eurofighter, F-15, Challenger/Global Express, C-295, EA-6B, and EC 135 reports. And let's all hope KC-X finally produces something tangible.

Yours, 'Til I Get A GT200 For My Birthday,
Richard Aboulafia