



Ms. Celeste Drake
Director of the Made in America Office
Office of Management and Budget
The White House
1600 Pennsylvania Ave NW
Washington, DC 20500

April 25, 2022

Dear Ms. Drake,

First of all I would like to cordially thank you for the very informative and stimulating conversation we had at our DMAG meeting on March 24. During this meeting you outlined, among other things, the waiver review process regarding the Reciprocal Defense Procurement (RDP) MoU's. We learned that this process is currently being conducted by the Department of Defense in close cooperation with your Office. The review will be concluded on May 14.

Today I am writing to you as Chairman of the Defense MOU Attachés Group (DMAG) to underscore the importance of the RDP MoUs, which DMAG countries have established with the US. Under the "public interest waiver" determination as provided by the Buy American Act, DMAG countries are "qualifying countries" meaning that Buy American provisions do not apply to DMAG countries. In effect they are waived from these provisions when competing for DoD programs. This status has proven to be highly beneficial for both the DMAG countries and the United States.

The benefits of these RDP MoUs have stood the test of time. Many were negotiated following the passage of the Culver-Nunn Amendment to the fiscal year 1977 Defense Authorization Act, with the intended purpose to promote rationalization, standardization, and interoperability within the North Atlantic Treaty Organization (NATO). The United States has also negotiated additional defense procurement agreements with select non-NATO members over time. These agreements are foundational for defense trade amongst like-minded nations and have greatly benefited American manufacturers and created jobs in the United States, as evidenced by the level of U.S. trade surpluses in defense equipment. According to the Aerospace Industries Association, the United States had a positive aerospace and defense trade balance of \$40.6 billion in 2020. In 2021, the Defense Security Cooperation Agency reported that U.S. Foreign Military Sales alone totaled \$34.8 billion.

An important source of military strength for DMAG nations and the U.S. is the ability to leverage each other's public and private sector industrial capabilities. The innovation and reduction of cost that comes from integrated supply chains and industrial base cooperation between the U.S. and DMAG countries are critical in underpinning the collective strength of our alliances and partnerships, which bolsters U.S. national security in a geopolitical environment that is replete with rapidly evolving security threats and challenges. Furthermore, domestic content requirements impose higher costs on U.S. industry, which puts them at a competitive disadvantage, and ultimately results in increased program costs that will ultimately be borne by the U.S. taxpayer. Prices would be artificially driven up and the American defense industrial base would be disadvantaged if the US defense procurement system denied access to the innovative and cost-effective marketplace of allied-manufactured equipment, parts and components.

To conclude, we strongly believe that reciprocal defense procurement agreements firmly support industrial base collaboration and benefit the American defense industry and its workers. Any one nation should not assume that all the capabilities its needs will be found domestically. The time and energy invested in each and every bilateral negotiation that culminated in RDP MoUs bear fruit for all our countries. Our strength through cooperation is our competitive advantage. Recent geopolitical circumstances have shown that maintaining this competitive advantage is more important than ever.

The DMAG Executive Committee would be pleased to provide you with any additional information you may require. If you or your staff have any questions, please contact me at ph.schroor@minbuza.nl or (202) 876-6541.

I look forward to continuing our dialogue.

Sincerely yours,

A handwritten signature in black ink that reads "PH Schroor". The letters are stylized and cursive.

Pieter-Henk Schroor
Chair, Defense MOU Attachés Group