

Stenographic Transcript
Before the

COMMITTEE ON
ARMED SERVICES

UNITED STATES SENATE

TO RECEIVE TESTIMONY ON THE DEPARTMENT OF
DEFENSE RESPONSIBILITIES RELATED TO FOREIGN
MILITARY SALES SYSTEM AND INTERNATIONAL
ARMAMENTS COOPERATION

Thursday, May 15, 2025

Washington, D.C.

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7 U.S. Senate

8 Committee on Armed Services

9 Washington, D.C.
10

11 The committee met, pursuant to notice, at 9:31 a.m. in
12 Room SD-G50, Dirksen Senate Office Building, Hon. Roger
13 Wicker, chairman of the committee, presiding.

14 Committee Members Present: Senators Wicker
15 [presiding], Fischer, Cotton, Rounds, Ernst, Scott, Budd,
16 Banks, Sheehy, Reed, Shaheen, Gillibrand, Blumenthal,
17 Hirono, Kaine, King, and Warren.
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1 OPENING STATEMENT OF HON. ROGER F. WICKER, U.S.
2 SENATOR FROM MISSISSIPPI

3 Chairman Wicker: The hearing will come to order.
4 Thank you for being here. This morning the committee
5 welcomes three experts to testify on how the United States
6 can equip our allies and partners with more U.S. made
7 weaponry. And this ought to be a very good hearing because
8 we've got Dr. William Greenwalt, Dr. Lisa Saum-Manning, and
9 Mr. Keith Webster, experts in the field with government
10 expertise also. Thank you all three for joining us.

11 On May 12th, 1940, American playwright Robert Sherwood
12 was quoted in the New York Times, but not for any commentary
13 about theater. Mr. Sherwood said, "This country is already,
14 in effect, an arsenal for the democratic allies." It is
15 fitting that we are holding this hearing nearly 85 years to
16 the day since these words were published. We face a threat
17 environment that feels eerily similar to that of 1940, and
18 we're seeking to rebuild the arsenal of democracy in our own
19 time.

20 That brings us to the FMS, Foreign Military Sales
21 system. FMS is the principal mechanism by which we transfer
22 arms to our foreign partners. It is the FMS system that
23 allows us to work with partners to strengthen conventional
24 deterrence and bolster allied burden sharing. In the
25 executive branch, the State Department is responsible for

1 coordinating FMS, including considering what to sell. In
2 the Senate, that job belongs primarily to our colleagues
3 down the hall, the Foreign Relations Committee, to Chairman
4 Risch and Ranking Member Shaheen.

5 But the Department of Defense and this committee have
6 significant responsibilities in informing and implementing
7 those decisions, and that's why we're here today.

8 Similarly, the Pentagon plays a leading role in
9 International Armaments Cooperation activities such as co-
10 development, co-production, and the integration of American
11 and Allied industrial bases.

12 Today, we hope to discuss how the Pentagon can better
13 run both the FMS and International Armaments Cooperation
14 processes to maintain deterrence. To respond to our current
15 threat environment, the DOD needs a dramatic shift in
16 mindset, one that embraces the key fact that arming allies
17 and partners is a core function of the U.S. military.

18 Unfortunately, over the past three decades, the
19 Pentagon's ability to implement FMS and to develop mutually
20 beneficial weapons deals with allies has deteriorated
21 alongside our defense industrial base, a bureaucracy that is
22 over specialized and slow. While it is capable of producing
23 exquisite systems, it cannot do so at scale or with speed.

24 In 2024, the United States sold \$118 billion of
25 weaponry, a significant increase over recent years and

1 multiple times more than the next closest country. \$118
2 billion is equivalent to 70 percent of DOD's own procurement
3 budget for 2024, the potential of even more weapons exports
4 is massive. Nearly all our allies and partners have allowed
5 their weapons production to deteriorate. They are now
6 scrambling to re-arm amid a worsening security environment.

7 We are at the cusp of a manufacturing revival in this
8 country. We can be at the cusp of a manufacturing revival,
9 which can dramatically expand the types of weapons available
10 for export. To harness that moment, I would propose we
11 focus on four areas.

12 First, DOD should make FMS an International Armaments
13 Cooperation a core mission of the military. DOD should have
14 a dedicated workforce of FMS experts. No one at DOD would
15 ignore \$100 billion of additional weapons spending if it
16 were called anything other than FMS. Our production is a
17 weapon and DOD must reorganize itself to recognize that
18 fact. So be prepared to give us some advice about that.

19 Second, we need to tailor requirements to the weapons
20 they regulate. Requirements to the weapons. A 3D printed
21 one-way attack drone is not an aircraft carrier. Our
22 regulations should recognize this. The technology,
23 security, and foreign disclosure community should adjust its
24 approach to risk management when considering technology
25 release, especially for close allies.

1 Third, we need to build exportability into our weapons
2 development. Build it into our development. Here's what I
3 mean. We frequently ignore allied requirements when
4 developing weapons. As a result, it should surprise no one
5 that these capabilities are often not approved for release
6 to the very allies we plan to fight with and defend. This
7 needs to stop.

8 And fourth, we need to partner with our defense
9 industrial base to make the right investments to expand
10 production. If we build it, they will come. And right now
11 we have allies and partners waiting years and years for
12 weapons that we cannot produce fast enough. So help us
13 there.

14 Over the past two decades, each administration has
15 reviewed the FMS system almost every year with the same
16 results. The Trump administration's recent executive order
17 is directionally correct and holds the promise of real
18 generational reform, but it will take hard work by this
19 committee, our colleagues on the Foreign Relations
20 Committee, our colleagues in the house and our two
21 departments to reimagine the fundamentals of our FMS system
22 and integrate our industrial base with allies.

23 With that said, I look forward to hearing from our
24 experts today and a lively round of questions, and I now
25 turn to my friend, Senator Reed.

1 STATEMENT OF HON. JACK REED, U.S. SENATOR FROM RHODE
2 ISLAND

3 Senator Reed: Thank you very much, Mr. Chairman, and I
4 want to welcome the witnesses Dr. Greenwalt, Mr. Webster,
5 and Dr. Saum-Manning. You each bring unique and important
6 perspectives to the conversation about foreign military
7 sales and International Armaments Cooperation. We're
8 fortunate to have such a distinguished panel before us.

9 I want to acknowledge upfront the foreign military
10 sales or FMS is largely the jurisdiction of the Senate
11 Foreign Relations Committee as the chairman indicated, but
12 we're fortunate to have Senator Shaheen here and Senator
13 Risch is someone I know will be interested in cooperating
14 with us as we move forward.

15 The Department of Defense plays a significant role,
16 although the jurisdiction is perhaps mainly in another
17 committee, and it's my hope that the two committees can join
18 together and develop an overall plan that will accelerate
19 and make more efficient the FMS process. It's well
20 established that America's greatest comparative advantage
21 against our rivals is our network of allies and partners,
22 from Europe to Asia and the southern hemisphere to the
23 northern hemisphere, our relationships with foreign nations
24 are fundamental to our security and prosperity at home.

25 Many of our friends and partners rely on the state-of-

1 the-art military equipment that we provide through FMS, and
2 this arrangement is mutually beneficial as our military
3 capabilities are reinforced by those of our allies. When
4 executed well, FMS strengthens the connective tissue between
5 our respective militaries. FMS provides our partners with
6 capabilities to advance their own defense and deterrence
7 capabilities, and it provides us with the ability to draw
8 upon our allies when we need them. We can dial up or dial
9 back partner and allies support as the situation dictates.

10 However, I fear that many of the aspects of the FMS
11 process are not working as well as they could be, which
12 means ceding our advantage to adversaries rather than
13 capitalizing on FMS. In my overseas travels, I have often
14 heard from foreign leaders about the difficulties and delays
15 they experienced in acquiring weapons and hardware from the
16 United States.

17 Time and time again, I have heard that the foreign
18 military sales process has become too slow, too rigid, and
19 too outdated to keep pace with the changing world. During
20 today's hearing, I hope our witnesses can help us better
21 understand the complex FMS roles and responsibilities across
22 the Department of Defense and how to potentially make these
23 more efficient. This committee and the Defense Department
24 may not be able to fix the entire process, but we should
25 start with improving functions that fall within our

1 jurisdiction.

2 I would also appreciate our witness's views on the
3 workforce requirements to support FMS and the potentially
4 harmful impacts of recent efforts to dramatically reduce the
5 workforce at the Pentagon and critical supporting agencies
6 like the State Department where the activities of FMS and
7 International Armaments Cooperation intersect with the
8 acquisition community. I would ask our witness to discuss
9 how we can align roles, responsibilities, and expertise to
10 deliver better performance outcomes.

11 I look forward to the hearing and the insightful advice
12 of the panelists. I hope we can work together to develop a
13 better understanding of the Department of Defense so that
14 they can adapt quickly to a rapidly changing world. And
15 thank you again to our witnesses, and I look forward to your
16 testimony.

17 Chairman Wicker: Thank you. I have a live microphone
18 this morning. Thank you, Senator Reed. Let's get right
19 into five-minute summaries of testimony and we'll begin with
20 Dr. Greenwalt.

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1 STATEMENT OF DR. WILLIAM C. GREENWALT, FORMER DEPUTY
2 UNDER SECRETARY OF DEFENSE FOR INDUSTRIAL POLICY

3 Dr. Greenwalt: Terrific. Chairman Wicker, Ranking
4 Member Reed, and other distinguished members of the
5 committee.

6 Chairman Wicker: Have you pressed your button?

7 Dr. Greenwalt: I did. Hello, can you hear me? There
8 we go. I'm sorry. I already lost 10 seconds. I can't
9 believe it.

10 Chairman Wicker, Ranking Member Reed, thank you for the
11 opportunity to testify this morning on both FMS and
12 International Armaments Cooperation in general. How the
13 U.S. decides to share existing technology or work together
14 with other countries on new defense solutions is a critical
15 component of our national security. Unfortunately, the way
16 the U.S. international arms cooperation system works, at
17 least for our closest allies, is fundamentally broken.

18 This springs not from a failure to be diligent or to
19 dutifully carry out the law, but from a failure to keep up
20 with the times. Quite simply, the world has changed and the
21 tools of arms cooperation created the mid-1970s no longer
22 make sense in this new world. These tools were designed
23 around an era of U.S. defense technological dominance, that
24 now no longer exists. DOD is no longer the main or only
25 driver of innovation in the globe today, and yet we continue

1 to act like it still is. We make it really hard for our
2 allies to gain access to legacy technologies that many of
3 them would produce on their own or get from somewhere else.
4 We make it even harder for them to bring in superior
5 knowledge and capabilities into the United States, and then
6 even harder than that to jointly work on something new.

7 National security threats are now fundamentally
8 different than those posed in the Cold War. They're such at
9 scale that the U.S. needs to leverage the resources and
10 capabilities of a much larger, more innovative, commercially
11 driven industrial base to support an interoperable allied
12 force. And yet, our tools of cooperation designed to keep
13 1970s technology out of the hands of the old Soviet Union
14 conspire to prevent that from happening.

15 Breaking down the barriers to effective arms operations
16 is vital. If we want to enhance our own capabilities as
17 well as those of our allies, we need to first take a look at
18 all of our arms export and technology transfer processes,
19 not just FMS. In their place, we need to adopt a time-based
20 cooperative approach that positively differentiates between
21 a select group of allies and partners.

22 Reform would not mean a wholesale elimination of
23 current controls and deliberate processes for the vast
24 majority of the 223 countries and international
25 organizations that the U.S. deems eligible to buy our

1 weapons, decisions on whether to transfer weapons
2 capabilities to those entities can still be based on a less
3 than urgent step-by-step approach, shaped by a debate on our
4 foreign policy goals in each of those countries.

5 But for a critical segment of our closest allies who
6 already share our values and interests, there should be a
7 series of fast lanes backed by incentives to favor the joint
8 development of the next generation of capabilities. These
9 allies should also be tightly integrated into our industrial
10 based planning.

11 How would this work? Well, countries already
12 identified in law as part of the national technology
13 industrial base, and then selectively expanded to other
14 close allies, should face a streamlined process that
15 reflects a greater sense of urgency. This process should be
16 based on certainty, predictiveness, and timeliness, rather
17 than the current one size fits all time consuming, years
18 long, methodical approach.

19 For these allies, there should be an upfront agreement
20 within the U.S. government on a pre-approved list of
21 specific types of systems these countries can buy. A
22 contracting vehicle that allies can buy off from should be
23 established, with pre-negotiated prices for these
24 capabilities. Next, the stockpile should be established to
25 store U.S. weapons readily available for immediate export.

1 Perhaps more importantly, a broad-based waiver from the
2 International Traffic and Arms regulations needed beyond the
3 in inadequate limited waiver that has been provided under
4 AUKUS and to Canada. This waiver and exemption will be
5 designed to incentivize, enable American and allied
6 engineers and scientists to work quickly, work together on
7 new military capabilities.

8 Finally, leadership DOD needs to be aligned to enable
9 these changes. This could be done by creating a defense war
10 production board or something like that, chaired by the
11 Deputy Secretary of Defense and staffed by two assistant
12 secretaries, one for international production and a
13 resilient supply chain, similar to what we have have right
14 now with the ASD for industrial policy, and another for
15 international Cooperation and production.

16 This board would provide a formal senior decision
17 making and oversight mechanism over the disparate stove
18 pipes that govern international arms cooperation and DOD as
19 well as for guiding defense industrial production.

20 Thank you again for the opportunity to testify. I look
21 forward to your questions.

22 [The prepared statement of Dr. Greenwalt follows:]

23 [COMMITTEE INSERT]

1 Chairman Wicker: Thank you very much, Dr. Greenwalt.

2 Mr. Webster, you're next.

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1 STATEMENT OF MR. KEITH WEBSTER, PRESIDENT, DEFENSE AND
2 AEROSPACE COUNCIL/ PRESIDENT, FEDERAL ACQUISITION COUNCIL,
3 U.S. CHAMBER OF COMMERCE

4 Mr. Webster: Thank you, Chairman Wicker, Ranking
5 Member Reed, and members of the committee for this
6 opportunity to testify before you today.

7 I have the honor of serving as President of the Defense
8 and Aerospace Council at the U.S. Chamber of Commerce, as
9 well as President of our Federal Acquisition Council within
10 the Chamber's Center for National Security Policy. Prior to
11 joining the Chamber, I served 32 years in the Department of
12 Defense in various roles associated with international
13 political military policy and related programs.

14 One thing is clear, the time for bold action is now.
15 The Foreign Military Sales process is cumbersome, and after
16 nearly three decades of attempts, no meaningful reforms have
17 been made. Together, we can change that. Beginning in
18 1998, we saw initial public criticism of the Foreign
19 Military Sales or FMS program and demands for change. In
20 the past 27 years, there have been approximately 15 DOD
21 tiger teams to look at issues of speeding up processes,
22 meeting demand on time, reducing costs. As we sit here
23 today, little has changed.

24 Within six months of the first Obama administration,
25 the National Security Council signed a letter to then

1 Secretary of Defense, Robert Gates, directing the department
2 to improve the FMS process. As a result of that assessment,
3 then Secretary Gates explained to the NSC that significant
4 FMS reform requires a task force led by the National
5 Security Council, since issues of concern cut across the
6 entire interagency.

7 The NSC agreed with this conclusion, however, such a
8 task force never materialized and DOD once again was on its
9 own to determine what could change within its limited
10 control. So why does the FMS process take so long? The
11 informal congressional notification process for complex and
12 contentious programs can take months to conclude. Once
13 concluded, the formal notification to Congress can proceed
14 and when complete, the DOD and the buying nation can proceed
15 with finalizing the FMS agreement, which is a bilateral
16 agreement, not a contract.

17 Once that agreement is signed by both nations and
18 funding has begun to flow, the DOD contracting officers now
19 legally allowed to begin negotiating a contract with U.S.
20 industry. It's worth thinking about that an FMS contract is
21 a DOD contract developed and executed by the same DOD
22 personnel, buying the same capability for U.S. forces. On
23 average a DOD contract to implement a major FMS program
24 takes 18 months to award.

25 The delay is in part because over two decades, the DOD

1 contracting community has been understaffed annually between
2 15 to 30 percent. And quite simply, most FMS contracts are
3 not a priority within DOD. Once on contract, U.S. industry
4 is authorized to begin production, and it's at this point
5 that stresses within our defense industrial base become
6 painfully clear. The Pentagon continues to face supply
7 chain and industrial based challenges, all compounded by
8 continuing resolutions and an increasingly inefficient
9 annual defense appropriation cycle.

10 Now's the time for bold action. The DOD must take
11 steps that it hasn't before, including reorganizing the
12 International Sales and Cooperation Offices, placing them
13 under a newly formed Assistant Secretary of Defense
14 reporting to the Under Secretary of Defense for acquisitions
15 and sustainment. Amending DOD program executive officers
16 and program management charters to include a rating element
17 for their development and execution of international
18 programs. Incorporating AI and automation to help speed up
19 the DOD contracting process. Reexamining what should be an
20 FMS only case or sale.

21 Now's the time to transfer as much as we can into the
22 direct commercial contracting processes led by our
23 industries with U.S. government approval. Finally, the
24 Secretary of Defense needs to form an international
25 cooperation advisory board to solicit other ideas and

1 recommendations for improvement. Congress and the
2 administration have a role to play as well, including
3 increasing congressional notification thresholds, and
4 developing a list of allied and close partner nations and
5 pre-approved capability, thus eliminating ambiguity and
6 debate on select future sales.

7 The business community and the administration must also
8 work closely together to better understand the challenges in
9 ramping up production to include supply chain stress, delays
10 in appropriations, changing capability strategies, and top-
11 down mandates. True FMS transformation is a task for the
12 interagency in partnership with Congress, the
13 administration, and the private sector. Without a unified
14 approach, true FMS transformation will remain elusive.
15 Thank you.

16 [The prepared statement of Mr. Webster follows:]

17 [COMMITTEE INSERT]

1 Chairman Wicker: Thank you very much. Dr. Saum-
2 Manning, you're now recognized.

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1 STATEMENT OF DR. LISA SAUM-MANNING, ASSOCIATE
2 DIRECTOR, INTERNATIONAL SECURITY AND DEFENSE POLICY PROGRAM,
3 RAND

4 Dr. Saum-Manning: Chairman Wicker, Ranking Member
5 Reed, and distinguished members of the committee, thank you
6 very much for the opportunity to testify on the findings of
7 RAND's research report: Optimizing Foreign Military Sales
8 Roles, Responsibilities, and Authorities.

9 The FMS program is authorized by the Arms Export
10 Control Act and is a vehicle through which the Defense
11 Security Cooperation Agency or DSEA operates the program and
12 at no cost to the U.S. taxpayer because it is funded by
13 administrative charges paid to the foreign purchaser. FMS
14 is a vital U.S. foreign policy tool that strengthens allied
15 contributions to U.S. integrated deterrence.

16 In Fiscal Year '24 FMS totaled \$118 billion, and this
17 week, the White House announced a potential \$142 billion
18 sale to Saudi Arabia, underscoring the program's strategic
19 and economic significance. Despite this significance, a
20 research found that the complexity of the FMS process can
21 result in unacceptable delays, which in turn risks
22 undermining U.S. credibility with our partners and provides
23 openings for strategic competitors.

24 We interviewed over 100 FMS stakeholders across
25 government and industry representing more than 1300 years of

1 collective experience. Frustrations were consistent from
2 senior leaders lacking authority to direct the process, to
3 frontline personnel struggling to navigate it. I'll
4 highlight just several challenges that we identified.
5 Strategically first, the Department of State and DOD lack
6 unified front on and process for prioritization of our
7 partners, making it difficult for the FMS enterprise to
8 forecast the demand signal for FMS requirements. There are
9 also missed opportunities to engage in each other's internal
10 efforts to reform. And as we've heard, there are a lot of
11 reform efforts that have gone.

12 Second, the office of the Undersecretary of Defense for
13 Policy may be missing opportunities to effectively advocate
14 for the role of FMS in achieving U.S. security objectives.
15 Operationally first, DSCA is charged with overseeing FMS,
16 but lacks adequate management, oversight, and enforcement
17 authorities.

18 Second, the military department's implementing agency
19 similarly lacks such leverage to hold acquisition
20 stakeholders accountable for delays or under performance.
21 Third, the FMS system relies on the DOD acquisition for
22 procurement, but is often a secondary player behind domestic
23 defense acquisition. As one of our interviewees noted,
24 training, equipping our foreign partners is well below
25 everything else. If this were baseball, it's definitely the

1 minor leagues.

2 Fourth, acquisition offices are micro federated,
3 meaning they're dispersed among myriad stakeholder
4 organizations with their own systems, processes, and
5 priorities, most of which do not pertain to security
6 assistance cases. This can make it difficult to identify
7 responsive points of contact when choke points arrive. Some
8 offices also describe being understaffed.

9 Fifth, industrial based bottlenecks further slow the
10 progress. And then finally, data is fragmented across micro
11 federated systems lacking standardized formats, governance
12 or sharing protocols. As one stakeholder put it, we are
13 data rich and information poor.

14 We've got several recommendations that came out of our
15 study, many of which align with the recent executive order
16 in addition to other reform efforts that have gone in the
17 past. At the strategic level, first amend DOD directives so
18 that U.S.D policy can aggressively assert themselves into
19 the FMS process. For example, by advocating for FMS among
20 combatant commands to incorporate partners FMS derived
21 capabilities into planning and exercises. The joint staff
22 might develop a defense planning guidance that factors in
23 ally and partner contributions.

24 Second, amend DOD directives so that U.S.D policy in
25 consultation with state is responsible for codifying the

1 criteria to inform an annual DSCA led partner prioritization
2 process to help forecast the equipping demand signal for
3 future purchases. At the operational level, strengthen
4 DSCA's ability to manage and oversee the FMS process and
5 hold key stakeholders accountable.

6 First, require the military departments to provide
7 regular reporting to DSCA on the status of FMS cases.
8 Second, the DSCA director should participate in the process
9 for selecting implementing agency key leaders and provide
10 input into their performance evaluations. Third, DSCA
11 should establish a government-wide data czar to lead
12 enterprise-wide FMS data governance with an aim to set data
13 sharing standards, approve transparency across agencies,
14 industry, and international partners.

15 And finally, empower implementing agencies. The
16 military departments should amend service regulations to
17 allow giving the implementing agencies more influence over
18 internal FMS activities, including leadership selection and
19 performance evaluations for relevant offices outside of
20 their chain of command.

21 There is no silver bullet to FMS reform. The FMS
22 enterprise involves a diverse network of actors and varied
23 missions and priorities. However, the need for reform is
24 urgent. Implementing recommendations that foster a more
25 agile, transparent, and accountable FMS process is essential

1 for enabling our partners deterring adversaries and
2 reinforcing America's global leadership. Thank you for your
3 attention to this critical issue, and I welcome your
4 questions.

5 [The prepared statement of Dr. Saum-Manning follows:]

6 [COMMITTEE INSERT]

1 Chairman Wicker: Dr. Saum-Manning, when did RAND
2 release this report and how long did you work on it?

3 Dr. Saum-Manning: We worked on this report for a year.
4 It was a year-long study, and we published it in the end of
5 2024.

6 Chairman Wicker: I think all three of you well gave
7 great testimony and very thought provoking and I'm sure
8 we'll have a lot of good questions. You had
9 recommendations. How much of the problem do you think --
10 we'll start with Dr. Greenwalt and going down the table, how
11 much of the problem is mindset in the various departments
12 and how much of it is a need for statutory reform. Dr.
13 Greenwalt?

14 Dr. Greenwalt: I think the mindset issue is a critical
15 one. I think I would say non-traditional defense firms here
16 in the United States faced many of the same issues about
17 working with the Department of Defense as far as the
18 understanding of breaking in and bringing their innovation
19 and technology to the mix. I think there's a mindset that
20 our allies are supplicants for our technology and this
21 technology is just so wonderful that everyone will jump
22 through hoops to get it.

23 The reality is there's a lot of technological leveling
24 going on out there. And right now there's a great
25 opportunity for us to sell weapon systems because a lot of

1 these countries haven't built up the manufacturing
2 facilities to do so. But if the incentives don't change,
3 they will do that, and we will lose sales.

4 I think there is some issues on the legislative side,
5 but mostly a lot of the problems are on the regulatory side.
6 It's just how the department are interpreting what Congress
7 has put into place.

8 Chairman Wicker: Regulations that are in place, not
9 just practices.

10 Dr. Greenwalt: Regulations that are in place like the
11 International Traffic and Arms Regulations.

12 Chairman Wicker: So that regulation needs to be
13 retooled?

14 Dr. Greenwalt: It needs to be retooled and re-looked
15 at, at least for our closest allies. Again, I think well --

16 Chairman Wicker: Let us know on the record because --

17 Dr. Greenwalt: Sure.

18 Chairman Wicker: -- time is fleeting, what statutory
19 changes we need. And so, Mr. Webster, you're next on the
20 very same question.

21 Mr. Webster: Sir, the issue of mindset let's start
22 where technology development begins. It begins for the U.S.
23 warfighter, and the U.S. warfighter fundamentally does not
24 desire to have a proliferation of the latest and greatest
25 technology around the world. So when we look at technology

1 security foreign disclosure decisions, it starts with the
2 services who have tasked their community and their
3 industries to develop capability for them.

4 Chairman Wicker: Okay. If you were running the State
5 Department and the Defense Department, what would you do
6 today? What would you start doing?

7 Mr. Webster: What I would do today is convene the
8 leadership, both in uniform and political, in a meeting to
9 say that let's start with our allies. It is absolutely
10 necessary that we harmonize technology release and be risk
11 takers and be creative in finding ways to support their
12 needs. It's an issue of taking risk and willing to take
13 risk.

14 Chairman Wicker: We typically pass one bill a year out
15 of this committee, and that will not come for months. You
16 could do a great deal I'm taking from the first two answers
17 to my question. You could do a great deal without the
18 Congress house and Senate passing anything.

19 Mr. Webster: That's correct. It's a issue of
20 leadership.

21 Chairman Wicker: Dr. Saum-Manning. And you speak for
22 RAND?

23 Dr. Saum-Manning: I speak for RAND.

24 Chairman Wicker: Okay.

25 Dr. Saum-Manning: That's right. So I do think that

1 it's a cultural mindset, and I don't know if you can
2 regulate culture. As I mentioned, FMS can be sort of
3 considered a secondary player. We're focused on the U.S.
4 warfighter, equipping the U.S. warfighter and our allies of
5 partners come in second. So in my mind, the way that you
6 work on this is to incentivize leadership so that those
7 within these organizations and offices really prioritize
8 FMS. If that is a priority, give them reasons to prioritize
9 it.

10 Again, looking at performance, looking for metrics,
11 looking for performance evaluations, ways that you can hold
12 our leaders accountable for taking this seriously.

13 Chairman Wicker: Quickly you mentioned continuing
14 resolutions, Dr. Saum-Manning, here, here. Do CRs reduce
15 the national debt? Do they save us money?

16 Dr. Saum-Manning: Our study did not look at that, and
17 I don't think I --

18 Chairman Wicker: Mr. Webster?

19 Mr. Webster: Not aware. No idea, sir.

20 Chairman Wicker: Okay. So you don't have an opinion
21 as RAND does about the harmfulness or helpfulness of year
22 after year of continuing resolutions?

23 Mr. Webster: Oh, no, sir. I do. That was in my
24 remarks. It is absolutely a disaster to have continuing
25 resolutions. Even the one that was passed this year, which

1 has enormous flexibility is helpful, but DOD budgets need to
2 be passed. They need to be passed on time. Industry needs
3 that certainty. Our Pentagon needs that certainty. These
4 CRs are not a wartime footing.

5 Chairman Wicker: Disastrous. Dr. Greenwalt?

6 Dr. Greenwalt: I think if you give the department
7 greater flexibility for a larger pot of money, it may not be
8 as disastrous, but if you tie them to the rigid PPBE budget
9 accounts that create inflexibility, then yes, they would be
10 a disaster.

11 Chairman Wicker: Thank you. Senator Shaheen.

12 Senator Shaheen: Thank you, Mr. Chairman. And thank
13 you to all of our witnesses. I wholeheartedly agree with
14 most of what each of you have said, and certainly believe
15 that the lack of budget certainty and the continuing CRs are
16 detrimental not just to industry, but to our national
17 security, and that needs to change.

18 I think we've got another issue with respect to how FMS
19 works also, and that is the tariffs that have just been
20 imposed. I visited a company in New Hampshire that makes
21 ball bearings for the aerospace industry. They do a
22 significant amount of their business with the Department of
23 Defense. Because of the steel tariffs, they had one
24 domestic supplier, they had been able to get an allied
25 supplier that now that they have lost, and their lead time

1 went from 20 weeks to two and a half years. We can't
2 provide what we need for the industry with that kind of
3 problem. And their ball bearings are in almost every major
4 exportable U.S. platform, whether it's guided multiple
5 rocket launch systems, patriot air defense, joint direct
6 attack munitions, to all of our NATO allies, golf partners,
7 Taiwan, Singapore, others.

8 And one of the things in my role as ranking on the
9 Foreign Relations Committee, I sign off on our military
10 sales, and recently I reviewed a proposal for AMRAAM Air-to-
11 Air missile sales. That's going to take seven years to
12 deliver. So clearly, we can't continue to operate in this
13 way and assume that we're going to get what we need for
14 national security. And I think several of you pointed out
15 that in order to be successful, we don't just need a cross
16 agency collaboration.

17 I think we also need to get the private sector involved
18 in this because clearly one of the big challenges is the
19 defense industrial base and their inability to produce,
20 because we have made the process difficult, we have not
21 given them the budget certainty they need in order to
22 invest. So to go back to the tariffs, let me just ask you,
23 one of the things that, we raise this in a previous hearing
24 and talked about the fact that DOD is not tracking what the
25 impact is of tariffs on increasing costs and lead times for

1 production.

2 So can anybody speak to what you think the challenges
3 there and how we can actually track that in a way that would
4 allow us to make better decisions?

5 Dr. Greenwalt: I had wished the DOD had tracked
6 inflation impact as well too. That that hit a lot of
7 companies, very hard. On tariffs the issue is down in the
8 third, fourth, and fifth tiers of the industrial base, which
9 a lot of that is commercial and how that impacts those
10 commercial sources of supply and increased costs will more
11 than likely drive increased costs throughout the system.

12 There's another potential impact, and that's when we
13 use foreign subsystems and foreign imports. Those imports
14 should be under the defense federal acquisition regulations
15 exempt from tariffs. But there's still that risk because
16 that's just based on a memorandum of understanding between
17 the countries of whether that really, and so actually
18 Congress could actually ensure that and clarify that that's
19 one thing that could be done to ensure that those type of
20 tariffs aren't impacted on any subsystems we happen to be
21 buying.

22 Senator Shaheen: Do either of you have views on that?
23 Mr. Webster?

24 Mr. Webster: Yes, Senator. First of all, I can
25 sympathize a little bit with the Department of Defense

1 because of the fluid situation of what percentage are we
2 applying to tariffs. Once that settles out, then I think
3 data will be able to be collected. That is, I mean, that's
4 our challenge at the chamber as well.

5 But let me share with you just a couple of data points
6 that we have confirmed, if you will. Steel prices have gone
7 up since the tariffs have been in effect for over two months
8 now. In response to these new duties, U.S. steel benchmarks
9 have risen to roughly twice world prices. For aluminum, the
10 widely tracked Midwest premium benchmark for that metal has
11 doubled since November, reflecting the fact that more than
12 half of U.S. demand is met by imports, chiefly, Canada.

13 Companies are not only reporting increased lead times,
14 to your point, but also expected higher input costs,
15 followed by increased sales prices and potential employment
16 reductions. These are firm fixed price contracts, often
17 very thin margins, as you know, in the supply chain and
18 these small mom and pop companies, they will suffer.

19 Senator Shaheen: Thank you. Dr. Saum-Manning?

20 Dr. Saum-Manning: And I will just say that RAND, all
21 we do is study. And so this sounds like a really
22 interesting sort of quick turn study that we could do to
23 kind of look at the cascading effects of tariffs along the
24 way. It's just so quickly happening, and so I wouldn't want
25 to venture sort of a response to that right now, but I think

1 it's something worth studying really quickly.

2 Senator Shaheen: That would be very helpful, I think.

3 Thank you.

4 Chairman Wicker: That's a helpful answer, Doctor.

5 Senator Fischer.

6 Senator Fischer: Thank you, Mr. Chairman. Dr. Saum-
7 Manning, you said at RAND you study. I appreciate that.
8 And we earlier talked about the report that came out in
9 2024, I think you said. It highlighted a number of
10 insufficient authorities and inefficiencies within the
11 department's FMS process and organizations and provided
12 recommendations. Do you know if the department has followed
13 up on any of those recommendations or the status of that?

14 Dr. Saum-Manning: I don't know if they have followed
15 up on them, but I have seen that in the recent executive
16 order, some of the same recommendations are in that. So my
17 assumption is that they remain as challenges.

18 Senator Fischer: With regard to the executive order,
19 do you have any suggestions on which areas would be most
20 ripe for improvement?

21 Dr. Saum-Manning: Well, I think looking at the
22 manpower restraints, doing a study to kind of understand
23 where the resources are needed, training, where that
24 training is being held up or where it needs to be doubled
25 down. I think that looking at partner prioritization is

1 another one. So trying to figure out which partners do we
2 prioritize in the system to the point about we sort of have
3 this one size fits all process. And so how do you get the
4 DOD and DOS, Department of State obviously has a role in
5 kind of understanding what the criteria are and let DSCA
6 lead a prioritization sort of framework and process.

7 Senator Fischer: Thank you. Dr. Greenwalt, the
8 International Traffic and Arms Regulations, or ITAR
9 regulates defense exports for the United States. There are
10 methods in place for companies to obtain exemptions for this
11 process, which I believe is cumbersome to support our
12 allies. But it's not always clear whether certain programs
13 are even eligible for those exemptions, and that means that
14 interested companies, they're forced to perform that extra
15 due diligence, and it might end up being a fruitless
16 exercise if the program turns out to be ineligible for an
17 exemption.

18 While many larger contractors can absorb these costs,
19 small businesses have a harder time doing that. How can the
20 United States government work to make it clear whether new
21 contracts would fall under ITAR exemptions?

22 Dr. Greenwalt: That's one of the really difficulties
23 of ITAR is new companies trying to understand where their
24 technology is classified. And what happens is a lot of
25 these companies do go through incredible amounts of legal

1 costs and so on to try to figure this out. And many of them
2 come to the conclusion, with some of our best technology in
3 the United States, that they want to do everything they can
4 to stay away from ITAR, and that's impacts negatively on our
5 innovation base and negatively on those companies doing
6 business with the government.

7 So I think there's a need to be clear. There's a need
8 to provide better guidance. I think, frankly, if we start
9 with some of our closest allies, like we have under AUKUS to
10 try to create a freer trade, freer zone between the U.S.,
11 Australia, and the UK. But even though, that exemption is
12 very, very limited, and so a broader exemption and just
13 clear guidance to industry on what can and cannot be
14 exported would be very helpful.

15 Senator Fischer: Do you have other suggestions on what
16 we could do to make it more accessible, these exemptions
17 more accessible to the smaller businesses?

18 Dr. Greenwalt: I think the key thing would just be to
19 have greater transparency into the system and a greater
20 ability for these companies to get their questions answered
21 a lot faster. Right now, it takes potentially a year or
22 more to go through such a process, and by that time, it's
23 just not worth it for them.

24 Senator Fischer: Mr. Webster, in a couple seconds, do
25 you have anything to add on either of those questions?

1 Mr. Webster: No, I agree with everything that's been
2 said. Legally, the costs are huge. Small companies that I
3 advise, I advise that they have on staff or on call an
4 attorney that can advise them on ITAR.

5 Senator Fischer: Thank you. Thank you, Mr. Chairman.

6 Chairman Wicker: Before I recognize Senator Reed, let
7 me clear something up. Dr. Saum-Manning, I put words in
8 your mouth. In looking at your testimony, I see that
9 footnote one says, "Opinions and conclusions expressed in
10 this testimony are the authors alone." You made that clear,
11 and I'm now making it clear. I notice also Dr. Greenwalt,
12 "Views expressed in this testimony are those of the author."
13 And Mr. Webster, whom do you speak for?

14 Mr. Webster: I speak for the Chamber of Commerce and
15 for myself.

16 Chairman Wicker: Great. Thank you. I'm glad to clear
17 that up and make that certain. Senator Reed.

18 Senator Reed: Thank you very much, Mr. Chairman, and
19 thank you for your testimony. Mr. Webster, you made it
20 clear in your opening remarks that already the workforce of
21 the FMS project in both state, I believe, and DOD is not
22 adequate. Now we're seeing firing of probationary
23 employees, incentives for early retirement, across the board
24 reductions just to meet a number, not a mission.

25 Can you comment on what's happening to the workforce

1 and is it going to be extremely detrimental going forward?

2 Mr. Webster: It is going to be extremely detrimental.

3 I'm advising all my clients, if you have a contract close to
4 award, get it awarded because I think that 30 percent gap in
5 contracting personnel is going to get worse. I'm advising
6 eight senior executives in DHS, DOD, State Department, NASA,
7 and Commerce Department, who are 50 years old and taking the
8 early outs. You're going to have a huge brain drain.
9 Anyone who's a senior executive career official for the most
10 part, is looking most likely to get out.

11 So you're going to have a knowledge gap, you're going
12 to have a mentoring gap, you're going to have a recruitment
13 challenge, a retention challenge, and the situation's only
14 going to be compounded over the coming months. That is why
15 we need to exploit automation and think differently about
16 these processes because the people are just not going to be
17 there.

18 Senator Reed: No, I appreciate that. That's a very
19 thoughtful and succinct response, and I agree. We do have
20 to think about automation, but we also have to understand
21 that'll take us several years, even at a fast pace to get
22 into the degree that can replace some of these persons.

23 Dr. Saum-Manning, do have any views on this whole
24 workforce problem?

25 Dr. Saum-Manning: Well, I know RAND does study

1 security cooperation, in particular, the workforce. We've
2 been working on this for years. I myself was not involved
3 in those studies, but I can say in the interviews that we've
4 done that the security cooperation workforce, the security
5 cooperation offices, and the members thereof, can struggle
6 to get the right training. Those positions within sort of
7 their chains of command aren't particularly valued in terms
8 of on their promotions.

9 Like this kind of a skill set isn't necessarily valued
10 as much as others. So they struggle to get people in there
11 that really like the sort of high end kind of personnel that
12 they would need to do some such a complex job. And so
13 making sure that this kind of role is valued and the
14 importance of it, I think would go a long way in recruiting
15 the top tier talent that's needed.

16 Senator Reed: Thank you very much. Dr. Greenwalt, any
17 comments, thoughts?

18 Dr. Greenwalt: Yes. I think the department had a tool
19 called the Defense Acquisition Workforce Development Fund
20 back about 10 years ago. And unfortunately, Congress
21 changed that authority and made it more difficult to use.
22 And I think that would've been a helpful tool to resurrect
23 or would be helpful tool to resurrect the way it was funded
24 prior to. But yes, as the workforce declines, you have a
25 couple options.

1 One, you can do less. The other is you can stretch
2 things out, or two, you can remove the requirements for the
3 processes that you have. I think more than likely FMS will
4 probably be put to the end of the line, and those cases will
5 stretch out if that's the effect.

6 Senator Reed: I think you're very perceptive about
7 that. Dr. Greenwalt, I believe you are aware of this, that
8 the FMS Tiger team made a recommendation to develop
9 methodologies to facilitate non-program of record. For the
10 information of the committee, could you explain non-program
11 of record, and then also whether or not we should go ahead
12 and urge the establishment of some type of joint program for
13 non-program?

14 Dr. Greenwalt: So, a program of record is something
15 that you all fund every year, whether that's a ship or a
16 tank or an aircraft or something like that. And these are
17 things that you're buying, you know, traditionally every
18 year. A non-program of record is something, say a new small
19 business or a Silicon Valley firm creates a capability that
20 the department hasn't yet bought or maybe bought and
21 experimented with.

22 But you could essentially take that and sell it to one
23 of our allies who really wants to use it, and that would
24 actually help the Department of Defense test it and see if
25 it's good and also help our industrial base. But non-

1 program of records don't necessarily get the same type of
2 attention because those contracting officers are extremely
3 busy doing other things, and they're put to even further
4 down the line.

5 Senator Reed: Thank you very much. Thank you for your
6 excellent testimony.

7 Chairman Wicker: Dr. Greenwalt, I've got a bill called
8 the FORGED Act, which is based on a white paper, Restoring
9 Freedoms. FORGED, have you looked at that and doesn't that
10 attempt to answer some of the very questions you've just
11 raised in response to Senator Reed?

12 Dr. Greenwalt: I have sir. And yes, there are some
13 provisions in the bill that would try to address some of
14 these ways of getting those type of new technologies out
15 into the field faster with not only the United States -- not
16 only with the U.S. government, but with our allies.

17 Chairman Wicker: Thank you, sir. Senator Rounds.

18 Senator Rounds: Thank you, Mr. Chairman. This very
19 interesting discussion today with regard to FMS, and I'm
20 thinking out loud to begin with about what my thought
21 process had been before listening to all three of you about
22 what I thought were challenges for foreign military sales.
23 And my first assumption had been that on a policy basis, we
24 had been using FMS more as an opportunity to incentivize
25 some of our near allies or individual countries that were

1 out there that wanted our weapon systems to perhaps change
2 policies that we did not like, that were separate from what
3 our policies were.

4 But after listening to you, I'm finding that it's not
5 even so much that as being the primary reason why we're not
6 having more military sales, but rather internally, our
7 system is not set up and focused on the value of FMS to our
8 own wellbeing. Mr. Webster, I just want to begin by asking
9 you a question. Do you have any data with regard to us
10 companies that are in the military industrial base portion
11 of our economy, and how much they may have lost in terms of
12 opportunities for sales outside? What's been our loss, do
13 you think, in terms of opportunities that we haven't been
14 able to take advantage of?

15 Mr. Webster: Well, I do not have data specific to
16 opportunities lost. I can share that for our prime
17 contractors, on average 70 percent of their funding comes
18 from this body here, and 30 percent on average, it's a very
19 crude average, but 30 percent comes from international
20 sales. The European Union and NATO in Europe on average
21 annually, 60 percent of their military acquisitions are with
22 our companies.

23 We expect if onshoring in Europe is where they decide
24 to go, and they actually find the money to onshore some
25 production, that 60 percent annual number will diminish a

1 bit. That's assuming that they actually secure the money
2 and pour concrete and start onshoring production. But right
3 now, just as a data point, 60 percent of European
4 acquisitions of defense material from our contractors.

5 Senator Rounds: I had also assumed that perhaps the
6 major issue that many of our contractors had, I mean,
7 looking back at the delays it takes right now to get our own
8 munitions that it was a supply chain issue as much as
9 anything else. And I'm just simply going to ask all of you,
10 if you were to prioritize supply chain versus supply other
11 one or two items in a quick nutshell, where does supply
12 chain issues stand in terms of the delays that we've got?
13 I'd begin with Dr. Greenwalt.

14 Dr. Greenwalt: I think the most important issue is
15 decision time and certainty of decision, that's up there.
16 Supply chain will be -- companies will make decisions about
17 supply chain if there are certainties for decisions and
18 countries know what they're going to be able to buy.

19 Senator Rounds: Mr. Webster?

20 Mr. Webster: Yes. So the supply chain criticality is
21 huge. We have been operating for decades in a peacetime
22 mode. Now we're trying to ramp up to a wartime mode, and
23 it's going to take a lot of deliberate analysis and funding
24 and attention to the second and third tier suppliers, some
25 as small as 18 people that have been in business for 30

1 years doing one thing exquisitely. And they're not prepared
2 to pour concrete to double production of that critical
3 component for precision fires, unless we take attention to
4 the matter and help them get there.

5 Senator Rounds: I'm going to come back to you on
6 another question in a minute, but Dr. Saum-Manning, would
7 you care to respond to that as well?

8 Dr. Saum-Manning: So I'm going to have my answer as
9 little bit of a punt here, because we did try to study that,
10 and we relied heavily on DSCA and their data to be able to
11 kind of inform our analysis. And they struggled to get this
12 data beyond what's in their own remit, it's very difficult
13 to get information on the supply chain, for example. So one
14 of our recommendations, again, and I go back to this, is the
15 idea of having a data czar that's able to go in and access
16 this kind of information so they can understand where these
17 choke points truly lie.

18 Senator Rounds: Thank you. Mr. Webster looking at
19 FMS, would mandating that FMS demand be factored into the
20 total munitions requirement? Would that improve the
21 management of weapons production at DOD?

22 Mr. Webster: The challenge with international sales,
23 whether accomplished via foreign military sales, government
24 to government, or direct commercial sales industry to a
25 foreign government, the challenge is trying to understand

1 and predict when a nation will actually sign a contract or
2 sign an agreement.

3 So there's a lot of uncertainty there, unlike
4 appropriations or program authorization appropriations here
5 in the United States.

6 Senator Rounds: Thank you.

7 Mr. Webster: So fundamentally, it's helpful, but it is
8 unpredictable.

9 Senator Rounds: Thank you. Thank you, Mr. Chairman.

10 Chairman Wicker: Thank you, Senator Rounds. Senator
11 King.

12 Senator King: Thank you, Mr. Chairman. I really
13 appreciate the testimony. This has been a very productive
14 hearing. Dr. Greenwalt, I was struck by what you said in
15 your opening statement. One of our asymmetric, or I think
16 our principal asymmetric advantage in terms of national
17 security is our allies, and yet we put them through this
18 long, arduous process, and there should be I think you
19 suggested a -- I don't know whether you call it an exemption
20 or a bobtail process or something so that we're not so that
21 we can have greater cooperation with our allies. Is that, a
22 fair interpretation of what you said?

23 Dr. Greenwalt: Yes. I want to even call it an easy
24 pass lane.

25 Senator King: Well, I think that's -- and the other

1 piece of this -- and as I travel and meet with security
2 people in other countries, we're missing an innovation
3 multiplier by not working with our allies. Countries like
4 Japan and Australia, Europe, Germany, the UK, all have
5 brilliant scientists who are working on a lot of innovative
6 areas. And instead of having innovation be siloed by
7 country, it's always occurred to me that it would be much
8 more, as I say, a multiplier, if we could work more closely
9 and have better cooperation with the countries that are
10 aligned with us. Is that a fair observation?

11 Dr. Greenwalt: I think that's a fair observation.
12 We're a con country of 340 million. Our allies together,
13 the EU, NATO, Japan, Korea kick us up over to over a
14 trillion. You know, we're close to the Chinese population.
15 And I --

16 Senator King: And we're squandering that asset by
17 siloing innovation.

18 Dr. Greenwalt: The number of scientists, engineers
19 working together would be critical in the future. And
20 unfortunately, right now, we're all stovepiped working on
21 these things separately.

22 Senator King: Well, I do want to -- I have a visual
23 aid in terms of the process. I'm not going to burden the
24 committee, Mr. Chairman, by submitting it for the record,
25 but this is the foreign military sales manual, 642 pages.

1 Chairman Wicker: Bless you for that.

2 Senator King: I mean, this to me, this summarizes in
3 many ways the problem of the process itself, which has
4 impeded our ability to work, again, with our allies. Now
5 it's been mentioned several times about a data czar or
6 something like that. One of my principles of management is
7 that you need one throat to choke, and there's nobody in the
8 process that is responsible for the process.

9 You've got the State Department, the Defense
10 Department, and then all the other agencies that are
11 involved. It seems to me that we should be talking about
12 putting somebody in charge who could be held accountable.
13 Ms. Manning, you suggested that in your testimony. Is that
14 something we should be thinking about?

15 Dr. Saum-Manning: Yes, and that's really what our
16 report focuses on. In particular, DSCA does have the
17 responsibility to sort of wrangle all of the cats and dogs
18 in this process, but they lack the authorities and the
19 enforcement ability. They lack the transparency to kind of
20 get to the, really, the crucial sort of choke points in the
21 system. And so, providing at least some sort of enforcement
22 accountability authorities, I think would help them be able
23 to do this job better.

24 Senator King: Winston Churchill said after Gallipoli,
25 "You should never have responsibility without authority."

1 And that's exactly what you're talking about. The other
2 thing I understand, I had to slip out for a minute, that's
3 been mentioned, but I think needs some more attention, is
4 ITAR. As I've talked to people in other countries
5 scientists and people working on technology matters, ITAR is
6 a real barrier. And again, we have some exemptions with
7 Australia and Canada, but Mr. Webster, is ITAR something
8 that we should be attending to as we are talking about
9 rationalizing this process?

10 Mr. Webster: Yes, Senator. I think it comes back to
11 all three of us recommending a list of countries with pre-
12 approved capability to include cooperative R&D that's pre-
13 approved. I mean, we really need to focus on --

14 Senator King: And their scientists need to be able to
15 share back and forth information.

16 Mr. Webster: They do. Now, we have laws that govern
17 the control of data, technology, and capability. So those
18 laws require a license of some sort. But to your point, we
19 are actually moving forward. The AUKUS exemption, AUKUS
20 paradigm is something that hopefully will proof a new way,
21 and can be expanded.

22 Senator King: Will become an example of how to move
23 forward.

24 Mr. Webster: That's right. And that could be expanded
25 to include allies, other allies.

1 Senator King: Mr. Greenwalt, I can't leave you without
2 -- you mentioned one thing in your testimony that a
3 continuing resolution with more money and more flexibility
4 might be okay. I would point out that would be the end of
5 Congressional authority. That would be ultimate abdication
6 of Congress's authority to appropriate, a huge pot of money
7 to the Pentagon and say, spend it as you will. So, I just
8 had to make that point.

9 Dr. Greenwalt: Although there is a RAND report that
10 supported the PPBE commission that showed the different
11 types of authorities that are out there for different
12 agencies. And frankly, the Department of Defense doesn't
13 have many of the same authorities and flexibilities that
14 other agencies have. So yes, the Congress could still
15 essentially have its power of the purse and look over these
16 things. But there are other authorities that could be given
17 at DOD that perhaps are not -- that other agencies have been
18 --

19 Senator King: As long as it doesn't usurp, depending
20 on your point of view, abdicate or usurp congressional
21 authority over the power of the purse. Thank you, Mr.
22 Chairman.

23 Chairman Wicker: Thank you, Senator King. Senator
24 Budd.

25 Senator Budd: Thank you, Chairman. Thank you all for

1 being here, and thank you for your testimony as well. Mr.
2 Webster, we've talked a lot about staffing, but given these
3 issues, are there ways that we can utilize artificial
4 intelligence and including automation to improve these
5 processes and speed up implementation for Foreign Military
6 Sales?

7 Mr. Webster: Sir, absolutely. We have to explore
8 automation to include AI. In industry, if you can't hire
9 people or afford them, you automate. And that's where we
10 really need to seriously look. What comes with that is a
11 level of risk, an assumption of a level of risk that
12 historically the system's been unwilling to assume. So when
13 you automate and develop those processes and proof those
14 processes, that's a level of risk that the system is
15 historically not used to.

16 Senator Budd: Can you be specific about the risk
17 you're referring to?

18 Mr. Webster: Well, I mean, when you're automating a
19 system, you're losing the human judgment and human touch
20 from developing an FMS case, let's say we automate that. So
21 you have to ensure that the standard notes and other legal
22 requirements are intact in that automation process, because
23 a human will not be touching it theoretically. Does that
24 make sense?

25 Senator Budd: Completely. Thank you, Dr. Saum-

1 Manning, you know, last year I visited Israel, the UAE, and
2 just last month I traveled with some of my colleagues to
3 Taiwan, to the Philippines. And when we visit with them and
4 with other allies and partners, they implore us to really
5 speed up FMS. They give us case examples of years, some
6 cases more than a decade for programs, for delivery when
7 China is at the ready, months.

8 Now, there may be, they admit there's quality problems,
9 it's not what they want, but they'll forgo some of that if
10 they can get it now, rather than sometime date unknown out
11 in the future. So what can this committee particularly do?
12 I know there's other committees that are involved here, but
13 what can this committee do, whether it's through
14 legislation, increased oversight, to get our international
15 friends what they need more quickly?

16 Dr. Saum-Manning: I so wish I had the answer to that.
17 I really, really do. What Congress can do is really look at
18 what's out there already with recommendations of so many
19 that have come before me and ask why those haven't been
20 implemented yet. What are the barriers, whether they're
21 cultural or otherwise, why these recommendations haven't
22 taken hold already.

23 Senator Budd: So throw out the recommendations again,
24 just the top ones. Sounds like you've given plenty of
25 recommendations --

1 Dr. Saum-Manning: Lots.

2 Senator Budd: -- whether it's RAND or AEI or Chamber.
3 What are the top ones that you think that we should focus
4 on?

5 Dr. Saum-Manning: So the top one in my mind is to give
6 DSCA more sort of teeth so that they can direct the system,
7 that they've got access to the data so they can understand
8 where the choke points are so that they can help facilitate
9 those problems. That would be top of my list.

10 Senator Budd: I'm seeing a theme here.

11 Dr. Saum-Manning: Yeah.

12 Senator Budd: Thank you. Mr. Webster you know, we use
13 the phrase industrial base a lot and how we can modernize
14 the base, but could you go a little deeper and what aspects
15 of the base do you think we need to fix or improve to most
16 speed up FMS delivery? And you talked a little bit earlier
17 about increasing production lines and them being willing to
18 pour additional concrete. I mean, that's a major investment
19 for these folks, and they got a business to run. I get
20 that. But keeping that in mind and their economics and the
21 incentives that we deliver, what would you suggest?

22 Mr. Webster: All right, first of all, I want to come
23 back to a question that you just asked. Part of the problem
24 that we have today in equipping allies quickly is we don't
25 stockpile anymore. When I started in 1985, we had

1 stockpiles over the world of capability. It may not have
2 been exactly what a customer or nation needed, but it was
3 good enough and we could transfer it at speed. We've gone
4 to a just in time scenario in the industry, just like the
5 commercial sector, where we don't have parts stocked, we
6 don't have kit stocked. We need to spend money and create
7 stockpiles like we used to have during the Cold War. That's
8 issue number one if I may.

9 The issue of the industrial base, we can't do
10 everything at this given moment. We have to prioritize what
11 capability is most important to our forces and allied
12 forces, and focus on those capability stresses to include
13 their supply chains. You know, we can't do it all, but we
14 can focus on precision fires, air defense, whatever it is
15 that we decide is for our national security and for the
16 security of our allies, assess that industrial base primes
17 second, third tiers, and find out what needs to change, what
18 money needs to be invested, who's going to invest it to
19 increase that capability.

20 Senator Budd: Thank you all. Chairman.

21 Chairman Wicker: Dr. Greenwalt, Mr. Webster says we
22 need to resume stockpiling. Do you agree?

23 Dr. Greenwalt: I do. And I think you have various
24 authorities to do that. I think the S staff fund is one way
25 to do that. But this committee has considered others in the

1 past. About 10 years ago, there was a desire to create a
2 position guided munitions fund to do exactly that. We have
3 a just in time problem which is essentially, we have put off
4 the ability to have a stockpile and we desperately need a
5 stockpile.

6 Chairman Wicker: Thank you much. Senator Hirono.

7 Senator Hirono: Thank you, Mr. Chairman. And thank
8 all of the witnesses. So, as we sit here, once again, we're
9 told that there have been many recommendations made over the
10 years, how to change the FMS process, make it better,
11 faster, etc. But these things don't get implemented. And
12 Dr. Saum-Manning just said that one of the ways that we can
13 do this is to just give DSCA the authority to do their jobs.

14 Do the other two witnesses, Mr. Webster, Dr. Greenwalt,
15 do you agree that that would be one of the ways that we can
16 get going and the kind of changes we need to make to the FMS
17 process?

18 Mr. Webster: So, when I started at the agency in 1992,
19 we had all the authority that we needed, and it took
20 leadership. So yes, revisit authorities because it's been a
21 long time since 1992. Make sure they have the authorities.
22 Make sure they have political top cover and interest. And
23 that's why we've supported this proposal to create an
24 Assistant Secretary of Defense to collapse international
25 programs into, it needs to be a political appointee who can

1 sit at the table among other assistant secretaries and argue
2 the case and lead the community with authority and power
3 that a political appointee, senate confirmed will have.

4 Senator Hirono: Do you agree, Dr. Greenwalt?

5 Dr. Greenwalt: I agree that for the need for
6 leadership and I think the leadership has to be even
7 elevated above the under secretaries.

8 Senator Hirono: So again, that seems to be something
9 that we can actually maybe focus our minds on and create
10 that situation. Because When we start talking about DOD
11 contracting reform writ large, good luck to us on that,
12 because as Senator King just brought out, look at the
13 hundreds and hundreds of pages of requirements that we
14 impose on just every single contracting process that we
15 have.

16 So maybe this is one where we actually do when we have
17 these sales, we actually make money and maybe we can bring
18 more attention at a time also though with Elon Musk taking a
19 hatchet to so many departments where we're losing as Mr.
20 Webster said, the bodies. Others of you have said, we're
21 losing knowledge, we're losing experience. In fact the kind
22 of cuts that are being made across the board to so many
23 departments. For example, the Weather Department, I was
24 told that there are more people retiring being let go from
25 that department in only of 100 days than in the last 15

1 years.

2 And the loss of some 20 plus years of experiences going
3 on throughout all of our agencies. So it doesn't help that
4 the FMS process is also undermanned. And as noted we're
5 losing -- there's a knowledge gap, and we're going to have a
6 hard time recruiting and retaining the people that we need.
7 But I would say that if this committee really wanted to
8 focus on the kind of changes that might enable this process
9 to be much more focused, then the suggestions that you all
10 made to enable the DSCA to go about their business is I
11 think, really a good one. And I would suggest that this
12 committee focus on enabling such a process to occur.

13 Now Ms. Saum-Manning, you said that RAND could do a bit
14 of a study on what the tariff situation could do. But
15 without us even doing a study, don't you think that the
16 ripple effect would be that it's going to cause even further
17 delays and the FMS process and cost more money? I mean,
18 couldn't you pretty much conclude that that's what's going
19 to happen with all of this uncertainty around tariffs?

20 Dr. Saum-Manning: Well, I would say I would have to be
21 heavily footnoted for me to say that, but in my own opinion,
22 not speaking, RAND yes. Logically that sounds like that
23 would be the course.

24 Senator Hirono: Yeah. So, I would agree. I don't
25 know that we need another study to tell us that these

1 tariffs are not a particularly good idea. So, one more very
2 brief question for Dr. Greenwalt and Mr. Webster. Has the
3 production cap capacity of the defense industrial base kept
4 pace with the increased demand in foreign military sales
5 over the last years? So, what can we do, very briefly?
6 Assuming this is a problem, what can we do?

7 Mr. Webster: So fundamentally, very briefly, I would
8 say in select areas, the production capacity has not kept
9 pace. And this has been compounded by the situation in
10 Ukraine and the U.S. providing capability to Ukraine as well
11 as our allies. So that stresses our industrial base to
12 resupply us, resupply allies, keep supplying Ukraine, help
13 Israel, it's very difficult. No, not at pace.

14 Chairman Wicker: Thank you.

15 Dr. Greenwalt: But also, it's difficult for the
16 industry to know whether an FMM case is real, if they're
17 actually going to actually implement some of these FMS
18 cases. And because of that, it's hard to make those
19 investments until there's a real demand signal and under a
20 contract in place.

21 Senator Hirono: Thank you.

22 Chairman Wicker: Thank you very much. Senator Sheehy.

23 Senator Sheehy: Thank you, Mr. Chairman. Does ITAR
24 work as it's currently structured?

25 Dr. Greenwalt: I think, yes. ITAR works for I would

1 say the vast majority of countries that we need to do
2 business with and work with. It works terribly with those
3 countries that are close allies that we need to cooperate
4 with. And so, it's one of those things where we have to
5 differentiate between the UKs, the Australias, and perhaps
6 over here on some of the countries that we don't have
7 alliances with.

8 Senator Sheehy: But the paradigm of ITAR is in the
9 timeline of American 21st century technology, is ancient. I
10 mean, ITAR is a relic of an era when we, the U.S. government
11 actually had the best technology in the world, and we wanted
12 to make sure other countries wouldn't buy that, acquire it,
13 steal it, and get access to that same capability.

14 Dr. Greenwalt: It still focuses on 1970s technology
15 when the Arms Export Control Act of 1976 was passed, yes.

16 Senator Sheehy: If a country like India, right now, we
17 have an India Pakistan challenge going on, which has been
18 going on for decades, but we're in a flare up. If India
19 wants to buy a system that is as capable as the U.S. system,
20 and we cannot sell it to them in a timely manner, will they
21 get an equally capable system from somebody else?

22 Dr. Greenwalt: I think they're going to try to do
23 that. And I think if you've seen what Poland recently has
24 done with South Korea, then yes, there are alternatives out
25 there for many of these systems. And it's also a kind of

1 ironic that some of the most cutting-edge technologies,
2 whether it's AI, robotics, data analytics or so on, are not
3 covered by ITAR. They're covered by the EAR for example.

4 Senator Sheehy: And oftentimes, the EAR ITAR
5 specifications will restrict us from selling -- I used to
6 sell cameras similar to Hensoldt, and I could buy a
7 commercial camera at the Apple store that had more
8 capability than an ITAR restricted camera I was going to
9 make in a factory because it was on an ITAR list 30 years
10 ago and the DSCA and the State Department didn't want to
11 take the political risk of delisting that.

12 We'd have a years-long delay. And a company like
13 Hensoldt, who has operations in Africa and Europe, could
14 sell a similarly capable system far faster than we could.
15 So I think we need a fundamental reimagination of ITAR for
16 where we're at today. And I think we need to make sure that
17 our allies can get equipment from us because they need it
18 from somebody. And in recently speaking to some ministry
19 defense leads in the Middle East, they need the equipment,
20 and if they can't get it from us, they'll buy it from China
21 or Russia, or Europe, hopefully, but probably not.

22 So what can DSCA do specifically, DSCA doesn't have the
23 authority, as you mentioned, but let's say we did give them
24 the authority. How do we turn a round hole for a square
25 peg? How do we make that fit with DSCA in the State

1 Department? Because they're serving two bosses there that
2 rarely agree. How do we square that and make sure that DSCA
3 can make the decision and State Department doesn't veto
4 something or simply just kill it bureaucratically that DSE
5 thinks should happen?

6 Dr. Saum-Manning: Well, that's a really good question.
7 I think there's a role for U.S Undersecretary of Defense
8 Policy. So, I think policy has a role to play, sort of as
9 the arbitrator to kind of understand what the priorities are
10 for state, and to better sort of translate them, negotiate
11 between the two. But I think they all three, I mean,
12 they've got different priorities for good reasons, but I
13 think there's a way to negotiate to yes, for all three of
14 them. And I think policy has an important role to play in
15 that.

16 Senator Sheehy: Should more authority be given to the
17 in-country military liaison that is liaising with the
18 customer government?

19 Dr. Saum-Manning: No, I think they've got the
20 authorities that they need. I think sometimes there's
21 confusion between Title 22 and Title 10 authorities. So I
22 think a little bit more maybe input or maybe even into the
23 training from state departments so that they can better
24 articulate some of the authorities. So I think some of it
25 comes down to training, but not that they don't have it, the

1 authority.

2 Senator Sheehy: Well, we're emerging into a great era
3 of great power competition again, and we're going to depend
4 on our allies to be able to hold the line in places where we
5 can't or won't, and they need to have the tools to do this
6 job. So, this is a problem we have to solve, and it's going
7 to start with this committee. Thanks for your testimony
8 today.

9 Chairman Wicker: I think you are on to something,
10 Senator Sheehy. Senator Kaine.

11 Senator Kaine: Thank you. Thank you, Mr. Chairman.
12 Thanks to the witnesses. This has been a very, very good
13 hearing. I agree with my colleagues on that. I want to ask
14 you about a topic that's just slightly adjacent to foreign
15 military sales. So, I'm a little bit worried if we make all
16 the reforms we need to in the foreign military sales
17 process, we will still have workforce and supply chain
18 challenges here that will not enable us to maintain the
19 production pace that we want to. So, I'm grappling with
20 this question of foreign military sales as one way to help
21 allied nations or partner nations defend themselves and
22 defend values that we share.

23 But there's other ways to do that. And one is
24 inspiring more domestic production in those nations of their
25 own military capacities. Just using Ukraine as an example

1 that, you know, they've been using heavily 155 rounds. They
2 didn't have much of a capacity to produce 155 rounds in
3 Ukraine at the beginning of the war. They've grown that
4 capacity. I heard a stat that the Ukraine defense industry
5 was producing about \$5 billion worth of, you know, material
6 and armaments, and now they're about \$30 billion. So
7 they've gone up sixfold, they could do more.

8 Related to sort of the FMS questions would be, if U.S.
9 defense firms want to invest in Germany or Poland or
10 Ukraine, or they want to invest in Australia to expand the
11 production capacities of weapon systems in those nations, or
12 if U.S. financial firms that aren't necessarily in the
13 defense space, but increasingly have shown a willingness to
14 invest in port infrastructure or ship building or other
15 defense industries, if U.S. firms want to invest to
16 accomplish increases in production in other countries, do we
17 have the right legal framework to allow them to do that
18 easily? Or are there similar obstacles in the way that we
19 ought to be considering diluting or bringing down? So
20 that's the issue that I want to ask you about.

21 Dr. Greenwalt: So many of those obstacles exist. I
22 think you should talk to the Australians on how they're
23 trying to do co-production and I've been trying to do this
24 for about five years now and have fit met all sorts of ITAR
25 restrictions and other things in negotiating. So yes, it's

1 very difficult to move, move overseas.

2 I think there's this tsunami of potential allied
3 defense expenditures coming if they actually do increase
4 their defense expenditures, you know, two more percentage
5 points of GDP, that's about \$600 billion a year, which is
6 twice what we spend on production and R&D. I don't know
7 where they're going to do with that or how they're going to
8 spend it and they may not spend it wisely, but that's a
9 potential huge market, and it would be much better for us to
10 make those sales than have them create their own
11 capabilities that'll compete with us in the future.

12 Senator Kaine: Others who want to offer thoughts on my
13 question? Mr. Webster?

14 Mr. Webster: So, I mean, I think it's important to
15 recognize that our industries are global industries and
16 global supply chain, so they know how to figure that out.
17 Lockheed Martin F-35 is an excellent example where you have
18 partner contributions that was part of the deal of being a
19 partner, was to have industrial participation. So our
20 industries where it is in their interest to seek technology,
21 they can't get here for a good price, where they can reduce
22 production costs, and where the government will allow it,
23 will go offshore.

24 So the tools are there to accomplish what you envision.
25 It just is a question of how is that incentivized?

1 Senator Kaine: Dr. Saum-Manning.

2 Dr. Saum-Manning: And I'll just say I was not part of
3 a study, but we just did a study on third party suppliers.
4 One of my colleagues, Adriane Wynn and her team looked at
5 this and tried to think about how to do this responsibly.
6 Tried to find suppliers that are, you know, aligned with our
7 strategic interests. Thinking about some of the criteria
8 that would you think about when you'd want to kind of invest
9 in and kind of shape what our allies when we can't supply
10 it, how they make their decisions elsewhere.

11 Senator Kaine: I'll take a look at that. I want to
12 say a last in 45 seconds, something about tariffs. I was
13 just in Germany, Poland, and Ukraine, and I heard over and
14 over again, "We are cooperating with you. We want to
15 cooperate more. There's so much more we can do together.
16 Tariffs are getting in the way."

17 The German example was the most striking. A new
18 government in Germany with a mandate to improve the economy,
19 which has been in the doldrum since 2019. That is the
20 mandate. The government is very pro-U.S., pro Trans-
21 Atlantic, they're pro-U.S. military, more U.S. troops in
22 Germany than any nation other than Japan outside the United
23 States. But they said tariffs are getting in the way of the
24 primary goal of this new government, which is to improve the
25 German economy.

1 And if that's the case, I know you expect us to be
2 great defense partners, but there's no such thing as a silo
3 where half the relationship is really bad. But on the other
4 half, we're going to be completely cooperative. We need to
5 sort out this tariff madness and using tariffs against
6 adversaries great, or in particular instances on particular
7 trade barriers, of course.

8 Using tariffs willy-nilly against allies is very
9 destructive, both in the national security space and in the
10 American economy. And that was the message I heard loud and
11 clear from our allies. I yield back.

12 Chairman Wicker: Thank you for that. Senator Scott.

13 Senator Scott: Thank you all for being here. I just
14 about three weeks ago during a recess, I went to Denmark,
15 Finland, and Estonia, and similar to Senator Kaine, I get
16 asked questions about Trump's position, you know, on tariffs
17 and NATO and things like that. And here's the way I
18 explained it to them. I think Trump is going to try to make
19 two things happen.

20 Number one, if you're going to be an ally of the United
21 States, you're going to build your own military first.
22 We're not going to be your first line of defense. If you're
23 not willing to defend your own country, if your women don't
24 want to serve, and you don't want to go buy the equipment to
25 be able to do it, America's not going to be your first line.

1 Number two is, if you want to sell in our country the
2 best market in the world, then whether it's tariffs, whether
3 it's other barriers, those barriers are going down. We've
4 watched for decades where this country is allowed other
5 countries to be able to sell into our country, and they put
6 up barriers. Some of it is tariffs, some of it is
7 regulations, some of it is permitting, all sorts of stuff
8 you can't even sell, which makes zero sense.

9 I'm fine with everybody else's economy doing well, but
10 I'm primarily responsible for American workers. But one
11 thing we talked about when I talked to the military leaders
12 in Europe and the political leaders, is that they're
13 frustrated they can't get an answer on foreign military
14 sales. They have really two complaints.

15 Number one is, why does it take so long? Why can't you
16 get an answer? What's the process? Why is it a black hole?
17 And number two is why can't your defense contractors make
18 things on time? And so, what they said is, you know, we're
19 spending, and for whatever reason, whether it's Putin, in
20 Beijing, in Ukraine, they're spending their money now. But
21 they can't get approvals and that our suppliers are not on
22 time.

23 The other thing they brought up is the fact that we
24 have suppliers that my understanding is we paid for them to
25 develop technology, and then the manufacturer owns the

1 technology, and so nobody else can do it which makes no
2 sense in the world. So can you just talk about, I mean, why
3 can't we have like a checklist like you do in any business
4 of here's what has to get done, here's a timeframe. Because
5 some of the stuff should be simple, you should be able to do
6 in days rather than years.

7 Dr. Greenwalt: The last time I was in the Pentagon,
8 which was 20 years ago, I think, Keith, we worked together
9 and the administration was trying to do that, to try to
10 figure out, let's create a list of what we can sell out to
11 our allies and kind of pre-approve it, so to speak. And
12 this was a process I think we've all talked about called the
13 ATTR SSG. And unfortunately, that that process never went
14 forward. And even though it was a great idea 20 years ago,
15 the idea of getting away from this transactional, you know,
16 everything is new once again to basically to say, this is
17 the UK we know what we would need to sell with them, and
18 here's the list and let's just be done with it.

19 And unfortunately, that type of thinking never really
20 you know, took hold and we're back to just transactional.
21 Every time we get a request, we go through it. It takes
22 just as long to go through the process.

23 Mr. Webster: Okay, sir. The system was developed long
24 ago for a case by case review. So every individual request
25 by every individual country is reviewed on a case by case

1 basis, whether it's a direct commercial sale license
2 activity, or a foreign military sales bilateral agreement.
3 And that's where we're saying transformation needs to occur.
4 There needs to be a positive list of countries allies that
5 are pre-approved for specific capability to remove ambiguity
6 and remove this case by case process of review. That's
7 really what we need.

8 What was mentioned was Secretary Gates established the
9 ATTR SSG to develop anticipatory policy. The first and only
10 policy developed was for UAS systems and State Department
11 would not partner on anticipatory policy because under Title
12 22, they have the authority to review each transfer on a
13 case by case business and they did not want to tie their
14 hands on their authorities and their business. So it
15 failed. But we need to fix that. Thanks.

16 Senator Scott: So, does anybody put anything out that
17 they're going to -- is there any outside group that's put
18 something out that said this would be the exact way you
19 should do it, that we should rally behind?

20 Mr. Webster: I'm not aware of anything that's
21 published, but I know we've all talked about it with
22 previous administrations. We've talked about it with the
23 new administration. We can help the administration develop
24 that process. It'll take approval by state and its
25 committees as well as this committee to agree to such a list

1 to act upon.

2 Senator Scott: All right, thank you.

3 Chairman Wicker: Thank you, Senator Scott. Senator
4 Warren.

5 Senator Warren: Thank you, Mr. Chairman. So being
6 lethal on the battlefield means being scrappy. And when
7 Russia first invaded Ukraine, we sat in the briefings when
8 we were told by experts that Ukraine would only be able to
9 hold out for a few weeks maximum. But over the past three
10 years, Ukrainians have been incredibly innovative,
11 especially in the deployment of drones to keep Russian
12 forces at bay.

13 The U.S. military may not be nearly as agile. One
14 problem, soldiers are not allowed to repair many of their
15 own weapons. DOD spends billions of dollars buying all
16 sorts of equipment, but then contractors impose restrictions
17 on who can maintain systems and who can produce spare parts.
18 Contractors rake in billions, but service members are not
19 allowed to fix their own weapons when they break even in the
20 middle of life and death missions, that is the opposite of
21 scrappy.

22 So, Dr. Saum-Manning, you are an expert on building
23 military capacity. How important is it for readiness for
24 service members just to be able to repair their own weapons?

25 Dr. Saum-Manning: I mean, they are on the front lines

1 and critical when it comes to life and death decisions, I
2 think you sort of overlook policy. That's what I would do
3 if I were on the battlefield. Again, this is my personal
4 opinion, not an opinion of RAND.

5 Senator Warren: But I take it you think the right to
6 repair is important to being able to do your job.

7 Dr. Saum-Manning: I do think it's important. That
8 said, you have to know how to do it. And so, I would --

9 Senator Warren: Fair enough.

10 Dr. Saum-Manning: -- want to make sure that they
11 actually knew what they were doing.

12 Senator Warren: The problem we've got is that too
13 often when the U.S. military goes to contractors, they are
14 told when something is broken, they're going to have to wait
15 months for critical parts. In just one case that we have,
16 the Army discovered that instead of waiting months, they can
17 actually just use a 3D printer to print the safety clip they
18 needed in less than an hour, and for 1/100th of the cost
19 that was being charged by the contractor.

20 So, this month, the Trump administration took an
21 important step toward making sure that U.S. soldiers can be
22 just as scrappy as the Ukrainians. The Army's new
23 transformation initiative requires new contracts to include
24 a right to repair their own equipment, and they're also
25 going back to review old contracts to add similar

1 protections.

2 I want to give a shout out to the new Secretary of the
3 Army, Dan Driscoll, for pushing this initiative. So Dr.
4 Saum-Manning would adopting this policy across the military
5 services enhance innovation and help reduce costs?

6 Dr. Saum-Manning: Well, as all RAND good researchers
7 say we have to study that. This is very new. It's very
8 exciting to see. When we were doing our study, army was in
9 the midst of their sort of transformation and there was
10 consensus opinion that it needed to change. And so it's
11 exciting that they're innovating, we're watching it. And
12 it's definitely a great experiment to see if it happens and
13 to see if we can apply these lessons elsewhere.

14 Senator Warren: Well, you know, I would argue here on
15 right to repair, that it can also be used to help strengthen
16 American Allied forces as well. When our closest allies buy
17 U.S. weapons, it can help enhance their capabilities, help
18 them work better with our troops. We really like all of
19 that. They can take missions off our plate and they can
20 support U.S. jobs, but our allies and partners have a lot of
21 other companies that they can choose from, and they're
22 willing to drive a harder bargain than we are.

23 For example, a Canadian task force found that failing
24 to acquire data rights hurt their ability to independently
25 support their own equipment right to repair, and they

1 recommended prioritizing sustainability and competition.

2 The bottom line, Lockheed Martin's higher repair costs meant
3 that Lockheed Martin just wasn't competitive for the
4 contract.

5 So, Dr. Saum-Manning isn't the best outcome for us, is
6 not only if we can repair our own equipment, but also if our
7 allies who are buying from U.S. contractors can repair their
8 weapons in the field and have those weapons made in America?

9 Dr. Saum-Manning: Well, we have not studied that, but
10 I would say that if we are sort of part of that process and
11 we can help train, help equip, be there, help sustain, our
12 partners need to be actually be able to sustain the
13 equipment that we give them. Those are priority decisions
14 that need to be made prior to them actually getting on the
15 the battlefield.

16 Senator Warren: Well, Army Secretary Driscoll has
17 taken a necessary and overdue step, but we need all of the
18 services and DOD to prioritize lethality. And that means
19 commanders in the field should never have to beg a
20 contractor to come repair a plane that the Air Force owns
21 and that soldiers could fix themselves. Our Navy should
22 never have to wonder if an ally won't show up because
23 they're waiting months for a contractor to fix a fuel gauge.

24 I look forward to working with my colleagues on this
25 committee to make sure that we aren't letting bad

1 contracting practices limit our soldier's ability to win on
2 the battlefield. Thank you, Mr. Chairman.

3 Chairman Wicker: And thank you, Senator Warren.
4 Before we close and really for the benefit of our
5 stenographer who does a wonderful job, Dr. Greenwalt and Mr.
6 Webster, you referred to ATTR SSG and I'm told that stands
7 for Arms Transfer Technology Review Senior Steering Group.
8 Is that correct?

9 Dr. Greenwalt: That is correct. It is.

10 Chairman Wicker: All right. That's going to save her
11 a little time there. And as far as we know, that group does
12 not exist anymore. It was an effort that was abandoned. Is
13 that right, Dr. Greenwalt?

14 Dr. Greenwalt: I believe it's still on the Defense
15 Technology Security Agency's website. Whether it's still
16 active, I do not know.

17 Chairman Wicker: Well, we'll look into that. Thank
18 you very much. And unless there are further questions, this
19 hearing is closed. Thank you very, very much.

20 [Whereupon, at 11:06 a.m., the hearing was adjourned.]
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