



SASC Hearing remarks

Thank you, Chairman Wicker, Ranking Member Reed, and members of the committee, for the opportunity to testify before you today. My name is Keith Webster and I have the honor of serving as President of the Defense and Aerospace Council at the U.S. Chamber of Commerce, as well as President of our Federal Acquisition Council within the Chamber's Center for National Security Policy. Prior to joining the Chamber, I served 32 years in the Department of Defense in various roles associated with international political military policy and related programs.

One thing is clear: The time for bold action is now. The Foreign Military Sales process is cumbersome and after nearly three decades of attempts, no meaningful reforms have been made. Together, we can change that.

Beginning in 1998, we saw initial public criticism of the Foreign Military Sales, or F-M-S, program and demands for change. In the past 27 years, there have been approximately 15 DoD tiger teams to look at issues of speeding up processes, meeting demand on time, and reducing costs. As we sit here today, little has changed.

Within six months of the first Obama administration, the National Security Council signed a letter to then-Secretary of Defense Robert Gates directing the Department to improve the FMS process. As a result of that assessment, then-secretary Gates explained to the NSC that significant FMS reform requires a task force led by the NSC since issues of concern cut across the entire interagency. The NSC agreed with this conclusion, however, such a task force never materialized and DoD once again was on its own to determine what could change within its limited control.

So why does the FMS process take so long? The informal Congressional notification process, for complex and contentious programs, can take months to conclude. Once concluded, the formal notification to Congress can proceed and when complete, the DoD and the buying nation can proceed with finalizing the FMS agreement. Once that agreement is signed by both nations, and funding has begun to flow, the DoD contracting officer is now legally allowed to begin negotiating a contract with U.S. industry.

It's worth thinking about, that an FMS contract is a DoD contract developed and executed by the same DoD personnel buying the same capability for U.S. Forces. On average, a DoD contract to implement a major FMS program takes 18 months to award. This delay is, in part, because over two decades the DoD contracting community has been understaffed annually between 15 to 30%. And quite simply most FMS contracts are not a priority within DoD.

Once on contract, U.S. industry is authorized to begin production. It is at this point that the stresses within our defense industrial base become painfully clear. The Pentagon continues to face

supply chain and industrial base challenges, all compounded by continuing resolutions and an increasingly inefficient annual defense appropriation cycle.

Now is the time for bold action. The DoD must take steps that it hasn't before, including:

1. Reorganizing the international sales and cooperation offices placing them under a newly formed Assistant Secretary of Defense reporting to the Under Secretary of Defense for Acquisitions and Sustainment.
2. Amending DoD Program Executive Officers and Program Management charters to include a rating element for their development and execution of international programs.
3. Incorporating AI and automation to help speed up the DoD contracting process.
4. Reexamining what should be an "FMS only" sale. Now is the time to transfer as much as we can into the direct commercial contracting process lead by our industries.
5. Finally, the Secretary of Defense needs to form an international cooperation advisory board to solicit other ideas and recommendations for improvement.

Congress and the administration have a role to play as well including increasing congressional notification thresholds and developing a list of allied and close partner nations and pre-approved capability thus eliminating ambiguity and debate on select future sales. The business community and the Administration must also work closely together to better understand the challenges in ramping up production to include supply chain stress, delays in appropriations, changing capability strategies and top-down mandates. True FMS transformation is a task for the interagency, in partnership with the Congress, administration, and private sector. Without a unified approach, true FMS transformation will remain elusive.

Our servicemen and women and our allies merit action on this critical issue and while there have been efforts before, the time for bold action is now. Again, thank you for the opportunity to testify and I look forward to answering your questions.