Advance security cooperation enterprise reforms to prioritize and expedite building of full-spectrum partner capability

Security cooperation enabled by U.S. defense industry exports is a foundational component of the U.S. National Security Strategy. U.S. defense exports advance our security objectives overseas, support the projection of American “soft power” and sustain a peaceful and stable international order by supplying full-spectrum capabilities to our allies and partners. Indeed, the export of a defense capability can strengthen a strategic relationship with an ally, build the foundation for an emerging regional partnership or provide a critical deterrent to military conflict.

Defense trade funds U.S. economic security and technological innovation. Every dollar spent by other countries on U.S. defense systems helps fund innovation and lowers unit costs at a time when domestic budgetary pressures are putting pressure on the U.S. military’s purchasing power and the resilience of the American defense industrial base. In addition, our foreign allies and partners become more able to operate jointly with U.S. forces or advance our common security objectives on their own.

The U.S. Security Cooperation Enterprise is under significant stress. Industry supports the review process that ensures transfers of defense technologies do not adversely impact our warfighters’ battlefield edge and are consistent with U.S. foreign policy objectives. At the same time, the U.S. Foreign Military Sales (FMS) system managed $33.6 billion in sales in 2016, and has been hitting historical highs in dollar value in recent years. With 140 new security cooperation requests a month, requirements are straining a system not designed for the volume, tempo or scale of demands currently placed on it.

In the current global security environment, we must focus attention on identifying where and how we need to grow our security, political and economic influence on our allies and partners through defense exports even as our competitors race to supplant our leadership.

While the U.S. has historically been the “partner of choice,” foreign competitors are aggressively trying to usurp this role. France announced it had doubled its annual defense sales agreements from 2014 to a record figure of $17.5 billion in 2015. In addition, countries like Russia and China are aggressively expanding their defense export activity to bolster their influence around the world.

The President needs to accelerate and expand on Security Cooperation Enterprise Reform (SCER) initiatives. SCER must first establish a clearly articulated doctrine that guides a comprehensive National Security Cooperation Strategy (NSCS) with sufficient interagency coordination, resources and training as well as appropriate collaboration and communication with U.S. industry.

As part of a National Security Cooperation Strategy (NSCS), the administration must begin a regular classified consultation with U.S. industry about the priority capabilities our allies need to help advance our full spectrum foreign policy, security, humanitarian and maritime interests.
The Dynamics of the Current Global Defense Marketplace

Unlike the United States, most countries do not possess an effective strategy development process, a deliberate budget cycle, a professional acquisition corps or a systems life-cycle manager. Their security cooperation requests are growing in complexity, number and urgency, and do not match the pace or capacity of our review and approval process. This confluence of circumstances creates frustration that increasingly causes our partners and allies to consider capabilities other countries have to offer.

At the same time, foreign governments are increasingly more reliant on defense export opportunities to ensure the survivability of their domestic manufacturing base. Our competitors employ a “whole of country” approach that reaches to the highest political levels to capture global market share and influence. Their efforts represent a direct challenge to American efforts to shape the global security environment and sustain the technological edge of the U.S. defense industrial base.

The Case for Reform

Recent reform efforts have made incremental improvements to the Security Cooperation Enterprise. However, the absence of clear doctrine and strategy, combined with an under resourced system, limit the effectiveness of these initiatives. The requisite standard of timely interagency coordination for identifying and executing security cooperation priorities remains elusive. Absent mutually understood priorities, U.S. industry strategic investment and business development activities lag desired objectives, resulting in customer delays, increased costs, and, in several instances, lost sales to foreign competitors.

Talking Points

The President should accelerate and expand on Security Cooperation Enterprise Reform (SCER) efforts that establish a doctrine that will best support our partners and allies and govern the transfer of defense systems. This initiative should ensure there are sufficient resources, training and coordination across the interagency and with U.S. industry to develop and execute a National Security Cooperation Strategy that:

- Identifies Priorities for Building Partner Capacity as a Component of U.S. National Security Strategy: Identify and expedite the transfer of defense systems and platforms necessary to achieve stated strategic and tactical objectives in designated priority countries and regions.

- Aligns U.S. Industry Programs and Technology Development with Security Cooperation Priorities: Expand consultation and cooperation with U.S. manufacturers to ensure industry’s ability to produce competitive and exportable defense systems, including non-Program of Record (non-POR) solutions, and industry’s engagement with foreign partners and allies are informing and aligned with U.S. security cooperation priorities.

- Streamlines the Technology Review and Contracting Process for Priority Security Cooperation Transactions: The U.S. military and defense industrial base will benefit substantially from reforms to FMS contracting, greater clarity in the policies and processes for Technology Security and Foreign Disclosure (TSFD) reviews and Unmanned Aircraft Systems (UAS) exports, and better licensing caseload management techniques for the export of items on the U.S. Munitions List (USML).

- Promotes the Competitiveness of American Defense and Security Technologies in Priority Regions: Support and expand U.S. policies, procedures and government engagement with partners and allies that maximize the competitiveness of U.S. defense companies in priority foreign markets.