

## Executive Summary

### “Defense Sales Underpin National Security and a Dynamic Industrial Base”

The Aerospace Industries Association (AIA) and our nearly 300 member companies are committed to working with the U.S. government to achieve comprehensive reform that ensures the defense sales enterprise considers industry engagement, prioritizes exportability, and establishes accountable decision-making for policy and technical reviews. The following recommendations outline actions policymakers should take to enhance the speed, responsiveness, and overall efficiency of the defense sale process.

#### Industry Engagement

- **Clear communication mechanisms:** Department of Defense (DOD) and Department of State (DOS) should establish communication mechanisms for industry to brief decision makers and regularly notify industry of case status during policy and technical reviews.
- **Early industry involvement:** Engage sole-source suppliers pre-Letter of Request (LOR) to leverage operational insights and secure U.S. solutions.
- **Continuity across the FMS process:** Communicate with industry throughout planning, pricing, contracting, and delivery to provide more accurate pricing and availability and delivery timelines.
- **Workforce innovation:** Collaborate with industry to identify and deploy innovative workforce solutions that reduce costs and increase efficiency.
- **Commerce Advocacy:** Add a “U.S. interest” category in DOC advocacy for strategically important sales without foreign competition.
- **Proviso & return without action (RWA) reviews:** Systematically review provisos and RWAs to provide regular policy and guidance updates to industry.

#### Accountability

- **Establish decision makers:** Consolidate responsibility for arms transfers under two senior officials within the DOS and DOD.
- **Timebound reviews:** Adjudicate policy and technical reviews within 60 days, with a clear escalation pathway.
- **Technology Security and Foreign Disclosure (TSFD):** Establish a single adjudicating authority to resolve TSFD disputes.
- **Release annual strategic guidance:** Issue annual guidance for defense sales to include regional and country-level capability priorities, timelines for capability building, resourcing, and risk parameters. For countries deemed a priority, DOD should require the development of a strategy for the preferred and fastest acquisition pathway.
- **Performance based on coordination:** Require rating requirements between Senior Service Security Cooperation Organizations, Service Implementing Agencies, and System Program Executive Officers involved with FMS.
- **Performance-based outcomes:** Personnel evaluations should include metrics on responsiveness to foreign partner requests, meeting foreign partner capability and delivery schedules, collaboration with U.S. industry, and advancing U.S. foreign policy priorities.
- **Enhance Oversight:** DOD organizations responsible for FMS should provide the Defense Security Cooperation Agency (DSCA) Director with a quarterly report of FMS metrics.



### U.S. Acquisition and International Sales

- **Harmonize reforms:** Align defense sales improvements with acquisition modernization and FAR updates.
- **Non-Program-of-Record (NPOR):** Establish an NPOR office.
- **Industry-led testing:** Enable contractor-led testing, with service oversight.

### Exportability

- **Require exportability:** Require exportability as a key system parameter.
- **Proactive assessments:** Conduct exportability and TSFD planning prior to LOR.
- **Special Defense Acquisition Fund (SDAF):** Increase SDAF funding to advance exportability.

### FMS Case Development and Contracting

- **Responsiveness:** Security cooperation offices should act on LORs upon receipt and obtain information or clarification in the Letter of Acceptance (LOA) development process.
- **Accountability:** Congressional Notifications (CN) should include the date an LOR is received.
- **Enforce Existing LOA Timelines:** Blanket orders: 45 days, defined LOAs: 100 days (150 for complex cases), and building partner capacity: 60 days. Eliminate open-ended waivers for LOA development and require that cases nearing deadlines are subject to pre-case reviews.
- **Modernize contracting:** Establish multi-year contracting mechanisms, ensure that definitized contract awards should occur no later than six months after LOA is funded, and prioritize the use of TINA waivers, cost-plus contracts, and indefinite delivery, indefinite quantity contracts for programs-of-record.
- **Employee Training:** Provide acquisition professionals with the knowledge and skills to manage flexible procurement processes, including Other Transaction Authorities (OTAs) and new risk management techniques.
- **Early funding:** Authorize un-definitized contract actions pre-LOA to support long-lead items and non-recurring engineering.
- **FMS contracting corps:** Establish FMS acquisition contracting corps.

### Streamlined Regulatory Frameworks

- **Priority clearance lanes:** Set pre-approved lists of countries and capabilities with predefined review policies.
- **Missile Technology Control Regime (MTCR):** Remove UAS from the MTCR compliance regime.
- **Marketing licenses:** Establish criteria to approve marketing licenses without full policy reviews and disclosure determinations.
- **FMS-Only list:** Publish FMS-only list criteria, commit to biennial reviews and updates, and establish on list across the interagency.
- **CNs:** Replace the up-front case-by-case CN approach for AUKUS and NATO partners with an annual report for transfers under one billion dollars. For non-AUKUS and NATO partners, increase CN monetary thresholds to align with inflation and automatically move cases after 40 days.

### Financing

- **FMF loans and Guarantees:** Expand FMF loans and guarantees to \$50 billion and eligibility to all FMS-eligible countries.