

**OPENING STATEMENT TO THE
COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE
“MANAGING SECURITY ASSISTANCE
TO SUPPORT FOREIGN POLICY”**

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Thank you Chairman Corker, Ranking Member Cardin, and Members of the committee. I am pleased to be here today to share my thoughts on the role of the Defense Security Cooperation Agency (DSCA) in the management, execution, and reform of Security Cooperation (SC).

The mission of DSCA is to lead the SC community – including DSCA headquarters and its subcomponents, the Implementing Agencies in the Military Departments, and the Security Cooperation Offices in over 140 U.S. embassies – in developing and executing innovative solutions that support mutual U.S. and foreign partner interests. Our programs build relationships that directly support U.S. security interests, develop allied and partner military capabilities, and provide U.S. forces with peacetime and contingency access. The Agency performs this mission by cultivating effective, efficient, and transparent relationships with SC stakeholders including the Department of State (DoS), the U.S. Congress, partner nations, industry, and other influencers throughout SC processes. Security Cooperation is a key tool of U.S. foreign policy and national security. The Departments of Defense and State share responsibility for achieving the SC mission.

SC in Context

SC includes a wide range of activities – such as transfers of defense articles and services, military-to-military exercises, ministerial advising, and train-and-equip programs – using both Title 10 and Title 22 U.S. Code authorities to deliver a full-spectrum of capabilities to our

partners. Within that SC framework, DSCA traditionally implemented several programs under Title 10 authorities, such as Train and Equip, Humanitarian Assistance, and Defense Institution Building programs. In addition, DSCA administers Title 22 authorized programs overseen by the DoS, such as the Foreign Military Sales (FMS) and the Foreign Military Financing (FMF).

DSCA has traditionally focused on the execution of FMS, to include providing oversight for over 10,000 FMS and FMF Administrative-funded personnel across the SC community. As a result of the legislative mandates to reform SC in the Fiscal Year 2017 National Defense Authorization Act (FY17 NDAA), DSCA is charged by Section 382(b) of Title 10 with the execution and administration of all SC programs and activities of the Department involving the provision of defense articles, military training and other defense related services by grant, loan, cash sale or lease. DSCA now has additional duties to execute and administer military to military engagements, training with foreign forces, support operations, capacity building, and some educational and training activities to include the support for other departments and agencies of the U.S. Government that advance DoD SC objectives. I will highlight the Department's efforts to make both Title 10 and Title 22 authorities a more effective tool of our foreign policy and national security.

FMS Process Improvements

The SC community has worked to develop, analyze, and assess FMS planning, resourcing, and execution. Together with stakeholders across the interagency, in particular DoS, DSCA has begun to implement a robust set of initiatives aimed at addressing SC challenges, in particular those associated with FMS.

A key tool to support our foreign policy objectives, FMS can help to shape the international environment, develop interoperability with partners, improve access, and build strategic, operational, and personal partnerships. All FMS transactions, consistent with the provisions of the Arms Export Control Act of 1976, are intended to ensure that 1) each sale is of mutual benefit to both the U.S. and the partner, 2) the technology will be protected, and 3) the transfer is consistent with core U.S. values.

The majority of FMS cases are shepherded through the process relatively quickly. A small number, however, may take more time as the interagency and Congress engage in a deliberate review to ensure that the necessary statutory and policy criteria are met. Despite this, the volume of cases processed has in fact grown from a three-year average value of \$12.5 billion in Fiscal Year (FY) 2005 to \$36 billion in 2016. In FY16 alone, DSCA executed 1,700 new FMS cases along with approximately 4,000 modifications or amendments to existing sales. Today, our partners are expecting more deliveries on accelerated timelines at the same time that international competition in defense trade is increasing. Despite this, the United States remains the global SC partner of choice. We deliver not only the most effective defense systems to our partners, but we also ensure a “Total Package” approach that includes the provision of training, maintenance, and sustainment, to achieve full spectrum capability. That being said, there is always room for improvement. Initiatives underway, championed by DSCA, support five distinct elements of the FMS process:

- Partner Nation. The Geographic Combatant Commands are working with partners and allies to more clearly define their requirements up-front. This will accelerate the technology transfer and contracting decisions necessary to more rapidly deliver defense articles and services down the line.
- Case Development. DSCA is partnering with the Military Departments to streamline and improve the development of FMS cases to identify best practices that will result in greater efficiency, transparency, and improved resource allocation.
- Technology Security. DSCA is working with the technology security community to explore new approaches to provide more protection and safeguards for U.S. defense technology while benefiting industry and partner nations.
- Foreign Policy. Under the guidance of the Department of State, DSCA is working with interagency stakeholders early in the FMS process to flag potential concerns, such as regional stability and human rights issues, to help manage partner nation expectations and ensure arms transfer deliberations are well-informed and consistent with statutory authorities.
- Acquisition. DSCA, the Military Departments, and the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics office are looking at ways to protect

manpower within the DoD acquisition community, train acquisition professionals who use the DoD acquisition process to support FMS, and develop creative contracting strategies that support both FMS and domestic purchases.

These FMS-focused initiatives, which are now incorporated within the broader SC reform, are designed to produce a system that supports mutual U.S. and foreign partner goals.

FY17 NDAA

While improvements to the FMS process are necessary, they are not sufficient to make certain that we best utilize all of the tools at our disposal to address the multitude of SC challenges. Over more than 15 years of persistent conflict, the Department's Title 10 authorized SC programs have grown and the international environment for defense arms trade has evolved. In the past, the Department was forced to navigate a patchwork of more than 100 discrete Title 10 authorities, many of which were narrowly-constrained by region or function.

To address these challenges, the Deputy Assistant Secretary of Defense for Security Cooperation has focused on improving the planning, prioritization, and synchronization of Title 10 programs. These efforts have effectively postured the SC community to address the significant reforms laid out in the FY17 NDAA.

The FY17 NDAA identified SC as a core DoD mission by establishing a new chapter of Title 10. This new SC chapter is meant to enhance flexibility, transparency, oversight, and management of programs and resources; professionalize the SC workforce; and improve the alignment of SC activities with defense strategy. These new authorities provide DoD a unique opportunity to transform SC into a more strategic U.S. national security tool.

Specifically, the FY17 NDAA:

- consolidates policy oversight and resource allocation within the Office of the Secretary of Defense and consolidates execution and administration of Title 10 Security Cooperation programs within DSCA;

- requires the DoD to provide a consolidated budget justification and establish an Assessment, Monitoring and Evaluation (AM&E) framework to allow a more rigorous, data-driven assessment of program effectiveness; and
- mandates the DoD establish a SC workforce development program to ensure that the SC professionals all over the world have the appropriate training, education and experience to execute the mission.

Comprehensive SC Reform Implementation

Together with the Office of the Under Secretary of Defense for Policy, the Joint Staff, and the DoS, DSCA has developed an operational approach with four focus areas to implement SC reform mandated by the FY17 NDAA and to incorporate the Title 22 initiatives already underway. These focus areas, with the broad participation and support of the interagency, are designed to advance innovative policies and processes to address the following issues:

- Governance and Oversight to oversee SC efforts and ensure compliance with legislative and policy requirements;
- Policy Guidance to develop and issue policy to provide overarching direction for implementation of SC activities;
- Execution to define and implement changes to SC capabilities and operations; and
- Enabling Functions to perform operations required to support the execution activities.

Work on SC reform is well underway to meet current challenges and the requirements set forth in the FY17 NDAA.

Conclusion

Now more than ever, policy makers use SC as a critical tool to achieve our defense and foreign policy objectives. With reduced U.S. force structure and finite resources in a dynamic, rapidly evolving environment, it has become increasingly important to optimize allies' and partners' contributions to their own security and, by extension, U.S. security. The language in the FY17 NDAA provides the mandate to realize much needed reform to SC.

For the last 70 years Security Cooperation has been a pillar of U.S. foreign policy. We must not, however, rest on our laurels. Today, the convergence of Congressional mandates with the Department's emphasis on strengthening our partners is a call to action. We must seize this opportunity to fortify our status as the Security Cooperation partner of choice.

I welcome the Foreign Relations Committees' continued support and oversight of these ongoing initiatives. Distinguished committee members, I want to thank you again for the opportunity to appear before you today, and I look forward to your questions.