



Howard R. Lind
President and Executive Director
1725 I Street NW, Suite 300, Washington, DC 20006
howielind@stability-operations.org
703-336-3940
<http://stability-operations.org>

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MEMORANDUM: International Stability Operations Association (ISOA) FMS Working Group

SUBJECT: Enhancing US Industry Strategic Capacity through Foreign Military Sales Process Improvement

Problem Statement: Foreign Military Sales (FMS) are at a historic high, yet the process is slow, complex and frustrates partner nations, US & foreign industry while simultaneously diminishing the US image. US adversaries have command driven defense sectors that have become more agile. The US needs to relook the FMS system to maximize US industry as a tool of national power. The International Stability Operations Association (ISOA) recommends four areas of improvement. The second, and third, will have a deeper discussion in Attachment A.

1. Inadequate Human Resources:

- a. The inherent interagency nature of Security Cooperation/Security Assistance (SC/SA) program execution results in various “bottlenecks”, many of which are due to understaffed offices and antiquated limitations.
 - i. Example: Despite the substantial growth in FMS and other SC programs, Section 515(a) of the Foreign Assistance Act (FAA) of 1961, as amended (22 U.S.C. §2321i) limits the number of uniformed personnel managing SC programs in-country (Security Cooperation Officers (SCO)) to six unless an increase is explicitly approved by Congress.
 - ii. Example: The Third-Party Transfer (TPT) team in the Department of State’s Office of Regional Security and Arms Transfer (RSAT) which is responsible for managing and approving billions of dollars in transfers of U.S. origin defense articles all over the world is staffed by fewer than 10 personnel. These TPT approvals are critical for not only the resale of U.S. origin defense articles between allies, but also repair, maintenance, and demilitarization. There is a noticeable manpower shortage in positions where case implementation is significantly impacted: DSCA country desk officers (CDOs) and Offices of Defense/Security Cooperation located at US Embassies.
- b. Combatant Command (COCOM) Manning documents for SCOs are outdated. Some of the positions are not job skill coded correctly along with unfilled positions. In the case of US European Command (EUCOM), Joint Manning Review Boards are historically slow



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and then defer to costly and lengthy manpower studies. Africa Command (AFRICOM) is traditionally understaffed as it is recognized as an “Economy of Force Mission.”

- c. Service Prioritization of Foreign Area Officer (FAO) positions. The Army is the lead service regarding numbers of FAOs. FAOs have a dedicated training pipeline and a career path. However, the Navy and Air Force continue to struggle with the role of FAOs in their respective Departments and assigning them to critical need locations without sacrificing critical combat missions and traditional role manning levels.
 - d. **Solution:** Department of State Program Offices, Defense Security Cooperation Agency (DSCA) and COCOMs provide a list of SC/SA preferred manning levels within 6 months. Funding should be allocated towards the allocation of the human resources to alleviate this friction point. Many positions could be funded by a small increase in FMS surcharge fees.
2. Training and Education: The NDAA 2017 initiated the professionalization and certification of the DSCA workforce. This initiative is led by the DSCA Defense Security Cooperation University (DSCU) in coordination with the Implementing Agencies (IAs). The formal certification process is limited to US government employees. Foreign partners and U.S. industry do have access to some courses, but there is currently no standardized program or certification process for the non-DoD workforce.
 - a. There is a significant lack of understanding about FMS among US and foreign industry, and US and foreign government agencies not directly involved in the security cooperation enterprise.
 - b. These groups do not have access to a standardized process to mitigate their country’s unique challenges.
 - c. **Solution:** See Attachment A for a deeper discussion and recommendation.
 3. Industry Synchronization Office: To date, there is no single point of contact for a company to understand opportunities within a region. Trade offices located at US Embassies provide some country specific resources but will only handle Direct Commercial Sales (DCS) and defer conversations about FMS to the SCO.
 - a. **Solution:** Direct the creation of a Industry Synchronization Office at each COCOM. See Attachment B.



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4. Authorities:

- a. There is no clear ownership of the Foreign Military Sales process. There are friction points and accountability discrepancies from case implementation on the ground back to Departments of State and Defense.
- b. Example: There is potentially a prioritization challenge in the future with high tech platforms such as the F-35. Several countries have placed orders through the FMS process along with US demand signals. Production is limited and classification of technology could hinder delivery timelines. This begs the question, “Who gets what when?” And, who is in charge the process?
- c. **Solution:** Stand up a Foreign Military Sales lead who is independent from Department of State and Defense and reports to the National Security Council. The office should be tasked with streamlining the process and making recommendations for the next NDAA. The office should be composed with stakeholders to include industry representatives.

For more information, please contact Michael McCullough (A Harold and Associates).

Michael S. McCullough (Colonel, Ret.)
Director, Foreign Military Sales Division
A. Harold and Associates, LLC
(228) 596-5383
mmcullough@aha-llc.com

Attachments:

- A: FMS Training and Education
- B: COCOM Industry Synchronization Office