
Defense Security Cooperation Agency: Foreign Military Sales Reach \$36.4 Billion in 2008

This Year's Totals Expected to Exceed Past Trends

By

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The Defense Security Cooperation Agency (DSCA) sold more than \$36.4 billion in weapons systems and related services to friends, partners, and allies around the world making fiscal year 2008 a record-breaking year for U.S. Foreign Military Sales (FMS).

According to Vice Admiral Jeffrey Wieringa, DSCA Director, if the current trend is any indication, fiscal year 2009 sales could total as much as \$40 billion.

Wieringa is charged with leading, directing, and managing security cooperation programs to support national security objectives for the Department of Defense. Like all of the agency's programs, FMS helps nurture relationships, build allied and partner capacities for self-defense, and promote peacetime and contingency access for U.S. forces.

The FMS process is a deliberate system that involves numerous players throughout the U.S. Government, industry, and foreign partners.

Partner countries request defense articles or services by submitting a Letter of Request (LOR). The LOR is validated by numerous organizations— [geographic] combatant command, military services/defense agencies, the U.S. Embassies, and Political Military Bureaus at the State Department and DSCA.

The military services and defense agencies work with industry and partner nations to fully define and refine the requirements. They provide pricing and availability data.

Sometimes, policy or statute requires the involvement of the Under Secretary of Defense for Policy; the Under Secretary of Defense for Acquisition, Technology and Logistics (AT&L), or Comptroller; and the intelligence community.

Once all requirements are validated, depending on the value of the sale, a Congressional notification 36(b) is submitted to Congress if the proposed sale exceeds notification thresholds. Once a Letter of Offer and Acceptance (LOA) is prepared, a contract is signed, the articles are delivered, the services are performed, and the purchaser is billed.

When I took charge of the Agency, my charter was to streamline the support to both Iraq and Afghanistan and to improve DSCA's business processes, says Wieringa. Today, we have managed to get the Iraqis trained on the FMS process, provide FMS expertise to folks on the ground, and speed up the delivery process.

There was a lot of unfair controversy surrounding Iraq and FMS a few years ago, explains Lieutenant Colonel Joseph Lontos, Iraq Country Program Director.

In the early phases of the Iraq train and equip initiative, most of the equipment they were receiving was not through the FMS program. In fact, of all the equipment procured by the United States and the Government of Iraq (GoI) over the last five years, only 30 percent came through FMS. The rest is purchased through Direct Commercial Sales (DCS)."

The Iraq FMS program is about \$7.3 billion according to Lontos. Last year DSCA delivered about \$2.8 billion in FMS.

The Iraq and Afghanistan programs have clearly demonstrated that FMS can be operationalized and that Security Cooperation can and does meet the flexible and responsive demands of contingency and stability and reconstruction requirements, says Lontos.

While requests should go from LOR to LOA in no more than 120 days, DSCA's Iraq team has managed to get it down to about 33 days. Lontos says this was not a one-person operation.

By increasing the size of the Multi-National Security Transition Command-Iraq (MNSTC-I) security assistance office and providing the right personnel with the necessary skill sets, we were able to help create an effective and efficient operation there that will allow us to transition from a Train and Equip to a Security Cooperation (SC) engagement model, he says.

There were a number of initiatives that were key to strengthening the SC capacity in Iraq, according to Lontos.

We redoubled our efforts to provide training to both U.S. and Iraqi personnel. We deployed five mobile training teams to Iraq, training a total of 119 Iraqis and 61 U.S. personnel on the intricacies of the system, he says.

FMS procurements are integrated into the DOD acquisition process to coordinate DOD and partner requirements.

FMS does not begin or end with Iraq and Afghanistan. About 206 countries are interested in purchasing defense articles and services from the U.S. Government. Some countries prefer to directly negotiate with U.S. industry through DCS, while others prefer the "Total Package Approach (TPA)" through FMS.

Anne Smoot, India Country Program Director, says, Many countries understand the differences between DCS and FMS but prefer FMS because it offers a total package approach.

Under FMS, there are advantages for U.S. companies; specifically, releasability determinations are handled by the government. In cases involving the transfer of sensitive technology, the U.S. Government may restrict the release of the item through FMS only so that we can maintain oversight. In these cases, the only option for receiving the item is through a government-to-government transaction.

Smoot says, We do not compete with industry. Countries come directly to the DSCA for the TPA because of the U.S. military support and expertise provided through an FMS purchase.

Our goal is to assist and strengthen our partners to support our foreign policy objectives by focusing on long-term strategic relationships, says Wieringa. We will continue to re-engineer and transform FMS as well as other security cooperation programs to be more responsive to DOD objectives and each country's requirements.