OPENING STATEMENT TO THE SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS OF THE HOUSE ARMED SERVICES COMMITTEE

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Thank you Chairwoman Hartzler, Ranking Member Speier, Members of the subcommittee for the opportunity to discuss the Department of Defense's ongoing technology security and foreign disclosure process improvements. I specifically state "ongoing" because we in the technology security and foreign disclosure, or as we refer to it "TSFD", community, have found it to be an evolutionary process. As technologies, policies, and partners change, so must our technology security and foreign disclosure considerations to ensure our warfighters retain the edge we have promised them and they so much deserve.

Since 2011, when the Deputy Secretary directed TSFD process improvements in order to "streamline and harmonize" the various TSFD processes, significant improvement has been realized in TSFD considerations for both FMS and DCS considerations. I would like to highlight a few of these improvements. But before I do, let me make one important observation. Each year, the Department of Defense makes approximately 80,000 plus technology security and foreign disclosure decisions, most of which are in support of foreign military sales, direct commercial sales and/or international armaments cooperation. The vast majority of these decisions are made routinely in a timely, efficient and transparent fashion. That said, we do recognize no system that must attempt to stay abreast in an ever changing world can be perfect and that there is always room for improvement.

Much of the improvements made since 2011 can be attributed directly to the OUSD Policy and AT&L co-chaired Arms Transfer and Technology Release Senior Steering Group, or "ATTR SSG". In essence, the monthly ATTR SSG meetings, consisting of Senior Executive (SES), General Officer and Flag Officer-level members from 16 DoD organizations as well as two SES observers from the Department of State, have fostered a culture of comity, transparency, examination and improvement to guide and direct TSFD processes in support of U.S. policy and national security objectives. At each meeting, we discuss priority issues associated with the arms transfer process. One of the key ATTR SSG roles is to ensure cross talk between the various technology security and foreign disclosure process owners and senior policy makers from OSD Policy, AT&L, the Joint Staff, the military departments, members of the intelligence community, and the Department of State. These discussions involve specific transactions, country-specific

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issues, regional considerations, as well as process improvements. Key ATTR SSG accomplishments and objectives include:

- Developing anticipatory technology security and foreign disclosure polices, vice being solely reactive;
- Overseeing urgent priority technology security and foreign disclosure reviews, for high-profile/urgent cases ;
- Establishing interagency working groups (WG) which include representatives from Defense, State and Commerce as well as participants from industry.

We recognize that in some complex export transactions, if we wait for a formal Letter of Request, we will be behind the power-curve in the technology security and foreign disclosure review process. As a result, for select high-demand or sensitive systems, we seek to develop anticipatory policies that address several of the technology security and foreign disclosure reviews in advance of a Letter of Request or export license submission. This allows us to respond quicker to a Letter Of Request by identifying challenges early in the process. In addition, we are able to avoid false impressions when the answer is "no" and in some cases address challenges early enough in order to get to a "yes" decision.

Although it is impractical to implement for all 80,000 plus technology security and foreign disclosure reviews done each year, for high priority or urgent export cases, we have created a data base that enables us to track cases as they move through the technology security and foreign disclosure processes. These cases can be tracked real-time by ATTR SSG members and are published to support our monthly ATTR SSG meetings. This new procedure allows greater insight into and oversight of the technology security and foreign disclosure review process and enables us to take immediate action if the transaction release review is not moving as expeditiously as needed to support our national security interests.

Lastly, the ATTR SSG has chartered several interagency working groups to provide a synchronized whole-of-government "win team." These working groups have included Defense, State and Commerce representatives as well as participants from industry. They have addressed everything from technology security and foreign disclosure reviews to synchronizing talking points of senior government officials and advocacy engagements. Because these efforts tend to be resource intensive, we cannot do this for every transaction, but the model has been highly successful for the cases we believe merit the attention.

We have also made a concerted effort to partner with industry. I would like to highlight two examples of this partnership. Last year, the ATTR SSG, in cooperation with AIA and NDIA, held an "industry day" on Facilitating Defense Cooperation. This industry day provided industry insight into the ATTR SSG and the TSFD processes. In addition, industry served on several panels so we could hear their thoughts, perspectives and issues as well. The second partnership

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area deals with anticipatory policies. One policy we are currently working on addresses Software Defined Radios. One of the first steps we took in this policy development was to solicit industries views on a software defined radio military unique capability list. After adjudicating all of industries comments, we are now working with AIA and NDIA to set up a follow-on meeting with our industry partners to solicit their views on key software defined radio capabilities and operating parameters that should be considered in the releasability reviews.

Another very important aspect of timely transfers to partners that relates to TSFD is the willingness and ability of the partner to protect our sensitive information. To better ensure we, that is both the U.S. and our partners, are prepared for robust transfers, I have created the Cooperative Technology Security Program (CTSP) at DTSA which establishes dialogue between U.S. and foreign partners to exchange ideas and confirm or assist in our partners' development of appropriate technology security measures such as legislation, policies, procedures, and infrastructure. CTSP establishes a regularized bilateral consultative process with national officials responsible for technology security or establishment of organizations dedicated to technology security. This program facilitates security cooperation by providing partners with specific areas of technology security focus that align with specific US technology security concerns. Ultimately, as countries improve their own technology security program and infrastructure; this will enhance our ability to share more sensitive technology with them.

In summary, TSFD process improvements combined with Export Control Reform, Security Cooperation Reform, DSCA's Vision 2020 initiatives, and enhanced DoD-industry engagement are better preparing us to support partner requirements through FMS, DCS and/or cooperative agreements.

Again, thank you for the opportunity to share our TSFD-related process improvements with you today. I'm standing by for any questions you may have.