

PREPARED REMARKS BY

THE HONORABLE MICHAEL P. DUFFEY
UNDER SECRETARY OF WAR FOR ACQUISITION AND SUSTAINMENT

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ON

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Introduction

Chairman Mast, Ranking Member Meeks, and Members of the Committee, thank you for the opportunity to speak with you about the Department of War's (DoW) efforts to transform the foreign defense sales and arms transfer enterprise. Several recent organizational changes and congressional and executive branch initiatives have significantly increased the role of the Under Secretary of War for Acquisition and Sustainment (USW(A&S)) in this enterprise. I take this new responsibility extremely seriously, and while this annual hearing has historically been conducted at a lower level, it is important to me that I personally convey both my commitment to the defense sales and arms transfer mission set, as well as to a strong partnership with the Committee moving forward.

The global security landscape demands that the DoW leverage international partnerships to accelerate delivery of lethal capabilities to the U.S. Warfighter, enhance the United States' deterrence posture, arm our allies and partners to accelerate greater burden-sharing, and expand the defense industrial base (DIB). Accordingly, the President has provided the Department a clear mandate: the DoW will prioritize bolstering the United States' economic, industrial, and operational needs in arms transfer decisions. OUSW(A&S) is working collaboratively with the stakeholders across the DoW, the federal government, and the private sector to transform our current processes, ensuring we encourage our foreign partners to procure American-made systems while prioritizing countries that invest in their own defense, are geographically critical to U.S. strategy, or contribute to America's economic security.

While this transformation will not occur overnight, we are rapidly making significant progress to address backlogs and supply chain bottlenecks, improve delivery timelines, and ensure the U.S. defense sector has market access on both sides of the Atlantic. These efforts will ensure our Warfighters, allies, and partners have the capabilities required to reestablish deterrence and achieve the strategic objectives set forth in the National Security Strategy (NSS) and the National Defense Strategy (NDS).

Where We Are

The Nation's defense sales remain at an all-time high, with nearly 16,000 open Foreign Military Sales (FMS) cases valued at more than \$945 billion supporting more than 180 foreign nations and international organizations, as well as \$226 billion in Direct Commercial Sales (DCS) authorizations in Fiscal Year 2025 (FY25). However, improving the effectiveness, efficiency, and transparency of the arms transfer and security cooperation enterprise is vital to maintaining U.S. dominance within the global arms market and remaining the partner of choice for our allies.

Executive Order (EO) 14268, *Reforming Defense Sales to Improve Speed and Accountability*, laid an initial foundation for transformation. Since its signature in April 2025, DoW has taken swift action to reduce regulatory and process barriers while enhancing transparency and accountability. President Trump reinstated the 2018 Conventional Arms Transfer Policy, and in collaboration with the Departments of State and Commerce, we have narrowed the scope of items only available through government-to-government transfer, thereby leveraging the efficiencies of industry and capital markets to increase opportunities for DCS. The Department has initiated policy revisions to require programs to build exportability into system design at the beginning of the acquisition life cycle, and we appreciate Congress providing substantial funding for this effort via the One Big Beautiful Bill Act.

To improve transparency and better identify bottlenecks in the defense sales process, we are executing an essential plan to modernize FMS and DCS information technology systems and improving our ability to collect end-to-end arms transfer process performance metrics. This effort includes integrating DoW acquisition, industrial base, technology protection, and FMS and DCS case data to enhance forecasting of global demand against available capacity in order to meet the breadth of U.S., allied, and partner requirements.

In February 2026, the President reinforced the trajectory of our arms transfers and defense sales through Executive Order 14383, *Establishing an America First Arms Transfer Strategy*. With a primary focus on harnessing arms transfers to reindustrialize America, DoW is leaning forward to better leverage defense sales to: (1) build production capacity for capabilities that are most operationally relevant for the execution of the NSS and NDS; (2) support domestic reindustrialization and improve the resilience of our defense industrial base; (3) strengthen

critical supply chains; and (4) prioritize partners that have invested in their own self-defense and have a critical role or geography for executing the NSS and NDS.

The legacy partner-first approach represented a missed opportunity to expand our own manufacturing capabilities, and often resulted in production backlogs, cost overruns, and years-long delivery timelines for allies and partners as orders were mismatched to production capabilities. This landmark strategy marks a fundamental shift in the United States Government's approach to arms transfers that will benefit America, our industrial base, and our allies and partners.

To translate this strategy into action, the Department is developing a sales catalog of prioritized platforms and systems that support the goals of the America First Arms Transfer Strategy. The DoW is closely partnering with the Department of State, Department of Commerce, and industry to identify platforms and systems that meet key strategic, operational, and industrial needs and subsequently focus government advocacy and resources on their sale. Proactively broadcasting these priorities to international partners while working to align their demand with U.S. acquisition strategies will also create a more efficient arms transfer process and accelerate deliveries. Ultimately, successful implementation will empower the United States to reliably and rapidly deliver the best military equipment in the world while ensuring that the American industrial base supplies the Arsenal of Freedom for the United States and our allies and partners.

Acquisition Transformation

Rebuilding our military and reestablishing credible deterrence begins with putting DoW's acquisition enterprise on a wartime footing and dramatically accelerating the fielding of new technology and advanced capabilities. To drive urgency and achieve acceleration in alignment with EO 14265, *Modernizing Defense Acquisitions and Spurring Innovation in the Industrial Base*, which was signed in April 2025, the Department has transformed the way military requirements are developed, as well as refocused the Warfighting Acquisition System on five pillars of transformation: (1) rebuilding the Arsenal of Freedom, (2) elevating and empowering the acquisition workforce to rapidly deliver capability, (3) maximizing acquisition flexibility

through reduced regulations and process, (4) developing high performance systems through rigorous enterprise technical execution excellence, and (5) improving lifecycle risk management.

As Secretary Hegseth described when launching the “Arsenal of Freedom” in November 2025, the key tenets of this Acquisition Transformation Strategy (ATS) include expanding the industrial base, stabilizing demand signals, revolutionizing the Federal Acquisition Regulation (FAR) and Defense Federal Acquisition Regulation Supplement (DFARS), and establishing Portfolio Acquisition Executives (PAEs). By incentivizing more companies to build military equipment – and making it easier for new ones to join in – the DoW will restore innovation, accelerate production, gain negotiating leverage, more effectively manage cost and schedule, and deliver results faster. Similarly, by awarding companies bigger and longer deals, vendors in turn will be willing to invest more to grow the industrial base that supplies weapons to the U.S. warfighter and our allies and partners.

For example, in January 2026, the Department entered into landmark framework agreements with two manufacturers to significantly increase annual production of Patriot Advanced Capability-3 Missile Segment Enhancement (PAC-3 MSE) interceptors and solid rocket motors, which are vital to several critical munitions. This transformative new acquisition model delivers long-term demand certainty, incentivizing industrial investment to increase production, cut lead times, and drive supply chain efficiencies while reducing upfront government facilitation and capacity investment. Ultimately, these types of agreements will better align industrial capacity to the long-term demand required by U.S. forces, allies, and partner nations.

In response to EO 14275, *Restoring Common Sense to Federal Procurement*, also signed in April 2025, the DoW has undertaken the largest overhaul of the FAR and DFARS in 40 years to right-size the regulatory environment, slashing rules down to only what is statutorily required and removing anything that slows down the government contracting process. In Phase 1 of our overhaul, the Department issued dozens of class deviations to reduce regulations. Now in Phase 2, on February 10, I signed an open letter to the DIB asking industry for their inputs and recommendations on where DoW can further remove barriers to make it easier to do business with the Department and build the capabilities our warfighters need to succeed.

Finally, by establishing new paradigms for acquisition, the Department is pivoting from program- and platform-centric structures, processes, and strategies to deliver integrated suites of capabilities across platforms and systems. The creation of Portfolio Acquisition Executives (PAEs) empowers program leaders to have full control of a team of subject matter experts and the authority to direct program outcomes, move money, and quickly adjust system features to deliver on time and under budget.

Together, these transformational changes are essential to increase and accelerate the production of critical weapon systems to maximize our combat readiness, ensure the rapid and continuous modernization of key capabilities across all domains, and expand manufacturing capacity in our national industrial base to prepare for surge production if deterrence fails.

Importantly, the Department's ATS also recognizes the inextricable link between defense sales and capability development, production, and delivery. Especially in today's complex security environment, arms transfers and security cooperation tools, such as FMS and DCS, are critical for simultaneously strengthening the warfighting capabilities of our allies and partners to shoulder the burden of their own defense while helping invigorate the DIB to rebuild our military and reestablish deterrence. By improving the processes to arm our allies and partners with American weapons, we can enable economies of scale in our acquisition programs, unlock foreign investment, and augment fluctuations in U.S. procurements over time. It's important to note this is a two-way relationship: much of the success achieved through the execution of acquisition reform will have direct benefits to defense sales and arms transfers, as well.

Realigning the Defense Security Cooperation Agency and the Defense Technology Security Administration

Efficient delivery of defense articles and services to our allies and partners requires a collaborative approach across the acquisition and defense sales lifecycles, overseen by a single enterprise from initial planning and resource allocation through contract execution and production. In November 2025, the Secretary of War directed the realignment of the Defense Security Cooperation Agency (DSCA) and the Defense Technology Security Administration

(DTSA) from the Under Secretary of War for Policy (USW(P)) to the USW(A&S). This realignment was completed on February 6, 2026.

Establishing this clear and unambiguous line of authority under the USW(A&S) aims to optimize arms transfer efficiency and responsiveness, ensuring sales effectively balance U.S. and foreign partner demand and are both programmatically viable and strategically sound, while maintaining the credibility of our defense commitments and U.S. technological edge on the battlefield. By aligning the DoW components charged with executing FMS and DCS processes, the Warfighting Acquisition System, industrial base and sustainment activities, and technology security, we will facilitate incorporation of the full scope of foreign partner demand, particularly technology security considerations, early in the acquisition life cycle, establish realistic delivery timelines, maximize U.S. operational and industrial readiness, unlock opportunities to leverage allied and partner investments across the global defense industrial base, and strategically increase total defense sales.

Notably, recent FMS reforms have yielded significant wins. Successes include rightsizing the Government-to-Government List for technology that is only available via Foreign Military Sales transfers and adjusting our approach to the Missile Technology Control Regime (MTCR). To further enhance transparency and accountability, a Single Tracking System for FMS is currently being implemented alongside new process metrics and performance standards. Speed is being improved through new Pre-Letter of Request (LOR) process guidance, expanding the use of Pre-LOR Assessment Requests (PARs) to pull technology release forward in the FMS process, increasing collections into the Special Defense Acquisition Fund (SDAF), and reviewing the time-consuming practice of providing Pricing & Availability for partner requests that have not matured to an actionable status. Through these steps and others in development, we will create a more efficient, accountable, and responsive FMS system.

A cornerstone of FMS reform is the strategic enhancement of the security cooperation workforce, achieved through both structural reorganization and comprehensive training. The establishment of the Defense Security Cooperation Service (DSCS) has centralized management of approximately 1,500 personnel in U.S. Military Groups, creating a more capable embassy-based workforce poised to deliver better outcomes for the U.S. and our partners. DSCA's Defense Security Cooperation University (DSCU) has improved education for the entire 19,000-

member community through its "Certification 2.0" program, which ensures all DoW security cooperation personnel will hone their skills to improve mission accomplishment. As the FMS Center of Excellence, DSCU is also launching new tailored instruction for allies in 2026 to enhance their ability to effectively use the FMS process.

Recognizing that the high cost of U.S. defense products can be a barrier, DSCA has also increased accessibility to cutting-edge U.S. defense articles by introducing competitive financing options. DSCA offers flexible payment solutions like Risk Assessed Payment Schedules, now approved for 22 countries, and Credit Assured Payment Schedules, and has expanded the use of FMF Direct Loans and Loan Guarantees, with billions of dollars already issued.

For DTSA, the transition will capitalize on efforts that EO 14268 spurred to create a more accountable and transparent foreign defense sales system. These reforms have included improving the information technology systems used to process DCS cases, as well as reestablishing a senior-level review board to resolve cases that may be “entangled” in the system – and directing that “stuck” cases be escalated, if necessary, to the Deputy Secretary of War. DTSA and the broader community of technology release/foreign disclosure (TR/FD) stakeholders continue to assess ways to streamline processes without compromising our technological advantages through continued implementation of relevant EOs and the requirements outlined in Section 1086 of the Fiscal Year 2026 National Defense Authorization Act (FY26 NDAA). To date, DTSA has streamlined the review of low observable/counter-low observable (LO/CLO)-related license requests and established a closer working relationship between LO/CLO and the National Disclosure Policy Committee (NDPC).

Establishing the Assistant Secretary of War for International Armaments Cooperation

To spearhead this transformation, and in accordance with the FY26 NDAA, the Department is establishing a new Assistant Secretary of War for International Armaments Cooperation (ASW(IAC)). This is a significant organizational reform designed to elevate and streamline our armaments cooperation with allies and partners by maintaining broad responsibility for integrating the Department’s efforts to reform defense sales, strengthening

international industrial collaboration, and ensuring that our industrial base can meet the requirements of both the U.S. Warfighter, as well as those of our allies and partners.

In practice, the new Assistant Secretary will be empowered to orchestrate and synchronize the Department's efforts across this entire enterprise. This means actively seeking foreign investment to shore up our domestic production; pursuing cooperative development, production, and sustainment to make our combined forces more lethal and survivable; and empowering our allies to take on greater responsibility for their own defense—all of which strengthens American industry and security.

The Department is in the final stages of establishing this new office and we appreciate Congress' recognition of the importance and increasing scope of the international armaments cooperation mission set.

Conclusion

The United States develops and manufactures the most lethal weapon systems in the world, and thanks to President Trump's leadership, allies and partners are significantly increasing their spending on core defense and broader security capabilities. The Department of War, in partnership with colleagues across the interagency, is taking decisive action to improve the defense sales and arms transfer enterprise. By taking a more strategic, proactive America First approach, we are driving revitalization of the defense industrial base, facilitating delivery of warfighting capability at the speed of relevance, and protecting the American Warfighter's technological edge. Coupled with aggressive identification and elimination of unnecessary regulatory barriers, we remain committed to expanding our capacity to produce the world's most advanced and effective weapons systems for our Warfighters, allies, and partners.

I want to thank the Committee for your continued support of these critical efforts. The DoW has heard your concerns regarding the ability of the defense sales and arms transfer enterprise to deliver, and I remain committed to working together to address them as quickly as possible. The transformation we are undertaking is a direct result of this collaborative spirit, and we look forward to continued partnership in strengthening our nation's security.