

Trump Issues Executive Order Aimed at Reforming U.S. Foreign Defense Sales System

April 11, 2025

WHAT: The Trump Administration released an Executive Order (EO) seeking to reform the U.S. systems for selling and transferring defense articles to ally and partner nations. The EO lists five policy objectives: (1) improving the efficiency and transparency of the U.S. foreign defense sales system; (2) consolidating parallel decision-making in foreign military sale and transfer cases; (3) reducing the rules and regulations involved in foreign defense system sales and transfers; (4) increasing collaboration with industry to achieve cost and schedule efficiencies in case execution; and (5) advancing the United States' global competitive position, invigorating the U.S. defense industrial base, and lowering unit costs for the U.S and its allies and partners.

WHEN: The EO was issued on April 9, 2025, and requires the Secretary of State and Secretary of Defense to take various actions within 120 days to implement the EO.

First, the EO requires the Secretary of State and Secretary of Defense to take three actions promptly: (1) implementing President Trump's 2018 National Security Presidential Memorandum 10 on conventional arms transfer (CAT) policy, or any successor policy directive; (2) reevaluating the restrictions imposed on the transfer of Category I items by the Missile Technology Control Regime and considering supplying certain partner nations with specific Category I items; and (3) submitting a joint letter to Congress proposing an update to congressional notification thresholds for proposed sales under the Direct Commercial Sales (DCS) and Foreign Military Sales (FMS) programs. The EO also requires the Secretary of State to work with Congress to review the congressional notification processes to ensure timely adjudication of notified DCS and FMS cases.

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Second, within 60 days of the EO, the Secretary of State must develop a list of priority partners for CAT and issue updated guidance regarding the list, and the Secretary of Defense must develop a list of priority end-items for potential transfer to priority partners. The priority partner and end-items lists are to be reissued annually. The EO also requires the Secretary of State and Secretary of Defense to update the FMS-Only and United States Munitions Lists to focus solely on the United States' most sensitive and sophisticated technologies.

Third, within 90 days of the EO, the Secretary of State and Secretary of Defense must submit a plan to the Assistant to the President for National Security Affairs (APNSA) for improving process transparency by developing accountability metrics, securing exportability as an early requirement of the process, and consolidating technology and foreign disclosure approvals.

Finally, within 120 days of the EO, the Secretary of Defense must submit a plan to APNSA to develop an electronic tracking system for all DCS and FMS cases.

WHAT IT MEANS FOR INDUSTRY: Through this EO, the Trump Administration is largely continuing the federal government's efforts to establish an efficient and transparent system for selling and transferring defense articles. (Our alerts discussing industry reports to the Department of Defense (DoD) and Department of State (DoS) regarding the FMS process can be found [here](#) and [here](#), an alert reviewing DoD's list of recommendations to strengthen the FMS process can be read [here](#), and our alert regarding the House Foreign Affairs Committee's report identifying issues and recommending solutions to the FMS process can be found [here](#).) Although the EO primarily continues efforts to overhaul the process for transferring defense articles to foreign nations, it should be noted that the EO's requirement for implementation of NSM-10 relates to President Trump's rescission of President Biden's CAT Policy outlined in NSM-18. Thus, contractors should refamiliarize themselves with NSM-10 and keep an eye out for the lists of priority partners and end-items, as well as potential changes to the restrictions on supplying Category I items.

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