April 2025

Expert Insights
PERSPECTIVE ON A TIMELY POLICY ISSUE

AIDAN WINN, CAITLIN MCCULLOCH, JENNIFER D. P. MORONEY, STEPHANIE PEZARD, DAVID E. THALER, BETH GRILL, KRYSTYNA MARCINEK, LAUREN KELLY

U.S. Options for Identifying Third-Party Suppliers to Meet Ally and Partner Capability Needs

Security cooperation is an important feature of the integrated deterrence strategy outlined in the 2018 and 2022 National Defense Strategies.[1] A key element of U.S. security cooperation involves the transfer of arms to international partners, which serves both foreign policy and security objectives. Equipping allies and partners with appropriate defense capabilities enables the United States to ensure that partners can respond to regional security threats, retain balances of power that are favorable to U.S. interests, and maintain combat-credible capabilities that deter adversary aggression.

The United States has long sought to remain the "partner of choice" when countries seek to import arms to address the defense requirements that they cannot fulfill with their own domestic defense industries.[2] Being the partner of choice has significant strategic and economic benefits. This role helps the United States maintain competitive advantages over adversaries, provides an avenue to promote norms and values, and strengthens the U.S. economy. The security cooperation relationships between the United States and its partners are often strengthened and institu-

Abbreviations

AUKUS	Australia, the United Kingdom, and United States
DIB	defense industrial base
DoD	U.S. Department of Defense
FMS	Foreign Military Sales
HIMARS	High Mobility Artillery Rocket System
MMIPV	multi-mission inshore patrol vessel
NATO	North Atlantic Treaty Organization
PULS	Precise and Universal Launch System
RDP	Reciprocal Defense Procurement
SoSA	security of supply arrangement
SIPRI	Stockholm International Peace Research Institute
UAV	uncrewed aerial vehicle

tionalized through partner decisions to acquire and sustain U.S.-supplied capabilities. These relationships provide an important avenue for U.S. influence and can facilitate input into ally and partner decisions. Such relationships also create opportunities to discuss perceptions of the threat environment and identify U.S. partners' capability gaps.

There are many reasons U.S. defense exports are core elements of foreign policy and security cooperation. However, the strategic environment has undergone significant shifts that are making ally and partner defense capabilities more crucial in the pursuit of U.S. strategic objectives. The 2022 National Defense Strategy focuses on the concept of integrated deterrence, in which allies' and partners' capabilities are inextricably linked with the ability of the United States to deter aggression and uphold a rule-based international order. More than ever, the United States is concerned that allies and partners have the required combat-credible capabilities to deter aggression, defend sovereign territory, and contribute to combined operations. Although U.S. transfers of defense capabilities has traditionally been motivated by primarily economic and foreign policy goals, a heightened operational imperative created by adversary aggression in multiple theaters is emerging.

A Changing Landscape for International Defense Markets

Along with these strategic shifts, the nature of the global defense market is changing. The evolving landscape includes emerging suppliers,[3] rapid technological change, increased integration of commercial components in defense products, significant integration across international defense industrial bases (DIBs),[4] and the increasingly multinational character of defense companies, in which many foreign firms have hubs and subsidiaries that are based in the United States, create U.S. jobs, and directly benefit the U.S. economy.[5]

The emerging landscape of the global defense market is also characterized by a growing desire among many countries to increase their strategic autonomy by investing in their domestic defense capabilities to become more self-reliant through transfers of technology to support defense indigenization[6] and the development of what some countries refer to as *sovereign capabilities*.[7] Sovereign capabilities are capabilities that governments have deemed to be both operationally critical for defense objectives and strategically important to control domestically, through indigenous skills, technology, intellectual property for development, and production.[8] Many regional powers are seeking to become less vulnerable to international partners'

arms transfer policies, conditions, and delivery timelines. By doing so, regional powers also aspire to reap the economic benefits of a stronger domestic DIB. This has become apparent in the prominence of DIB-related offset requirements in international arms purchase agreements.[9] In many cases, foreign governments contractually require supplier defense companies to invest directly or indirectly in their economies as a means of offsetting the trade imbalances or the loss of jobs associated with the foreign purchase.[10]

RAND research has shown that Russia's invasion of Ukraine spotlighted the limitations of the U.S. DIB to absorb abrupt spikes in global demand and highlighted the critical importance of mobilizing collective capabilities to ensure that U.S. allies are prepared to confront aggression in large-scale conflicts.[11] In recent process improvement efforts, DoD's Foreign Military Sales (FMS) Tiger Team acknowledged a series of "pressure points" in its comprehensive review.[12] The Tiger Team also committed to reduce production timelines through incorporating ally and partner requirements into ongoing efforts to expand DIB production capacity, including a focus on high-demand, low-supply platforms, systems, and services. These are important steps to enable FMS to become more anticipatory and more responsive to international requirements. The U.S. defense industry remains the global leader in arms sales by a huge margin and undoubtedly offers the most-advanced defense equipment in the world. Yet the forces shaping change in the international defense market result in times when the United States simply cannot provide an appropriate solution for international partners on an acceptable timeline or cannot offer the best product to suit a partner's specific needs. As solutions designed specifically for the U.S. military become increasingly exquisite (i.e., costly and tailored), the process of releasing these high-tech solutions to enable export to partners has become more complex. Sometimes, other countries (i.e., third parties) will be better positioned to meet the demands of U.S. partners.

Advocating for third-party suppliers might seem controversial to some critics. How would third-party suppliers affect the U.S. DIB, and particularly, how would third-party suppliers disadvantage U.S. manufacturers and affect U.S. jobs? These are legitimate concerns and deserve robust discussion. But as changes in the global defense marketplace increase defense capability options and as the threat environment contributes to more-aggressive modernization among U.S. allies and partners, the United States will not always be able to supply the capabilities that U.S. partners require. By acknowledging this reality as a feature of the current strategic environment, the United States can become better positioned to remain the partner of choice in many broader respects.

Changes in the international defense marketplace have increased the connectedness of U.S. and foreign defense industries. Many non–U.S.-headquartered companies play major roles in the U.S. DIB through their U.S. subsidiaries, and many U.S. companies have licensed production of foreign systems or act as key suppliers to foreign companies. So when governments consider their options to acquire defense capabilities, they are not necessarily making a binary choice between a U.S. and a non-U.S. supplier. The selection of a non-U.S. system by a U.S. partner can still accrue significant benefits to U.S. industry when U.S. components are integrated. Poland's purchase of the FA-50 from Korea Aerospace Industries is an example. The FA-50 includes Lockheed Martin's advanced targeting pod.

The selection of this platform also enabled Poland to divest from Soviet-designed MiG-29 and Su-22 aircraft.[13]

Regarding contexts for which partners' needs require a non-U.S. solution, we believe that U.S. policymakers can still play an important role in advising and supporting partners in navigating these decisions. Doing so will help them make investments that are consistent with long-term U.S. strategic interests. But in an increasingly crowded landscape of suppliers, it is not always immediately clear which partner offers the best alternative to a U.S. solution. A framework for analyzing these decisionmaking processes can help U.S. decisionmakers navigate the landscape of third-party suppliers more strategically and provide guidance to allies and partners in need of alternative suppliers.

Factors in Defense Acquisition Decisionmaking

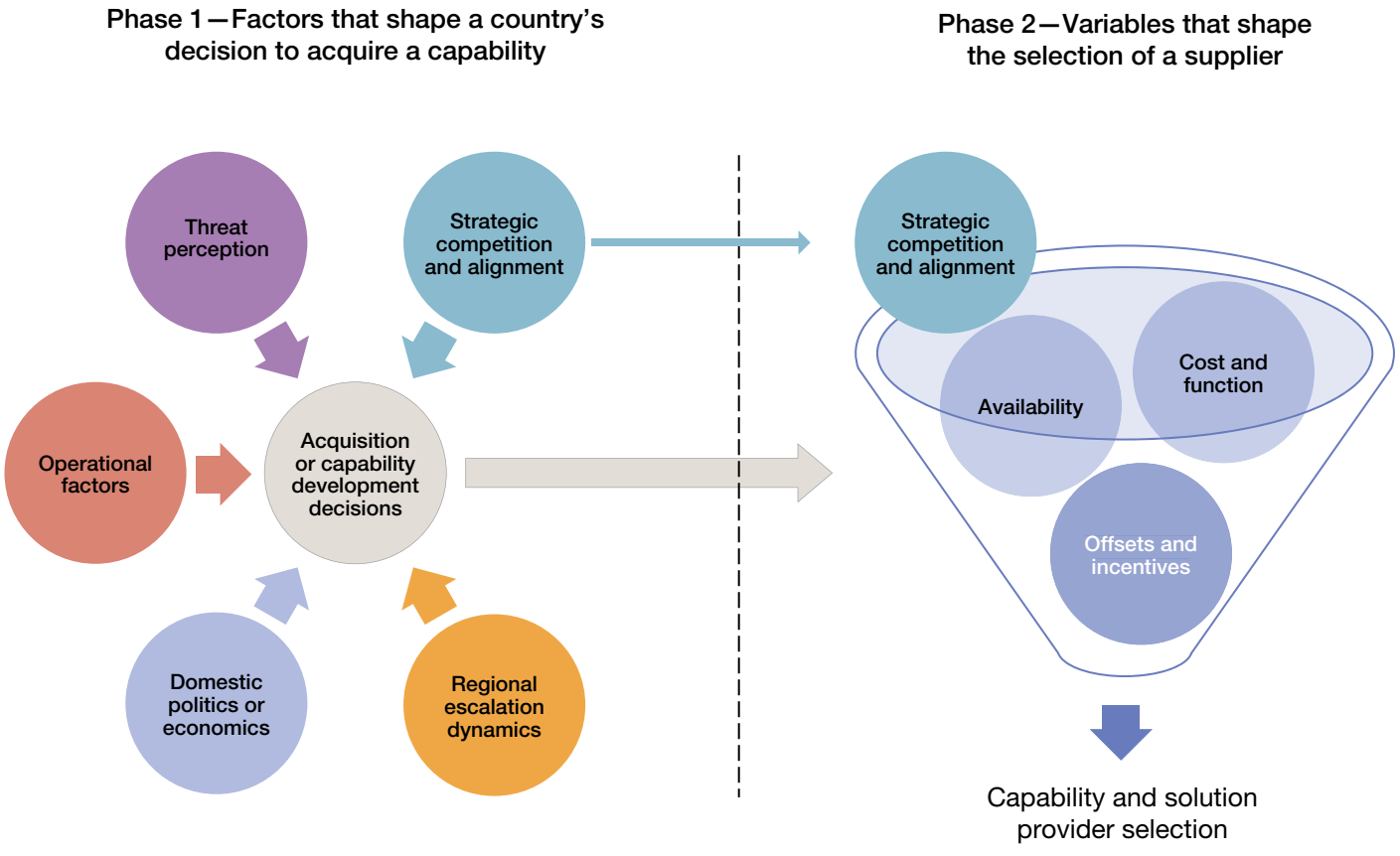
Several circumstances and factors influence allies' and partners' defense procurement decisions. The relative weight of each of factor will vary significantly in different contexts. We view the decisionmaking process as being shaped by factors operating in two distinct, usually sequential but at times simultaneous, and closely related phases. Some factors directly shape the decision to acquire military capability. These factors include assessments about threats, pressures generated by regional arms races, the need to modernize and address operational requirements, domestic economic and political aspects, and broader strategic calculations and alignment of objectives.

The key determinants of a purchasing state's threat perception are the extent to which that state believes that aggressive intentions exist, the proximity of the perceived threats, and how vulnerable the state feels to the pressure of the aggressive signals. By having heightened threat perceptions, states will likely perceive more urgency in the purchase of military capabilities and desire faster delivery. Capability acquisition decisions are also heavily shaped by regional dynamics. Decisions to acquire new weapons are often a balancing act for purchasing states, between deterrence and provocation and between vulnerability and escalation. Every state has internal or external capability gaps, and the signals that filling those gaps would send to nearby states require a careful balance. Geopolitical influence can also play a large role in influencing states to seek capabilities or encouraging states to divest from certain acquisition partners. Such efforts can indicate a desire to increase or decrease external ties, avoid entanglement via autonomy, and balance alignment among multiple partners. Rational considerations regarding operational needs also drive much capability purchasing. Clear gaps in capabilities, a growing need to project power, and a desire to improve technical interoperability or meet capabilities required for collective security agreements all play a role. Political and economic domestic considerations, including such factors as public opinion and domestic defense industrial objectives, also have generally significant effects on acquisition decisions. Figure 1 illustrates how we envision the two phases of decisionmaking. Phase 1 factors shape a country's decision to acquire a capability, and phase 2 factors are the variables that shape a selection of a supplier and specific defense solution.

When shaping a country's selection of a specific weapon system, phase 2 factors include such considerations as cost and function, the timeline for availability, offsets, and other incentives. These phase 2 factors help a country

FIGURE 1

Two-Phase Model of Defense Acquisition Decisionmaking



narrow its selection from a variety of available systems and drive decisions regarding trade-offs, some of which might be influenced by phase 1 factors. The two phases could overlap, and we acknowledge that factors that we conceptualize as existing *primarily* in one phase might carry over into another. But the two phases help isolate the factors that shape the "whether to acquire" question from the "how to acquire" question and helps highlight areas in which the United States could exert influence.

A U.S. solution might not always be the best way to address a partner's capability gap.

Why Might a Partner Seek a Non-U.S. Solution?

The phase 2 factors that we have identified as shaping the selection of a supplier help explore why U.S. partners might seek out non-U.S. solutions to meet their defense capability needs.

Cost and Function

Every partner faces unique circumstances when determining what cost is appropriate for the defense investment being made. This decision might reflect broader domestic economic considerations and competing modernization requirements. Many countries in Europe are playing catch-up after long periods of underinvestment in their militaries and have become especially focused on procuring capabilities that demonstrate their effectiveness in Ukraine's defensive operations against Russia.[14] In situations in which multiple defense services face simultaneous and urgent pressures to upgrade capabilities, U.S. offerings—although, perhaps, the most technologically advanced—might not be a realistic option for some partners. Decisions to invest in a specific capability are shaped by assessments of functional requirements for the anticipated operating environment in the context of cost. Even though the DoD FMS enterprise continues to work toward adapting to meet the technological needs of allies' and partners' militaries by addressing export issues and moving beyond offering solely standard U.S. programs of record, the U.S. DIB exists, first and foremost, to support the U.S. warfighter. Because of this overarching goal, many U.S. offerings remain too highly sophisticated or exquisite (i.e., costly and tailored) for certain partners. Thus, a U.S. solution might not always be the best way to address a partner's capability gap.

A weapon's performance in combat can demonstrate its effectiveness and highlight the functional attributes for other buyers that face similar threats, operational challenges, or budgetary pressures. The Turkish Bayraktar TB2, a commercially derived, highly exportable, low-cost, armed uncrewed aerial vehicle (UAV), is an example of a product for which the United States does not currently offer a comparable alternative. The Bayraktar TB2 conducts intelligence, surveillance, and reconnaissance and armed attack missions. The 2020 conflict between Azerbaijan and Armenia over the enclave of Nagorno-Karabakh showcased the capabilities and the versatility of the Bayraktar TB2 for a global audience and made a definitive contribution to several early Ukrainian military successes.[15] Bayraktar TB2s' ability to provide identification and targeting data, coupled with consistent delivery of microguided munitions, make these UAVs an attractive option for countries that are unable to afford access to high-end alternatives, such as General Atomics MQ-9 Reapers, or unable to access such alternatives because of export control restrictions.[16] Although the functional

characteristics of Bayraktar TB2s are limited in comparison with high-end alternatives, for many countries, these UAVs' operational relevance in high-attrition environments makes them an option worthy of consideration.

In South Africa, the military has faced significant and longstanding austerity. A South African defense review in 2015 put the South African Navy at 24 percent underfunded for its current force structure.[17] The South African Navy had planned to purchase both inshore and offshore patrol vessels to close gaps in the protection of the country's territorial waters. In 2021, however, the South African Department of Defense noted that its investments in further inshore patrol vessels were still not sufficiently funded to meet its contractual obligations and would require reallocation of the defense budget; as a result, the contract for offshore patrol vessels was canceled.[18] South Africa awarded contracts for the construction of three multi-mission inshore patrol vessels (MMIPVs) to Dutch Damen Shipyards.[19] Although these vessels were likely not the cheapest option, cost was clearly a significant factor here: These MMIPVs were larger and could serve some of the roles that the canceled contract of offshore patrol vessels would have fulfilled, creating savings. Thus, even though the cost of the capability itself was not cheaper than other inshore patrol vessels, the capability was a cheaper option given the dual function achieved through a single purchase. This example highlights that, even in cases in which a purchaser buys a capability that is seemingly not the lowest possible bid, cost and budgetary concerns can be a driving and considerable factor in the ultimate choice of capability.

We discuss interoperability later in the context of considerations to narrow the pool of third-party suppliers, but it is important to acknowledge that interoperability constitutes a key element of partner decisionmaking in the context of function. When partners make a choice, they often prioritize interoperability but also might, at times, make assumptions about compatibility that prove not be true, and a wide variety of factors can influence technical dimensions of interoperability. For example, although NATO standardization is intended to facilitate interoperability across its members, differing types of modernization and recapitalization lead to technological disparities.[20] In 2015, there were at least 13 systems for battle tracking in NATO, some of which had different technical standards than the others.[21] To achieve the fullest extent of interoperability, interchangeability—or fungibility—might require a greater investment up-front to allow more flexibility in use in the long run.[22]

Availability

Obstacles to availability can stem from various factors: Defense production backlogs and export policy restrictions can serve to put U.S. solutions out of reach for partners. When a state perceives an urgent threat, sensitivity to the timeline for delivery of a defense capability is likely to be heightened. Proximity to armed aggression requires states to closely consider the sufficiency of their own military capabilities and could motivate efforts to address gaps with investments that were previously deferred.

Industrial Capacity Shape Timelines for Availability

RAND research has shown that the timeline for the availability of a capability is a significant consideration in selecting a supplier, and when a partner is likely to face long delays for delivery, alternatives to U.S. capabili-

ties are considered.[23] In the wake of Russia's invasion of Ukraine, there was a surge in demand for the U.S. M142 High Mobility Artillery Rocket System (HIMARS), but as demand spiked, wait times increased.[24] When the Dutch government decided to invest in a new rocket artillery system to enhance its military's long-range strike capabilities, it compared the U.S. HIMARS with the Israeli Precise and Universal Launch System (PULS). Both were assessed to be appropriate to meet its needs, but ultimately, the Netherlands went with the Israeli PULS rather than the U.S. HIMARS. Although the decision was made for a variety of reasons, one significant factor was the timeline for availability.[25] As of December 2023, average wait times for HIMARS delivery ranged from three to four years from the time of purchase.[26] When Poland decided it was time to upgrade its fighters, instead of purchasing F-16s from the United States, it opted for South Korea's FA-50.[27] The first batch of 12 aircraft, delivered in a little more than one year after signing the contract (and the first aircraft being delivered in eight months), was initially intended for the South Korean Air Force, but Seoul responded to the urgent request of Polish partners facing the war in Ukraine.[28] Neither new F-16s nor F-35s—already operated or ordered by the Polish Air Force—would have been available on such short notice. As of January 2024, there was a production backlog of 135 F-16s, which would soon increase to 146 aircraft.[29]

Policies Restrict Availability

In other cases, U.S. policy precludes the possibility of being the partner of choice because of technology security considerations, human rights concerns, or other intervening policy imperatives. The United States restricts the export of items whose transfer it deems threatening to national security, foreign policy objectives, or vital economic interests. Specifically, these regulatory export controls are designed to prevent the proliferation of weapons of mass destruction and destabilizing accumulations of conventional weapons and dual-use technologies.[30] At times, export controls have been targeted to respond to the behavior of specific adversary states, such as the export controls applied to Russia's defense sectors in response to its invasion of Ukraine and those placed on the sale of advanced semiconductors with military capabilities to the People's Republic of China. However, many export control policies are broader. The Missile Technology Control Regime prevented the export of uncrewed aerial systems to even very close U.S. allies until the policy was revised in 2019.[31] In some cases, concerns about exports have been driven by political and legal concerns, as in the case of Egypt, to which the United States has limited sales because of the Egyptian government's poor human rights record. The United States suspended military aid from 2013 to 2015 in response to Egyptian President Abdel Fattah al-Sisi's human rights record, but France and other European countries continued their cooperation.[32] Similar pauses have been applied in sales to Saudi Arabia.[33]

Offsets and Incentives

Offsets and other incentives can serve important roles in motivating purchaser decisions in selecting suppliers. *Offset* refers to a contractual obligation imposed by a foreign government or company as a condition of purchase that require some form of compensation to the purchaser. Examples of defense offsets include coproduction, licensed production, subcontractor production, technology transfer,

training, and foreign investment. These requirements are increasingly commonplace in international defense sales.[34] For countries that are eager to develop their own indigenous capabilities and DIBs, reinvestment in domestic vendors, workers, and capabilities can be a significant incentive and serve as a differentiating factor among competing offers. Turkey's industrial participation and offset policies have been a cornerstone of its national strategy to develop an indigenous defense industry.[35] Through stringent requirements for direct Turkish industrial participation in exchange for major defense procurements, Turkey has moved from exclusively foreign procurement to increasing levels of indigenous production and design to what it now refers to as *complete localization*.[36]

Research has shown that in some purchasing decisions, offset packages might be weighted almost as heavily as cost considerations.[37] The Thai Air Force selected the Swedish Saab Gripen E/F as its choice for its next fighter jet rather than the F-16 Block 70/72 from Saab's competitor Lockheed Martin. A major factor in the decision was reportedly the extent of industrial offsets offered in the package, which Thailand sought to create opportunities for the development of its own domestic defense industry.[38] In the case of South Africa, Damen Shipyards had established a satellite shipyard in South Africa, noting that it was "delighted to have incorporated local suppliers and personnel for the building of the vessels" and that in "addition to generating positive results, the MMIPV project has led to a 50% increase in employment at the yard and a 75% increase in vendor opportunities in the last three years."[39]

Offsets are not the only form of contractual incentive suppliers can offer. For example, when Japan sold the Philippines three J/FPS-3 fixed long-range radars and one mobile J/TPS-P14 radar platform, Japan offered the Philippines a significant number of other incentives.[40] Japan offered to provide the Philippine Air Force with three mobile radars and an undisclosed number of fixed over-the-horizon communication systems to further enhance its surveillance capability.[41] Additionally, Japan made a broad commitment to help modernize and improve the Philippine Air Force's air defense system through information-sharing, training, and joint operations. This commitment included an offer to assist the Philippine Air Force in building up its communications and electronic counter-

For countries that are eager to develop their own indigenous capabilities and DIBs, reinvestment in domestic vendors, workers, and capabilities can be a significant incentive and serve as a differentiating factor among competing offers.

Even though some purchasers demand increasingly significant offset arrangements, it is likely that the United States will, sometimes, be unable or unwilling to offer them.

measure systems.[42] Japan also promised further aid in helping the Philippines to surveil Chinese activity.[43]

In 1984, the U.S. Congress amended the Defense Production Act to require the President to submit an annual report to Congress regarding the effects of offsets on the U.S. DIB. Then, the Defense Production Act Amendments of 1992 officially prohibited the U.S. government from encouraging or committing U.S. defense contractors to enter offset arrangements for foreign government sales on grounds that such offsets were considered "economically inefficient and market distorting."[44] However, it is broadly recognized that offsets constitute a significant consideration affecting defense trade and competition. U.S. law reflects this consideration by trying to minimize the adverse effects of offsets on the U.S. economy without undermining the competitiveness of U.S. industry.[45] Congress's position that the "offset demands required by some purchasing countries, including some close allies of the United States, equal or exceed the value of the base contract they are intended to offset, mitigating much of the potential economic benefit of the exports" suggests that even though some purchasers demand increasingly significant offset arrangements, it is likely that the United States will, sometimes, be unable or unwilling to offer them.[46]

Strategic and Geopolitical Considerations

In addition to concerns over maintaining sovereign capability, geopolitical considerations could motivate a partner to consider a non-U.S. solution for capability development. In some cases, partners seek to rely on different suppliers to avoid the appearance of taking sides in the strategic competition between the United States, the People's Republic of China, and Russia and to carefully balance their defense acquisitions among the three countries. This approach is common among nonaligned countries in the Indo-Pacific, such as Indonesia, which seeks to limit the extent to which it relies on the United States and, thus, turns to other suppliers.[47] A desire for strategic balancing can weigh more heavily than a country's interest in acquiring the most-advanced systems. Such a desire might also override the costs of investing in a diversified set of capabilities, which is more difficult to operate and maintain.

In other cases, geopolitical considerations can lead partners to prioritize establishing security ties with regional powers. Pakistan's purchase of Bayraktar TB2 UAVs from Turkey exemplifies the significance of bilateral relations: Their defense relationship is underpinned by a variety of cultural, religious, geostrategic, and political

factors.[48] The two countries have deepened their cooperation as a result of Turkish President Recep Tayyip Erdogan's enthusiasm for consolidating ties with Muslim states across the region and goals of increasing Turkish influence in Asia.[49] Pakistan offers an important market for Turkey's ambitious goals of developing its domestic defense industry and increasing the reach of its global arms exports.

For countries in need of military assistance, geographically proximate powers can offer unique advantages compared with the United States because of their locations and abilities to leverage their regional positions to address common threats. Neighboring countries might also offer the promise of future investment. These considerations can lead countries to turn to partners in their own regions to acquire equipment and training, regardless of whether those partners offer more-advanced capabilities or a better price.

The Philippines' purchase of air surveillance radar from Japan, discussed previously in regard to the incentives, demonstrates how a country sought to work with a regional power to enhance trilateral strategic collaboration with the United States. The Philippines agreed to purchase the system, despite receiving offers for similar systems from Elta Israel Aerospace Industries and Lockheed Martin.[50] The Philippines' acquisition decision, which was notable for being Japan's first major defense export since 2014, was attributed to the Philippines' desire to work more closely with Japan to improve regional situational awareness of Chinese threats in the South China Sea.[51] Yet the sale was also hailed by Philippine and Japanese officials as a broader opportunity to open a line of situational awareness for the United States from Hokkaido in northern Japan to the southern tip of the Philippines, which would allow the United States to "plug and play" with both countries.[52] This perspective aligns with U.S. interests in establishing a robust Japan–Philippine–United States trilateral alliance to deter Chinese aggression.[53]

Choosing Self-Reliance: The Significance of Sovereign Capabilities

Increasingly, many U.S. allies and partners are striving to gain greater independence in the development and production of their defense capabilities. Achieving such control would enable a country to tailor capability developments to the country's needs and reduce the risks associated with supply chain disruptions, export control policies, and other conditions. Sovereign capabilities also contribute to supporting the national DIB and to preserving some key knowledge and skills that might be lost if these systems were purchased from another country and would be difficult to regain if the country sought to revert to domestic production.[54]

For instance, France, in its 2017 *Defence and National Security Strategic Review*, publicized a broad list of capabilities that it sought to keep sovereign, defined as "a purely national approach, that cannot be shared and where guarantees of hardware and software integrity, freedom of use, and operational superiority prevail."[55] This list included, for example, some types of sensors and all stealth vehicles for all services. Some other, less sensitive capabilities can be produced in "[c]ooperation with nationally preserved skills" to ensure that France retains industrially relevant expertise.[56] For yet other capabilities, France acknowledged that there might be mutual or full dependency on a partner nation.[57]

For some countries, steps toward sovereign capabilities might be pursued initially via agreements for codevelop-

ment. India has built a list of defense equipment items that cannot be purchased but must be produced domestically.[58] India also has implemented policies aimed at protecting and developing its DIB. Starting in 2014, the "Make in India" policy established rules meant to support the Indian manufacturing sector and its exports.[59] In 2016, another policy—Defense Procurement Procedure 2016—sought to encourage joint ventures between Indian and foreign defense companies.[60] In 2020, India launched the *Atmanirbhar Bharat* (Self-Reliant India) policy focused on encouraging codevelopment that would benefit India's DIB. The policy's various measures have sought to attract foreign investors to share technologies and participate in India's defense sector.

Australia also seeks to maintain sovereign capabilities in specialized or core areas while leveraging opportunities to engage with other countries in other areas (e.g., for cooperative development, production, and sustainment of capabilities that would benefit both countries). Australia's *2020 Defence Strategic Update* also prioritized sovereign industrial capabilities.[61] This is precisely why the partnership among Australia, the United Kingdom, and United States (AUKUS) is so important and appealing for Australia: The AUKUS partnership represents Australia's views on sovereign capability development and enhancement, which is a mixture of protecting sovereign capabilities and using codevelopment to strengthen its own DIB. This action should allow faster, more-meaningful innovation.[62] Australia's defense industry and its workforce will benefit significantly from both AUKUS Pillar 1 (conventionally armed nuclear-powered submarines) and AUKUS Pillar 2 (advanced capabilities) over time, thus strengthening Australia's overall ability to be self-sufficient while also highly integrated with the United States' and United Kingdom's defense sectors.

Although sovereign capability development might discourage exporting in some areas, it could deepen coordination in other areas. Opting for sovereign development and production is different from seeking alternatives to U.S. solutions by turning to third parties, but it is an important feature of the global defense landscape that must be considered because these objectives form the backdrop for many purchase decisions and help account for the increasing prevalence of offset requirements.

There are many reasons a country interested in purchasing a particular capability might find purchasing from the United States untenable or simply not perfectly aligned with its needs. In these cases, what role might exist for U.S. security cooperation professionals to advise partners on seeking alternative solutions? We believe that there are opportunities to inform and influence partner decisions to buy non-U.S. solutions by leveraging the trust in well-established security cooperation relationships and channels. Given this reality, we propose some steps for identifying alternative suppliers that are most aligned with U.S. broad strategic objectives.

How Should U.S. Decisionmakers Identify and Narrow the Pool of Potential Third-Party Suppliers?

There are several factors that U.S. officials might use to differentiate between third-party suppliers and determine the preferred suppliers from a U.S. perspective. We have divided these factors into three major categories: (1) sup-

plier strategic alignment with the United States, (2) supplier interoperability with the United States, and (3) supplier DIB capabilities and suitability for meeting partner requirements. Even though the foreign partner ultimately selects a supplier following an assessment of its own interests, these criteria offer one approach for narrowing the pool to determine which alternative supplier would also suit U.S. interests.

Strategic Alignment

Alignment with U.S. strategic goals should be considered fundamental to identifying third-party suppliers. If the United States cannot fulfill a country's purchasing needs for whatever reason, the next best case, ideally, would be to help a partner identify a third-party supplier that is broadly aligned with U.S. strategic goals and has demonstrated support for basic democratic principles, including human rights, civilian control of the military, and rule of law. We assume that alignment with U.S. strategic goals also generally corresponds to misalignment with adversary states' strategic goals.

Measuring strategic alignment is complex. Variables of strategic alignment can be explored through political, diplomatic, and military dimensions. Indicators of policy alignment might be found in formal agreements, including bilateral or multilateral treaties and memorandums of understanding signed between nations on critical issues, such as security, trade, and broader political objectives (e.g., climate change and human rights).[63] The degree of consistency in public statements or policy positions on key international matters and voting patterns in international organizations could serve as other indicators. Diplomatic

U.S. decisionmakers might consider strategic alignment as a gradient and, correspondingly, identify the third-party suppliers with the closest possible position on these scales.

indicators of alignment can be found in frequency and level of diplomatic visits or in the number and breadth of joint diplomatic initiatives. Joint exercises, arms transfers, intelligence-sharing, and coalition participation might serve as indicators of strategic alignment through a military lens. There is no single database that can capture strategic alignment, but many of the indicators that we have identified can be quantified to a certain extent by measuring the scope, frequency, and duration of engagement through tailored data collection efforts.

Although it is unrealistic to expect perfect alignment, U.S. decisionmakers might consider strategic alignment as a gradient and, correspondingly, identify the third-party suppliers with the closest possible position on these scales. It is also important to recognize that alignment is fluid

Understanding partners' unique interests and considerations is key in any effort advocating for third-party suppliers to be a part of U.S. policy.

and not static and that changes or recalibrations can occur in response to shifts in the international system.[64] Some countries, such as Egypt,[65] vocally proclaim nonalignment and have purchased from the United States, Russia, the People's Republic of China, and the U.S. allies of Canada and France in the past ten years.[66] But, in times of particular friction, such nonaligned countries might carefully choose third-party suppliers according to suppliers' *lack* of close alignment with the United States. In these cases, a third-party supplier country that is less explicitly aligned with the United States but also not an adversary state might still be beneficial to U.S. interests.

Strategic alignment is more than shared values and common adversaries. Alignment must be assessed regarding more-nuanced questions of capability development. In some situations, U.S. partners, with which the United States generally shares broad strategic objectives, will opt to subordinate their own national defense capabilities to the competing goal of meeting foreign demand through exports. This could mean that they can deliver weapons in a responsive manner to partners, but this responsiveness to international affairs might limit their ability to contribute to collective security commitments. These different approaches to accepting risk are factors that should be considered when assessing strategic alignment with the United States.

Understanding partners' unique interests and considerations is key in any effort advocating for third-party suppliers to be a part of U.S. policy. Partners' interests could often be distinct from U.S. interests, even in situations of close strategic alignment. In some cases, compromises must be accepted if the capability is one that very few suppliers export or when there is an operational urgency that requires considering a less aligned third-party supplier.

Interoperability

The U.S. doctrinal definition of *interoperability* is the "[t]he ability to act together coherently, effectively, and efficiently to achieve tactical, operational, and strategic objectives."[67] Interoperability does not necessarily require common military equipment, but it requires compatibility in equipment or common facilities that can be used and where data can be exchanged. Interoperability offers a variety of benefits for allies and partners, including the abilities to leverage respective capabilities and address gaps, increase the legitimacy of alliances and coalitions, increase safety in operations, more effectively deter adversaries, meet treaty obligations, reassure partners, reduce costs and shared burdens, and shape partner purchases and modernization

choices.[68] NATO allies have collectively cultivated a high level of interoperability through joint planning, training, exercises, and adherence to common standards.[69] But even in NATO, interoperability gaps persist because nations must prioritize a variety of goals. Even though they might be working toward meeting interoperability standards, the pace at which they are progressing is subject to different circumstances.[70]

When considering advocating for a third-party supplier, it is useful to consider these questions: How interoperable is this third-party supplier with the United States? Is this specific capability one that will be is interoperable with existing U.S. capabilities? Interoperability is, of course, a spectrum that has varying levels of alignment and connectivity with U.S. capabilities. Previous RAND research for DoD has highlighted that measuring interoperability is somewhat context-relative and requires reference to a specific purpose:

> Even allies and partners with very different capability levels may be interoperable in important ways for specific functions, and lower-capability partners may build on initial steps toward interoperability to become more interoperable in the future. Interoperability built for one purpose can often have carry-over utility for unanticipated contingencies.[71]

Standardization, which helps underpin interoperability, can be at odds with defense producers' economic interests. Although there is a NATO standard for 155-mm artillery shells used for howitzers, its implementation is voluntary, and a lack of adherence has fragmented the market. Fourteen NATO nations have reserved the right to deviate from the standard, meaning that there are several types of 155-mm artillery shells.[72] Even though this ammunition can still be used in all howitzers, operators need to enter the specification of the shells when loading them into the weapon or, otherwise, risk missing their targets by as much as 50 m.[73] This fragmented standardization is something NATO is working to address.

The significance of interoperability as a priority might vary, depending on how an ally or partner fits in U.S. plans and how that ally or partner intends to use the capability.[74] However, the extent of interoperability that the United States shares with a prospective third-party supplier should be weighted significantly because this compatibility will have direct implications for the extent to which capabilities acquired by partners can be leveraged in future combined operations. Interoperability might be better suited to capture in qualitative measures because it is often very nuanced and country- or capability-specific, so we focus on our other measures in our data analysis, reported later in this paper. However, interoperability remains an important factor worthy of measurement. After further data collection or a more scoped capability area in question, similar data analysis might be possible on interoperability.

Defense Industrial Base Considerations

Fundamentally, U.S. decisionmakers must consider price, delivery timelines, and how obsolete or innovative third-party supplier capabilities are. Even though a close U.S. ally might be the preferred choice, if the capability it is offering in any given acquisition category costs three times as much as a viable alternative and will take 15 years to deliver, a prospective purchaser is unlikely to seriously consider making the purchase from that supplier. This is especially true because U.S. capabilities skew toward being exquisite and expensive, so price could often be a prohibitive factor

that might serve as the impetus for a partner to seek an alternative to U.S. capabilities.[75]

Some third-party suppliers have demonstrated a high degree of flexibility and capability to absorb international demand. Thus, the question of whether the DIB of the third-party supplier is optimized for the domestic or international market is a relevant one. For example, South Korea has embraced its growing role as a major arms exporter, shifting its market to optimize for exporting, including a willingness to embrace overseas production, coproduction, and, in some cases, subordinate production for domestic consumption to meet international demand.[76] By contrast, Japan amended its law only in 2016 to transfer defense equipment that benefits Japanese security policy, including items and technologies under international joint development or production with the United States or other security partners and transfers that help bolster security and defense cooperation.[77]

Japan has had difficulties adjusting its defense production to meet the demands of an international market. Its defense industry has been able to produce wide-ranging and sophisticated capabilities for the Japan's Self Defense Force. However, because its defense industry has focused exclusively on the Japanese market, it sometimes lacks the flexibility and resources needed to compete in the international market.[78] Japan is a close U.S. ally and produces excellent weaponry, but more time might be required for its export posture to evolve sufficiently to the role of a third-party supplier of choice.

Data Sources for Identifying the Third-Party Candidate Pool

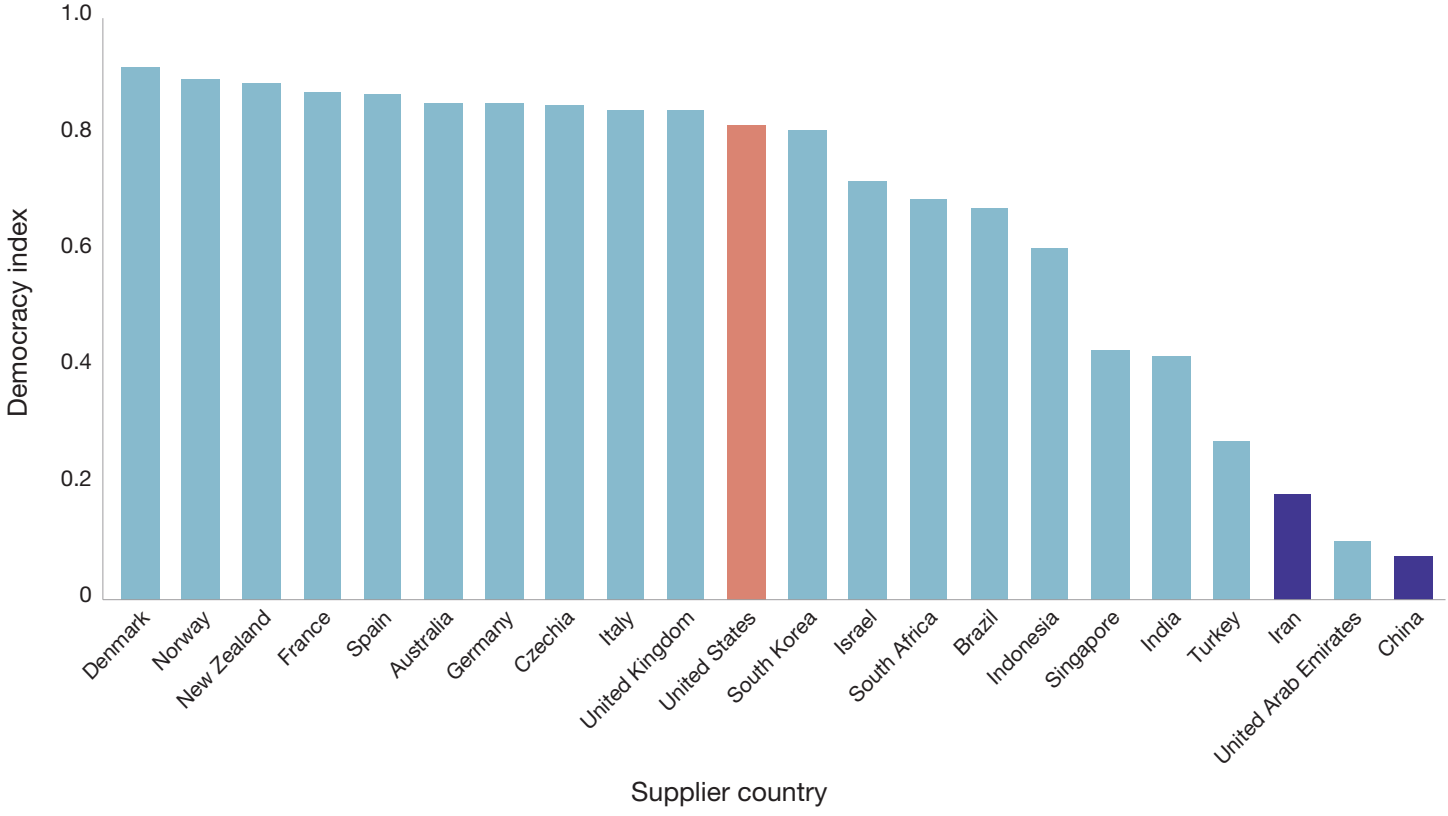
What kinds of data sources might be most useful for identifying preferred third-party suppliers? On the quantitative side, we used publicly available data from widely accessible data sources that cover all countries or nearly all countries in the past ten years. The variety of data sources include the SIPRI arms transfers trade registry database (2012–2022),[79] V-Dem democracy data,[80] Erik Voeten's United Nations Security Council voting data,[81] and Transparency International's Corruption Perceptions Index.[82] Our dataset could easily be expanded to use other data sources, such as other measures of democracy or equality and, where possible, categorical data sources on offered incentives or offsets.

These data sources can help us conduct some of the scoping outlined previously. In Figure 2, we explore how possible third-party suppliers were ranked in the V-Dem democracy data source.[83] Again, even though democracy and commitment to democratic ideals might not be the deciding factor for any given arms purchase, such values are certainly something that the United States could consider when scoping downward to a list of potential third-party suppliers, because such values function as possible indicators of strategic alignment. Helping allies and partners identify suppliers that can meet their capability needs and are also strategically aligned with the United States in term of core interests and values is one way to mitigate strategic risk.

Another major possible political consideration is voting in multilateral institutions regarding security policy and more-direct measures of countries' foreign policies.

FIGURE 2

Possible Third-Party Suppliers Ranked, by Democracy Level, 2022



SOURCE: Authors' analysis of data using the method outlined in Pemstein et al., "The V-Dem Measurement Model: Latent Variable Analysis for Cross-National and Cross-Temporal Expert-Coded Data."

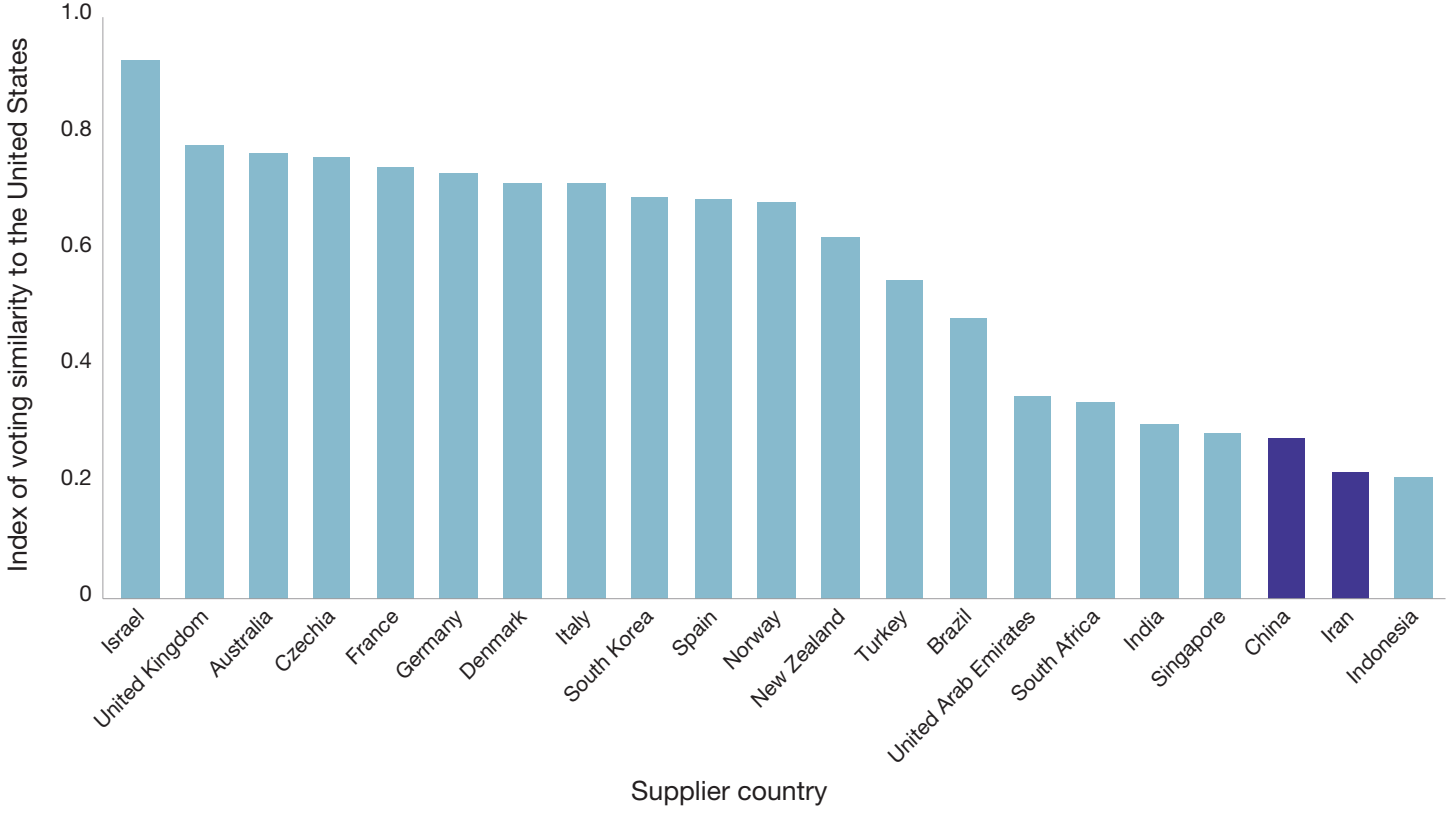
NOTE: The United States, Iran, and China are included for comparison, and the data source is the same.

These votes further reveal strategic alignment with the United States. To proxy this, we examined possible third-party suppliers and their overlap with the United States when voting at the United Nations Security Council. Figure 3 presents these results.

Although quantitative data measures are imperfect proxies, in coordination with qualitative research on

FIGURE 3

Possible Third-Party Suppliers' Alignment with the United States on Foreign Security Policy, 2012–2022



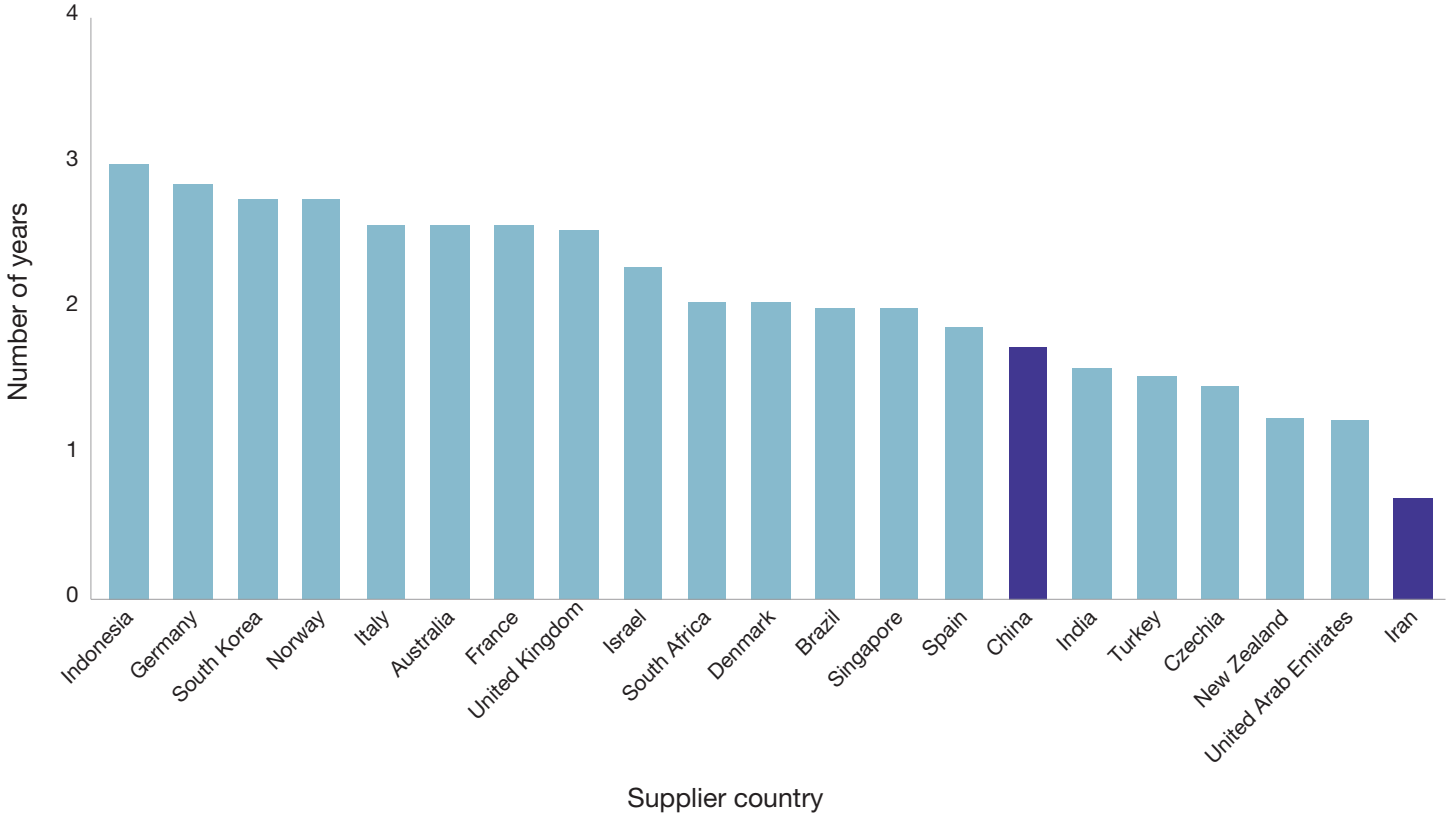
SOURCE: Authors' analysis of data from Voeten, "Data and Analyses of Voting in the United Nations: General Assembly."
NOTE: China and Iran are included for comparison, and the data source is the same.

these countries, such data can offer a quick way to scope downward to a smaller pool of possible third-party suppliers, depending on the desired outcome for particular purchases. Quantitative data offer even stronger support in such areas as cost of capabilities and delivery timelines. These measures offer some markers of countries' DIBs and their relative strengths and weaknesses in capability manufacturing. Using 2012–2022 data from the SIPRI arms

transfers trade registry database, we present an example of delivery timelines for a particular capability in Figure 4.[84] We see that allied and adversary states vary widely in how long it takes for them to deliver capabilities. Furthermore, aggregating data at the country level could obscure wide variations in the times that specific companies in a single country take to deliver a capability to a foreign purchaser. If a purchaser indicates that speed is one of the most-

FIGURE 4

Possible Third-Party Suppliers' Average Delivery Speed, 2012–2022



SOURCE: Authors' analysis of data from SIPRI, SIPRI Arms Transfers Database.

NOTE: The number of years to deliver was calculated using SIPRI data by averaging time between purchase and delivery for all capabilities. China and Iran are included for comparison, and the data source is the same.

important factors in delivery, this factor might be key for identifying a well-fitted third-party supplier. It also might require analysis below the national level to parse out the abilities of individual firms to deliver quickly.

These figures illustrate examples of how the theoretical framework of decisionmaking that we explored in the introduction to this section can be translated into quantitative scoping mechanisms for some factors of interest, such as delivery speed, democracy level, and foreign policy alignment with the United States. Other datasets might offer similarly satisfying scoping aids for other factors. However, the broader questions of partners' DIBs, the detail of agreements, overall historical relationships, and relationship trends can also be answered with coordinated qualitative research.

Narrowing the Pool of Potential Suppliers

After a pool of possible third-party suppliers has been established that satisfies the first three primary considerations (i.e., strategic alignment, interoperability, and industrial base capacity), additional considerations can be applied to narrow this pool further. This stage of analysis would rely largely on additional data sources that help provide nuance in terms of historical dimensions of the relationships and highlight unique economic considerations that might predispose certain countries toward working together or avoiding close cooperation.

Bilateral Relationships Between Purchaser and Prospective Supplier

Considering the following series of questions regarding the relationship between the third-party supplier and the purchaser can help clarify whether this is likely to be an attractive option for both parties:

- How much positive diplomatic contact do the third-party supplier and the purchasing country have?
- Is there an existing and thriving arms trade between the two countries or a long-standing diplomatic relationship?
- Has defense industrial cooperation been institutionalized between the two countries through local production or technology transfer?
- Are there third-party supplier–specific offsets or incentives in play that could make this supplier particularly attractive?

There are many factors that might predispose two countries to work together and make the agreement mutually appealing. Conversely, complex historical contexts, previous conflict, or a legacy of colonial ties can lead to deep but fraught connections. Tensions from past disputes might linger and add complexity to a defense trade relationship. By contrast, a shared religion, governmental system, or common foreign policy interest area might, as in the case of Turkey and Pakistan, offer a foundation, contribute to closer ties, and motivate efforts to strengthen defense integration.[85] U.S. decisionmakers should examine these factors carefully when considering which alternative suppliers would meet a partner's needs, not only from an operational perspective but also from the perspective of the broader political and historical context of their relationship. Some aspects can be captured through such data as the SIPRI arms transfers database, which provides evidence of continued defense purchase relationships over time, and other aspects can be captured through data on bilateral

exercises and other diplomatic exchanges, but understanding the nuances of these relationships often requires deeper research and analysis.

Reciprocal Agreements

Reciprocal defense agreements could also serve as a useful proxy for a variety of considerations related to mutual trust and strategic alignment and as a means to narrow the preliminary pool of prospects.[86] DoD has concluded RDP agreements with 28 "qualifying countries."[87] The purpose of an RDP agreement "is to promote rationalization, standardization, interchangeability, and interoperability of conventional defense equipment with allies and other friendly governments."[88] RDP agreements facilitate communication about market access and discussion of procurement issues. RDP agreements also outline the reciprocal benefits, consistent with national laws and regulations. Countries with which the United States has signed an RDP agreement enjoy the benefit of having their products evaluated without application of the price differentials that would be otherwise required by the Buy American Act, which generally restricts the federal government from procuring goods and materials from nondomestic sources.[89] An RDP agreement reflects a mutual commitment to not discriminate against the supplier of the other country and a pledge to remove access barriers to the defense procurement market, so, in essence, it functions as a waiver of the Buy American Act. Given the goals of RDP agreements (e.g., mutual support of industrial bases, promotion of technology exchange, facilitation of procurement) and benefits afforded to those countries that have RDP agreements with the United States, this group might also be given preferential status as third-party suppliers, which is consistent with the spirit of nondiscrimination in RDP agreements.

Countries with which the United States has signed RDP agreements enjoy the benefit of having their products evaluated without application of the price differentials that would be otherwise required by the Buy American Act.

A security of software agreement (SoSA) signifies a mutual willingness between countries to acquire defense goods from each other in the interests of promoting interoperability and ensuring timely delivery during peacetime, emergency, and armed conflict.[90] DoD has established these arrangements with several countries, which allow DoD to request priority delivery for DoD contracts, subcontracts, and orders from companies in these countries. SoSAs also allow the signatory nations to

U.S. allied third-party arms sales can meet a partner recipient's urgent defense needs when U.S. options are unavailable without compromising coalition interoperability.

request priority delivery for their contracts and orders with U.S. firms. These reciprocal agreements make voluntary (i.e., nonbinding) commitments that reflect countries' acknowledgments of interdependence in a global defense industrial system. This interdependence is accepted and institutionalized in the interest of creating additional resilience for participating countries. Countries with which DoD has established SoSAs could be regarded as *preferred* third-party suppliers from a U.S. perspective, when it is determined that a U.S. solution is not available to meet a partner's needs.

This section has outlined some of the possible quantitative and qualitative methods that might be used to determine which countries are the best candidates to serve as third-party suppliers. The next section explores some of the potential risks and benefits involved in advocating for third-party suppliers as a component of strategy.

What Are Some of the Pros and Cons That Decisionmakers Should Consider When Deciding Whether to Advocate for a Third-Party Supplier?

Before we conclude this paper, we outline the pros (i.e., the advantages) of pursuing third-party suppliers that are aligned with U.S. strategic interests and the cons (i.e., risks) in advocating for third-party suppliers.

Third-Party Suppliers Can Offer Advantages in Line with U.S. Strategic Interests

U.S. allied third-party arms sales can meet a partner recipient's urgent defense needs when U.S. options are unavailable without compromising coalition interoperability. Third parties can offer critical, timely, and interoperable capabilities to U.S. allies and partners when U.S. production capacity is at a maximum or when U.S. options are too expensive for partner budgets, even with U.S. financial assistance. The PULS case for Israel and the Netherlands provides such an example. The pressures created by the need to modernize in the context of an urgent threat environment after years of deferred investments complicate acquisition for many countries and require countries to identify priorities and accept compromises and trade-offs.

Partner recipients can attain urgently needed capabilities when U.S. options are beyond the partner's financial means, even if those capabilities are qualitatively inferior to comparable U.S. systems. In some cases, a partner might be able achieve some trade-offs by receiving larger quantities from a third-party supplier, which helps make up for functional limitation or compromises.

Although there were considerations other than cost in Turkey's sale of Bayraktar TB2 UAVs to Pakistan, Turkey's domestic and commercial sourcing rendered these UAVs about one-tenth of the cost of the more capable U.S.-made MQ-9 Reaper.

When the receiving nation is a major importer of weapon systems, the United States could advocate for a third-party supplier whose interests align with its own interests without sacrificing current or potential market share to an adversary. The case of India purchasing the British Starstreak Close Air Defense System demonstrates that a close ally can provide advanced capabilities that U.S. export controls prohibit the United States from supplying. This case is one in which the capability might help the partner deter a common adversary and contribute to regional stability. But given the size of India's economy and its defense demands, there is still room for the United States to also be a major supplier.

Third-party exports accompanied by codevelopment opportunities between a U.S. allied supplier and recipient—or those when the United States uses a similar or the same system—can solidify partner reliance on Western systems and promote economic growth that is in U.S. interests. South Africa, which is unlikely to purchase from the United States directly, purchased new coast guard ships from the Netherlands, which are from the same supplier as the one used by United States. Although this purchase might not allow a more in-depth relationship, if relations were to improve between the United States and South Africa, the ability to do maritime domain exercises and shared interoperability are both likely to be higher.

U.S. allied third-party suppliers can outcompete adversary suppliers when the partnership between the United States and recipient nation is strained. France's provision of corvettes to Egypt prevented the latter from turning to adversary sales when U.S. defense exports to Egypt were paused for political reasons. This sale kept Egypt in the Western fold and helped counter Russia's efforts to expand its defense sales to Egypt. This benefit was also shown in the case of the Dutch export of inshore patrol vessels to South Africa, for which the United States is not a preferred supplier, and adversaries have close political and security relationships with the recipient nation.

Arms sales can be one pathway to expanded collaboration between an allied supplier and a partner recipient when such collaboration advances U.S. and common interests. The United States has encouraged trilateral U.S.-Japanese-Philippine cooperation as a means of countering China in the South China Sea. Japan is a key U.S. ally in the Pacific, and its offer of air surveillance radars to the Philippines brings the latter into an air domain awareness network with Japan and the United States while opening the Philippines to further modernization efforts with Japan. The case of the Philippines also provides a template for expanded Japanese cooperation with other South and Southeast Asian partners in line with common U.S. and Japanese objectives and other trilateral relationships in the region.

There Are Risks to Consider in U.S. Advocacy for Third-Party Suppliers

Suppliers' policies on arms sales could undermine or otherwise be inconsistent with U.S. values or regional interests. A third-party supplier that shares some degree of strategic alignment with the United States but does not condition defense exports on human rights consider-

ations could produce second-order effects that undermine U.S. interests with the partner or with other regional states or organizations. For example, Turkey is a NATO ally but has been candid regarding the absence of conditions on the use of Turkish-origin weapons.[91] Turkey does not want to be drawn into political and strategic dilemmas stemming from the use of its exports by recipient nations. Turkish policy is that if "a state is purchasing this from us, then that product is no longer Turkish."[92] This policy suggests that security cooperation professionals must carefully review political, economic, and security circumstances of a potential sale from both the recipient's and the supplier's perspectives to ascertain how the sale might affect future policies and actions.

Third-party sales could create barriers to U.S.-partner interoperability and preclude the recipient from considering future U.S. options for military equipment. If a sale locks the recipient partner into a capability that is not interoperable with U.S. systems or concepts of operation, it could become more difficult to integrate the partner into future coalition operations. Furthermore, sales of systems that are not interoperable with U.S. systems could foreclose future U.S. sales of equipment and U.S. logistics support contracts.

U.S. allies and partners might seek out third-party suppliers for equipment that is not operationally helpful, necessary, or sustainable from a U.S. perspective. When partners purchase through FMS, there is significant consultation involved. Advocating for third-party sales would likely diminish U.S. influence on sales and purchasing decisions. Partners purchasing with less U.S. guidance might select solutions that are difficult for them to sustain.[93] Additionally, there is some risk that a partner would be saddled with larger numbers of disparate systems that burden its logistics and sustainment costs. This case occurred in Jordan, which, by the 2010s, had approximately 23 types of U.S. and other Western and Russian crewed aircraft and four UAV models with only 15,000 personnel in its air force. Budget constraints have forced Jordan to consolidate and reduce the variety of platforms in its force.[94]

Partner recipients might be less likely to consider U.S. options in the future when U.S. export capacity becomes available. Offsets and incentives offered by third-party suppliers could be attractive to a U.S. partner that is interested in bolstering its own defense industry and institutionalize certain dependencies with that supplier in the long term. U.S. advocacy of a third party could threaten the preeminence of the U.S. defense industry in the future because of considerations about interoperability across its investments. A state must also endure significant economic costs when transitioning from one supplier or solution to another one because arms sales contracts often require the importer to purchase maintenance plans from the supplier, increasing the "sunk costs" and decreasing the attractiveness of a transition back to U.S. solutions.[95]

The trend of partners shifting away from U.S. solutions in favor of third-party alternatives could negatively affect domestic constituencies in the United States that are economically dependent on the military industrial base. According to a 2024 *Washington Post* article, 122 defense production lines in 65 congressional districts received financial benefit from the production of the weaponry that served as part of U.S. aid to Ukraine.[96] Supporting and defending the economic interests of their constituents is a responsibility of democratically elected U.S. representatives. Pointing allies and partners to third-party

suppliers could be damaging to defense industry jobs in the United States and, therefore, would be a controversial policy for the U.S. representatives who are responsible for protecting those jobs. (However, as we discussed previously, it is also important to note that some foreign entities include significant U.S. industrial participation, so the effects on U.S. industry will vary.)

Advocacy for a third party implicates the United States in that relationship and might create diplomatic or strategic dilemmas if interests diverge later. U.S. advocacy for a partner that later fails to adhere to policy requirements or international export control regimes could complicate the purchasing partner's relationship with the United States. Although the Netherlands-Israel PULS deal was inked prior to the Hamas attack on Israel in October 2023 and subsequent Gaza war, since that time, serious concerns have emerged regarding Israel's failure to adhere to international humanitarian legal principles. Legal concerns have led the Netherlands to cease transfer of F-35 parts to Israel. This example illustrates that if the United States advocates for third-party suppliers, the supplier might later be implicated in policy debates that complicate its own bilateral relationships with both purchasers and suppliers.

Table 1 summarizes the pros and cons of U.S. advocacy of third-party arms sales that we have described, gives examples, and offers options for maximizing advantages and minimizing disadvantages. To maximize advantages, the U.S. security cooperation community could better prepare for advocacy by identifying and pairing potential allied and partner suppliers and recipients according to cost, availability, capacity, strategic alignment, and other factors that we described. To minimize negative consequences of advocating for third-party arms transfers, the security cooperation community should assess the dominant political, economic, and security factors from the perspectives of the supplier, recipient, and U.S. national and regional interests.

Conclusion and Discussion of Next Steps

The United States is, by far, the largest defense exporter in the world.[97] U.S. defense exports to allies and partners will remain a cornerstone of national security strategy and an important avenue to project U.S. interests. But the United States is not always well-positioned to meet every partner and ally capability requirement. When the capability needs of allies and partners can be better met by a third party, the United States can play a meaningful role in advising on these decisions.

The following actions represent a few of the steps that could help execute that shift:

- The Office of the Under Secretary of Defense for Policy and the Defense Security Cooperation Agency, in cooperation with the intelligence community, the services, the combatant commands, and the U.S. Department of State, could develop dedicated efforts to identify potential arms transfers for which there is a substantial risk that the United States might be unable to deliver the solution in the reasonable expectation of cost, schedule, and performance, which is, sometimes, called *anticipatory security cooperation*.[98]

TABLE 1

Pros and Cons of U.S. Advocacy of Third-Party Arms Sales

	Potential Consequence of U.S. Advocacy	Option for Maximizing Pros and Minimizing Cons
Pros	• Meet an urgent defense need when U.S. options are unavailable.	• Identify capabilities in high demand beyond U.S. capacity and in allies with capacity and strategic alignment.
	• Enable provision when U.S. options are beyond a recipient's financial means.	• Identify potential suppliers for recipient partners in critical need of capability for which funds and FMS are not adequate.
	• Support common interests with large importers without harming the U.S. DIB.	• Pair allied suppliers with large importing partners with which U.S. sales might be precluded.
	• Solidify recipient reliance on Western systems and promote economic growth.	• Identify Western alternatives to U.S. sales with reluctant U.S. partners that are a focus of strategic competition.
	• Forestall adversary sales when U.S.-recipient relations are strained.	• Identify Western alternatives to U.S. sales with reluctant U.S. partners that are a focus of strategic competition.
	• Encourage supplier-recipient collaboration supporting U.S. interests.	• Pair allied and partner suppliers and recipients in strategically critical regions.
Cons	• Undermine U.S. national, regional, or global strategy.	• Carefully review political, economic, and security circumstances of the potential sale from the supplier's and the recipient's perspectives.
	• Create barriers to interoperability.	• Review effects of the sale on human, technical, and procedural U.S.-partner interoperability.
	• With less influence, a recipient might choose nonsustainable or unnecessary equipment.	• Assess partner recipient operational capability, absorptive capacity, and vital security interests. Look for alternative formalized ways to provide consultation.
	• Lessen the likelihood that a partner would consider future U.S. sales.	• Evaluate the effect of a potential sale on the partner's proclivity to consider U.S. options later.
	• If recipients purchase fewer U.S. weapons, could negatively affect domestic constituencies in the United States that are dependent on the military industrial base for their livelihoods.	• Assess and privilege U.S. options when possible and begin efforts to point potential purchasers to third-party suppliers with capabilities when the United States does not produce viable options.
	• Negatively affect relationships between supplier, recipient, and the United States.	• Review recent supplier-recipient political and defense relationships.

- The U.S. Department of State, assisted by the DoD policy community, could engage close allies in exchanges focused on exploring ally willingness and ability to contribute to a U.S. export strategy that incorporates third-party suppliers as a corollary to existing international collaboration in production.

- The Defense Security Cooperation Agency has already begun to invest in activities that are intended to monitor and forecast allied and partner demand. A logical next step could be to invest in developing and applying monitoring indicators that can help the United States identify ideal third-party suppliers quickly. This process can include tracking close allies' development of domestic capabilities, monitoring offset policies and their effects, and assessing how the emergence of informal, issue-driven alignment and minilateral partnerships, such as AUKUS, show the potential to shape the defense trade landscape, particularly in reforming the U.S. export control regime.

As the global defense marketplace continues to evolve as a result of technological changes, geopolitical shifts, and economic drivers, the U.S. role as the partner of choice in security cooperation must also evolve. This evolution should be reflected in the guidance and strategies that govern security cooperation across the U.S. government. A deeper understanding of the factors that drive partners' procurement decisions and a more-nuanced approach to the competitive landscape could help the United States retain an unmatched leadership role even while it actively pursues greater integration and interdependence with other suppliers in meeting the capability requirements of U.S. allies and partners.

Notes

[1] U.S. Department of Defense (DoD), "Fact Sheet: 2022 National Defense Strategy."

[2] Defense Security Cooperation Agency, *Strategic Plan 2025*, p. 2.

[3] Stockholm International Peace Research Institute (SIPRI), "Trends in International Arms Transfers, 2023."

[4] Vergun, "DoD Integrates Its Industrial Base with Allies, Partners"; Defense Innovation Board, *Optimizing Innovation Cooperation with Allies and Partners*; North Atlantic Treaty Organization (NATO), "NATO Industrial Capacity Expansion Pledge."

[5] For example, American Rheinmetall Defense has three specialized operating corporations in the United States (American Rheinmetall Defense, homepage). Thales Defense and Security, Inc., in the United States has a presence in 18 U.S. states, operates 37 facilities, and employs more than 5,000 people (Thales, "Our Story").

[6] *Defense indigenization* refers to the process of developing and producing equipment domestically to reduce the reliance on foreign sources and increase self-sufficiency.

[7] Australian Government, *Defence Industry Development Strategy*.

[8] Australian Government, *Defence Industry Development Strategy*.

[9] National Defense Industrial Association, "Offsets."

[10] Offsets are industrial compensation practices that foreign governments or companies require U.S. firms to enter as a condition of purchase in either government-to-government or commercial sales of defense articles and defense services, as defined by the Arms Export Control Act (U.S. Code, Title 22, Section 2751) and the International Traffic in Arms Regulations (Code of Federal Regulations, Title 22, Subchapter M). See U.S. Department of Commerce, Bureau of Industry and Security, "U.S. Offsets in Defense Trade—Frequently Asked Questions."

[11] Chindea et al., *Aligning Strategic Priorities and Foreign Military Sales to Fill Critical Capability Gaps*.

[12] DoD, "Department of Defense Unveils Comprehensive Recommendations to Strengthen Foreign Military Sales."

[13] Adamowski, "Poland Inks Deal for FA-50 Light Attack Aircraft from South Korea"; "FA-50 Light Combat Aircraft."

[14] SIPRI, "World Military Expenditure Reaches New Record High as European Spending Surges."

[15] Péria-Peigné, *TB2 Bayraktar: Big Strategy for a Little Drone*.

[16] Iddon, "Cheap and Combat-Tested: The Growing Market for Turkish Drones."

[17] Mandrup, "An Uncertain Future: South Africa's National Defence Force Caught Between Foreign-Policy Ambitions and Domestic Development."

[18] Cronje, "DoD Updates Cabinet on Major Acquisition Projects."

[19] Lesedi, "Progress on Project Biro with Second MMIPV SAS Adam Kok Launch."

[20] Curtis, "Interoperability Challenges in an Era of Systemic Competition."

[21] Derleth, "Enhancing Interoperability: The Foundation for Effective NATO Operations."

[22] Jensen, "NATO After Next: From Interoperability to Fungibility."

[23] Chindea et al., *Aligning Strategic Priorities and Foreign Military Sales to Fill Critical Capability Gaps*.

[24] Chindea et al., *Aligning Strategic Priorities and Foreign Military Sales to Fill Critical Capability Gaps*.

[25] Government of the Netherlands, Ministry of Defence, "Defense Strengthens Firepower with Rocket Artillery and Long-Range Weapons."

[26] Gomez, "Taiwan Waits Longer for HIMARS, F-16s, and Abrams Tanks Than Other Recipients."

[27] Adamowski, "Poland Inks Deal for FA-50 Light Attack Aircraft from South Korea."

[28] Jennings, "Poland Receives First FA-50s into Service"; Watkins, "Poland Receives More South Korean FA-50 Fighter Jets."

[29] Jennings, "Bulgarian F-16 Build Begins."

[30] U.S. Department of State, Bureau of International Security and Nonproliferation, "Export Controls Policy."

[31] U.S. Department of State, "U.S. Policy on the Export of Unmanned Aerial Systems"; Arms Control Association, "The Missile Technology Control Regime at a Glance."

[32] From 2013 to 2017, Egypt was France's largest client in the export of French arms, accounting for 25 percent of French exports (Government of France, Ministry for Europe and Foreign Affairs, "France and Egypt"; SIPRI, "Trends in International Arms Transfers, 2023," p. 2).

[33] DeYoung, "U.S. Restarts Offensive Weapons Sales to Saudi Arabia After Lengthy Ban."

[34] U.S. Department of Commerce, Bureau of Industry and Security, *Offsets in Defense Trade: Twenty-Eighth Study*.

[35] Egeli et al., *From Client to Competitor: The Rise of Turkiye's Defence Industry*; Presidency of the Republic of Türkiye, Information Office, *Turkish Defense and Aerospace Industry*.

[36] Presidency of the Republic of Türkiye, Information Office, *Turkish Defense and Aerospace Industry*, p. 7.

[37] Dehoff, Dowdy, and Kwon, "Defense Offsets: From 'Contractual Burden' to Competitive Weapon."

[38] Arthur, "Thai Air Force Picks Saab Gripen E Fighter Jet to Replace Its F-16s."

[39] Damen Shipyards, "Update: Project Biro."

[40] Yeo, "Japan Secures First-Ever Major Defense Export with Philippine Radar Order"; Kabagani, "Phl's New Radar System from Japan Crucial amid Evolving Security Landscape."

[41] "Air Surveillance Radar Phase 2 Acquisition Project of the Philippine Air Force."

[42] "Air Surveillance Radar Phase 2 Acquisition Project of the Philippine Air Force."

[43] "Air Surveillance Radar Phase 2 Acquisition Project of the Philippine Air Force"; Roblin, "Japan Strikes First Arms Export Deal—Can Tokyo Find More Buyers for Its Pricey Weapons?"

[44] Public Law 102-558, Defense Production Act Amendments of 1992, Section 123.

[45] U.S. Department of Commerce, Bureau of Industry and Security, *Offsets in Defense Trade: Twenty-Eighth Study*.

[46] Public Law 106-113, Defense Offsets Disclosure Act of 1999, November 29, 1999, Section 1241.

[47] Indonesia's *bebas aktif* or "independent and active" foreign policy emphasizes its commitment to maintaining independence from the United States, the People's Republic of China, Russia, and major-power blocs.

[48] Shah and Li, "Rationales Behind Pakistan–Turkey Relations Since September 11, 2001."

[49] Kaura, "The Erdogan Effect: Turkey's Relations with Pakistan and India."

[50] Japan also offered to provide the Philippines with additional mobile radar, over-the-horizon surveillance capabilities, and assistance with data-sharing and training ("Air Surveillance Radar Phase 2 Acquisition Project of the Philippine Air Force").

[51] Chavez, "Japan Delivers Radar to Philippines amid Tension in South China Sea."

[52] Japanese defense official, interview with the authors, March 15, 2024.

[53] Heydarian, "The Japan-Philippine-U.S. Trilateral Alliance in the Making."

[54] Moroney et al., *Insights on U.S. Ally and Partner Views of Strategic Competition: Implications for the Department of the Air Force*.

[55] Republic of France, *Defence and National Security Strategic Review*, p. 65, paragraph 226.

[56] Republic of France, *Defence and National Security Strategic Review*, p. 65, paragraph 226.

[57] Republic of France, *Defence and National Security Strategic Review*, pp. 65–68.

[58] International Institute for Strategic Studies, "India's Defence-Industrial Partnership with the UK," p. 1.

[59] Prime Minister of India, "Major Initiatives: Make in India."

[60] Kronstadt et al., *India-U.S. Relations*, p. 11.

[61] Australian Government, Department of Defence, *2020 Defence Strategic Update*.

[62] U.S. Department of State, "International Traffic in Arms Regulations: Exemption for Defense Trade and Cooperation Among Australia, the United Kingdom, and the United States"; Clark and Katz, "US Approves New ITAR Rules for Australia and UK, in Order to Speed AUKUS Arms Exports."

[63] Although the majority of international agreements between nations are not legally binding and, therefore, not labeled treaties, these agreements signify efforts of either coordination or cooperation and, thus, reflect some degree of strategic alignment. See Posner and Goldsmith, "International Agreements: A Rational Choice Approach."

[64] Erkomaishvili, "Alliance Index: Measuring Alignments in International Relations."

[65] Nonalignment as a concept is controversial, but Egypt claims that it does not wish to be forced to choose sides between the East and the West. See Cheatham, "The New Nonaligned Movement Is Having a Moment."

[66] SIPRI, SIPRI Arms Transfers Database.

[67] Joint Chiefs of Staff, *Joint Operations*, p. GL-10.

[68] Pernin et al., *Chasing Multinational Interoperability: Benefits, Objectives, and Strategies*.

[69] NATO, Standardization Office, *NATO Standard ADatP-34: NATO Interoperability Standards and Profiles*.

[70] Carberry, "Ukraine War Is Exposing NATO Interoperability Gaps."

[71] DoD, *Department of Defense Strategic Evaluation: Interoperability (2016–2021)*, p. 5.

[72] This choice to deviate is attributed to protectionism by arms producers in response to a long period of reduced defense spending. A fully standardized shell would likely lower costs through increased competition. See Siebold, "NATO Urges Common Standards and Curbs on Protectionism to Boost Artillery Output."

[73] Siebold, "NATO Summit to Push for Standardizing Shells."

[74] The United States will likely prioritize interoperability with some allies and partners more highly than with other allies and partners. After all, interoperability is largely a means to an end rather an end in itself, and interoperability is pursued because it enables the armed forces to achieve other military objectives more effectively. Given this reality, interoperability should be considered most carefully as a differentiator when strategically and operationally relevant allies and partners consider third-party suppliers because the implications for U.S. operations will be more profound.

[75] For several years, critics have pushed the United States to produce cheaper weaponry. See Hammes, "In an Era of Cheap Drones, U.S. Can't Afford Exquisite Weapons." However, critics have argued that the United States still has not accomplished this goal. See Thompson, "Urgent Military Need for 'Affordable Mass' Can't Wait for a New Generation of Smart Munitions."

[76] Nam and Sánchez, "South Korea's Growing Role as a Major Arms Exporter: Future Prospects in Latin America."

[77] Sato, "From the 'Three Principles of Arms Exports' to the 'Three Principles of Defense Equipment Transfer.'"

[78] Representative from Jane's Information Group, interview with the authors, March 15, 2024.

[79] SIPRI, SIPRI Arms Transfers Database.

[80] Pemstein et al., "The V-Dem Measurement Model: Latent Variable Analysis for Cross-National and Cross-Temporal Expert-Coded Data."

[81] Voeten, "Data and Analyses of Voting in the United Nations: General Assembly."

[82] Transparency International, "Corruption Perceptions Index." All datasets have their pros and cons, and here we briefly note the limitations of these data. SIPRI, being entirely open-source, might be limited by classification concerns (i.e., any classified or secretive transfer of capabilities would not be captured). The V-Dem measure that we used was electoral democracy; democracy is a broad concept in the literature, and there are other markers of democratic strength, such as the fairness of elections, freedom of expression, and comprehensive voting rights, which are not included in this measure. Transparency International's Corruption Perceptions Index is based on the perceptions of experts. We used Voeten's United Nations Security Council voting data to look at alignment between third-party suppliers and the United States as a measure of foreign policy alignment, and it is an imperfect proxy for several reasons, including that (1) abstentions are not counted as the nuanced political signal they offer; (2) discussions and side negotiations could be occurring, which are not captured in these data; (3) the United Nations Security Council overwhelmingly votes together, so while dissension is notable, there could be more-minor alignments that are not captured; and (4) topics include only those that rise to the level of the United Nations Security Council.

[83] In Figures 2 through 4, we narrowed the selection of countries to those countries that were the likeliest third-party supplier cases. Figures 2 through 4 are examples, and an expansion to other countries would be an excellent next step for this research.

[84] SIPRI, SIPRI Arms Transfers Database.

[85] Sheikh, "The New Era of Pakistan-Turkey Defence Ties"; Shah, "Explaining Pakistan-Turkish Relations: Islamism and Naya Pakistan."

[86] For a deeper discussion of Reciprocal Defense Procurement (RDP) agreements and security of supply arrangements (SoSAs), see McGinn and Roche, *A "Build Allied" Approach to Increase Industrial Base Capacity*.

[87] DoD, Office of the Assistant Secretary of Defense for Acquisition, "International Contracting—Reciprocal Defense Procurement and Acquisition Policy Memoranda of Understanding."

[88] DoD, Defense Acquisition Regulations System, "Negotiation of a Reciprocal Defense Procurement Agreement with the Republic of Korea," p. 13699. The Buy American Act is Public Law 72-428, 1933, as codified and amended at U.S. Code, Title 41, Chapter 83, Buy American.

[89] Fasick, "The Buy American Act."

[90] DoD has entered into arrangements with 17 nations to ensure the mutual supply of defense goods and services through bilateral SoSAs. See DoD, Office of the Assistant Secretary of Defense for Industrial Base Policy, "Security of Supply."

[91] Kurç, "No Strings Attached: Understanding Turkey's Arms Exports to Africa."

[92] Iddon, "From Baykar to Kyiv: Turkey's 'No Strings Attached' Drone Export Policy."

[93] In some cases, countries might be in a position to afford the initial purchase of a system but struggle to finance the long-term sustainment. The U.S. FMS system mitigates this risk through a total package approach, but competitors might not include this type of sustainment in the purchase price, and purchasing countries might run the risk of making investments they cannot sustain in long term.

[94] Jane's Country Intelligence, "Jordan—Air Force."

[95] Johnson, "Decision-Making in the Arms of a Dependent Relationship: Explaining Shifts in Importer Acquisition Patterns of Major Weapon Systems, 1955–2007," p. 852.

[96] Thiessen, "Here Are the U.S. Congressional Districts Benefiting from Ukraine Aid."

[97] See Hasselbach, "SIPRI: US Arms Exports Skyrocket While China's Nosedive," which uses SIPRI data but adds more comparative discussion.

[98] The Defense Security Cooperation Agency is currently piloting efforts in this area.

References

Adamowski, Jaroslaw, "Poland Inks Deal for FA-50 Light Attack Aircraft from South Korea," *Defense News*, September 2022.

"Air Surveillance Radar Phase 2 Acquisition Project of the Philippine Air Force," Philippine Defense Resource, January 12, 2020.

American Rheinmetall Defense, homepage, undated. As of February 25, 2025:
https://www.rheinmetall.com/en/company/subsidiaries/american-rheinmetall-defense

Arms Control Association, "The Missile Technology Control Regime at a Glance," webpage, last updated March 2021. As of February 25, 2025:
https://www.armscontrol.org/factsheets/missile-technology-control-regime-glance

Arthur, Gordon, "Thai Air Force Picks Saab Gripen E Fighter Jet to Replace Its F-16s," *Defense News*, August 28, 2024.

Australian Government, Department of Defence, *2020 Defence Strategic Update,* July 1, 2020.

Australian Government, *Defence Industry Development Strategy*, 2024.

Carberry, Sean, "Ukraine War Is Exposing NATO Interoperability Gaps," *National Defense Magazine*, July 18, 2023.

Chavez, Leilani, "Japan Delivers Radar to Philippines amid Tension in South China Sea," C4ISRNET, November 9, 2023.

Cheatham, Andrew, "The New Nonaligned Movement Is Having a Moment," U.S. Institute of Peace, May 4, 2023.

Chindea, Irina A., Jennifer D. P. Moroney, Stephen Webber, Igor M. Brin, David E. Thaler, Ashley L. Rhoades, Anthony Atler, Beth Grill, Paul Cormarie, Jack Lashendock, and Isabelle Winston, *Aligning Strategic Priorities and Foreign Military Sales to Fill Critical Capability Gaps,* RAND Corporation, RR-A2438-2, 2024. As of February 13, 2025:
https://www.rand.org/pubs/research_reports/RRA2438-2.html

Clark, Colin, and Justin Katz, "US Approves New ITAR Rules for Australia and UK, in Order to Speed AUKUS Arms Exports," *Breaking Defense*, August 15, 2024.

Code of Federal Regulations, Title 22, Foreign Relations; Subchapter M, International Traffic in Arms Regulations.

Cronje, Justin, "DoD Updates Cabinet on Major Acquisition Projects," *defenceWeb,* June 18, 2021.

Curtis, Andrew, "Interoperability Challenges in an Era of Systemic Competition," in Mikael Weissmann and Niklas Nilsson, eds., *Advanced Land Warfare: Tactics and Operations*, Oxford University Press, 2023.

Damen Shipyards, "Update: Project Biro," press release, September 20, 2022.

Defense Innovation Board, *Optimizing Innovation Cooperation with Allies and Partners*, July 10, 2024.

Defense Security Cooperation Agency, *Strategic Plan 2025*, April 2021.

Dehoff, Kevin, John Dowdy, and O Sung Kwon, "Defense Offsets: From 'Contractual Burden' to Competitive Weapon," McKinsey & Company, July 1, 2014.

Derleth, James, "Enhancing Interoperability: The Foundation for Effective NATO Operations," *NATO Review*, June 16, 2015.

DeYoung, Karen, "U.S. Restarts Offensive Weapons Sales to Saudi Arabia After Lengthy Ban," *Washington Post*, August 9, 2024.

DoD—*See* U.S. Department of Defense.

Egeli, Sıtkı, Serhat Güvenç, Çağlar Kurç, and Arda Mevlütoğlu, *From Client to Competitor: The Rise of Turkiye's Defence Industry*, International Institute for Strategic Studies, May 1, 2024.

Erkomaishvili, David, "Alliance Index: Measuring Alignments in International Relations," *International Studies*, Vol. 56, No. 1, January 2019.

"FA-50 Light Combat Aircraft," Airforce Technology, webpage, April 28, 2023. As of March 11, 2025:
https://www.airforce-technology.com/projects/fa-50-light-combat-aircraft-south-korea/?cf-view

Fasick, J. Kenneth, director, International Division, U.S. General Accounting Office, "The Buy American Act," testimony before the U.S. House of Representatives Committee on Government Operations, Subcommittee on Legislation and National Security, April 5, 1978.

Gomez, Eric, "Taiwan Waits Longer for HIMARS, F-16s, and Abrams Tanks Than Other Recipients," *CATO at Liberty* blog, January 22, 2024. As of September 5, 2024:
https://www.cato.org/blog/taiwan-waits-longer-himars-f-16s-abrams-tanks-other-recpi

Government of France, Ministry for Europe and Foreign Affairs, "France and Egypt," webpage, undated. As of March 4, 2025:
https://www.diplomatie.gouv.fr/en/country-files/egypt/france-and-egypt-64940/

Government of the Netherlands, Ministry of Defence, "Defense Strengthens Firepower with Rocket Artillery and Long-Range Weapons" ["Defensie Versterkt Vuurkracht met Raketartillerie en Langeafstandswapens"], press release, April 3, 2023.

Hammes, T. X., "In an Era of Cheap Drones, U.S. Can't Afford Exquisite Weapons," *Defense One,* January 16, 2016.

Hasselbach, Christoph, "SIPRI: US Arms Exports Skyrocket While China's Nosedive," *Deutsche Welle*, March 13, 2023.

Heydarian, Richard Javad, "The Japan-Philippine-U.S. Trilateral Alliance in the Making," *Japan Times*, April 6, 2023.

Iddon, Paul, "Cheap and Combat-Tested: The Growing Market for Turkish Drones," *Forbes*, July 26, 2021.

Iddon, Paul, "From Baykar to Kyiv: Turkey's 'No Strings Attached' Drone Export Policy," *Forbes*, April 14, 2022.

International Institute for Strategic Studies, "India's Defence-Industrial Partnership with the UK," *Strategic Comments*, Vol. 29, Comment 36, November 2023.

Jane's Country Intelligence, "Jordan—Air Force," webpage, last updated November 24, 2024.

Jennings, Gareth, "Poland Receives First FA-50s into Service," Janes, August 21, 2023.

Jennings, Gareth, "Bulgarian F-16 Build Begins," Janes, January 18, 2024.

Jensen, Benjamin, "NATO After Next: From Interoperability to Fungibility," *War on the Rocks*, July 30, 2024.

Joint Chiefs of Staff, *Joint Operations*, Joint Publication 3-0, January 17, 2017, change 1, October 22, 2018.

Johnson, Robert A. I., "Decision-Making in the Arms of a Dependent Relationship: Explaining Shifts in Importer Acquisition Patterns of Major Weapon Systems, 1955–2007," *Defence and Peace Economics*, Vol. 31, No. 7, November 2020.

Kabagani, Lade Jean, "Phl's New Radar System from Japan Crucial amid Evolving Security Landscape," *Daily Tribune*, December 20, 2023.

Kaura, Vinay, "The Erdogan Effect: Turkey's Relations with Pakistan and India," National University of Singapore, Institute of South Asian Studies, October 16, 2020.

Kronstadt, K. Alan, Shayerah I. Akhtar, William A. Kandel, Liana W. Rosen, Sara M. Tharakan, and Jill H. Wilson, *India-U.S. Relations*, Congressional Research Service, R46845, July 19, 2021.

Kurç, Çağlar, "No Strings Attached: Understanding Turkey's Arms Exports to Africa," *Journal of Balkan and Near Eastern Studies*, Vol. 26, No. 3, 2024.

Lesedi, Sarah, "Progress on Project Biro with Second MMIPV SAS Adam Kok launch," *Military Africa*, October 22, 2022.

Mandrup, Thomas, "An Uncertain Future: South Africa's National Defence Force Caught Between Foreign-Policy Ambitions and Domestic Development," *Journal of Eastern African Studies*, Vol. 12, No. 1, 2018.

McGinn, Jerry, and Michael T. Roche, *A "Build Allied" Approach to Increase Industrial Base Capacity*, George Mason University, Greg and Camille Baroni Center for Government Contracting, Report No. 9, June 22, 2023.

Moroney, Jennifer D. P., Cristina L. Garafola, Beth Grill, David E. Thaler, Andrew Radin, Alison K. Hottes, Irina A. Chindea, Ashley L. Rhoades, Jeffrey W. Hornung, Stephen Webber, Maggie Habib, Kotryna Jukneviciute, and Melissa Bauman, *Insights on U.S. Ally and Partner Views of Strategic Competition: Implications for the Department of the Air Force,* RAND Corporation, RR-A1737-1, 2024. As of February 13, 2025:
https://www.rand.org/pubs/research_reports/RRA1737-1.html

Nam, Hoshik, and Wilder Alejandro Sánchez, "South Korea's Growing Role as a Major Arms Exporter: Future Prospects in Latin America," *War on the Rocks*, August 21, 2024.

National Defense Industrial Association, "Offsets," webpage, undated. As of February 25, 2025:
https://www.ndia.org/policy/issues/international/offsets

NATO—*See* North Atlantic Treaty Organization.

North Atlantic Treaty Organization, "NATO Industrial Capacity Expansion Pledge," webpage, July 10, 2024. As of February 25, 2025:
https://www.nato.int/cps/en/natohq/official_texts_227504.htm

North Atlantic Treaty Organization, Standardization Office, *NATO Standard ADatP-34: NATO Interoperability Standards and Profiles*, Vol. 1, *Introduction*, N ed., version 2, August 18, 2023.

Pemstein, Daniel, Kyle L. Marquardt, Eitan Tzelgov, Yi-ting Wang, Juraj Medzihorsky, Joshua Krusell, Farhad Miri, and Johannes von Römer, "The V-Dem Measurement Model: Latent Variable Analysis for Cross-National and Cross-Temporal Expert-Coded Data," University of Gothenburg, V-Dem Working Paper No. 21, 9th ed., March 2024.

Péria-Peigné, Léo, *TB2 Bayraktar: Big Strategy for a Little Drone*, French Institute of International Relations, April 17, 2023.

Pernin, Christopher G., Angela O'Mahony, Gene Germanovich, and Matthew Lane, Chasing *Multinational Interoperability: Benefits, Objectives, and Strategies*, RAND Corporation, RR-3068-A, 2020. As of February 13, 2025:
https://www.rand.org/pubs/research_reports/RR3068.html

Posner, Eric, and Jack L. Goldsmith, "International Agreements: A Rational Choice Approach," *Virginia Journal of International Law*, Vol. 44, No. 1, Fall 2003.

Presidency of the Republic of Türkiye, Information Office, *Turkish Defense and Aerospace Industry*, 2022.

Prime Minister of India, "Major Initiatives: Make in India," webpage, undated. As of September 5, 2024: https://www.pmindia.gov.in/en/major_initiatives/make-in-india/

Public Law 72-428, an act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes, March 3, 1933.

Public Law 102-558, Defense Production Act Amendments of 1992, October 28, 1992.

Public Law 106-113, Defense Offsets Disclosure Act of 1999, November 29, 1999.

Republic of France, *Defence and National Security Strategic Review*, 2017.

Roblin, Sebastien, "Japan Strikes First Arms Export Deal—Can Tokyo Find More Buyers for Its Pricey Weapons?" *Forbes*, September 11, 2020.

Sato, Heigo, "From the 'Three Principles of Arms Exports' to the 'Three Principles of Defense Equipment Transfer,'" Japan Institute of International Affairs, Commentary No. 197, May 14, 2014.

Shah, Rahat, "Explaining Pakistan-Turkish Relations: Islamism and Naya Pakistan," *Asian Journal of Middle Eastern and Islamic Studies*, Vol. 16, No. 1, 2022.

Shah, Rahat, and Wang Li, "Rationales Behind Pakistan–Turkey Relations Since September 11, 2001," *Round Table*, Vol. 109, No. 5, 2020.

Sheikh, Nazia, "The New Era of Pakistan-Turkey Defence Ties," *Pakistan Today,* August 25, 2023.

Siebold, Sabine, "NATO Urges Common Standards and Curbs on Protectionism to Boost Artillery Output," Reuters, October 24, 2023.

Siebold, Sabine, "NATO Summit to Push for Standardizing Shells," Reuters, July 5, 2024.

SIPRI—*See* Stockholm International Peace Research Institute.

Stockholm International Peace Research Institute, "World Military Expenditure Reaches New Record High as European Spending Surges," press release, April 24, 2023.

Stockholm International Peace Research Institute, "Trends in International Arms Transfers, 2023," fact sheet, March 2024.

Stockholm International Peace Research Institute, SIPRI Arms Transfers Database, last updated March 11, 2024. As of September 5, 2024: https://armstransfers.sipri.org/ArmsTransfer/

Thales, "Our Story," webpage, undated. As of March 4, 2025: https://www.thalesgroup.com/en/americas/united-states/our-story

Thiessen, Marc A., "Here Are the U.S. Congressional Districts Benefiting from Ukraine Aid," *Washington Post,* April 18, 2024.

Thompson, Loren, "Urgent Military Need for 'Affordable Mass' Can't Wait for a New Generation of Smart Munitions," *Forbes,* May 16, 2023.

Transparency International, Corruption Perceptions Index, database, 2023. As of September 5, 2024: https://www.transparency.org/en/cpi/2023/

U.S. Code, Title 22, Section 2751, Need for International Defense Cooperation and Military Export Controls; Presidential Waiver; Report to Congress; Arms Sales Policy.

U.S. Code, Title 41, Chapter 83, Buy American.

U.S. Department of Commerce, Bureau of Industry and Security, "Offsets in Defense Trade—Frequently Asked Questions," undated.

U.S. Department of Commerce, Bureau of Industry and Security, *Offsets in Defense Trade: Twenty-Eighth Study,* 2024.

U.S. Department of Defense, "Fact Sheet: 2022 National Defense Strategy," March 28, 2022.

U.S. Department of Defense, "Department of Defense Unveils Comprehensive Recommendations to Strengthen Foreign Military Sales," press release, June 13, 2023.

U.S. Department of Defense, *Department of Defense Strategic Evaluation: Interoperability (2016–2021)*, public summary, April 2024.

U.S. Department of Defense, Defense Acquisition Regulations System, "Negotiation of a Reciprocal Defense Procurement Agreement with the Republic of Korea," *Federal Register*, Vol. 89, No. 37, February 23, 2024.

U.S. Department of Defense, Office of the Assistant Secretary of Defense for Acquisition, "International Contracting—Reciprocal Defense Procurement and Acquisition Policy Memoranda of Understanding," webpage, undated. As of February 26, 2025: https://www.acq.osd.mil/asda/dpc/cp/ic/reciprocal-procurement-mou.html

U.S. Department of Defense, Office of the Assistant Secretary of Defense for Industrial Base Policy, "Security of Supply," webpage, undated. As of September 18, 2024:
https://www.businessdefense.gov/security-of-supply.html

U.S. Department of State, Bureau of International Security and Nonproliferation, "Export Controls Policy," webpage, undated. As of February 25, 2025:
https://www.state.gov/nonproliferation-export-controls

U.S. Department of State, "U.S. Policy on the Export of Unmanned Aerial Systems," fact sheet, May 21, 2019.

U.S. Department of State, "International Traffic in Arms Regulations: Exemption for Defense Trade and Cooperation Among Australia, the United Kingdom, and the United States," *Federal Register*, Vol. 89, No. 161, August 20, 2024.

Vergun, David, "DoD Integrates Its Industrial Base with Allies, Partners," U.S. Department of Defense, August 9, 2024.

Voeten, Erik, "Data and Analyses of Voting in the United Nations: General Assembly," in Bob Reinalda, ed., *Routledge Handbook of International Organization,* 1st ed., Routledge, 2013.

Watkins, Ronald, "Poland Receives More South Korean FA-50 Fighter Jets," *Defense Post*, October 25, 2023.

Yeo, Mike, "Japan Secures First-Ever Major Defense Export with Philippine Radar Order," *Defense News*, August 28, 2020.

Author Bios

Aidan Winn is policy researcher at RAND. Her research interests include security cooperation, European security and the role of NATO, the role of alliances in deterrence and strategic competition, strategic and policy dimensions of U.S. arms transfers, institutional capacity-building with allies and partners, and civilian harm mitigation and response. She has a Ph.D. in war studies.

Caitlin McCulloch is a political scientist at RAND. Her primary research interests are security cooperation, misinformation and disinformation, information warfare and advantage, Eastern Europe, and the impact of environmental change on conflict. She has a Ph.D. in government and politics.

Jennifer Moroney is a senior political scientist at the RAND. Her primary research interests are security cooperation in Europe, Eurasia, and the Pacific; Australia-U.S. security collaboration; and AUKUS. Moroney comanages RAND's support to DoD on institutional capacity-building. From 2014 to 2018, she served as the inaugural director of RAND Australia in Canberra. She has a Ph.D. in international relations.

Stephanie Pezard is a senior political scientist at RAND. Her research focuses on Arctic security, strategic competition, European security and transatlantic relations, measures short of war, security cooperation and security force assistance, deterrence and use of force, and French defense and security policy. She has a Ph.D. in international relations (political science).

David E. Thaler is a senior defense researcher at RAND. His research focuses on security cooperation with foreign partners, including planning and assessment, Title 10 reforms, prioritization, evaluation, and best practices; foreign policy and military implications of developments in Iran, Israel, and the broader Middle East, as well as Iranian domestic politics; future U.S. military capabilities; and the strategies-to-tasks framework for force planning. He has a Master of International Affairs in international security policy and the Middle East.

Beth Grill is a senior policy researcher at RAND. She specializes in national security policy, and her research has focused on integrated deterrence, partner support for air operations, global health engagement, and security cooperation lessons from Afghanistan. She has a master's degree in Middle East studies and economics.

Krystyna Marcinek is an associate policy researcher at RAND. Her research interests include international security, strategic competition, deterrence, NATO, Russia, Ukraine, and the role of emerging technologies in the future of warfare. She has a Ph.D. in policy analysis.

Lauren Kelly is a research programmer at RAND. She has a Master of Public Health in epidemiology and biostatistics.

Acknowledgments

We thank Alan Gorowitz for his support, thoughtful feedback, and guidance throughout this process. We also thank other team members who participated in the broader project, including Casey Mahoney, Paul Cormarie, Julia Arnold, and our reviewers, Irina Chindea and Jerry McGinn, for their thoughtful consideration of this document and helpful suggestions for improvement. All errors or omissions remain our responsibility.

About This Paper

World events, such as the Ukraine war, have created times when the United States cannot provide an appropriate weapon capability solution for international partners. This limitation could be because the United States cannot produce the capability on an acceptable timeline or will not offer the best product to suit a partner's specific needs, among other limitations. In this paper, we explore (1) the various circumstances under which the United States might be unable to provide an acceptable solution to address an ally's or partner's capability need; (2) how, in these cases, U.S. decisionmakers can continue to support those partners in identifying alternatives; and (3) the major risks and benefits of identifying and using third-party suppliers to meet ally and partner capability needs.

This work was completed in January 2025 and underwent security review with the sponsor and the Defense Office of Prepublication and Security Review before public release.

RAND National Security Research Division

This work was sponsored by the Defense Security Cooperation Agency and conducted within the International Security and Defense Policy Program of the RAND National Security Research Division (NSRD), which operates the RAND National Defense Research Institute (NDRI), a federally funded research and development center sponsored by the Office of the Secretary of Defense, the Joint Staff, the Unified Combatant Commands, the Navy, the Marine Corps, the defense agencies, and the defense intelligence enterprise.

For more information on the RAND International Security and Defense Policy Program, see www.rand.org/nsrd/isdp or contact the director (contact information is provided on the webpage).

RAND is a research organization that develops solutions to public policy challenges to help make communities throughout the world safer and more secure, healthier and more prosperous. RAND is nonprofit, nonpartisan, and committed to the public interest.

Research Integrity

Our mission to help improve policy and decisionmaking through research and analysis is enabled through our core values of quality and objectivity and our unwavering commitment to the highest level of integrity and ethical behavior. To help ensure our research and analysis are rigorous, objective, and nonpartisan, we subject our research publications to a robust and exacting quality-assurance process; avoid both the appearance and reality of financial and other conflicts of interest through staff training, project screening, and a policy of mandatory disclosure; and pursue transparency in our research engagements through our commitment to the open publication of our research findings and recommendations, disclosure of the source of funding of published research, and policies to ensure intellectual independence. For more information, visit www.rand.org/about/research-integrity.

RAND's publications do not necessarily reflect the opinions of its research clients and sponsors. **RAND**® is a registered trademark.

Limited Print and Electronic Distribution Rights

This publication and trademark(s) contained herein are protected by law. This representation of RAND intellectual property is provided for noncommercial use only. Unauthorized posting of this publication online is prohibited; linking directly to its webpage on rand.org is encouraged. Permission is required from RAND to reproduce, or reuse in another form, any of its research products for commercial purposes. For information on reprint and reuse permissions, please visit www.rand.org/about/publishing/permissions.

For more information on this publication, visit www.rand.org/t/PEA2822-1.

© 2025 RAND Corporation

www.rand.org