

the cover letter references a classified annex, then such annex is available to all Senators in the office of the Foreign Relations Committee, room SD-423.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DEFENSE SECURITY
COOPERATION AGENCY,
Arlington, VA.

Hon. JAMES E. RISCH,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 19-13 concerning the Navy's proposed Letter(s) of Offer and Acceptance to the Government of Japan for defense articles and services estimated to cost \$1.150 billion. After this letter is delivered to your office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,

CHARLES W. HOOPER,

Lieutenant General, USA, Director.

Enclosures.

TRANSMITTAL NO. 19-13

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b)(1) of the Arms Export Control Act, as amended

(i) Prospective Purchaser: Government of Japan.

(ii) Total Estimated Value:

Major Defense Equipment* \$1,054 billion.

Other \$.096 billion.

Total \$1.150 billion.

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:

Major Defense Equipment (MDE):

Up to fifty-six (56) Standard Missile-3 (SM-3) Block IB Missiles.

Non-MDE: Also included are missile canisters, U.S. Government and contractor representatives' technical assistance, engineering and logistical support services, and other related elements of logistics and program support.

(iv) Military Department: Navy (JA-P-ATY).

(v) Prior Related Cases, if any: JA-P-AUA.

(vi) Sales Commission, Fee, etc., Paid. Offered. or Agreed to be Paid: None.

(vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Attached Annex.

(viii) Date Report Delivered to Congress: April 9, 2019.

*As defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

Japan—Standard Missile (SM)-3 Block IB

The Government of Japan has requested to buy up to fifty-six (56) Standard Missile-3 (SM-3) Block IB missiles. Also included are missile canisters, U.S. Government and contractor representatives' technical assistance, engineering and logistical support services, and other related elements of logistics and program support. The estimated cost is \$1.150 billion.

This proposed sale will support the foreign policy and national security of the United States by improving the security of a major ally that is a force for political stability and economic progress in the Asia-Pacific region. It is vital to U.S. national interests to assist Japan in developing and maintaining a strong and effective self-defense capability.

The proposed sale will provide Japan with increased ballistic missile defense capability to assist in defending the Japanese homeland and U.S. personnel stationed there. Japan

will have no difficulty absorbing these additional missiles into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The prime contractor for the SM-3 Block IB All Up Rounds will be Raytheon Missile Systems, Tucson, Arizona. The prime contractor for the canisters will be BAE Systems, Minneapolis, Minnesota. There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will require annual trips to Japan involving U.S. Government and contractor representatives for technical reviews, support, and oversight for approximately five years.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

TRANSMITTAL NO. 19-13

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b)(1) of the Arms Export Control Act

Annex Item No. vii

(vii) Sensitivity of Technology:

1. The proposed sale will involve the release of sensitive technology to the Government of Japan related to the Standard Missile-3 (SM-3):

The Block IB is an iteration of the SM-3 family. It has distinct features over the older Block IA variant previously sold to Japan including an enhanced warhead which improves the search, discrimination, acquisition and tracking functions in order to address emerging threats. Once enclosed in the canister, the SM-3 Block IB missile is classified CONFIDENTIAL.

2. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures that might reduce weapon system effectiveness or be used in the development of a system with similar or advanced capabilities.

3. A determination has been made that Japan can provide substantially the same degree of protection for the sensitive technology being released as the U.S. Government. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.

4. All defense articles and services listed in this transmittal are authorized for release and export to the Government of Japan.

DEPARTMENT OF ENERGY FISCAL YEAR 2020 BUDGET REQUEST

Mr. ALEXANDER. Madam President, I ask unanimous consent that a copy of my opening statement at the Subcommittee on Energy and Water Development's budget hearing for the Department of Energy's fiscal year 2020 budget request be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF ENERGY FISCAL YEAR 2020 BUDGET REQUEST

Mr. ALEXANDER. The Subcommittee on Energy and Water Development will please come to order.

Today's hearing will review the administration's fiscal year 2020 budget request for the Department of Energy.

This is the Subcommittee's first budget hearing this year.

We will have three additional hearings with the National Nuclear Security Adminis-

tration, the Corps of Engineers and Bureau of Reclamation, and the Nuclear Regulatory Commission over the next five weeks. Senator Feinstein and I will each have an opening statement.

I will then recognize each Senator for up to five minutes for an opening statement, alternating between the majority and minority, in the order in which they arrived.

We will then turn to Secretary Perry for his testimony on behalf of the Department of Energy.

At the conclusion of Secretary Perry's testimony, I will then recognize Senators for five minutes of questions each, alternating between the majority and minority in the order in which they arrived. Earlier this week I proposed a New Manhattan Project for Clean Energy, a five year project with Ten Grand Challenges that will use American research and technology to put our country and the world firmly on a path toward clean, cheaper energy.

Meeting these Grand Challenges would create breakthroughs in advanced nuclear reactors, natural gas, carbon capture, better batteries, greener buildings, electric vehicles, cheaper solar and fusion. To provide the tools to create these breakthroughs, the federal government should double its funding for energy research and keep the United States number one in the world in advanced computing. This strategy takes advantage of the United States' secret weapon, our extraordinary capacity for basic research especially at our 17 national laboratories. It will strengthen our economy and raise our family incomes.

As we review the Department of Energy's fiscal year 2020 budget request today and work on drafting the Energy and Water Development Appropriations bill, I will be keeping these Ten Grand Challenges in mind.

I would like to thank Secretary Perry for being here today. This is Secretary Perry's third year to testify before the subcommittee.

I also want to thank Senator Feinstein, with whom I have the pleasure to work with again this year to draft the Energy and Water Development Appropriations bill. Our subcommittee has a good record of being the first of appropriations bills to be considered by the Committee and by the Senate each year. For each of the past four years, Senator Feinstein and I have been able to have our bill signed into law.

Last year, we worked together in a bipartisan way on the fiscal year 2019 Energy and Water Development Appropriations bill that was signed into law before the start of the fiscal year—the first time that happened since 2000.

We provided \$6.585 billion for the Department's Office of Science, the fourth consecutive year of record level funding, which supports basic science and energy research at our 17 national laboratories and is the nation's largest supporter of research in the physical sciences.

The bill also provided \$366 million for ARPA-E, to continue the important research and development investments into high-impact energy technologies—another record funding level in a regular appropriations bill.

We also provided \$1.3 billion for Department's Office of Nuclear Energy, which is responsible for research and development of advanced reactors and small modular reactors. Finally, the bill we passed last year provided \$15.2 billion for the National Nuclear Security Administration, including record funding levels for our Weapons Program and Naval Reactors.

This year, the Department of Energy's budget request is about \$3.9 billion below what Congress provided last year.

I'm pleased that the Department's budget request prioritizes supercomputing, and includes approximately \$809 million to deploy exascale systems in the early 2020's.

Unfortunately, the budget request this year again proposes to decrease spending on federally funded research and development, terminates ARPA-E and the loan guarantee programs, and cuts other funding, specifically:

The Office of Science by \$1 billion; Energy Efficiency and Renewable Energy by \$2 billion;

Nuclear Energy by \$502 million; and

Fossil Energy by \$178 million.

And that is why we are holding this hearing: to give Secretary Perry an opportunity to discuss the Department's priorities, so Senator Feinstein and I can make informed decisions as we begin to write the fiscal year 2020 Energy and Water Development Appropriations bill over the next few weeks. Governing is about setting priorities, and we always have to make some hard decisions to ensure the highest priorities are funded.

Today, I'd like to focus my questions on five main areas, all with an eye toward setting priorities: Prioritizing federal support for science and energy research; Maintaining a safe and effective nuclear weapons stockpile; Demonstrating that we can build safe, affordable advanced reactors; Keeping America first in supercomputing; and Solving the nuclear waste stalemate. The Department of Energy's research programs have made the United States a world leader in science and technology, and these programs will help the United States maintain its brainpower advantage to remain competitive at a time when other countries are investing heavily in research.

DEMONSTRATING THAT WE CAN BUILD SAFE, AFFORDABLE ADVANCED REACTORS

Today, nuclear power accounts for 60% of our carbon-free electricity and, if we are going to slow the effects of climate change, nuclear power will be necessary into the future. However, the cost to build and operate today's large nuclear reactors is too high. If we don't do something soon, nuclear power will not have a future in the United States. Advanced reactors have the potential to be smaller, cheaper, less wasteful, and safer than today's reactors.

To demonstrate their potential, we need to build some of these advanced reactors, enable them to get licensed, and make sure they are available to replace the existing reactors when they come offline. Secretary Perry, I'd like to hear your views on this, including whether you think it would be helpful for the Department of Energy, working with the private sector and the National Laboratories, to manage a program that would build and demonstrate current advanced reactor technologies.

MAINTAINING A SAFE AND EFFECTIVE NUCLEAR WEAPONS STOCKPILE

A key pillar of our national defense is a strong nuclear deterrent. Last February, the administration issued an updated nuclear policy, called the Nuclear Posture Review. The updated Nuclear Posture Review recommends continuing many of the things Congress has been working on for the last several years—things that I support, including: continuing Life Extension Programs to make sure our current nuclear weapons remain safe and effective; and continuing to invest in the facilities we need to maintain our nuclear weapons stockpile. This includes the Uranium Processing Facility, the Plutonium Facility, and the facilities to process lithium and tritium.

I'm pleased to know the Department continues to make progress on construction of the nuclear buildings for the Uranium Proc-

essing Facility, and I'll be asking some questions about that project today. The Nuclear Posture Review also calls for two low yield warheads to be added to the stockpile, largely in response to capabilities being developed by Russia and other countries, and I know the Department is working on this important issue.

I'd like to hear more about that today, and look forward to hearing about the progress being made on the Uranium Processing Facility.

China, Japan, the U.S. and the European Union all want to be first in supercomputing. The stakes are high because the winner has an advantage in advanced manufacturing, simulating advanced reactors and weapons before they are built, finding terrorists and saving billions of Medicaid waste, and simulating the electric grid in a natural disaster, and other progress.

The U.S. regained the number one spot last year, thanks to sustained funding by Congress during both the Obama and Trump administrations. I am pleased that this budget request proposes to continue development of exascale supercomputers—the next generation of supercomputers that will develop a system a thousand times faster than the first supercomputer the U.S. built in 2008.

To ensure that nuclear power has a strong future in this country, we must solve the decades' long stalemate over what to do with used fuel from our nuclear reactors. Senator Feinstein and I have been working on this problem for years, and I'd like to take the opportunity to compliment Senator Feinstein on her leadership and her insistence that we find a solution to this problem. To solve the stalemate, we need to find places to build geologic repositories and temporary storage facilities so the federal government can finally meet its legal obligation to dispose of nuclear waste safely and permanently.

This year's budget request for the Department of Energy includes \$110 million to restart work for Yucca Mountain repository and \$6.5 million to study ways to open an interim storage site or use a private interim storage site. I strongly believe that Yucca Mountain can and should be part of the solution to the nuclear waste stalemate. Federal law designates Yucca Mountain as the nation's repository for used nuclear fuel, and the Commission's own scientists have told us that we can safely store nuclear waste there for up to one million years.

But even if we had Yucca Mountain open today, we would still need to look for another permanent repository. We have more than enough used fuel to fill Yucca Mountain to its legal capacity. So Senator Feinstein and I, working with the leaders of the Committee on Energy and Natural Resources, Senator Murkowski and then Senators Bingaman, Wyden, Cantwell, and now Senator Manchin, have a bill to implement the recommendations of the President's Blue Ribbon Commission on America's Nuclear Future, which we're working to reintroduce this year.

The legislation complements Yucca Mountain, and would create a new federal agency to find additional permanent repositories and temporary facilities for used nuclear fuel. But the quickest, and probably the least expensive, way for the federal government to start to meet its used nuclear fuel obligations is for the Department of Energy to contract with a private storage facility for used nuclear fuel.

Two years ago, you told this subcommittee that the Department of Energy has the authority to take title to used nuclear fuel, but you were hesitant to agree that it has the authority to store the used fuel at a private facility without more direction from Con-

gress. I understand that two private companies have submitted license applications to the NRC for private consolidated storage facilities, one in Texas and one in New Mexico, and that the NRC's review is well underway.

I look forward to working with Secretary Perry as we begin putting together our Energy and Water Development Appropriations bill for fiscal year 2020 and hearing what Secretary Perry's priorities are. I also expect that the Department will continue to fund projects consistent with Congressional intent in the fiscal year 2019 Consolidated Appropriations Act.

I will now recognize Senator Feinstein for her opening statement.

TRIBUTE TO DR. SCOTT GOTTLIEB

Mr. ALEXANDER. Madam President, nearly two years ago, just before the Senate voted to confirm Dr. Gottlieb to lead the Food and Drug Administration, FDA, I said that he was "the right person to lead the FDA in [its] vital mission and move the agency forward so that America's patients can benefit from the remarkable discoveries . . . that our nation's researchers are working on."

Since then, Dr. Gottlieb's leadership at FDA has proved that prediction correct.

Dr. Gottlieb has been one of the President's best appointments.

Two years ago, I also said that "there's never been a more important time to capitalize on the significant funding Congress has given to medical research."

Congress has given the National Institutes of Health, NIH, a \$9 billion increase from 2015-2019, almost \$40 billion dollars in 2019, and FDA plays a key role in bringing new treatments and cures to American patients.

In 2016, Congress passed what Leader McCONNELL called the most important legislation of the Congress, the 21st Century Cures Act, to help speed the development of new drugs and devices.

This exciting time in medicine also brings great promise to patients to lower the cost of medicine, as more promising treatments come to market, we see increased competition, which helps to drive down how much patients pay for medicines they need.

Dr. Gottlieb's successful tenure at the agency includes helping to bring more competition to the market. In 2018, FDA approved or tentatively approved over 1,000 generic drugs, approved 34 novel orphan drugs, which are drugs to treat rare diseases, and designated 18 regenerative medicines as regenerative medicine advanced therapies, so they can be reviewed faster.

Here are just a few other important things Dr. Gottlieb has accomplished:

When Dr. Gottlieb took over at FDA, Congress was working to reauthorize the four medical product user fee agreements that make up about a third of FDA's funding.

In addition to reauthorizing the four user fee agreements, Congress worked with Dr. Gottlieb and authorized an expedited approval process for generic