

Foreign Military Sales Overview

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Presenters



Sam King

Professor, Acquisition Program Management
Defense Acquisition University
7115 Old Madison Pike
Huntsville, AL 35806
256.922.8774
Samuel.King@dau.mil



Ulysses S. Rhodes, Jr.

Deputy Director, G5
Strategy/Training/Studies & Analysis
4402 Martin Road
Redstone Arsenal, AL 35898
256.450.5730
Ulysses.S.Rhodes.civ@mail.mil

Jeffrey Grafton

Associate Professor
Defense Institute of Security Assistance Management (DISAM)
2475 K Street
Wright-Patterson AFB, OH 45433
937.713.3254
Jeffrey.Grafton@us.af.mil

OVERVIEW

Summarize what DoD program office personnel know about:

1. **Security Cooperation**
2. DoD Key Organizations and Relationships
3. Implementing Agencies (MILDEP-SCOs, Cases and Deliveries)
4. Customer Decision Making Process
5. DoD Acquisition Preference/Acquisition Policy

OVERVIEW

Continue

- 6. Letter of Request (LOR) Channels**
- 7. Case Development (Responsibility, Notifications)**
- 8. Types of LOAs**
- 9. Case Execution**
- 10. Buyer/Seller Relationship**
- 11. Payment and Flow of Funds**

Security Cooperation

**Foreign
Policy**

DoS



**National
Security**

DoD



**SECURITY
COOPERATION**

Foreign Military Sales

- **Customer Funded**
- **DoS Funded (Grant)**
- **DoD Appropriations**



Materiel Solution Analysis

Materiel Development Decision

Technology Maturation & Risk Reduction

Engineering & Manufacturing Development

Production & Deployment

Low Rate Initial Production

Full Rate Production / Deployment Decision

Operations & Support

Sustainment Disposal

International Armaments Cooperation

USD (AT&L)

International Agreements

Defense Acquisition University

Foreign Military Sales

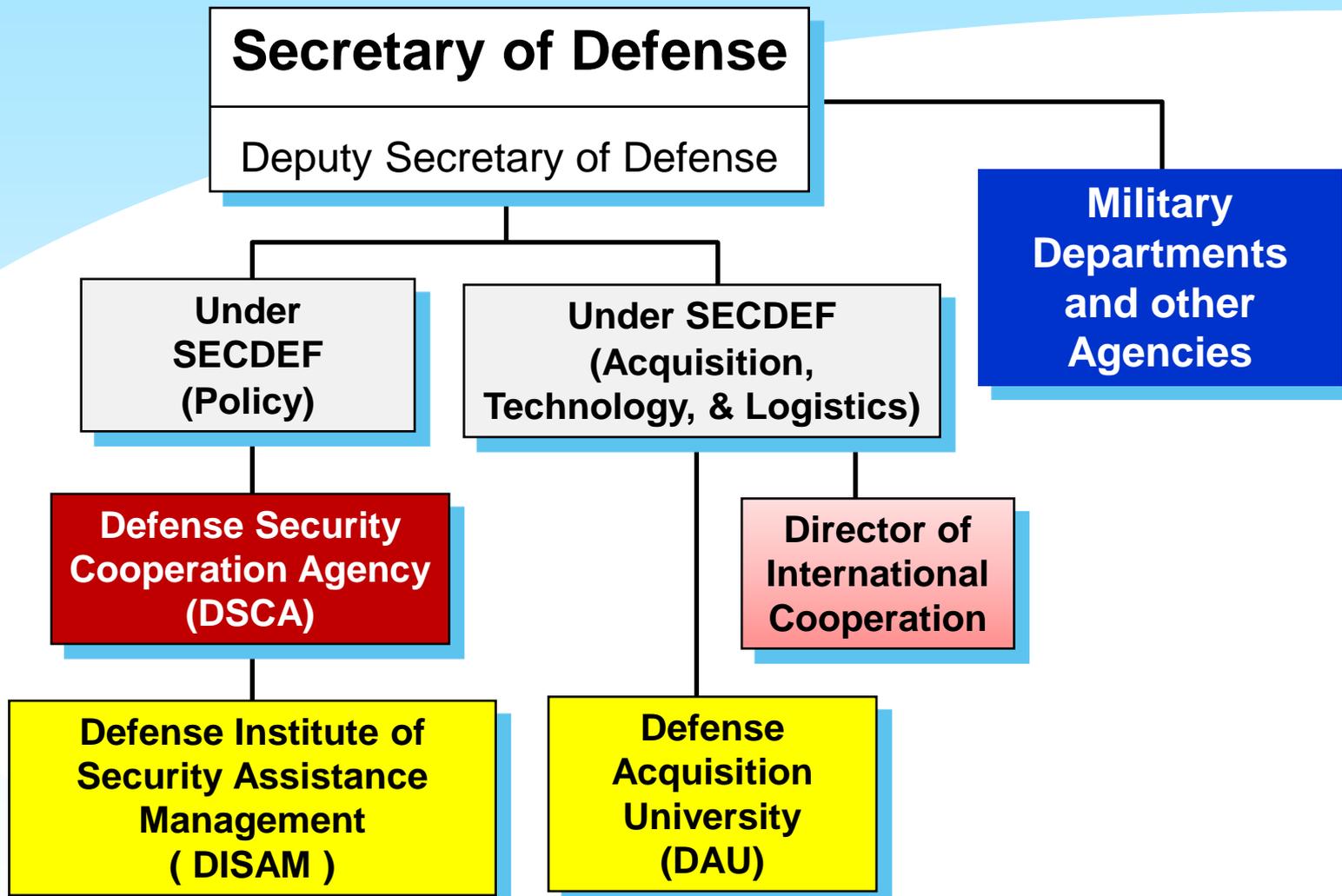
USD (Policy)

LOAs

DISAM



DoD Relationships



Implementing Agencies (IA)

- 1. U.S. Army**
- 2. U.S. Navy**
- 3. U.S. Air Force**
- 4. Defense Logistics Agency (DLA)**
- 5. Defense Contract Management Agency (DCMA)**
- 6. Defense Information Systems Agency (DISA)**
- 7. Defense Threat Reduction Agency (DTRA)**
- 8. Defense Security Cooperation Agency (DSCA)**
- 9. National Security Agency (NSA)**
- 10. National Geospatial-Intelligence Agency (NGA)**
- 11. Missile Defense Agency (MDA)**

MILDEP

Security Cooperation Organizations

	Navy 	Army 	Air Force 
HQ	Navy International Programs Office (NAVY IPO)	Deputy Assistant Secretary of the Army for Defense Exports & Cooperation (DASA-DE&C) U.S. Army Security Assistance Command (USASAC) – Huntsville	Deputy Under Secretary of the Air Force, International Affairs (SAF/IA)
ILCO *	Naval Supply Systems Command (NAVSUP) Weapon Systems Support-OF	USASAC – New Cumberland	Air Force Security Assistance and Cooperation Directorate (AFSAC)
Training	Naval Education Training Security Assistance Field Activity (NETSAFA)	Security Assistance Training Field Activity (SATFA)	Air Force Security Assistance Training Squadron (AFSAT)



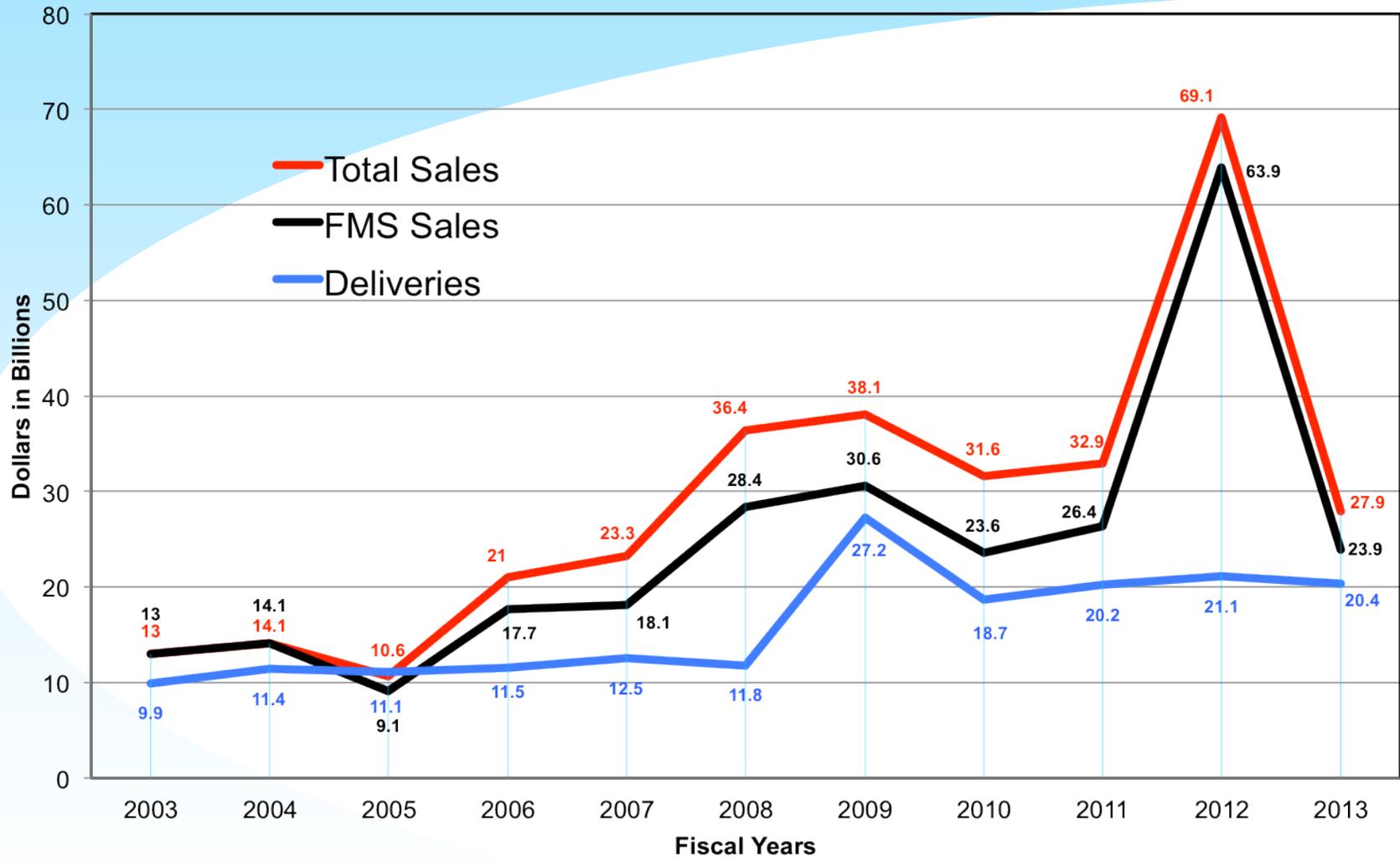
*ILCO = International Logistics Control Organization

Implemented Cases

(As of 23 June 2014 per DIFS)

Implementing Agency	# of Cases	Total Case Value (\$B)	Collections (\$B)	Deliveries (\$B)
Army	4,866	\$143.01	\$111.58	\$86.29
Navy (including Marine Corps and Coast Guard cases)	3,862	\$78.80	\$64.37	\$50.80
Air Force	3,511	\$182.34	\$130.82	\$107.79
Other (DCMA, DLA, NGA, NSA, etc.)	742	\$7.00	\$6.54	\$6.74
Total	12,981	\$411.15	\$313.31	\$251.62

U.S. FMS Agreements/Deliveries



Customer Decisions

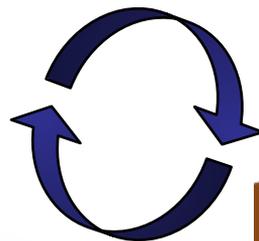
Preliminary & Definition

Threat
 Budget National Security
 Strategy
 Political Factors
 Mission



Needs
 How Many
 ? What Kind ?
 When ?
 Where ?
 Cost ?

Minister of Defense
 Bandaria



Geographic
 Combatant
 Commands
 (GCCs)



SCO

USG strategy
Interoperability
Capability needs
Economic reality

Customer Decisions

Definition

Threat
Budget
Political
Mission

National Security
Strategy
Factors



Minister of Defense
Bandaria

Needs

How Many
? What Kind ?
When ?
Where ?
Cost ?

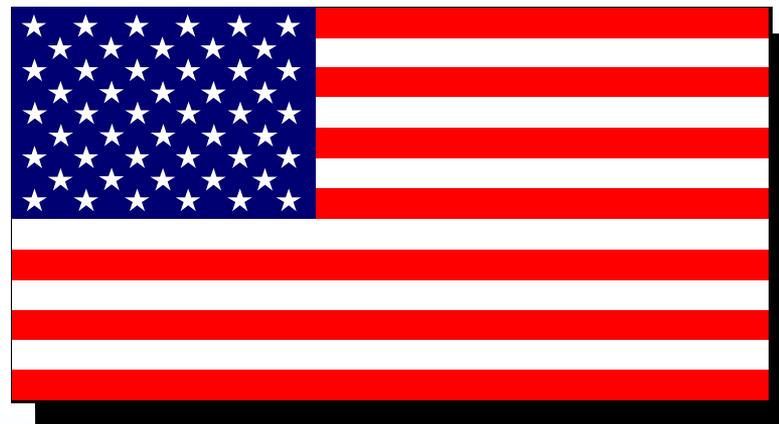
Non-U.S.
Sources

U.S.
Source

Acquisition Preference

SAMM C4.5.8

DoD **prefers** that countries friendly to the US fill defense requirements with **US origin** items.



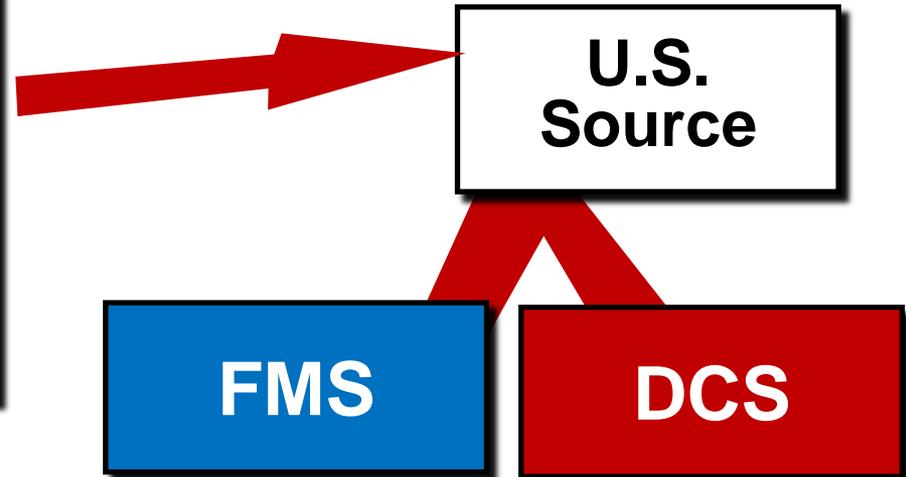
Customer Decisions

Definition

Threat
Budget
National Security
Strategy
Political Factors
Mission



Needs
How Many?
What Kind?
When?
Where?
Cost?

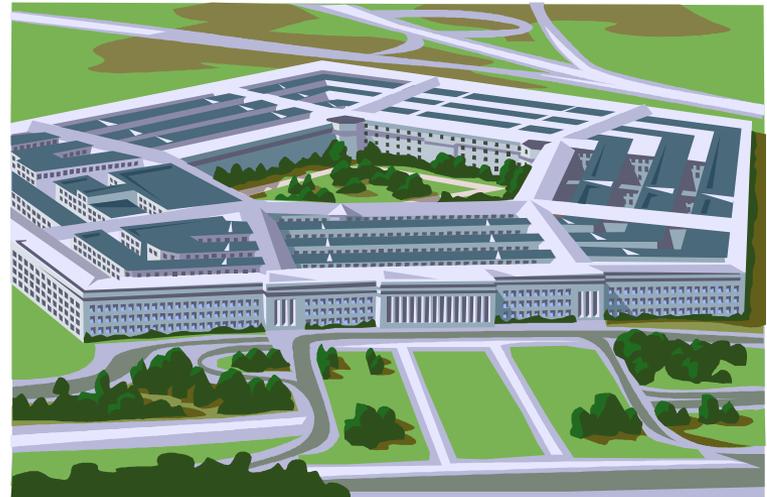


Minister of Defense
Bandaria

Acquisition Policy

SAMM C4.5.8

DoD is generally **neutral** whether a country purchases US origin defense articles through FMS or on a direct commercial basis.



FMS-Only Designation

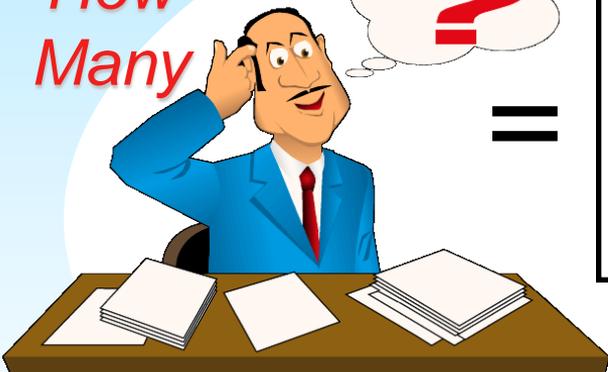
SAMM C4.3.5

- **AECA authorizes President to designate FMS-Only**
 - **Authority delegated to Sec of State**
 - **By policy, exercised on recommendation of DoD**
- **MILDEPS make recommendations to DSCA & Defense Technology Security Administration (DTSA)**



Customer Decisions

Where
What Kind *Cost*
When
How Many



Minister of Defense
Bandaria

Needs

U.S.
Munitions
List

Arms
Export
Control
Act

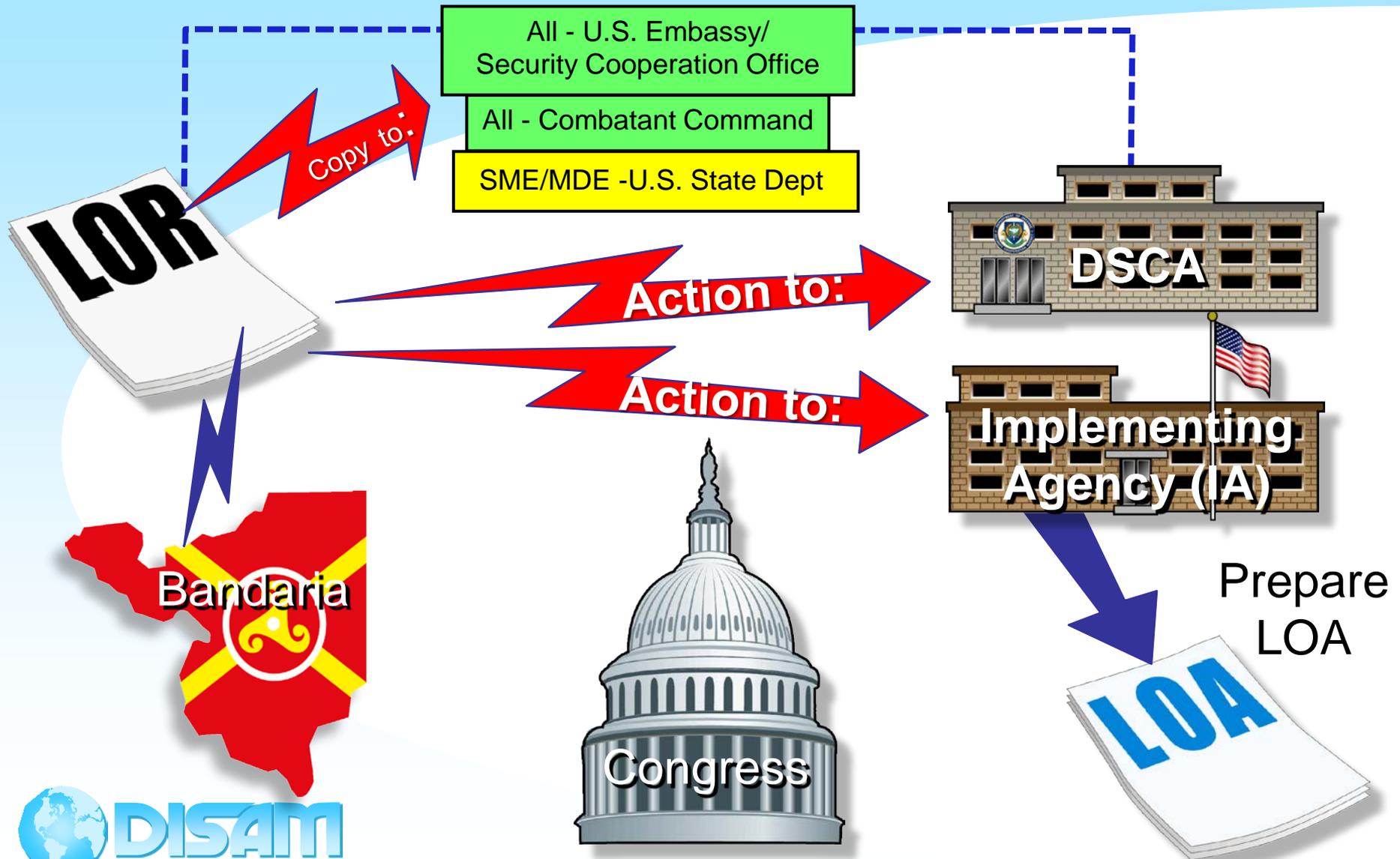
Non-U.S.
Sources

U.S.
Commercial
Export

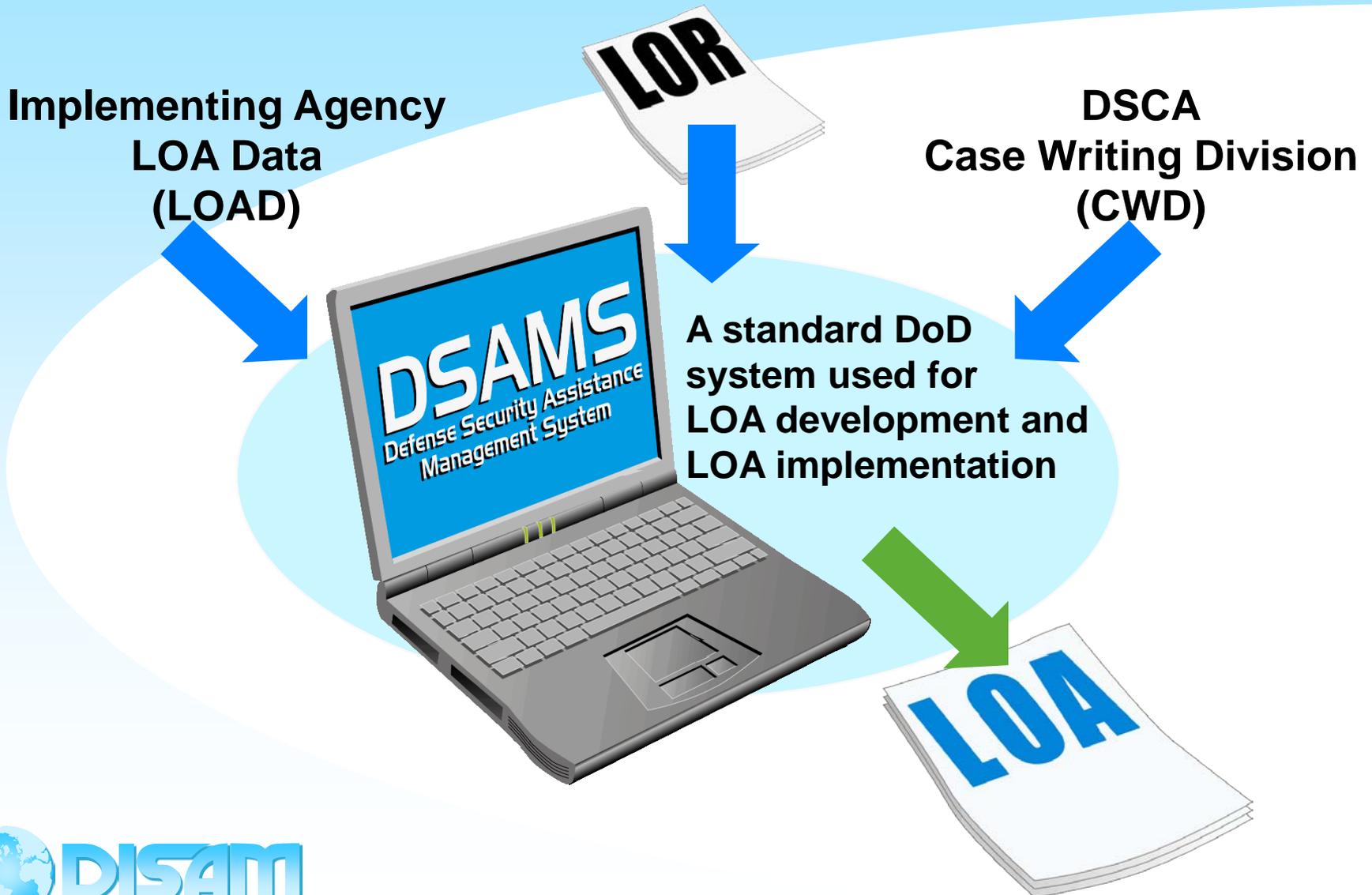
FMS

Letter
Of
Request
(LOR)

Channels of Request



Case Development



Case Development Responsibilities

Implementing Agency (IA)

Develop LOA Data ("D" Status)

- Primary interface with stakeholders
- **Releasability/foreign disclosure**
- Congressional notification input
- LOA line item structure
- **LOA line item pricing**
- **LOA line item / program-unique notes**
- **Program delivery schedules**
- Payment schedule analysis
- Staffing and coordination of waivers
- **Manpower requirements**
- **Missile Technology Control Regime review**
- **End Use Monitoring requirements**
- Approve LOA and send to DSCA-CWD
- Review/sign CWD LOA package ("**R**")
- Offer LOA after DSCA countersigns ("**O**")

DSCA Case Writing Division (CWD)

Assemble the LOA

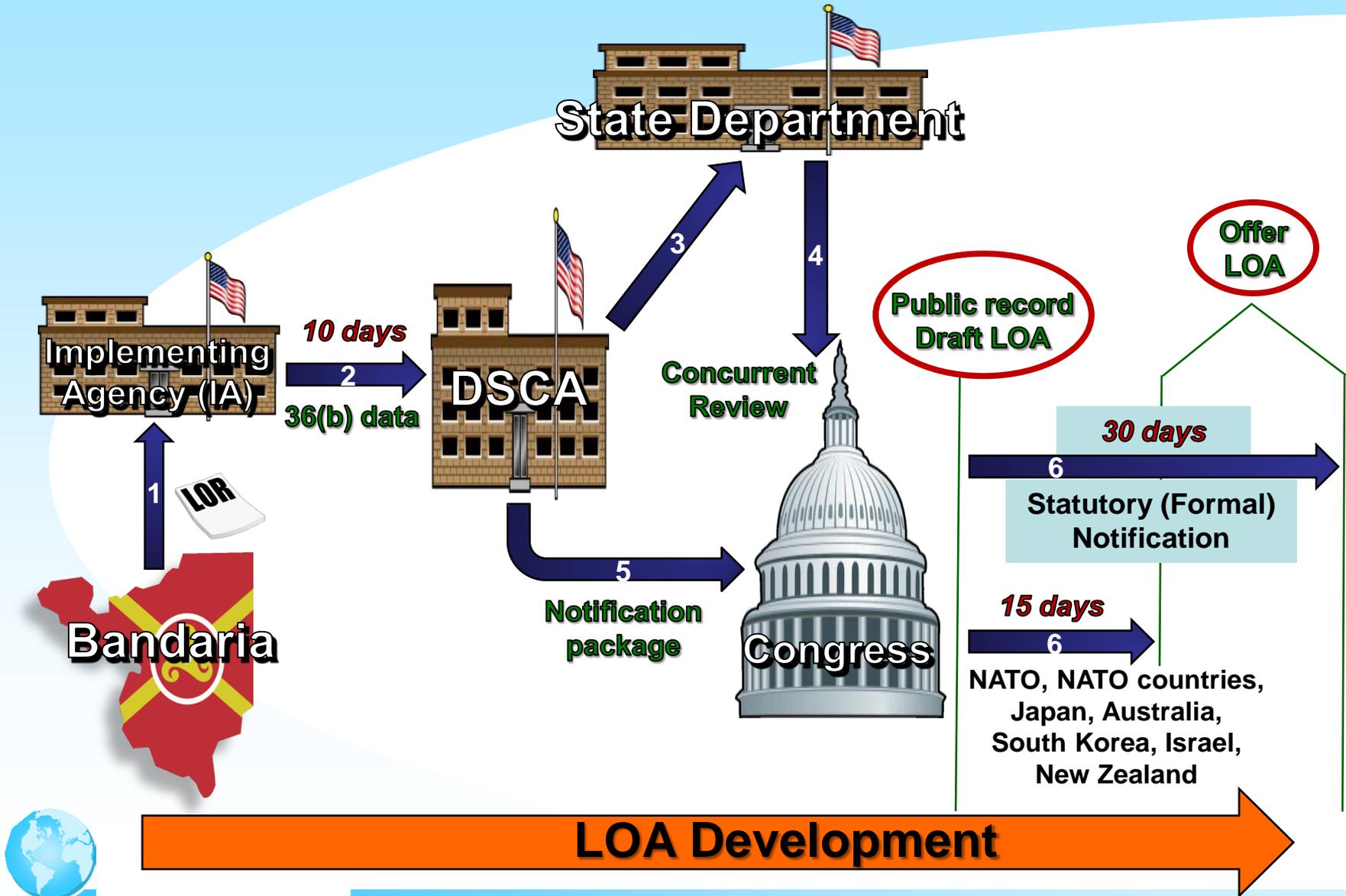
- **Write "W" Status**
 - LOA quality assurance review
 - Policy review
 - LOA standard notes
 - Payment Schedule preparation
- **Review "R" Status**
 - IA final review of LOA package
 - DSCA HQ review
 - Legal review
- **Proposed "P" Status**
 - State (RSAT) review
- **Offered "O" Status**
 - DSCA countersignature

Congressional Notification

- Reporting threshold: (SAMM C5.5 & C5.T13)

	<u>NATO countries, Japan, Australia, South Korea, Israel, & New Zealand</u>	<u>All Others</u>
Total Case Value	\$100M	\$ 50M
Major Defense Equipment (MDE)	\$ 25M	\$ 14M
Design/Construction	\$300M	\$200M
- Congress can adopt joint resolution objecting to sale

Congressional Notification



Types of LOAs

1. Defined Order

- Specific defense articles/services
- LOA data developed by the IA
- Requisitions prepared/submitted by the IA
- Weapon systems (MDE/SME) + initial support, explosives, classified/ sensitive, Technical Data Packages, C4ISR

2. Blanket Order

- General categories of material/services
- Purchaser determines case value and submits requisitions
- Follow-on support, publications, training

3. Cooperative Logistics Supply Support Arrangement (CLSSA)

- Used for follow-on support
- Purchaser makes equity investment in DoD supply system
- DoD stocked non-SME materiel (no services)

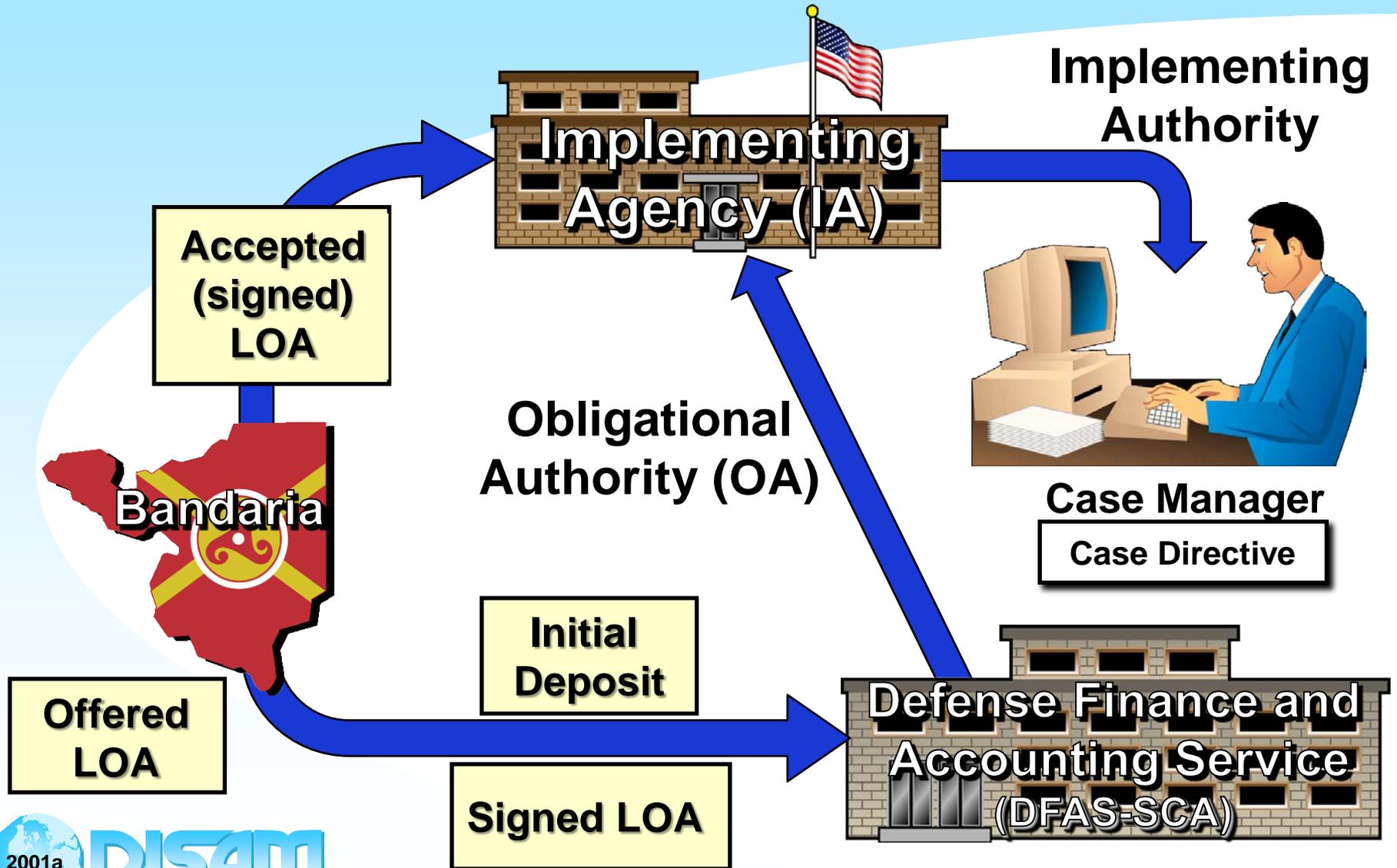
Pseudo LOAs

- **Building Partner Capacity Programs - SAMM Chapter 15**
- Authorized by specific public laws
- Country does NOT submit LOR
- Pseudo-LOAs NOT signed by country
- Unique benefitting - country codes - Y2, S3,
- Funded with **expiring** appropriated funds
- FMS infrastructure executes the LOA
- Title transfers in country

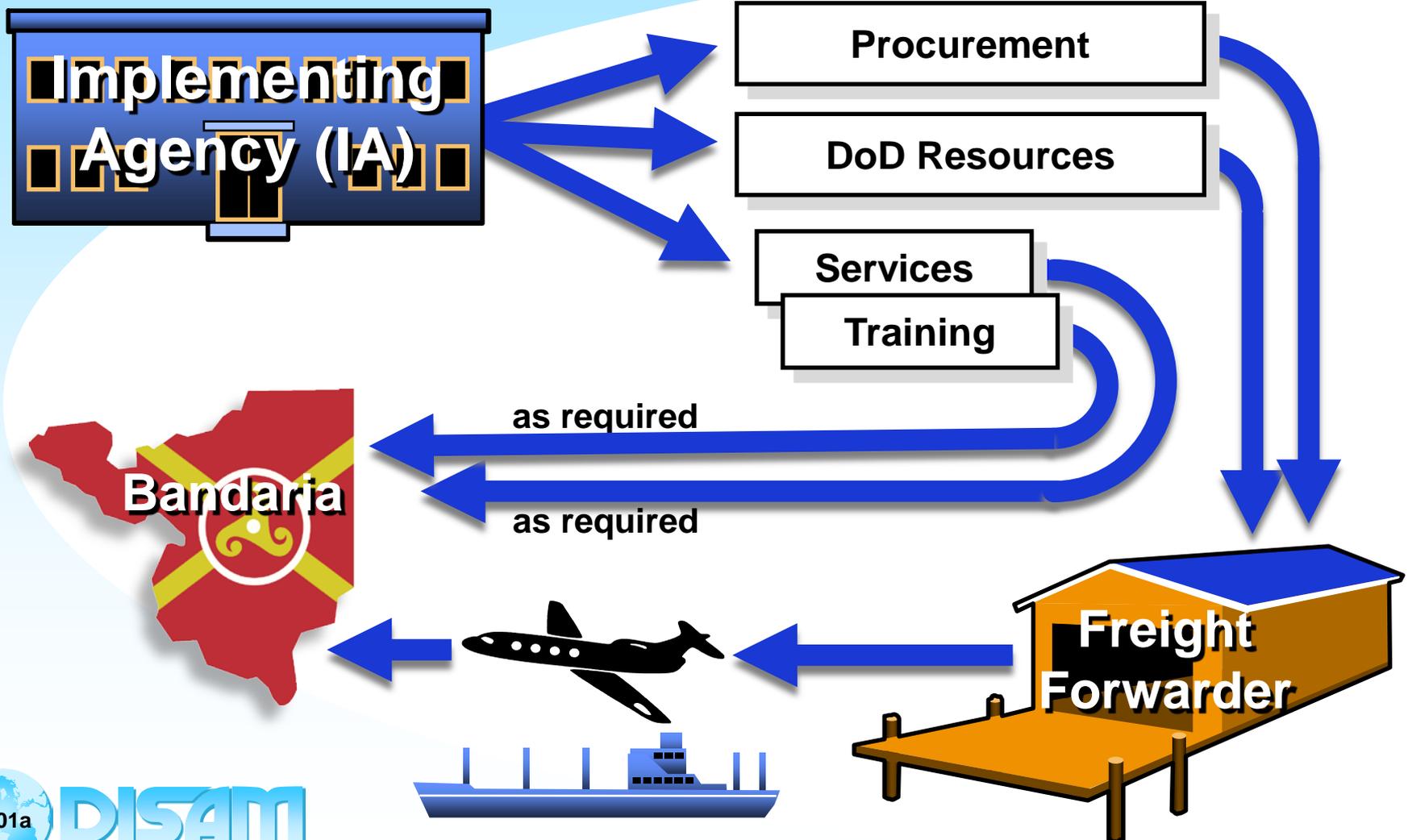
Anticipated Offer Date (AOD)

GROUP	AOD	TYPE OF CASE
A	30 DAYS (or less)	Blanket Order LOAs, Training LOAs, CLSSA LOAs
B	30 DAYS (or less)	Defined Order LOAs
C	90 DAYS (or more)	Defined Order LOAs (1 st time purchase, engineering/system integration, unique acquisition, complex pricing, detailed disclosure coordination, extensive coordination)
D	30 DAYS default (until specific guidance becomes available)	All Pseudo LOAs

Acceptance and Implementation



Case Execution



Acquisition Policy

SAMM C4.3.10

An FMS sale **cannot degrade US defense efforts** by taking needed equipment from **US stocks (withdrawals)** or disrupting deliveries of critical items from production for US Forces (diversions)



Buyer/Seller Relationships

United States Government

1

LOA

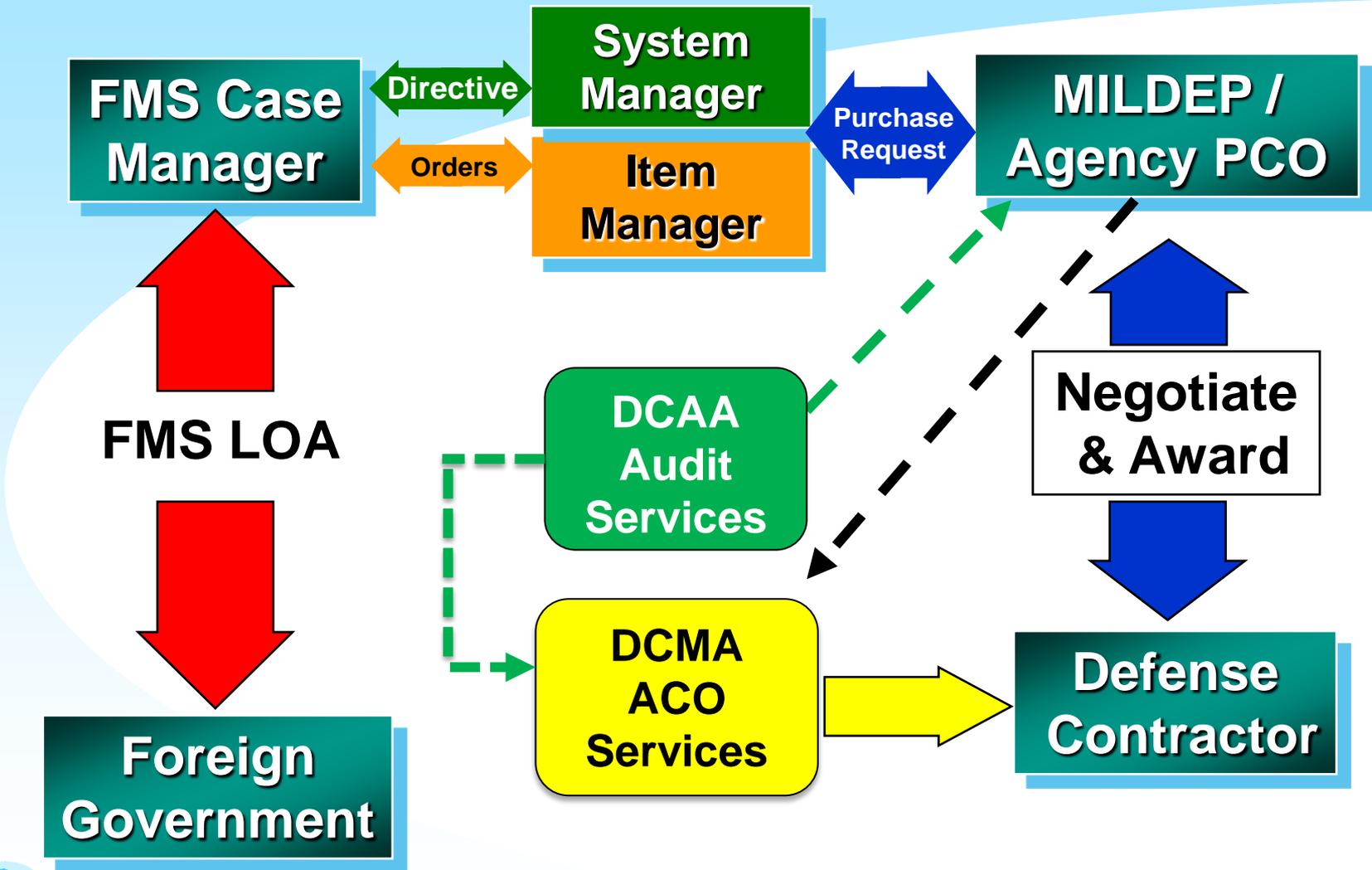
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CONTRACT

Foreign
Government

Defense
Contractor

FMS Functional Relationships



Procurement Methods

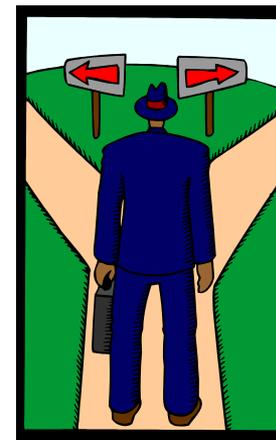
FAR Part 6, DSCA Policy 12-15, SAMM C6.3.4

- Competitive Method

- Default - procurement method

- Noncompetitive Method

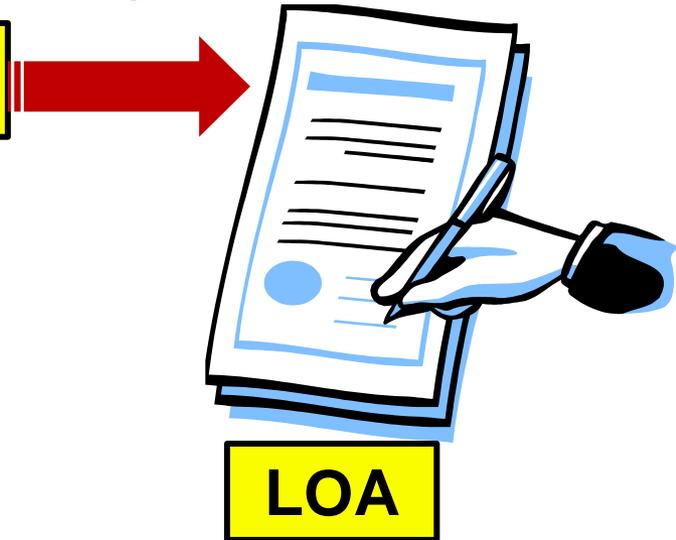
- Exception - Country request for procurement using other than full and open competition (commonly referred to as “**sole source**”)



Procurement Methods

FAR 6.3 - Exceptions for **Noncompetitive**

1. Single Responsible Source
2. Unusual & Compelling Urgency
3. Maintain Industrial Capability
4. International Agreement
5. Required By Law
6. National Security
7. Public Interest



Customer In Contract Process

DFARS 225.7304

- At contracting officer discretion, customer can participate in **discussions** with industry on:
 - Technical Specifications
 - Delivery Schedules
 - Price/Performance Tradeoffs
 - Other Requirements Unique to FMS Purchaser



Contract Structure

SAMM C6.3.1

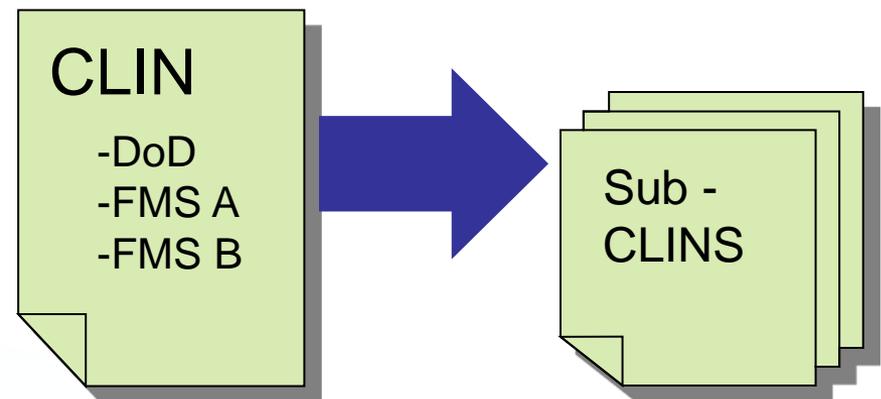
FMS requirements may be **consolidated with USG requirements** or placed on separate contract whichever is more expedient and cost effective.



Contract Structure

DFARS 204.7100

- Contract **sublines** shall be used when items bought under one contract line item number
 - Are to be **paid for from more than one accounting classification (ACRN)**
 - Have different delivery dates, **destinations or requisitions**



Payment Schedule

DOD 5105.38-M



United States of America
Letter of Offer and Acceptance (LOA)

[AT-P-BLZ]

Based on [AUSTDEF Itr 2/265 of 10 Apr 92]

Pursuant to the Arms Export Control Act, the Government of the United States (USG) offers to sell to [the Government of Australia, Office of the Naval Attache, 1601 Massachusetts Ave., NW, Washington, DC 20036] the defense articles or defense services (which may include defense design and construction services) collectively referred to as "items," set forth herein, subject to the provisions, terms, and conditions in this LOA.

This LOA is for [Standard Missile Block VI, support items, and services.]

Estimated Cost: [\$19,510,825] Initial Deposit: [\$19,360,450]
 Terms of Sale: [Cash prior to delivery/dependable undertaking,
 Congressional notification 92-17]

This offer expires on [22 July 1992]. Unless a request for extension is made by the Purchaser and granted by the USG, the offer will terminate on the expiration date.

This page through page [4], plus Letter of Offer and Acceptance Standard Terms and Conditions attached, are a part of this LOA.

The undersigned are authorized representatives of their Governments and hereby offer and accept, respectively, this LOA:

 U.S. Signature Date [30 May 92] Purchaser Signature Date

[A. R. DiTrapani
 Director]

 Typed Name and Title

[Navy International Programs Office]
 Implementing Agency _____
 Agency

 DSAA Date

Information to be provided by the Purchaser:

Mark For Code _____ Freight Forwarder Code _____ Purchaser Procuring Agency
 Code _____, Name and Address of the Purchaser's Paying Office

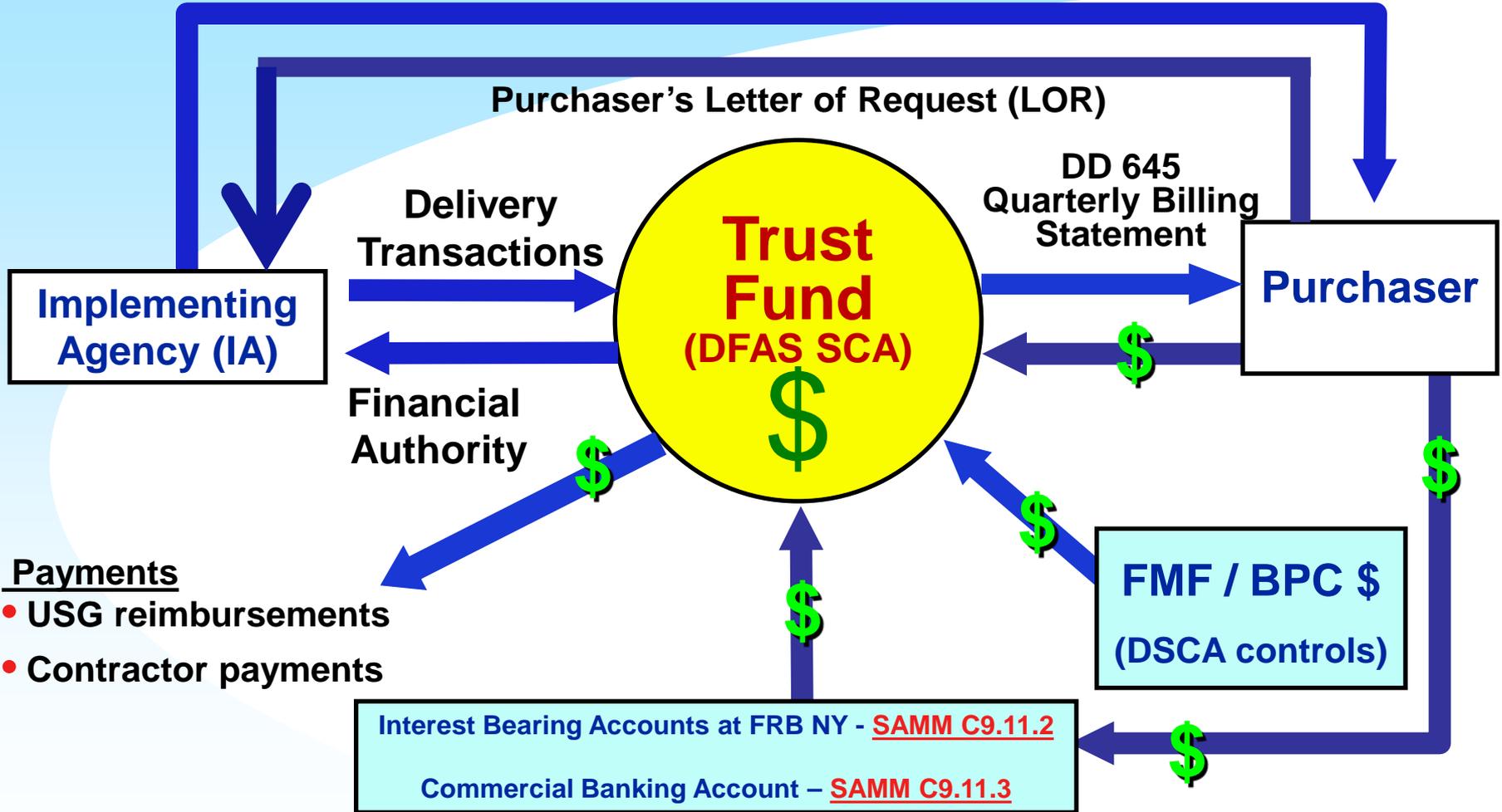
Table 701-1. Page 1 of [12] pages
 701-12

Estimated Payment Schedule

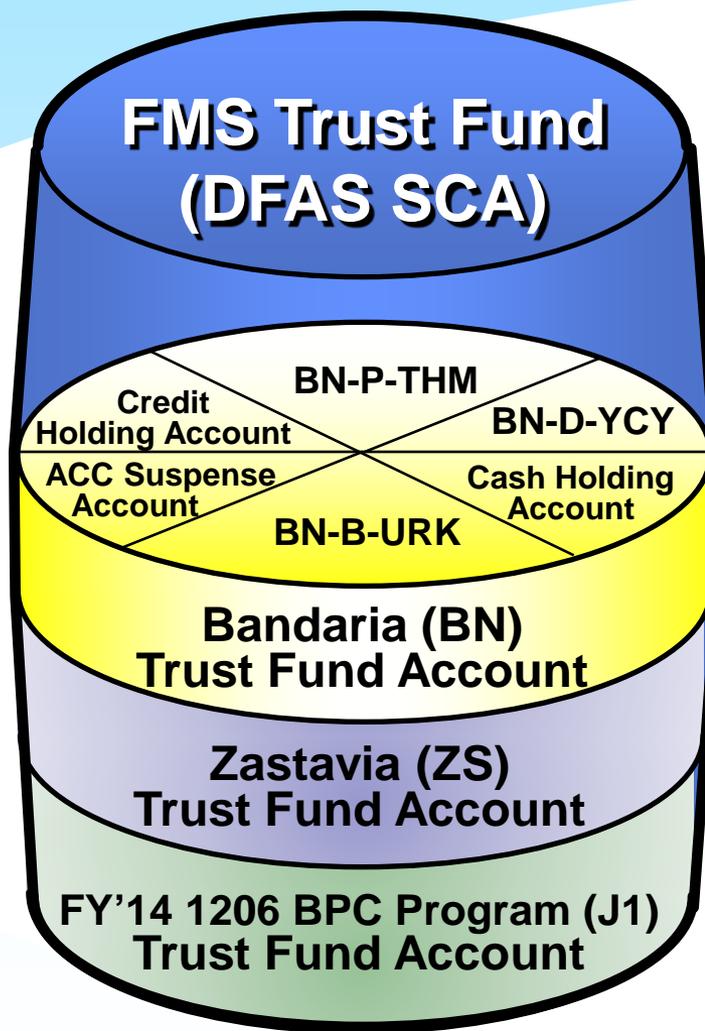
Payment Date:	Quarterly	Cumulative
Initial Deposit	\$2,613,552	\$2,613,552
15 Mar 2011	\$332,793	\$2,946,345
15 Jun 2011	\$399,348	\$3,345,693
15 Sep 2011	\$505,716	\$3,851,409
15 Dec 2011	\$604,722	\$4,456,131

Flow of Funds

LOA (with Initial Deposit/Payment Schedule)



FMS Trust Fund DFAS SCA is 'Accountant'



Case Closure

Supply Complete

