Chapter

10

Logistics Support of Security Cooperation Materiel Transfers

Introduction

For Foreign Military Sales (FMS) customers, the weapon system acquisition phase involves configuration identification of the weapon system and the ordering of all related logistics products and services needed to field the weapon system in-country. It includes the monitoring of procurement milestones and the tracking of deliveries in-country. This phase ends with the delivery of the weapon system to the foreign purchaser. Initial support is an extension of the weapon system acquisition phase. It is the establishment of initial maintenance capabilities and materiel support. Initial support is part of the total package provided to the international customer by the Department of Defense (DoD). Follow-on support, discussed later in this chapter, consists of sustainment programs selected by the customer to provide continuing support as the initial support package is depleted.

The DoD does not have a separate logistics system to support foreign military requirements resulting from security assistance (SA)/security cooperation (SC) efforts, and, rather, these requirements are satisfied by using existing DoD logistics systems. Understanding how the basic DoD logistics system components fit together and function is a prerequisite to understanding the relatively minor logistics adaptations that have been made to accommodate SA/SC requirements. This chapter provides an overview of the DoD logistics system and highlights specific logistics issues and adaptations unique to SA/SC.

The Total Package Approach

The DoD policy (SAMM C4.3.2) is to offer the FMS purchaser a complete sustainability package when developing a Letter of Offer and Acceptance (LOA) for non-excess systems. This policy is referred to as the Total Package Approach (TPA). TPA ensures that FMS purchasers receive all support articles and services required to introduce, operate, and maintain the equipment. In addition to the system itself, other items to consider in a total package include initial spares, support equipment, training, publications, technical assistance, munitions, and follow-on support. The necessary planning for follow-on support, training, and other elements of continuity should occur simultaneously with the development of the initial total package.

Logistics

Before discussing the function of DoD logistics, it is appropriate to examine what is generally meant by the term logistics. The *DoD Dictionary of Military and Associated Terms* (Joint Pub 1-02) defines logistics as planning and executing the movement and support of forces. In its most comprehensive sense, it is those aspects of military operations that deal with design and development, acquisition, construction, storage, movement, distribution, maintenance, evacuation, disposition of materiel, and the furnishing of services.

Logistics is a full system, an integrated whole, which involves four elements: acquisition, distribution, sustainment, and disposal. Thus, this chapter focuses on the elements of supply, transportation, and maintenance. A discussion of the acquisition element of the logistics process is provided in Chapter 9 of this textbook.

Supply

Supply is a term that has a variety of meanings. Often, the term "supply" is used in a collective sense, much like logistics, to include acquiring, managing, receiving, storing, and issuing materiel to required forces. Logistics support to FMS cases potentially encompasses all of these functions. Within the military departments (MILDEPs) and the Defense Logistics Agency (DLA) are the organizations responsible for acquiring/managing supplies and for the materiel management functions of receiving, storing, and distributing items.

Item Classification

There are several ways to classify and manage items in the DoD supply system. Primary items, also called major items, are a final combination of end products, component parts, and/or materials, which are ready for their intended use, e.g., aircraft, ships, tanks, and weapon systems. Each of the military services manages its own major items. Due to the high acquisition costs involved and the attendant absence of available stocks, major items acquired through FMS are usually a procurement lead-time away.

Secondary items are all items not defined as primary or major items. These include repairable components, sub-systems and assemblies, consumable repair parts, bulk items and materiel, subsistence, and expendable end items (including clothing and other personal gear). Secondary items generally fall into two categories: repairable and consumable items. Repairable items are generally higher cost, non-expendable items, e.g., radios, generators, etc., that can be economically repaired when they fail. Consumable items are usually low-cost and expendable items, such as gears, bearings, and gaskets that cannot be economically repaired.

Integrated Materiel Management

One objective of integrated materiel management is to minimize or eliminate duplication of item management. The wholesale management of a given item for all of the DoD is assigned to a single inventory control point (ICP).

Approximately 90 percent of the items in the DoD supply system have a single manager. The majority of these items are managed by DLA through its supply centers. However, the ICPs in the military departments (MILDEPs) also serve as single item managers. Most of the items that remain under MILDEP management are peculiar to the individual service, directly related to the operation of a particular weapon system, or are identified as high-cost items worthy of MILDEP management.

Retail versus Wholesale Item Management

The term "retail" item refers to those stocks at the base or operational organization level that are available for local area support. Wholesale items are those stocks that are available for resale, e.g., for further distribution by an ICP to a base or unit. Purchasers are expected to establish their own retail supply system in-country and replenish their retail stocks from the in-country wholesale or ICP-management level. An FMS blanket order case or a cooperative logistics supply support arrangement (CLSSA) can be used to replenish the in-country wholesale supply management level.

Transportation

Transportation involves the movement of equipment from point of origin to final destination. U.S. government (USG) policy states that FMS purchasers should be responsible for as much of the

transportation process as possible beyond the continental U.S. (CONUS) port of embarkation (POE). The DoD becomes involved as an exception in certain complex FMS transportation actions. To help accomplish these tasks, the procedures prescribed in the DoD 4500.9-R, *Defense Transportation Regulation*, Part II, Cargo Movement, are applied. These procedures standardize and automate document flow. The Surface Deployment and Distribution Command (SDDC) is responsible for the administration of the procedures prescribed by DoD 4500.9-R, which uses Military Standard Requisitioning and Issue Procedures (MILSTRIP) to create and exchange standard shipping data for recording and reporting shipping status and to control materiel movements in the Defense Transportation System (DTS). Much more information on transportation is provided in Chapter 11 of this textbook.

Maintenance

Each military service is delegated the responsibility for defining tasks to be performed at the various levels of the maintenance organization chain to ensure effective and economic support of weapons and equipment. An analytical system is used to identify the maintenance level at which an item will be replaced, repaired, or thrown away based on economic considerations and operational readiness requirements. This level of repair analysis is usually performed by a prime contractor or original equipment manufacturer (OEM) and is subsequently approved by the weapon system program manager.

There are two generic levels of maintenance in the DoD: field maintenance and depot maintenance. The level of maintenance employed by each of the U.S. military services is dependent upon the weapon system being maintained. Not all FMS customers employ these levels for all their equipment. Each weapon system sale must take into consideration the purchaser's operating requirements, maintenance capabilities, and investment costs in developing a tailored maintenance plan for the specific purchaser.

Field Maintenance

Field maintenance consists of organizational and intermediate maintenance. Organizational maintenance is performed by individual operational organizations on their own equipment. Organizational maintenance duties include inspecting, servicing, lubricating, adjusting, and replacing parts, minor assemblies, and subassemblies.

Intermediate maintenance is performed by separate maintenance activities to support operational users. Intermediate maintenance is normally accomplished in fixed or mobile shops, tenders, shore-based repair facilities or by mobile teams. Intermediate maintenance's phases include: calibration, repair or replacement of damaged or unserviceable parts, components, assemblies, manufacturing critical non-available parts, and providing technical assistance.

Depot Maintenance

This level of maintenance is performed by designated activities to support organizational and intermediate maintenance. It employs more extensive shop facilities, equipment, and personnel of higher technical skill than are available at the lower levels of maintenance. Its phases include inspection, test, repair, modification, alteration, modernization, conversion, overhaul, reclamation or rebuild of parts, assemblies, subassemblies, components, equipment end items, and weapon systems. It is normally accomplished in fixed shops, shipyards, and other shore-based facilities, or by depot field teams. It can be performed by DoD personnel or by commercial contractors.

Purchasing countries can establish FMS cases to get items repaired, most commonly at the depot level. Purchaser country repair requirements are integrated with the repair programs of the DoD military services and are accomplished by organic military repair facilities (i.e., Army maintenance depots, Air Logistics Complexes [formerly Air Logistics Centers], Navy aviation depots, Navy shipyards), or civilian contractors.

Inventory Control Points

The primary players in the DoD wholesale system are the ICPs, i.e., Army Life Cycle Management Commands (LCMC), the Air Force Life Cycle Management Center and Air Force Sustainment Center, the Navy ICPs and systems commands, and the various DLA supply centers and depots. ICPs play a major role in satisfying both the U.S. and foreign military requirements placed on the DoD logistics system.

Prior to discussing the role of ICPs and depots in satisfying these requirements, it is helpful to understand the functions of these activities. Each stock numbered item is controlled by an item manager (IM), usually located at the ICP. The IM's functions include: determining requirements, establishing stock levels, initiating procurements, and providing distribution. For secondary items, IMs also manage overhauls and disposals. While the ICPs participate in the management of major end items/systems, i.e., tanks, aircraft, ships, and etc., they do not have primary responsibility for determining the MILDEP quantities for these items.

An ICP's role in SA/SC begins with the receipt of taskings from agencies that write FMS LOAs for those items managed by the ICP. ICPs help develop LOAs by providing pricing information for items sold on defined order cases/lines, such as ammunition and support equipment.

Major item sales cases usually include the repair parts required to support the major item for a twelve to twenty-four month period. Those repair parts are considered "initial support" or "concurrent spare parts" (CSP). The ICPs are responsible for recommending the range and quantity of repair parts to be included for initial support, based upon operational use factors provided by the purchaser.

CLSSAs require a recommended list of repair parts to be stocked in support of the purchasing country. The MILDEPs' ICPs develop the list which includes recommended quantities and the cost for each item. CLSSA will be discussed in detail later in this chapter.

Upon acceptance and implementation of the LOA, the ICPs and the DLA supply centers are the supply activities responsible for satisfying the foreign purchaser's requisitions for items that they manage. Within guidelines established by the DoD, they may either issue items directly from available stocks or, when necessary, procure the materiel.

Navy Inventory Control Points

Within the Department of the Navy (DON), there are five systems commands that serve as ICPs. They manage primary and secondary Navy or Marine Corps (USMC) assets.

1. The Naval Supply Systems Command (NAVSUP) provides materiel support needs of the DON, such as supply management policies and methods. A subordinate activity of NAVSUP is the NAVSUP Weapon Systems Support, which serves as the inventory control point from two locations. The activity located in Mechanicsburg, Pennsylvania, manages ship spares, and the activity located in Philadelphia, Pennsylvania manages, aircraft spares.

2. The Naval Air Systems Command (NAVAIR) located in Patuxent River, Maryland, manages naval aircraft and air-to-air missiles as well as their associated support equipment and repair depots.

3. The Naval Sea Systems Command (NAVSEA) located in Washington, D.C., manages Navy ships, boats and submarines as well as surface-to-air missiles and their associated support equipment and repair depots.

4. The Space and Naval Warfare Systems Command (SPAWAR) located in San Diego, California, manages the Navy's communications and electronics systems.

5. The Marine Corps Systems Command (MARCORSYSCOM) located in Quantico, Virginia, manages all Marine Corps-specific vehicles, weapons equipment. It also develops and manages Marine Corps FMS cases for the DON.

Army Inventory Control Points

Within the Army structure, there are four life cycle management commands, each with an SA Management Directorate (SAMD).

- The Tank-automotive and Armaments Command (TACOM), located in Warren, Michigan, manages soldier and ground systems (tracked and wheeled vehicles, and associated support equipment).
- The Aviation and Missile Command (AMCOM), located in Huntsville, Alabama, manages missiles, helicopters, and associated equipment.
- The Communications-Electronics Command (CECOM), located at Aberdeen Proving Ground, Maryland, is responsible for the Army's communications and electronic equipment, as well as cryptography.
- The Joint Munitions Command (JMC), located at Rock Island Arsenal, Illinois, is the single manager of munitions for the DoD.
- Although not a life cycle management command, the Program Executive Office for Simulation, Training, and Instrumentation (PEO-STRI), located in Orlando, Florida, provides simulation, training and products and services to U.S. and foreign forces worldwide.

These ICPs all belong to the Army Materiel Command (AMC). The Army ICPs manage not only the primary (major) end items, but also the secondary and support equipment and repair facilities for their respective major items.

Air Force Inventory Control Points

Within the Air Force, materiel management responsibility belongs to the Air Force Materiel Command (AFMC), which includes the Air Force Life Cycle Management Center (AFLCMC) and the Air Force Sustainment Center (AFSC). Primary items are managed by Program Executive Offices (PEOs) while depot repairables and secondary support items are managed by Air Logistics Complexes.

Major Air Force weapon systems include:

- Aircraft systems and related equipment are managed through various PEOs at Wright-Patterson Air Force Base (AFB), Ohio. These systems include the B-2, F-117A, C-17, CV-22, AC-130, MC-130, T-6A, T-1A, and C-5, and C-130 upgrades. The PEOs at Wright-Patterson AFB also manage unmanned aircraft systems and provide resource support for F-22, F-35, and airborne laser programs.
- Armaments are managed at Eglin AFB, Florida. The armaments directorate develops, tests, and fields all air-delivered weapons. The armaments directorate plans, directs, and conducts tests and evaluations of U.S. and allied air armament, navigation/guidance systems, and command and control systems.
- The C3I/Network and Battle Management Directorates at Hanscom AFB, Massachusetts, manages the development and acquisition of electronic command and control (C2) systems. One of their best-known programs is the Airborne Warning and Control System (AWACS).

The Air Force Sustainment Center (AFSC) include the following:

- The Warner Robins Air Logistics Complex (ALC), Robins AFB, Georgia, performs depot maintenance for Air Force weapons systems, including the C-5, F-15, C-130, all Air Force helicopters, and all special operations aircraft.
- The Oklahoma City ALC, Tinker AFB, Oklahoma, performs depot maintenance on various aircraft and overhaul and repair on numerous jet engines. Additionally, the complex is responsible for the maintenance, repair, and overhaul of a myriad of Air Force and Navy airborne accessory components and the development and sustainment of a diverse portfolio of operational flight programs, test program sets, automatic test equipment, and industrial automation software.
- The Ogden ALC, Hill AFB, Utah, performs depot level overhaul and repair for all types of landing gear, wheels, brakes, and tires. The center supports the C-130, F-16, and A-10, and it is responsible for program management of the KC-135.

Additionally, the Space and Missile Systems Center (SMC) in Los Angeles, California, a subordinate unit of the Air Force Space Command, is the center for researching, developing, and purchasing military space systems.

International Logistics Control Organizations

Annual SA/SC demands on the military supply systems exceed one million requisitions per service. In order to manage these requisitions, as well as to ensure a smooth interface with the normal service supply organizations, each of the providing services has established a central control point for SA/SC supply actions. Unlike other organizations in the logistics system that serve both U.S. and foreign requirements, these organizations are devoted completely to SA/SC. These organizations are generally called International Logistics Control Organizations (ILCOs).

The ILCO is the entry point into the DoD logistics system for both the FMS purchaser and the Security Cooperation Office in the purchaser's country. FMS purchasers and SCOs submit logistics requirements through the ILCO and work with ILCO case managers to resolve logistics concerns.

International Logistics Control Organizations Functions

The U.S. Army Security Assistance Command (USASAC) is located at both Redstone Arsenal, Alabama, and New Cumberland, Pennsylvania. Each location serves a different function. Army policy for SA/SC is managed from Redstone Arsenal. The operations directorate is the Army ILCO at New Cumberland. The USASAC commander also serves as the director of SA/SC on the Army Materiel Command headquarters staff.

The U.S. Navy International Programs Directorate (WSS-N52) of the NAVSUP Weapon Systems Support is the Navy's ILCO. With offices in both Philadelphia and Mechanicsburg, Pennsylvania, NAVSUP Weapon Systems Support is a subordinate organization of the U.S. Navy Supply Systems Command.

The Air Force Security Assistance and Cooperation (AFSAC) Directorate, the Air Force ILCO, is a major component of the AFLCMC within the Air Force Materiel Command. Both are located at Wright-Patterson AFB, Ohio.

Although each of the ILCOs has its individual responsibilities, operating techniques, and interfaces, there are many functions generally applicable to all three. They serve as the connecting link between the SA/SC customer and the DoD supply system. In this role, each ILCO employs a country desk officer (or country program manager or country case manager), who is the primary contact point for

materiel support for assigned countries. The country desk officer monitors current FMS cases status and is the focal point for resolving logistics problems. The ILCO has logistics oversight of all materiel in the LOAs. They develop and manage follow-on support cases for maintenance, publications, nonstandard support, and excess materiel. The ILCO processes discrepancy reports, resolves FMS transportation problems and processes FMS customer materiel requisitions. The ILCO management team provides information for various types of management reviews, and serves as the focal point for case reconciliation and closure.

In order to manage their programs, the ILCOs each operate unique SA/SC computer data systems: the Army Centralized Integrated System for International Logistics (CISIL), the Navy Management Information System for International Logistics (MISIL), and the Air Force Security Assistance Management Information System (SAMIS). The ILCOs establish programs and cases, validate and pass requisitions, account for obligation/expenditure authority, record supply status, interface with service accounting and supply data systems, and produce program reports and statistics. These SA/SC data systems are discussed further in Appendix 1, "Security Cooperation Automation," of this text.

Once the program data is available and obligation authority (OA) has been established, the ILCO may then start to process requisitions. All SA/SC requisitions must be prepared in accordance with DLM 4000.25-1, Volume 2, Chapter 4, *Requisitioning and Issue Procedures* (MILSTRIP). Requisitions for defined order cases are prepared by the ILCOs, normally upon receipt of an implemented case. Requisitions for blanket order cases, to include CLSSAs, are prepared by the purchaser. Every requisition for SA/SC must be validated by the ILCO before it is passed to the DoD supply system. This is usually done automatically by the ILCO management information system, which checks the requisition against an authorized FMS case, ensures that the required funding is available, records the estimated cost of the requisitioned materiel against the appropriate account, and routes the requisition to the appropriate ICP. If all checks are not met, the requisition is routed for manual review by the country desk officer or case manager.

It is important to note that the ILCO is not a supply activity. No materiel is controlled by the ILCO, and no decisions are made to issue materiel from stock or from procurement. After the validation of the requisition, the ILCO passes it to an ICP within the DoD supply system.

In accordance with the MILSTRIP procedures, supply and shipment status are provided to the purchaser to advise of the progress in filling any requisitions. This information is provided by the supply activity to the ILCO, which records this status in the computer data system and, in turn, provides the status to the purchaser.

By maintaining the status of all requisitions in process and the financial status of each case, the ILCO can produce a variety of management reports for use by the MILDEPs, the overseas security cooperation organization (SCO), and customer country managers. These reports are used for day-to-day monitoring of the program as well as periodic country or program reviews. The ILCOs also report FMS deliveries monthly to Defense Finance and Accounting Service–Security Cooperation Accounting (DFAS–SCA) for billing and record purposes. In some instances, the ICPs report their deliveries directly to DFAS–SCA and provide the ILCOs with copies of the reports. The ILCOs use these reports to maintain current requisition, case, and financial records. In other situations, delivery information is provided first to the ILCO, which, in turn, provides a consolidated delivery status to DFAS–SCA.

Customer countries may maintain liaison officers to review program and requisition status with the ILCO desk officers. These liaison officers may, in some instances, initiate or modify requisitions on behalf of their government. Country purchasing office representatives or foreign embassy personnel from Washington, DC, often conduct the required liaison with the ILCO. However, for a growing number of countries, a foreign liaison officer (FLO), security assistance foreign representative (SAFR), or security assistance liaison officer (SALO) is located at the ILCO.

Defense Logistics Agency

The DLA has inventory management responsibility for approximately 95 percent of consumable items and approximately 85 percent of all spare parts in the DoD supply system. DLA supplies more items and processes more requisitions than all of the services combined. It is, therefore, important for supply personnel in any of the services to understand the DLA system and how it supplies the items assigned to it.

The DLA maintains three ICPs. Each ICP is assigned responsibility for a portion of the approximately five million items used by the services but supplied by DLA. The three DLA ICPs and their responsibilities are as follows:

1. DLA Land and Maritime at Columbus, Ohio, is the lead ICP for land, maritime, and product testing.
2. DLA Aviation at Richmond, Virginia, is the lead ICP for aviation support and depot-level repairable procurement operations.
3. DLA Troop Support at Philadelphia, Pennsylvania, is the lead ICP for food, clothing, textiles, medicines, medical equipment, and construction supplies and equipment. It also supports the humanitarian and disaster relief efforts of the DoD, other government agencies, and FMS purchasers.

These three DLA ICPs receive and process incoming requisitions from purchasers worldwide and direct shipment of goods from their depots back to their customers. For FMS customers, these requisitions are passed to DLA from the ILCOs.

The DLA is also assigned a number of additional DoD-wide responsibilities:

- DoD-wide cataloging of items is performed by the DLA Logistics Information Service in Battle Creek, Michigan, as the national codification bureau for the U.S.
- DoD materiel reutilization and surplus property disposal are performed by the DLA Disposition Services, located in Battle Creek, Michigan.
- DLA Distribution, New Cumberland, Pennsylvania, operates twenty-five wholesale warehouse depots located around the world. It is responsible for the receipt, storage, issuance, packing, preservation, and transportation of over four million items.
- DLA Energy at Ft. Belvoir, Virginia, supplies bulk petroleum products and alternative fuels, performs direct delivery, and manages terminal facilities and distribution.
- DLA Transaction Services is the official repository for selected DoD publications and databases. DLA Transaction Services receives, edits, and routes logistics transactions for the military services and federal agencies. All electronic security cooperation program MILSTRIP transactions are routed through DLA Transaction Services.
- DLA Document Services, located in Mechanicsburg, Pennsylvania, is responsible for automated document production, printing, digital conversion, and document storage support.

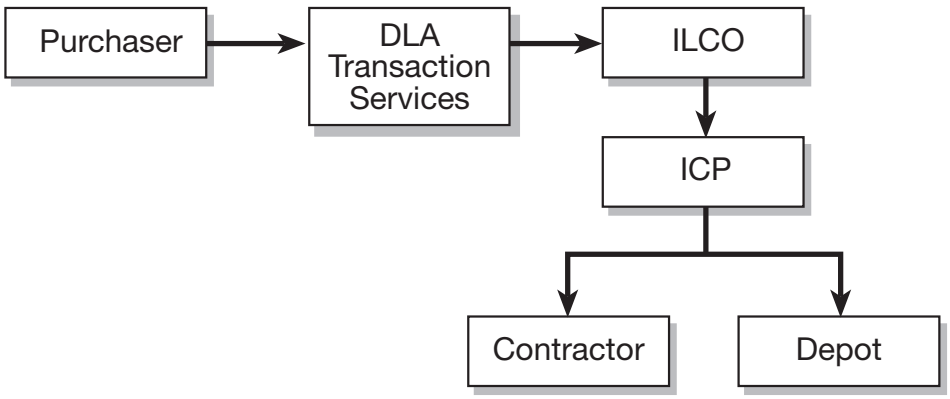
Although the DLA manages the vast majority of items, the DLA supply management mission does not have a central ILCO for the management of SA/SC programs. Rather, foreign requisitions flow to the DLA through the MILDEP ILCOs. It is interesting to note that a majority of MILDEP-processed FMS requisitions are for DLA-managed consumable items supplied by the DLA inventory control points. In 2019, DLA had over $1.2 billion of FMS sales with 118 countries.

Requisition Process Overview

The typical FMS requisition process starts when the U.S. implementing agency (IA) receives obligation authority (OA) from the DFAS upon acceptance of an LOA by an FMS customer. For defined order FMS cases, the ILCO establishes a block of requisition numbers for use by the weapon system-program managers when ordering various services and support materiel requirements, and passes obligation authority to the various logistics managers for ordering purposes. The logistics managers initiate requisitions for spare parts, support equipment, and technical manuals, assigning a unique document number to each transaction. These document numbers are used to track materiel and services through the ordering and delivery process, and materiel is "pushed" to the FMS purchaser. The ILCO records all requisitions in a service-unique database and forwards the requisitions to the appropriate item manager for issue from either DoD-owned stock or for procurement from a contractor.

When the FMS case is a blanket order or CLSSA, the purchaser initiates the requisition, assigns a unique document number, and passes the requirement to the ILCO. Upon determining that the FMS case is valid and OA exists, the ILCO records the requisition in its database and passes the requisition to the item manager, as illustrated in Figure 10-1.

Figure 10-1
Logistics Communications

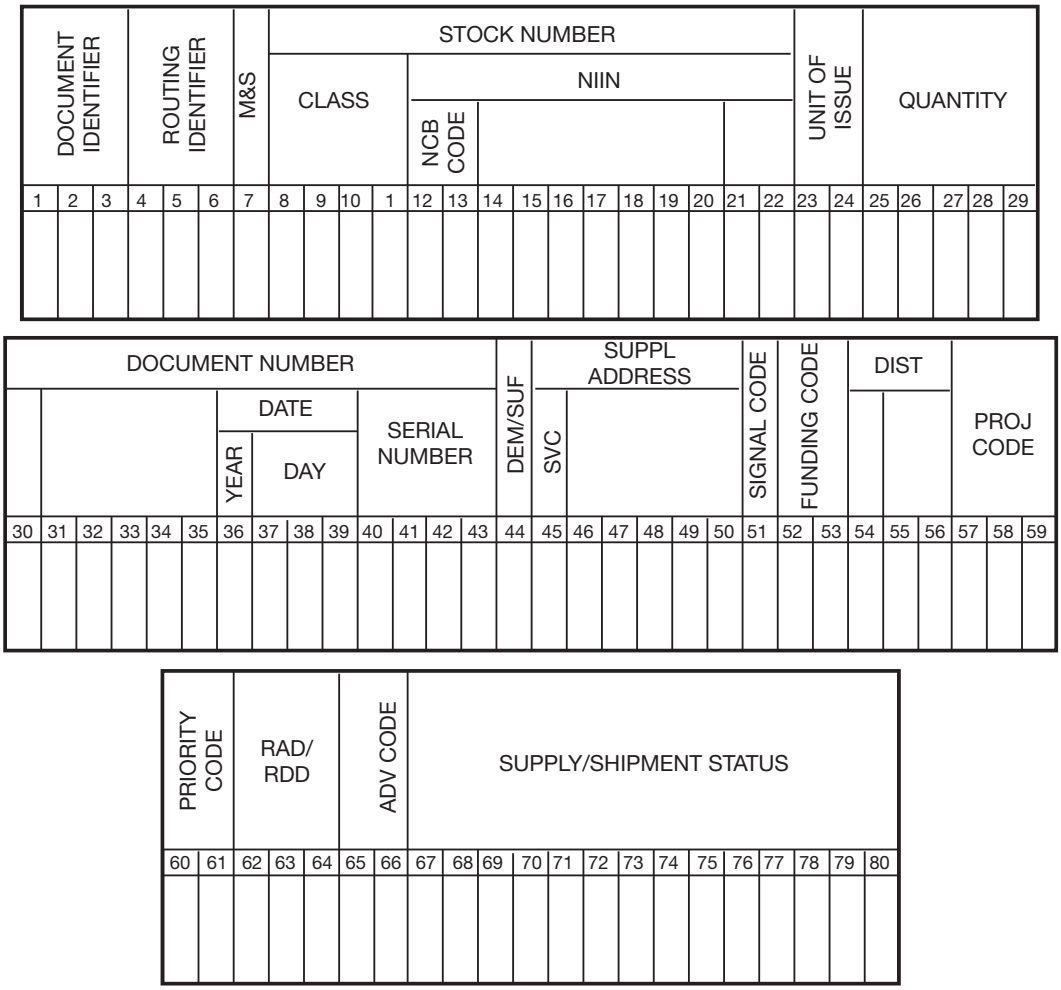


Military Standard Requisitioning and Issue Procedures

The MILSTRIP prescribes standard forms and codes adaptable to high-speed communications and automatic data processing. MILSTRIP is the backbone of all logistical and financial procedures used in executing an FMS case. DLM 4000.25-1, *Requisitioning and Issue Procedures* (MILSTRIP), Volume 2, Chapter 4, covers MILSTRIP procedures for FMS purchasers. The structure of an FMS document number is very different from a domestic requisition document, resulting in several unique MILSTRIP codes and procedures for FMS use. Figure 10-2 illustrates the unique MILSTRIP entries for FMS. An FMS-specific reference for using and interpreting MILSTRIP is available at the DSCU website, located under the "publications" tab. This reference is designed to assist FMS customers, FMS case managers, logistics managers, and other personnel involved in the FMS materiel issue and movement process with the unique FMS applications.

Figure 10-2
Foreign Military Sales Record Positions

Record Position	Definition
30	Implementing agency (IA) code
31–32	Foreign purchaser's country code
33	Mark-for code
34	Delivery term code
35	Type assistance code
36	Last digit of the year of the requisition
37–39	Julian date
40–43	Requisition serial number
44	Recurring or non-recurring demand
45	Foreign purchaser's service or agency
46	Offer/Release code
47	Freight forwarder code
48–50	FMS case designator



North Atlantic Treaty Organization Codification System

The North Atlantic Treaty Organization (NATO) Codification System (NCS) has been in place since the mid-1950s. It provides standards for the use of a common stock identification system throughout the NATO alliance. Subsequently, its use has spread to other countries around the world. The advantage of having international partners using the same supply identification standards for their defense products as is used by the U.S. is that it allows for the exchange of parts and support equipment between participating nations in a coalition. Participation in the NCS has extended beyond NATO to include over sixty countries.

The NCS is an integral part of supply operations throughout the world. It furnishes accurate information to all participating countries on the characteristics of millions of items. It simplifies the solution of supply data management problems by providing quick responses from a single, up-to-date source. The NCS offers many significant advantages to NATO and non-NATO countries, as well as to private sector participants outside the defense community.

Item Identification

To achieve the three NCS objectives of (1) increasing the efficiency and effectiveness of logistics operations, (2) facilitating data handling, and (3) minimizing costs to user nations, it is essential that each item of supply be assigned a unique name, classification, identification, and a NATO or National Stock Number (NSN). Countries that participate in the NCS follow common standards and techniques to assign NATO stock numbers to items of supply in their defense inventory. The national codification bureau within each country centrally assigns their national NSNs. The National Codification Bureau (NCB) for the U.S. is the DLA Logistics Information Service in Battle Creek, Michigan. The assignment of an NSN fixes the identity of each distinctive item of supply. All NSNs are uniform in composition, length, and structure. Each is represented by a thirteen-digit number, which can be divided into the three following unique parts:

- The first four digits are the NCS code, which relates the item to the group and class of similar items. This is also often referred to as the Federal Supply Classification (FSC) code.
- The next two digits indicate the assigning NCB code (each country has its own two digit NCB code. The U.S. uses “00” and “01”).
- The final seven digits are assigned sequentially and have no inherent significance. However, when coupled with the NCB code this number relates to one and only one item of supply.

Within NATO, the NCS currently contains about seventeen million active NSNs. The items represented range from hand grenades to guided missiles, from propeller blades to space vehicles, and from soap dishes to washing machines.

Around 43 percent of the “active” U.S. NSNs have at least one allied user registered. There are currently ninety-seven separate foreign countries recorded as users on various NSNs in the U.S. catalog system. About thirty-three million part numbers are registered on these NSNs, as are about 1.7 million manufacturers. These NSNs, part numbers, their distinguishing characteristics, and usage rules make up the Federal Logistics Information System (FLIS). The FLIS is the central repository of all logistics identification data. Several supply catalogs available from DLA Logistics Information Service are produced from FLIS data.

Federal Supply Catalogs

The Defense Logistics Agency (DLA) Logistics Information Service compiles information on all materiel used by U.S. Government agencies in a catalog system referred to as the Federal Logistics Information System (FLIS). The FLIS forms the foundation for all U.S. DoD logistics information systems. It is the catalog of more than fifteen million supply items used by the United States Government Department of Defense (DoD) and the international partners that request and receive parts managed by the DoD. FLIS only includes NATO NSNs for parts used by the DoD.

The reference for those NATO-unique NSNs is the NATO Master Catalogue of References for Logistics (NMCRL). The NMCRL database contains all NSNs worldwide, is available (both online and offline) to authorized users via subscription, and is managed by the NATO Support and Procurement Agency (NSPA). The FLIS is the U.S. Government Department of Defense (DoD) database of all the National Stock Numbers, associated part numbers, manufacturers' identification, and management information that the DoD utilizes and manages. The FLIS also contains unique packaging, hazardous materials, and freight information, and each item's most recent procurement information. The FLIS lists active stock numbered and part numbered items in the Federal inventory.

DLA Logistics Information Service produces a variety of digital catalogs to allow quick and easy searching of stock numbers, part numbers, and characteristics. There are four principal U.S. DoD products that are used by both U.S. and international customers. Federal Logistics (FED LOG) and Public Logistics (PUB LOG) are available via compact disc. Web Federal Logistics Information System (WEBFLIS) & Public Logistics Federal Logistics Information System (PUB LOG FLIS) Search are available via the internet. WEBFLI application is only accessible by controlled access such as Common Access Card (CAC), External Certificate Authority (ECA), or Federal Bridge authentication. Users can register/obtain roles through the DLA Access Management and Provisioning System (AMPS). PUB LOG FLIS Search requires no subscription or Common Access Card (CAC) authorization and is available for download.

North Atlantic Treaty Organization Codification System Sponsorship

More and more countries are seeking and receiving sponsorship within NCS. Sponsored countries sign an agreement to exchange codification data and to abide by the rules and procedures of the system. Among other things, the rules require countries to provide equivalent safeguards to protect sensitive and proprietary data. Information about NCS sponsorship is kept up-to-date at the following website: https://www.dla.mil/HQ/LogisticsOperations/Services/FIC/NATO/.

Table 10-1 lists the twenty-eight members of NATO, and the nearly forty other nations and international organizations, which have been accepted as sponsored members of the NCS.

Table 10-1
NATO Codification System Sponsorship

NATO Countries		Sponsored Countries		
Albania	Latvia	Afghanistan	Indonesia	Philippines
Belgium	Lithuania	Argentina	Israel	Saudi Arabia
Bulgaria	Luxembourg	Australia	Japan	Serbia
Canada	Netherlands	Austria	Jordan	Singapore
Croatia	Norway	Bosnia and Herzegovina	Korea	South Africa
Czech Republic	Poland	Brazil	Kuwait	Sweden
Denmark	Portugal	Brunei Darussalam	Macedonia (FYROM)	Thailand
Estonia	Romania	Chile	Malaysia	Tonga
France	Slovakia	Colombia	Montenegro	Ukraine
Germany	Slovenia	Egypt	Morocco	United Arab Emirates
Greece	Spain	Fiji	New Zealand	
Hungary	Turkey	Finland	Oman	
Iceland	United Kingdom	Georgia	Papua New Guinea	
Italy	United States	India	Peru	

Uniform Materiel Movement and Issue Priority System

The Uniform Materiel Movement and Issue Priority System (UMMIPS) helps identify the relative importance of competing demands for logistic systems resources. It guides the ranking of materiel requirements and time standards for requisition processing and materiel movement through the use of a two-digit priority designator. The priority designator is based on two factors that relate to the mission of the requisitioning activity and the urgency of need.

Force/Activity designators (FADs) are represented by Roman numerals I through V. The U.S. Joint Chiefs of Staff assign FADs to selected foreign country forces in their classified directive CJCSI 4110.01, Force/Activity Designators for Foreign Country Forces. The FAD is applicable to all requisitions for materiel destined for the country.

The customer's urgency of need for the materiel being requisitioned is indicated by an urgency of need designator (UND), either A, B, or C. The requisition originator determines the UND to be assigned using the criteria set forth in the UMMIPS directives. In broad terms, UND "A" equates to an extremely urgent requirement, UND "B" to a less urgent requirement, and UND "C" to a routine requirement, e.g., stock replenishment.

Table 10-2 is the UMMIPS matrix. The matrix is used to determine the priority number for a given requisition. For example, an FMS purchaser assigned a FAD "IV" with a UND "C" would assign a priority "14" to the requisition.

Table 10-2
UMMIPS Matrix

FAD	Urgency of Need		
	A	B	C
I	01	04	11
II	02	05	12
III	03	06	13
IV	07	09	14
V	08	10	15

Logistics Communications

As with all military operations, the success of DoD logistics operations depends, to a large extent, on the availability of fast, accurate, and reliable communication systems such as the Defense Data Network (DDN). However, since the DDN is not available to the majority of FMS purchasers, other methods such as international mail, facsimile transmissions (fax), email, and the International Logistics Communications System (ILCS) serve many countries as the primary logistics communications methods for FMS.

International Logistics Communication System

International mail is both slow and unreliable when compared to electronic means of transmitting MILSTRIP documents, cataloging data, and narrative traffic. Although fax and email may be faster than international mail, they are still subject to manual processing at the ILCO. This manual intervention slows down the request and subjects the document to potential transcription errors.

The ILCS was developed to improve logistics communications service to SA/SC countries, freight forwarders, and contractors. Used since 1979, it has also been adopted for use by a large number of USG and commercial organizations.

The service provides a computer-to-computer telecommunications capability that allows a subscriber to exchange logistics related information with the DoD logistics community and with other ILCS subscribers. The ILCS operates at high speeds and is suited for purchasers with high volumes of traffic. Furthermore, the ILCS can be directly integrated into a purchaser's logistics data system and used to transmit narrative messages to offices in the DoD.

The ILCS significantly increases the amount and timeliness of management information available to purchaser logisticians. This system, which is a multi-service application, passes MILSTRIP requisitions to DLA Transaction Services. DLA Transaction Services automatically routes the documents to the appropriate ILCO for processing. After an ILCO verifies the requisitions' validity and funding, the requisitions are forwarded to the source of supply via DLA Transaction Services. For most requisitions, use of these systems eliminates manual processing between the requester and the source of supply. Additionally, status transactions return to the requester through this same system.

ILCS is normally installed based on an implemented FMS case after it has been determined that the existing methods of communication are not adequate to serve the subscriber's needs. The information processed in ILCS is contained in eighty record positions of data for each transaction.

ILCS can be provided to the subscriber through:

- A DLA Transaction Services-developed, turn-key system, consisting of hardware, software,

supplies, installation, and training for the system at the subscriber's location. This service is provided based on an FMS case established by the appropriate ILCO.

- An existing in-country personal computer system with the capability, hardware, and software to interface with the DLA Transaction Services network control system computer system. DLA Transaction Services will provide the interface requirements and the DLA Automatic Message Exchange System (DAMES) software package to the subscriber. The cost of a DAMES system for a subscriber cannot be determined exactly until a site survey is performed or a working group meeting is convened. However, first-year costs can be as low as $10,000, depending on the configuration and location.

The investment and recurring costs of ILCS are provided from funds in an FMS case managed by the appropriate service ILCO. FMS countries with an interest in ILCS should notify their country office at the appropriate service ILCO, who will then interface with DLA Transaction Services to secure the required ILCS services through an FMS case.

Supply Tracking and Repairable Return

A further refinement of the ILCS is an optional system known as Supply Tracking and Repairable Return (STARR/PC). This is a personal computer-based system available from the U.S. Air Force, U.S. Army, and U.S. Navy. STARR/PC provides the foreign purchaser much more logistics and financial information than ILCS alone. Typical costs include a system subscription fee based on a pro rata share of developing and operating the system, system hardware, software, supplies, U.S. support for system installation, and telephone charges. Hardware and software costs are one-time in nature while the annual fee, optional technical assistance, and telephone charges are recurring. Telephone costs associated with the connection to DLA Transaction Services are on a time-used basis. The Air Force Security Assistance and Cooperation (AFSAC) Directorate is the program manager for STARR/PC.

Security Cooperation Information Portal

The Security Cooperation Information Portal (SCIP) is another medium available to the international purchaser for submitting and tracking requisitions as well as monitoring case status. The SCIP gives the user access to data from the ILCO logistics databases (MISIL, CISIL, and SAMIS) to data from the Defense Integrated Financial System (DIFS) and to case management information from the Defense Security Assistance Management System (DSAMS). The SCIP capabilities and features are discussed in Appendix 1, "Security Cooperation Automation," of this text.

Life Cycle Logistics Support Planning Process

The DoD logistics system is designed to provide support throughout the life cycle of a weapon system to ensure maximum mission capability. The goal is to provide the greatest support for the least cost. Decisions regarding which repair parts to stock in order to maintain the highest operational readiness possible start with the initial planning phases of a new weapon system and continue during its entire operational life. For the purposes of FMS, the life-cycle management of a weapon system can be divided into two phases: initial support and follow-on support.

When an international customer decides to acquire a sophisticated weapon system through the FMS program, formal logistics support planning begins when the international customer submits a comprehensive letter of request (LOR), which, in addition to identifying the desired weapon system configuration, identifies the country's operational requirements, and existing logistics support capabilities. However, before the LOR is submitted, there should be informal meetings and discussions between the FMS purchaser, the weapon system program office, the implementing agency, the security cooperation office, and, potentially, the contractor or manufacturer. These discussions should address the configuration of the product, delivery methods, and how the item is to be sustained. The LOR should include customer delivery preferences and limitations that will be used to determine the most

appropriate delivery term code and mode of delivery. The planning process for follow-on support programs and sustainment requirements typically continues with the IA conducting a site survey in the FMS purchaser's country.

Site Survey

Site surveys are associated with weapon system sales. They are the foundation of logistics support provided to the FMS customer. Site surveys are typically held in the purchaser's country with representatives from the IA, representatives of the manufacturer, and the FMS customer. The structure of the site survey team may be a few people for several days for small, relatively simple weapon systems, to a large contingent of technical experts and logistics managers meeting with the purchaser in country for several weeks.

The purpose of the site survey is to tailor the maintenance and supply support strategy for the weapon system to the unique requirements of the FMS customer. During the site survey, the purchaser should become acquainted with the implementing agency's acquisition and delivery process, the maintenance support plan, and the initial spare parts and support equipment allowances. The site survey team will confirm the FMS customer's operational and support plan, verify the purchaser's in-country logistics resources and requirements, prepare a plan for the delivery of materiel and services, and prepare a proposal for follow-on logistics support.

Planning for Initial Support

Initial support is the range and quantity of items such as tools, spares, and repair parts provided in a defined order case during an initial period of service. These items are provided to support and maintain the major item purchased in the defined order case. Initial support is provided to the purchaser before, or at the same time, the system or major item is delivered. This ensures the successful introduction and operation of the new system into the purchaser's inventory. Sufficient quantities of repair parts must be on hand until follow-on support is available.

The level of initial support can vary from weapon system to weapon system, but, in general, initial support is provided for a twelve-to twenty-four-month period. In order to determine the level required for SC customers, information is needed by the U.S. implementing MILDEP, such as the average operations per month, number of repair locations, maintenance concept, etc. A driving force in determining the amount of initial support to be provided for a particular weapon system is often the amount of money that the country is willing to invest.

After returning from the site survey, the logistics program manager reviews the repairable and maintenance-allowance recommendations. Part numbers, stock numbers, quantities, and supply sources are validated for subsequent ordering. The amount of support is normally based on a mutually agreed upon rate of operation for the system. Determining the type and duration of initial support is normally accomplished with a program-specific definitization conference. The U.S. recommendation for the range and depth of initial support will be based on earlier U.S. provisioning data.

Provisioning

Provisioning is the process of determining the type of repair parts to stock (or "range") and quantity of each stocked item to have on hand (or "depth") to support and maintain a system through its initial period of service DoD 4140.01-V2. A weapon system must be maintained in operating condition throughout its lifetime to be valuable. It is not enough to think only of the plane, ship, or tank, but all those things that will be necessary to use and maintain that weapon system. Provisioning is used to determine all the necessary repair parts, test equipment, and other accessories such as special tools and ground support equipment. It is an extensive and expensive process that the DoD does for each new weapon system it employs.

The provisioning conference is a working group consisting of engineering, maintenance, supply, system operational personnel, and contractor representatives. This conference is held early enough in a weapon system acquisition program to permit an orderly production of the required items. Through the use of the maintenance concept, technical drawings, parts lists, estimated prices, recommended quantities, and agreed upon replacement factors, a decision is made regarding which items will be stocked in the DoD supply system and which will be procured only on demand. It is also during the provisioning conference that the necessary information is collected to begin cataloging new items for the DoD logistics system.

In provisioning, several decisions must be made to determine the precise level of support required. Normally, these decisions are made not only for the system as a whole but also on a component-by-component basis. The following concepts must be considered when selecting the optimum equipment support.

Reliability

Clearly, for a weapon system to be valuable, it must be combat-ready as much of the time as possible. As a measure of reliability, the failure rate of each constituent part is examined. A measure commonly used is the mean time between failure (MTBF). In simple terms, the providing implementing agency is concerned about how often an item breaks down and requires replacement or repair. This information influences the type and quantity of items placed on the initial provisioning list.

Maintainability

When an item fails, a determination must be made whether it can be restored to an operable condition according to predetermined specifications in the time allocated for its repair. Maintainability measures the ease of completing maintenance tasks. It is measured as the mean time to repair (MTTR) or restore.

In practice, the longer a repairable item is out of circulation for maintenance, the greater the quantity needed on the supply shelf. This, in turn, impacts the inventory investment that the purchasing country must consider.

The capability to perform maintenance on a component presumes that the foreign nation has adequate resources, i.e., facilities, test equipment, skilled personnel, manuals, repair parts, and tools to do the job. If any one of the resources is deficient or missing, repairs to be done in country may prove impossible, thus rendering the weapon system incapable of performing its mission. On the other hand, the cost of the component, when compared to the maintenance labor costs to repair it and the cost to hold an inventory of parts, may dictate that, if the component fails it should be thrown away and replaced. Many small components such as valves, motors, and pumps are discarded rather than repaired, since repair costs exceed item value.

A key factor in the final decision regarding how many parts to buy is the in-country repair capability. If such a capability exists, the quantity purchased will be lower; if not, and the items must be shipped to distant repair facilities, then a greater number of items will be required to compensate for the number of days the items are in the pipeline. This is a critical point, because it helps determine the amount of investment needed for spares and repair parts. The selection of parts must be aimed at reducing downtime to ensure the weapon system can perform its designated mission in the most cost-effective manner.

Economy

In making support decisions, cost can be an overriding factor. The providing IA must consider not just the cost of the materiel, but also labor costs for making the repairs and the cost of not having the weapon system available while repairs are being made. The lowest cost of parts may not necessarily

be the most economical cost. Standardization and interchangeability also enter into the economics equation. Selecting parts common to systems currently being used may avoid inventory costs and support difficulties.

Level of Repair

Once it is determined that an item of equipment or component can be repaired, the recipient country must determine at which level in its overall maintenance organization the repair will be made. Three different levels of repair are usually considered:

- Organizational repair that is done by the using organization, i.e., company, squadron, or shipboard levels
- Intermediate repair, usually at an echelon above and supporting the organizational level, but still operating in the field, such as base, battalion, station or division levels
- Depot-level maintenance, usually performed in a military depot or a contractor's plant

The decision to repair at the organizational, intermediate, or depot level is made after considering the technical skills of the personnel at each level, the investment in special tools, test equipment, facilities or handling devices which may be required, and any problems in physical access to the equipment that may be encountered.

Military Essentiality

Since having unlimited funds to secure support items is not usually the case, it is necessary to allocate available resources on the basis of military essentiality. Military essentiality is the relative value of each part to the equipment and the equipment to the system as a whole. Parts become more essential when their individual performance directly affect the entire system. Obviously, the failure of some part or equipment will prevent a weapon system from performing its total mission. While failure in back-up or auxiliary equipment may not be so catastrophic, funds will usually be applied to those items whose failure will have the most significant impact on the ability of the equipment to accomplish its designated mission.

Definitization

Definitization is the process by which the provisioning requirements for the U.S. are adjusted to accommodate those of the foreign purchaser. The definitization process is essentially the same for FMS as is the provisioning process for new systems procured for U.S. forces. However, since most systems sold through FMS have already been provisioned for U.S. use, the U.S. operation, maintenance, and consumption data are the foundation for making adjustments for the FMS customer's projected requirements. During the operation of a weapon system, the database created during provisioning is updated continuously to reflect actual usage and to modify the theoretical decisions, which were originally assumed. This updated database becomes the basis for determining what types of support should be included in the total package transferred to a foreign purchaser.

A concurrent spare parts list (CSP) accompanies each system sale to provide the basic in-country supply system. FMS customer's CSP lists are tailored from DoD provisioning data. The data is modified to reflect actual consumption of parts during operation, and purchaser's input addressing, at a minimum, equipment operations, condition (i.e., hours, climate), and budget constraints. Alternatives for reducing the FMS customer's initial spares investment are discussed with the major system and subsystem vendors. Depending upon the weapon system being sold, the CSP list may be a simple extract from U.S. files, or it may represent a major modification to U.S. requirements.

The weapon system configuration being sold may differ from the standard U.S. model. In some cases, there are components, which cannot be sold to other nations for security reasons or to protect vital technologies. In such instances, these must be replaced, most likely with components not used by U.S. forces. In other cases, a country's special needs or operational considerations require that some modification be made to the standard configuration. In either instance, the configuration changes must be identified in the definitization process, and the logistics support must be modified accordingly. The definitization process includes planning for follow-on support.

The support infrastructure of the purchaser often has a bearing on the support package. The number of operating bases and supply depots and their locations may require changes to U.S. recommendations. Especially important in this area are the location and use of repair facilities. Today, more sophisticated equipment is being provided under SA/SC programs. It is often the case with such equipment that many components are more economically repaired than purchased new. However, many purchasing countries do not have the capability to repair the items and must return them to the U.S. repair facilities. In such an instance, the in-country stocks of repairable items may have to be higher to accommodate this longer loop in the repair cycle while items are being returned to the U.S. The alternatives for reducing initial and life-cycle support costs through increased self-sufficiency and a shorter supply and maintenance pipeline should be presented as options to the FMS customer.

The overall objective of definitization is to provide optimum logistics support, at a reasonable cost, using the best possible calculations of projected needs. It is rarely advisable for the FMS customer to use unreviewed U.S. data alone. The additional step of definitization is necessary to ensure adequate and tailored support for the system, which is being purchased.

Follow-on Support Concept

Follow-on support is that collection of sustainment activities provided subsequent to the initial support period and prior to the removal of the end item from inventory. Follow-on support negotiations are generally started during the weapon system acquisition phase to accommodate administrative and production lead times.

The follow-on support phase begins with the international customer planning follow-on support and ends when the international customer phases the weapon system out of its inventory. A newly purchased weapon system without follow-on logistics support rapidly takes on all of the characteristics of a museum piece—impressive, but inert and immobile. Obviously, this applies whether a U.S. MILDEP or a foreign country becomes the owner of the system. There is a commercial equivalent to the concept of follow-on support termed "after-market" support. The same principles apply; however, in the military, this support takes on vastly greater dimensions. Segments of such support span the entire spectrum from spares through training to technical manuals. Each of the separate segments must be considered, because, if one is missing or is less than adequate, the system's mission capability is significantly degraded or terminated.

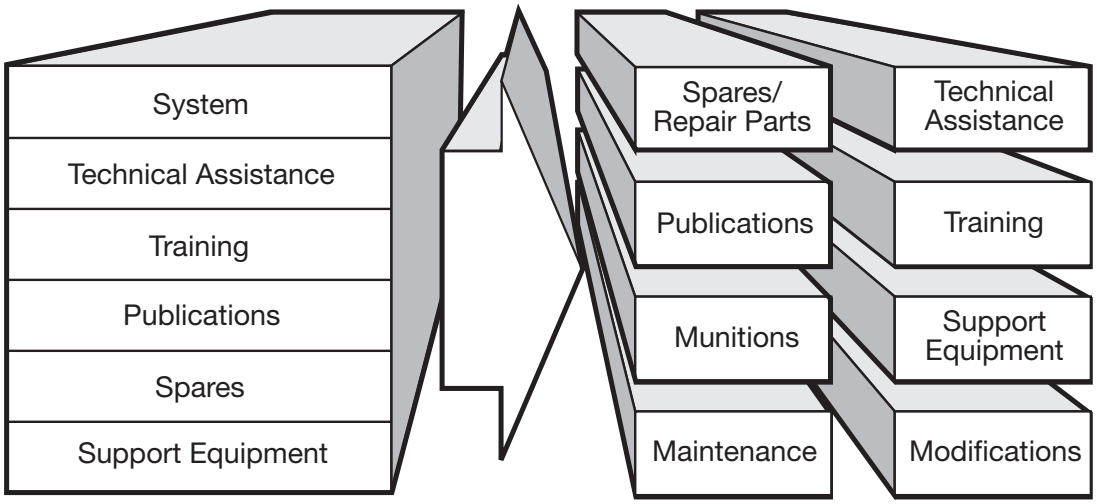
Follow-on support, unlike initial support, involves the USG being in a reactive role rather than a proactive role. That is, the DoD responds to demands initiated by the international customer. Follow-on logistics support encompasses all the various services and materiel required to sustain a weapon system after its operations begin. Follow-on support includes replenishment of initial spares and repair parts, procurement of new support equipment not provided for in the initial allowance, procurement of repair and engineering services, replenishment of munitions, updates of technical publications, etc. Follow-on logistics support is designed to maintain defense systems/equipment in an operating condition or to modify an original configuration after a weapon system or item of major equipment has been originally acquired.

The timely rendering of follow-on logistics support is vital to the success of the FMS program. Without it, the equipment, usually purchased at a considerable cost, will become inoperable and of little

value to the purchaser, who might then very well question the value of major FMS purchases. Follow-on support should be considered at the same time as initial support. This is necessary because of the lead-time required to negotiate and implement the various types of follow-on support agreements and, in some instances, because of long lead times to procure required items.

Supply support is often considered to be synonymous with follow-on support; however, spares and repair parts are only one important aspect of a complete follow-on support program. Spares and repair parts will be of no value to the purchaser if they cannot be identified or installed properly to maintain and operate applicable systems. Figure 10-3 is a sample of the areas that should be considered in addition to spares and repair parts: the arrow represents a transition from initial support to follow-on support.

Figure 10-3
Total Logistics Support



Options for Follow-on Support Other Than Foreign Military Sales

An FMS system sale, including all associated training, support equipment, and initial spares/repair parts, is normally processed as a single case, or as a series of related cases, with a program manager/lead command being assigned to coordinate the overall effort. However, management of the follow-on support program for the system is fragmented, and visibility of the overall program is difficult to obtain. This difficulty is compounded by the fact that there are usually several options, other than an FMS agreement with the USG, from which a customer country can choose to support the system. These other options involve in-country resources, third-country support, and private contractor support.

In-Country Resources

The capability of a country to provide follow-on support from its own in-country resources should not be overlooked. While the use of this method varies from country to country and from system to system, as a general rule, both the USG and the recipient countries wish to maximize the use of this means of support. For various reasons, e.g., costs or self-sufficiency, a country may decide to establish in-country capabilities for follow-on support, particularly in areas such as training and maintenance.

Third-Country Support

Third-country support may be available. The Arms Export Control Act (AECA) imposes definite restrictions on third-country transfers; however, this method may be available as a result of previous licensing arrangements, or coproduction agreements. For example, there are many instances where

third-country personnel have conducted training on U.S. equipment in a purchaser country. USG-approved maintenance facilities may be available in a third country that have been established under U.S. license and are managed by U.S. personnel. These facilities, typically for aviation or tracked vehicle maintenance, are used by other FMS-purchasing countries in the region to reduce the transportation time and the logistics tail associated with normally sending materiel back to the U.S. for depot-level repair.

Commercial Contractor Support

The foreign purchaser may use commercial contractors for follow-on support in accordance with DSCA 5105.38-M, Section C4.3.4, *Security Assistance Management Manual* (SAMM). The contractor may have a continuing support plan available to offer the country. If such a plan is not readily available, in many cases, the contractor may be willing to develop one for a price. Commercial contractor support, however, is not an option for customers using the Foreign Military Financing Program (FMFP), with certain exceptions. The SAMM, C9.7.3, provides guidance on the exclusions and limitations of using direct commercial contracts in support of FMS customers.

Purchaser Preference for Foreign Military Sales Support

While the above methods of support may be available and are often used in varying degrees, the overwhelming preference of the customer countries is for FMS follow-on support. Customer countries are aware that the DoD normally sells FMS materiel only when there are plans to assure logistics support for the expected life of the equipment. FMS managers have developed options to provide a reasonable level of follow-on support through a combination of government and commercial resources. Many aspects of the DoD logistics system serve the FMS customers well. These include:

- Quality products delivered through a robust defense acquisition system
- Government shelf stock that can reduce pipeline costs
- Access to ongoing product updates on common items
- Ongoing supply chain management initiatives
- Program managers and item managers dedicated to reducing costs for their FMS customers and effective problem solving
- A surge capability in the event of a national emergency

The purchasing country has several options from which to choose in terms of the types of FMS cases available for follow-on support. Defined order cases, blanket order cases, and CLSSAs are all used in providing follow-on support. Each has distinct advantages and disadvantages as well as certain restrictions on the types of support that can be provided. For further discussion, especially of FMS defined order and blanket order cases, see Chapter 6 of this textbook, "Types of LOAs."

Cooperative Logistics Supply Support Arrangement

The DoD offers the CLSSA as an effective means of replenishing the in-country stocks of spares and repair parts, which were initially furnished with end items of equipment. The CLSSA is an FMS arrangement for the furnishing of secondary items from the U.S. logistics system to a country in support of specific major end items/systems. The arrangement requires the country to make a financial investment in the DoD logistics system to fund its anticipated support requirements. The country, with the recommendation of the system program managers, identifies (by stock number and quantity) those secondary and support items which the country anticipates it will require annually. This list is known as the equity list, because of the purchaser investment in the U.S. supply system. The investment permits

the MILDEP to augment its stocks in anticipation of the country's actual demands. The CLSSA is used for replenishment of consumables or for replacement of repairable components. It may not be used to acquire munitions, major end items, classified items, commercial off-the-shelf materiel, bulk fuel, or anything that the DoD doesn't centrally stock or centrally manage. The CLSSA is not intended for initial support, but, rather, as a mechanism to resupply the initial support package.

The materiel purchased with the country's cash investment is comingled with DoD stocks and is not physically separated or otherwise identified in the inventory control point's inventory records. In return for this investment, the country is entitled to support from DoD stocks equal to that, provided U.S. forces assigned the same force activity designator.

Once an investment has been used to augment DoD stocks and a country desires to withdraw materiel for use, the country's payment for those items provides funds for restoring USG stock levels. This allows for further support to that particular country in the future under the arrangement.

Due to the two-step nature of the arrangement, the CLSSA consists of two separate FMS cases where the case designator's first character is "K": one for DoD stock augmentation and another for materiel withdrawal. Each LOA in the arrangement is referred to as a Foreign Military Sales Order (FMSO) I and II respectively.

Foreign Military Sales Order I

The FMSO I (or stock-level case) initiates the arrangement by establishing the country's investment for augmenting DoD stock. The FMSO I consists of an equity list of spares projected to be required over the next twelve months. No materiel is transferred to the purchaser as a direct result of the FMSO I. The FMSO I case remains in existence for the duration of the CLSSA. It will be renegotiated or adjusted as necessary whenever a change is required in the investment level necessary to support the country's actual withdrawal or usage rate.

The FMSO I case is subdivided into two parts: Part A, an on-hand portion representing the value of materiel that must be in U.S. stock to fill CLSSA requisitions; and Part B, which represents a dependable undertaking of the on-order portion. The FMSO I case provides obligation authority to increase stocks to meet the anticipated demands from the country. The standard FMSO I investment is 30 percent of the equity list value for part A and 70 percent for part B.

The country's total obligation includes the value of both part A and part B. However, upon acceptance, the country is only required to pay for part A (the on-hand portion) plus a 5 percent administrative charge based on the value of part A. This special administrative charge pays for the extraordinary costs incurred by the DoD to set up the arrangement.

CLSSA procedures are outlined in DSCA 5105.38-M, C6.4.3.2 and C5.4.3.3, *Security Assistance Management Manual* (SAMM).

Foreign Military Sales Order II

The FMSO II (or requisition case) permits the country to requisition spares and repair parts to replenish in-country stocks as they are consumed. The purchaser's payments under the FMSO II case serve to replenish materiel withdrawn from DoD stocks and to maintain the country's level of equity investment in the U.S. DoD inventory.

The FMSO II case has characteristics of blanket order case. It has a dollar ceiling with undefined requirements and is valid as long as funds exist in the case. The country prepares its own requisitions and submits them to the appropriate ILCO. Customer billings are for the value of actual materiel delivered plus the appropriate accessorial and administrative charges.

Cooperative Logistics Supply Support Arrangement Effectiveness

The CLSSA is a viable option for many FMS customers who own U.S.-origin weapon systems currently in use by U.S. operating forces. By participating in the CLSSA, the FMS customer has greater access to the DoD's inventory of spares, on the same level as does the American military customer. The result is faster FMS stock replenishment, which keeps the FMS customer's equipment operating at full capability.

The effectiveness of CLSSA can be influenced by a variety of factors. First and foremost, CLSSA is predicated on adequate inventories of stocked materiel in the purchasing country. In most instances, this requirement is accomplished through the initial support package/concurrent spares package provided with the purchase of the weapon system. CLSSA effectiveness depends on the orderly and timely replenishment of this in-country stock. The participating country should submit replenishment requisitions in a routine manner, as needed, and should avoid ordering large quantities infrequently. In addition, CLSSAs are not intended as the vehicle for large quantity augmentation of in-country stocks. Such augmentation may be required because of an increase in stock levels due to changes in mission, operational levels, maintenance philosophy, or the introduction of additional end items. These requirements should be satisfied through a defined order or blanket order case. The investment levels of the CLSSA should then be adjusted accordingly to support the replenishment of these increased levels of in-country stock.

Factors that normally preclude the use of a CLSSA for follow-on support or drastically reduce its utility are the purchaser's requirements for sole-source procurement, the purchaser's desire for single-vendor integrity, or the need for nonstandard items.

Sole-Source Procurement

A sole-source procurement is defined as one where supplies or services may only be obtained from a specific person or firm. The CLSSA program relies on the availability of depot stock, and there often are multiple suppliers of a single-stocked item. Since DoD procedures do not provide for segregation or identification of stocked materiel by the manufacturer, FMS customers insisting upon a sole source may not requisition the item against a CLSSA.

Single-Vendor Integrity

A country's use of single-vendor integrity (SVI) can also affect the follow-on support provided by the DoD. If a country requires SVI, this precludes the use of a CLSSA, since normal DoD procedures do not provide for segregation or identification of stocked materiel by manufacturer or by funding source. For the purpose of this discussion, SVI is defined as the purchaser's specification that all of the spares needed to support a particular weapon system and be furnished by the original manufacturer. Spares are typically bought by agencies other than the agency that buys the weapon system itself. For example, DLA typically procures and stocks aviation spares that are used on aircraft managed by the Army, Air Force, Navy, and Marine Corps. Thus, to ensure that the installed equipment and the spares come from the same manufacturer, an FMS customer invokes SVI in the LOA.

The purpose of SVI is to ensure that the spares match the installed equipment and will function within the weapon system when installed as replacement equipment and that configuration adaptation of intermediate and/or depot-level support equipment and parts will not be required. The SVI concept is more restrictive than sole source in that it stipulates that the same subcontractor and suppliers for the initial purchase must also be used for subsequent procurements.

Single-vendor integrity has many appealing features for the foreign purchaser. It simplifies their in-country repair and rebuild program because less inventory is required. Training and publications are also easier to maintain, and the requirements for test equipment are reduced.

Despite these benefits to the customer, SVI also requires extra effort by U.S. implementing agency to manage follow-on support, beyond the level funded by the FMS Administrative Surcharge. Supply requisitions for single-vendor items must be processed manually by both the ILCO and ICP. The added expense of these manual processes will be passed along to the purchaser. Other disadvantages include certain inherent risks that are also associated with sole-source procurement, e.g., the source may go out of business, may become nonresponsive to requests for changes, and prices may be higher.

Foreign Procurement

FMS purchasers may receive spare parts and support equipment that have been manufactured in foreign countries. This occurs when the implementing agency contracts with a U.S. company, who outsources or subcontracts work to a foreign company or foreign subsidiary. The U.S. company imports the items to the U.S., where they are accepted by the DoD, become part of the DoD inventory, and are used by U.S. forces. Despite the fact that the items are manufactured abroad, they are considered to be of U.S.-origin and are exported to the FMS purchaser using the same procedures as if they had been manufactured in the U.S. FMS purchasers should be aware that they most likely will receive materiel from the same manufacturing sources that the DoD uses for itself.

Performance-Based Logistics

The procurement agencies for U.S. military items have changed their acquisition strategy from acquiring stock for distribution on demand to a performance-based logistics (PBL) strategy. PBL is the purchase of support as an integrated, affordable, performance package designed to optimize system readiness and meet performance goals for a weapon system through long-term support arrangements with clear lines of authority and responsibility between the USG and a contractor. Simply put, performance-based strategies buy outcomes, not products or services.

The integration of FMS customers into this new strategy is ongoing. For defined and blanket order cases, this new arrangement has simply meant that the FMS customers indirectly get the benefits of the PBL relationships in the form of better availability of parts and shorter response times to requisitions. Because CLSSA agreements entitle FMS customers to the same priorities and treatment as is provided to DoD customers, if a PBL strategy is in place for items that are also provided to FMS customers, those with CLSSAs would participate in and benefit directly from the PBL support.

Obsolescence, Diminishing Manufacturing Sources, and Material Shortages

Obsolescence is the lack of availability of items needed to support or maintain a system due to new design or process changes. While very closely related, obsolescence is not exactly the same as diminishing manufacturing sources and material shortages (DMSMS). DMSMS is the loss or impending loss of manufacturers of items, suppliers of items, or raw materials needed to support and maintain a system. In other words, it is the loss of support due to a lack of sources or materials.

Both obsolescence and DMSMS may cause situations that result in material shortages that endanger the life-cycle support and capability of a defense system. In that regard, the DoD and other IAs as well as the FMS customer, should proactively identify timely and effective actions to reduce or eliminate the impact of obsolescence and DMSMS on FMS acquisition and logistics support efforts. The four basic steps of a proactive DMSMS risk management process are as follows:

- Identification and notification
- Verification
- Options analysis
- Resolution and implementation

A detailed study of DMSMS and associated risk-management processes can be found in DoD SD-22, *Diminishing Manufacturing Sources and Material Shortages* (DMSMS) *Guidebook*, January 2021.

Unfortunately, the reality for many FMS customers is that DMSMS and obsolescence will continue to affect the support of their system purchases due to the fact that many of their U.S.-origin systems are either in the process of or already are phased out of the DoD inventory. A number of programs have been implemented to mitigate this issue by providing continued logistic support for international military sales long after the DoD no longer supports the items for itself. These programs include System Support Buyout, the Aerospace Maintenance and Regeneration Group (AMARG), the acquisition of property through DLA Disposition Services and the redistribution of FMS customer excess spares and equipment via the Worldwide Warehouse Redistribution Service (WWRS).

Commercial Buying Services

The use of aging weapon systems beyond their original life expectancies has placed unexpected demands on supply systems initially provisioned to support shorter life cycles. A combination of diminishing manufacturing support, failure of electronic components, fatigue and corrosion of non-electronic parts, and age, has created unanticipated demands for spares supporting older weapons systems. Exacerbating the problem, the original equipment manufacturer may not be capable of supplying spares, repair parts and engineering support for aging weapon systems. The original manufacturer may no longer exist.

Commercial buying services (CBS) involve the purchase of defense articles and services that cannot be effectively acquired through other means. This may include nonstandard items, commercial off-the-shelf items, standard articles that the IA determines to be unobtainable within a reasonable time, and certain repairs or other services.

The purchase of nonstandard items can have an impact on the follow-on support provided by the DoD. Nonstandard items, as they relate to FMS, may be defined as any items or equipment not included in the DoD inventory or not purchased for regular use by the DoD. The DoD also considers as nonstandard those country-peculiar system configurations resulting from the installation of a nonstandard item on equipment or systems that make it dissimilar to like systems in the DoD inventory.

Nonstandard items are normally in FMS channels for the following reasons:

- The purchaser may change an item's design to improve the desired mission.
- The U.S. may change the design for security reasons.
- An item may become obsolete as a result of technological advancements and improvements.

Follow-on support problems are encountered, because there usually is no ICP or item manager assigned responsibility for managing nonstandard items. Therefore, instead of using a relatively standard requisition and distribution system, manual procedures must be used to satisfy purchaser demands. This not only proves more costly to the U.S. but also increases the replacement time and costs for the purchaser.

The following special programs provide contractor support for nonstandard items:

- The Simplified Nonstandard Acquisition Process (SNAP) is managed by the U.S. Army. The program purchases nonstandard item components, repair parts and supplies of primarily land systems and communications equipment, and UH-1 helicopter spares.
- The Parts and Repair Ordering System (PROS) is a contractor-operated program that purchases nonstandard item components, repair parts, and supplies and arranges for

maintenance of nonstandard items on a repair-and-return basis. Although the program is managed by the U.S. Air Force, the Army and Navy also use the PROS program for nonstandard spares, nonstandard maintenance, and nonstandard services.

Finding sources for supply of nonstandard items, particularly spare parts for end items no longer in the DoD inventory, has been an ongoing challenge. System support buyouts and efforts to withhold items with FMS requirements from disposal are providing only a partial answer to this problem. CBS contracts, such as PROS, are filling an important need in this area. In addition to nonstandard item support, CBS processes are increasingly the source of last resort for defense articles and services that cannot be supplied by the standard DoD logistics system in a timely manner. As the DoD emphasizes business-like practices, including less stock and more direct vendor delivery, CBS efforts are becoming even more important.

Another use of the term "nonstandard" applies when the FMS customer requests DoD support for an item that the customer purchased commercially, in a configuration not supported by the DoD. In this situation, it may become necessary for the FMS customer to provide manufacturing design specifications from the prime vendor to the DoD in order to determine the level of supportability through the DoD. This configuration study can be funded through an FMS LOA.

Repair of Repairables

Joint Pub 1-02 defines a repairable item as an item that can be reconditioned or economically repaired for reuse when it becomes unserviceable. Often, it is less expensive to repair items than it is to discard them and order new items. The U.S. military services make extensive use of returns from repairs; in some cases, returns from repairs are the only source of supply. The FMS repairable program provides a country the means of obtaining repair services without the necessity of establishing an in-country capability, which can be a long-term and normally uneconomical investment because of a relatively small number of weapon systems in use. When an in-country capability does exist, the FMS repairable program can supplement this capability when necessary.

Often, purchasers will opt to return repair items to U.S. facilities for repair or modification. The scope of work performed under the FMS repairable program is usually referred to as "depot-level repairs." This means the repair, overhaul, or rebuild of unserviceable assets requires maintenance beyond the capability (equipment and/or skills) available in field- or organization-level activities. The repairs are accomplished by the service depots or by commercial firms under contract to the depots. The choice of this option is often based largely on economics. Rather than investing heavily in facilities, skills, tools, test equipment, etc., the purchaser may find that U.S., or other external depot repair service, is more advantageous. When a purchaser follows this course of action and uses FMS cases for the repair of items, close coordination with and among the servicing depot facilities is required. The maintenance facility can determine when the item should be returned and estimate the cost of repairs. The ILCO coordinates repair services and instructs the FMS customer to send the item to the appropriate depot repair facility. The ICP is responsible for procuring the needed repair parts, and for getting them to the depot assigned the overhaul/rebuilding task.

Purchaser Country Responsibilities

The country has certain basic responsibilities under the FMS repairable program. The country must establish an FMS case in order to get the items repaired. Procedures for establishing FMS cases and processing materiel returns to the U.S., including the documentation required to accompany the items, are contained in the appropriate service regulations referenced at the end of this chapter. The country should only return economically repairable items to the U.S. If the repair facility deems an item not economically repairable, it will not be repaired without specific authorization from the country.

The country is responsible for transportation to and from the designated repair facility, port handling fees, broker fees, and customs clearance. International customers must understand that materiel being returned to the U.S. for repair, regardless of the type of repair program, must clear U.S. customs. Customers or their designated freight forwarders must cite International Traffic in Arms Regulations (ITAR) exemption 123.4 (unclassified) with U.S. customs at the primary U.S. port of entry, along with a copy of the LOA, which authorizes the materiel's repair. For more information on import/export requirements, see Chapter 11, "Security Cooperation Transportation Policy," of this textbook, or the SAMM, Chapter 7.

Concepts of Repair

Two concepts are used in obtaining repairs under the FMS repairable program: repair and return and repair and replace.

Repair and Return

To participate in the repair and return program, the FMS customer must establish an FMS case for repair services with the MILDEP. This may be a blanket order or a defined order case. Under the repair and return concept, the country enters its unserviceable item into the U.S. repair cycle, and, upon completion of repairs, the same item is returned to the country. The U.S. Air Force and U.S. Army call this program "repair and return." The U.S. Navy calls this program "Repair of Repairables" (RoR).

The repair program is normally limited to items for which the MILDEP has established a depot-level repair program. The FMS customer must request approval for repair through the ILCO from the inventory manager (IM) before shipping materiel to the U.S. for repair. After receiving approval and shipping instructions from the IM, the purchaser ships the materiel to the designated repair facility where it is entered into the repair queue. After repairs are completed, the item is shipped back to the FMS customer.

In the repair and return or RoR program, the cost to the country is the actual cost of the repair in accordance with DoD 7000.14-R, *Financial Management Regulation* (FMR), Volume 15, Chapter 7.

Repair and Replace

Under the repair and replace program, also known as direct exchange (DX), the unserviceable item is returned to the repair activity and, if it can be economically repaired or overhauled, a replacement item is issued from the U.S. military service's stocks. The country's unserviceable item is repaired or overhauled and returned to the U.S. military service's stocks. Under this program, countries are charged the estimated average cost of repairs (also referred to as the net cost or exchange price). With the exception of the administrative and special requirements, i.e., packing, crating and handling, the same costs will be assessed to FMS customers as are charged to U.S. forces. The DX program is usually available through either a blanket order case or as a CLSSA.

For FMS, the Air Force and Navy currently offer the option to use both the repair and return and the direct exchange program. The Marine Corps and the Army only offer the repair and return program.

U.S. Navy. The U.S. Navy's repair and replace program is called the repairable item replacement option (RIRO). Under this program, FMS customers can draw directly from the U.S. Navy stock system (through a CLSSA) for specifically identified weapons replaceable assemblies, system replaceable assemblies, and other designated repairable spares that are managed and have been approved by NAVSUP Weapon Systems Support in conjunction with the U.S. Navy's systems commands. If the requested materiel is available in the U.S. Navy's stock system, it is shipped immediately upon request. Then, the purchaser sends the failed item to a U.S. Navy designated receiving point for further transfer to a depot for repair. Upon completion of repairs to the returned item, it is returned to U.S. Navy stock. Purchasers are charged the difference between a condition "A" item and the value of the failed item

carcass. If the carcass is determined to be non-repairable, then the purchaser is charged the full price for a condition "A" item.

U.S. Air Force. Under the U.S. Air Force's repair and replace program, FMS customers can draw directly from USAF sources of supply (through a CLSSA or blanket order case) for items listed on a preauthorized materiel repair requirements list (MRRL). Purchasers send their failed items to a designated USAF receiving depot. Upon receipt at the depot, a replacement requisition is generated and the purchaser is charged the average repair cost for that particular item (also known as the "exchange price"). If the carcass is determined to be non-repairable, then the purchaser is charged the full price for a condition "A" item.

Excess Property

General

Excess property procedures afford still another method for limited materiel support. Property that is excess to U.S. MILDEP requirements and cannot be used by other DoD components may be provided to eligible foreign governments through the FMS program as Excess Defense Articles (EDA). Providing excess materiel is accomplished either through the military departments or the DLA Disposition Services. EDA include lethal and non-lethal defense equipment owned by the MILDEPs, excluding construction equipment, which may be provided to selected countries on a grant or as an FMS sale. All sales of excess significant military equipment (SME) or materiel valued at $7M or higher in original acquisition value require a thirty-day advance congressional notification prior to transfer. The DLA Disposition Services program, on the other hand, is the sale of non-lethal, non-SME excess government property, which may include major end items, support equipment and consumables that are no longer needed by the MILDEPs, and are transferred by DLA as a grant to eligible countries, or sold to non-grant eligible countries at a reduced cost based on the condition of the items.

Purchases of DoD excess equipment and supplies can provide a valuable source of supply and, through reduced prices, enable foreign governments to obtain a greater return for their procurement dollar.

Excess Defense Articles

Not all countries are eligible for all types of EDA transfers. For information on eligibility and program restrictions, see Chapter 2, "Security Cooperation Legislation and Policy," of this textbook.

Under the EDA process, each MILDEP determines what items are excess. Additionally, the MILDEPs must ensure that the items must also be excess to other MILDEPs, defense agencies, reserve components, and the National Guard before being offered to a foreign government. There are two general ways in which countries can request EDA. Countries may respond to MILDEP surveys of interest for EDA by the requested deadline. Countries may submit short lists of requirements to the MILDEP. Upon receipt, the MILDEP will determine whether the item is available as EDA. If not, the MILDEP will keep the request on file.

The important factor in the acquisition of EDA from any source is the availability of both initial and follow-on support. Sales or transfers of excess defense articles do not follow the total package approach concept. Excess defense articles are transferred "as is, where is," meaning that EDA does not include spares, support, publications, training or any other aspect of support. Care should be taken to ensure a prospective customer has either an existing infrastructure or that one can be developed in order to support the introduction of EDA into the purchaser's inventory. Foreign governments interested in acquiring EDA should contact the U.S. SCO in their country. Since EDA is provided on an "as is, where is" basis, the associated costs for any refurbishment and subsequent packaging, crating, handling, and transportation of the defense article are generally the determining factor as to whether or not a country accepts the EDA, even if it is offered on a grant basis. These associated costs prove to be prohibitive to

many countries wanting EDA equipment, resulting in a high percentage of EDA offers being declined. Most EDA articles are unserviceable and require major repair. Additionally, spare parts, tools, and manuals, if available, must be purchased separately. In some cases, no follow-on support is available since the MILDEPs no longer field the items. These associated costs often outweigh the benefit of the materiel being offered for transfer.

Major EDA transferred by the MILDEPs are generally priced at the fair market value. Grant-eligible recipients may receive the major end item at no cost, but they are still required to pay all accessorial costs and the administrative charge prior to delivery. Major EDA transferred by the MILDEPs is often in poor condition and requires extensive overhaul or refurbishment if the customer intends to use it as a fully functioning item. The costs of such extensive repairs, if available, must be paid by the receiving customer through an FMS case.

DLA Disposition Services

There has been an increase in interest in the DLA Disposition Services and how countries can find and acquire DoD excess property. The objective of this DLA FMS program is to maximize the reuse of excess property when such sales favorably contribute to both the U.S. and host country's national security objectives. DLA Disposition Services provides an alternative low-cost method of acquiring non-lethal, demilitarized property through FMS.

DLA Disposition Services has performed disposal services for the DoD for over thirty years as a primary field level activity. DLA Disposition Services maximizes the return to the U.S. taxpayer by finding new homes for the property in other government agencies, non-profit organizations, the armed services, and foreign governments. Property remaining after this effort is cataloged and sold to the public. FMS is one of the many programs qualified to receive DLA Disposition Services property. To assist in this effort, DLA Disposition Services prepares and manages all of its own cases.

When property is no longer needed or the DoD has too many items in stock, the property is deemed excess and scheduled for turn-in at one of the DLA Disposition Services facilities. Items that have a military offensive or defensive capability are first demilitarized. Once property enters the inventory, it begins a forty-two-day screening cycle during which time FMS customers and U.S. Federal agencies may view and select items for purchase. After the screening cycle is complete, items that have not been selected for transfer may be made available to the general public through a contracted liquidator, or the items may be destroyed and sold as scrap. Therefore, it is important for the purchaser to locate needed property as soon as possible. DLA Disposition Services has several methods to assist the purchaser in finding the property. Because the DoD considers the property excess, the property is in a wide range of conditions. The owner turning in the item determines the condition of the property. The condition of the property ranges from new and in original packaging to items whose only value is as scrap. Realizing the inherent problem of identifying the usability of the property, DLA Disposition Services has taken extra measures to assist the purchaser in determining condition. The DLA Disposition Services may upload photos of actual items so that potential purchasers may have a better idea of the condition of the item. Additionally, DLA Disposition Services personnel can check the basic functioning of the item. However, since all EDAs are "as is, where is," purchasers are encouraged to visually inspect all major items to ensure each item is in an acceptable condition. The FMS purchaser cannot obtain overhauls and repairs from DLA of materiel available in the DLA Disposition Services inventory.

The pricing of property in the DLA Disposition Services inventory for FMS customers is based on the condition code of the item. The price ranges from 5 to 50 percent of original acquisition value with additional accessorial charges of packaging, crating, handling, and transportation and administrative charges. Grant-eligible countries must also pay for packaging, crating, handling, and transportation (PCH&T). See Chapter 12 of this textbook, "Financial Management," for more information on depreciation values.

The DLA Disposition Services materiel can only be viewed through DLA's secure Enterprise Portal by registered account holders. FMS purchasers may only obtain access to the site if they have an implemented LOA with DLA Disposition Services. Security Cooperation Officers (SCOs) may assist FMS purchasers in screening for available materiel by registering for access to the Enterprise Portal and viewing the DoD listings in the Reutilization/Transfer/Donation (RTD) section of the DLA Disposition Services website. The user can search the inventory by NSN, item name or federal supply class, location, or condition code. Once the search is performed, a listing of all the available assets meeting the search criteria is visible. The list may also include photos of the items. Users may submit want lists to DLA Disposition Services for items that may become available in the future. When an item becomes available, the user is notified by email.

The preferred method for an FMS customer to order from DLA Disposition Services is by using a blanket order case. When such a case is approved, the eligible country is issued a password and user ID that allows the purchaser to enter into the DLA Disposition Services website and process its order online. Each order is processed overnight and received at the DLA Disposition Services sites worldwide the next business day. The item is then prepared for shipping. Countries are responsible for the cost of transporting the property to the final destination.

Other Logistics Support Programs

United States Air Force Technical Coordination Program

For more than twenty-five years, the U.S. Air Force has been supporting the FMS and SA/SC countries with what has become known as the technical coordination program (TCP) (formally known as the Technical Coordination Group [TCG]). The TCPs, international engine management programs (IEMPs), and the electronic combat international SA program (ECISAP) provide dedicated follow-on technical and engineering support to the FMS customers. Purchasers sign an FMS case to become members of the TCP. The TCPs provide a single point of contact for countries on all their technical concerns regarding their respective systems once the system is procured. The TCPs provide technical assistance for weapon systems including the following: F-4, F-5, A/T-37, F-16, F-15, E-3, C-130, and KC-135 aircraft, plus AIM-9, AIM-7 and AGM-65 missiles. The IEMPs provide technical support for all aircraft engines to include the following: F100, F108, F110, J69, J79, J85, T56, and T30. ECISAP provides engineering software support and system hardware support. The TCPs, IEMPs, and ECISAP work exclusively for their international customers, and they are not responsible for providing any service to USAF units. The member countries fund the TCGs, IEMPs, and ECISAP, and 100 percent of the TCP's time is dedicated to FMS support. The FMS customers pay for these services on a prorated basis.

United States Army Fair Share Sustainment Programs

The U.S. Army's Aviation and Missile Command (AMCOM) provides follow-on technical and engineering support to FMS purchasers of the HAWK and CHAPARRAL missile systems. These programs, known as the HAWK and CHAPARRAL Fair Share Sustainment Programs (FSSP) respectively, provide hardware, software, and technical support to these two systems, which are obsolete to the U.S. Army but are actively managed by AMCOM to support international users. Purchasers can participate in either or both FSSP programs through a separate FMS case, or through a support line on a larger system sale. The FMS customers pay on a prorated basis to receive these services. There are currently fifteen countries supported by the Army's FSSP programs; eleven are HAWK users and four are CHAPARRAL users.

United States Navy F/A-18 In-Service Support

The U.S. Navy has established the F/A-18 in-service support (ISS) program to ensure that post-production logistics and engineering support will be available for FMS customers that own out-of-production F/A-18s. The ISS program enables FMS customers to address their problems with the U.S.

Navy and the prime contractor, Boeing, on a day-to-day basis. The ISS program assists FMS countries in the continuing operation and maintenance of their weapon systems by sharing U.S. Navy and FMS logistics and engineering data at minimum cost to all concerned. Without a common ISS program, it would be necessary for each FMS customer to establish individual contracts to obtain those sustaining services. The ISS program joins all F/A-18 users into a single cohesive team. It contains common requirements, those that are applicable to both USN and FMS customers' unique requirements, and those that specifically apply to one or more FMS customers.

United States Army Corps of Engineers

The U.S. Army Corps of Engineers (USACE) is the Army's principal engineering design, construction, research, and development organization. It is responsible for delivering technical services and infrastructure solutions to a wide range of customers, including all of the geographic and functional combatant commands, the DoD, some seventy other U.S. federal agencies, and approximately ninety countries worldwide. The USACE is an implementing agency for security assistance for part of the international and interagency mission and is responsible for accepting Letters of Request and developing them into Letters of Offer and Acceptance. The USACE executes missions that support war fighting, disaster relief, and other contingencies as well as providing planning, technical support, acquisition, construction, and capacity development around the globe.

The USACE supports the combatant commands (CCMDs) in designing and executing engineering projects and water resource management in over one hundred countries and currently has offices in thirty countries. Some of the construction and public works projects the USACE has provided under security cooperation programs in the last decade include construction of maintenance and storage facilities in support of major systems and stand-alone projects in support of foreign military capacity improvements. Examples include the construction of piers, seawalls, firing ranges, schools, barracks, water wells, health clinics, simulation and training facilities, munitions storage bunkers, dining facilities, prisons, roads, and runways.

System Support Buyout

When a U.S. MILDEP is terminating support for a particular system, or, in some instances, components of a system, it is normal practice to offer those countries having the system an opportunity to participate in what is referred to as a life-of-type buy or system support buyout. If this is offered, the purchasing country must inform the MILDEP of the total remaining expected service life of the equipment and other supporting information. The MILDEP then recommends those spares and repair parts that will be required to support the system for its intended life. A list of these items is forwarded to the country for review and adjustment prior to the eventual request for an FMS case for the agreed upon items. The purchaser should have a minimum of two years to place a final order for secondary items to support the system for its remaining useful life. After the system support buyout is completed, no further CLSSA is maintained, nor are standard item FMS follow-on support cases rendered for that system/component.

Worldwide Warehouse Redistribution Services

WWRS is a program designed to redistribute excess spare parts and support equipment acquired by FMS customers. Items available through WWRS must be U.S.-origin items in operating condition. WWRS is designed to be self-funding through the collection of a redistribution service fee assessed on the sales price of the materiel sold. WWRS can be considered a virtual warehouse of assets used to fill FMS requisitions. WWRS may not include significant military equipment (SME). An approved LOA is the authority to purchase the WWRS listed materiel. FMS customers submit their list of excess items for sale through the WWRS program office at AFSAC. AFSAC posts the items to the WWRS website. Prices are determined by the seller. Buyers purchase items listed on the WWRS by submitting a supply requisition against a blanket order case to AFSAC. Neither the buyer nor the seller is identified in the website. Once a buyer requisitions the item, the seller is instructed by AFSAC to ship the materiel to

a contractor near Dayton, Ohio. Title to the materiel transfers to the U.S. government upon passing inspection by the contractor. After inspection and sanitization, the item is shipped and title transfers to the buyer. Using this process ensures no third-country transfer violations. The WWRS listing of materiel, customer handbook, and program changes and enhancements can be found on the WWRS homepage at https://afsac4.wpafb.af.mil/WWRS.

Aerospace Maintenance and Regeneration Group

The Aerospace Maintenance and Regeneration Group (AMARG) is joint service storage, regeneration, reclamation, and disposal facility located at Davis-Monthan AFB. The AMARG maintains approximately 4,200 aircraft and 40 aerospace vehicles from the Air Force, Navy, Marine Corps, Army, Coast Guard, and several federal agencies including NASA. The AMARG provides critical aerospace maintenance and regeneration capabilities for joint, allied, and coalition warfighters in support of global operations for a wide range of military operations. The operation is unique in that authorized customers from all over the world may withdraw parts and aircraft. The group provides customer services including aircraft regeneration (restoring aircraft to flying status), limited depot-level maintenance, and parts reclamation, in addition to its historic storage and disposal functions.

The AMARG maintains aircraft in long-term and short-term storage. Long-term storage aircraft may be contingency weapon systems, weapon systems designated for potential FMS, and weapon systems designated for reclamation. With an original purchase price of more than $33 billion, this aerospace fleet provides a unique savings account from which military units throughout the world (including our FMS customers) may withdraw parts and aircraft. The inventory consists of a wide range of reciprocating, turboprop, and jet-engine powered fixed and rotary wing aircraft. International customers may withdraw entire aircraft from storage, or just those spare parts which are otherwise hard to obtain. Some notable FMS sales that included entire aircraft being supplied from AMARG resources include a sale of nine P-3B maritime aircraft and a sale of six C-130E cargo aircraft. Additionally, AMARG provided thirty-four refurbished F-16A/B fighter aircraft in support of an FMS lease.

Publications Support

The term "publication" can be defined as a wide range of printed material, or other media (such as digital download, CD/DVD, etc.), including technical orders/manuals, indexes, software, supply catalogs, training publications, administrative publications, engineering drawings and associated documents, equipment component lists, decals, forms, and audiovisual products.

In most cases, as with other aspects of the FMS program, no special system has been developed to requisition publications to support the FMS customer. The systems already used by each of the MILDEPs and other DoD organizations to meet internal requirements have all been adapted to include the FMS customer. Publications are provided in English. FMS customers who desire to have contractual, technical or administrative documents translated into the local language may contract for translating services using local resources after the publications have been delivered. By exception, the DoD may agree to translate selected publications as part of an FMS case. If so, the English language version takes precedence, and, if there is a translating error, the DoD will not accept liability if equipment damage or personnel injury occurs. Translated documents should be marked "Informal and unofficial translation—English text governs," as prescribed by SAMM C4.2.4.

Numerous websites provide access to MILDEP and DLA publications, but most can only be accessed through a .mil or .gov address. An up-to-date list of publications websites can be accessed through the external links identified on the Defense Security Cooperation University (DSCU) website.

Initial Versus Follow-On Publications Support

Under the total logistics support concept (Figure 10-3 shown earlier), publications are an integral part of the support package for major weapons systems. Each major system sale includes those

publications required to maintain the system. Technical publications are crucial items in the FMS program, since they often provide the only operating and maintenance instructions for the equipment purchased by FMS customers. Without the proper publications, equipment may be misused or improperly maintained.

Nevertheless, it is up to the purchaser to ensure that such publications are kept current. Lack of up-to-date publications can render a weapon system inoperative. Publications are just as important as training, spares, and support equipment to ensure that the system will perform as required. Follow-on cases for publications are required. To aid in this effort, each of the MILDEPs has developed procedures for automatic distribution. This is the easiest method to ensure that publications are kept up-to-date. The indexes of MILDEP publications are available on CD-ROM and at the respective MILDEP publishing agency websites.

Types of Cases/Categories of Publications

The purchaser has a choice of two types of FMS cases for ordering publications, either a blanket order or a defined order case. The blanket order is the preferred type of case to use, as it makes administration of the case much simpler and permits the more rapid filling of purchaser requests. If the purchaser desires to participate in the automatic distribution program, a blanket order case is mandatory. Certain categories of publications can only be ordered using a defined order case, including classified publications, Defense Language Institute (DLI) publications, and professional military education (PME) correspondence courses. Additionally, each MILDEP has placed restrictions on other publications. More specific guidance on the ordering of publications can be obtained from the respective ILCO.

Navy Publications

Each Navy publication or form, including changes, has been assigned a Navy item control number (NICN) allowing the use of the MILSTRIP format to order publications. The purchaser may submit a requisition via normal means; however, the document identifier "A04" must be used in record positions 1-3. All requisitions for publications are forwarded electronically from the NAVSUP Weapon Systems Support-OF to the Navy Logistics Library (NLL) for minimal validation. The NLL forwards the requisition to the publication sponsor for release determination. If the sponsor disapproves the release of the publication, the requisition will be rejected with a cancellation status sent to the customer via the supply system. If the sponsor approves release of the publication to the FMS customer, the NLL refers the requisition to the supply point for fulfillment. Requests for classified publications must be approved by the Navy International Programs Office prior to the submission of a requisition to NAVSUP Weapon Systems Support-OF.

Army Publications

Publications requisitioning from the Army is accomplished under a combination of MILSTRIP and non-MILSTRIP requisition processes, because the U.S. Army Publishing Directorate does not have an automated internal supply system capable of accepting MILSTRIP requisition actions. However, the U.S. Army Security Assistance Command records all publication orders electronically so that the purchaser always has visibility of the requests.

The Army uses two different methods for publications support: initial distribution and resupply. Initial distribution is part of the initial sale or transfer of the system under the TPA concept. Customers are provided with a basic set of publications that are delivered during the same time-frame as the equipment. The resupply method includes both defined and blanket order cases, and the publications are requisitioned using the DA Form 4569-1-R, Security Assistance Publication Requisition Code Sheet. The instructions and a copy of this form are contained in DA Pamphlet 25-33, and the form can be locally reproduced.

If the country participates in the ILCS, it can use the ILCS to transmit publication requests in lieu of mailing in the hard copy DA Form 4569-1-R. MILSTRIP document identifier code "BMB" has been established to allow purchasers to transmit publication resupply requisitions to USASAC. FMS customers requiring advice and assistance with publications support should contact their case manager at USASAC-NC.

Air Force Publications

The Air Force has two distinct sources and methods of obtaining publications. Technical orders (TOs) are requested through Tinker AFB, Oklahoma, and shipped from the managing Air Logistics Complex. All other publications are obtained through AFSAC at Wright-Patterson AFB, Ohio. Distribution of publications continues to be via paper copies.

Requests for standard publications, forms, engineering drawings, CD-ROM, and decals are sent to the AFSAC using DD Form 1149. Since each publication does not have a stock number assigned, the purchaser must use the current publication short title. The form must be mailed to AFSAC. Classified publications, other than technical orders (TO), are released only after approval by a delegated disclosure release authority. Technical orders are requisitioned from the Security Assistance Technical Order Program (SATOP) office located at the Oklahoma City ALC on AFTO Form 187 or AFTO Form 276. Automatic distribution of changes can be requested by indicating the initial distribution quantity on the AFTO Form 187.

Publications from Department of Defense and Other Sources

Publications are normally ordered through FMS cases with the three MILDEPs; however, some publications can be ordered directly from the agency that acts as the single manager for a particular series. An example of this is catalog data managed by DLA's Logistics Information Services. The FMS purchaser can establish an FMS case directly with DLA to obtain catalog products. There are many DoD directives, instructions, and publications that may be of interest to FMS customers. Most can be viewed and downloaded from the proponent MILDEP publishing agency website. However, many sites are restricted to users with Common Access Cards (CACs).

Equipment Disposal

The disposal phase begins when an FMS customer has a need to dispose of all or part of a weapon system. SAMM, Chapter 8, states that the proper use of U.S.-origin items is a joint responsibility of the recipient and U.S. personnel. Often, an item must be demilitarized to eliminate its military capability. Classified features and those that pose physical or environmental hazards should be neutralized prior to or during the disposal process. Demilitarization procedures are outlined in DoDM 4160.28, Volume 3. International customers are encouraged to use the DoD procedures for demilitarization if they have no equivalent demilitarization procedures of their own. Demilitarization guidance is available from weapon system managers or through DLA Disposition Services. The SAMM, Section C8.8, provides further guidance on equipment demilitarization and disposal.

The DoD Demilitarization Program Office (DDPO) manages the DoD DEMIL Program to ensure that policy, procedures, program implementation, and operational performance are consistent with U.S. Foreign Policy, National Security objectives, and DoD interest.

International customers also may consider transferring their unwanted materiel to another country as a means of disposal. This is typically done with items that still have military capability. It is the responsibility of the transferring country to locate a buyer that meets the approval of the U.S. All third-country transfers must be approved by the Department of State (DoS).

Both the DoS and DoD have set up end-use monitoring (EUM) programs to ensure that defense

articles are used according to agreements with the U.S. from receipt to final disposal. See Chapter 18, "End-Use Monitoring and Third-Party Transfers," of this textbook.

Teams Used to Support Country Logistics Requirements

Often, when the USG provides new equipment to a country, there is a need for technical assistance and training. Whenever there is a new Presidential determination that a country is eligible for U.S. SA/SC, the country will often require help to interface with the U.S. logistics system. Various teams sent to the country from the U.S. often provide this technical assistance and training. To ensure that all aspects of the SA/SC mission are integrated into an overall effective program, all such teams are under the supervision of the overseas SCO while they are in the foreign country.

The use of these teams is an integral part of the TPA, providing both initial and follow-on support for the country. The following is a brief discussion of the general types of teams that may be provided.

Quality Assurance Teams

Quality assurance teams (QATs) are often provided whenever a new item of military equipment is transferred to a foreign purchaser. The mission of the QAT is to receive, inspect, and prepare the U.S. equipment for initial operation. They are not a training team. The QAT is assigned to make sure that the equipment has not been damaged during transit and, if it has, to repair the equipment and ensure that it is operational when provided to the purchasing country. QATs are usually very small teams temporarily assigned in country; they perform their mission and leave the country promptly, thereby minimizing the cost to the purchaser.

Technical Assistance Teams

Technical assistance teams (TATs) are U.S. DoD personnel temporarily assigned in-country to maintain or repair equipment provided under an FMS program. These teams can also be used to set up and place into operation such things as repair parts warehouses, personnel records systems, and technical libraries. TATs are often used when a country finds itself having problems in maintaining U.S. equipment or interfacing with U.S.-management techniques. The primary purpose of a TAT does not normally include training, although some degree of training will be provided by virtue of the team performing their mission.

Extended Training Service Specialists

Extended training service specialists (ETSS) are DoD personnel (military or civilian) who are technically qualified to provide advice, instruction, and training in the installation, operation, and maintenance of weapons, equipment, and systems. Unless specifically approved by DSCA, an ETSS will be provided for no longer than one year. These are the long-term training teams utilized for in-country training of foreign military personnel. English language instructors are an example of ETSS.

Contract Field Services

Contract field services (CFS) are furnished by DoD contract with U.S. industry to provide advice, instruction, and training in the installation, operation, and maintenance of weapons, equipment, and systems. CFS will be used only when DoD personnel with the required skills are not available or it is not practical to use them. CFS can be programmed on a one-year basis, although the term may extend past the end of a fiscal year. The conditions of CFS must be approved by DSCA and may be funded under IMET. Both CFS and ETSS are considered to be a field training service.

Technical Assistance Field Teams

Technical assistance field teams (TAFTs) are U.S. DoD personnel permanently assigned in country who are used to provide in-country technical support to foreign personnel on specific equipment,

technology, weapons, and supporting systems when Mobile Training Teams (MTTs) and ETSS are not appropriate. TAFTs are often the bridge between purely technical assistance and pure training. TAFT members are technical experts in their fields and often provide formal and informal training to their counterparts as part of their primary mission of ensuring the continued operation of the equipment or support system. TAFTs are often used to set up operational maintenance and supply systems that will interface effectively with continental U.S. (CONUS) activities. In this sense, TAFT members are both doers and trainers. TAFTs set up and operate the systems, but they also train their counterparts to assume full operational control as quickly as possible.

As part of the TPA for support, it is essential that consideration is given to using the various teams available to assist in both initial and follow-on support. For additional information, see the SAMM, Section C10.22, and Chapter 14, "International Training," of this textbook.

Discrepancy Reporting

In a system as large and diverse as the DoD logistics system, errors are bound to happen. the DoD, recognizing this fact, has set up a system to quickly validate the problem and respond to the purchaser, while documenting trends to preclude recurrence of the discrepancy.

A discrepancy is a difference or variance from a standard. If something does not meet the standard in either quantity or quality, a discrepancy exists. The USG's intention is to resolve the discrepancy and ensure that every effort is made to provide the correct defense article or service in the quantity and quality agreed to in the FMS LOA.

A deviation from a standard can be caused in any number of ways: shipment damage, wrong items, shortages, and many others. Considering the large number of shipments processed through the SC program, some discrepancies can be expected. Most discrepancies involve some human error or oversight. Anyone in the long line of people processing the transaction, its transfer, shipment, or receipt may have inadvertently contributed to the discrepancy.

The USG's goal is to efficiently resolve reported discrepancies as soon as possible. Where it is determined that the USG is responsible, the implementing agency will make a financial adjustment for the recipient country. Furthermore, per the LOA standard terms and conditions, Section 5.1, the USG disclaims any liability for damage or loss to the items incurred after the passage of title, irrespective of whether transportation is by common carrier or by the U.S. Defense Transportation System. An exception to this is a discrepancy in billing, which normally occurs after the title has passed to the purchaser.

There are three categories of discrepancies. Each has unique reporting requirements for FMS.

- Supply discrepancies, which capture a wide range of issues
- Product quality deficiencies, caused by the manufacturer
- Financial discrepancies, caused by erroneous computation of administrative or accessorial charges

Supply Discrepancies

Supply discrepancies are those caused by the ILCO, item manager, shipping activity, or by the manufacturer. They are reported by the country or freight forwarder to the appropriate ILCO on an SF 364, Supply Discrepancy Report (SDR), or automated equivalent. The principal reference for supply discrepancies is DLM 4000.25, *Defense Logistics Management Standards (DLMS)*, Volume 2, Chapter 17. The military departments have published supplemental SDR guides, which can be obtained from the ILCO.

Shipment Discrepancies

Shipment discrepancies may include shortages, overages, damage, insufficient remaining shelf-life, incorrect items, and misdirected shipments. Occasionally, unnecessary SDRs are submitted in these areas, because the country does not completely understand the U.S. supply system or fails to coordinate with its freight forwarder prior to submission of the SDR.

Purchasers often believe there is a shortage or total non-receipt of an item when the reconciliation documents sent to the purchaser show that an item is shipped, but the freight forwarder has not yet sent the item to the country. When shipments are made through a freight forwarder, the purchaser submitting SDRs for non-receipt is required to provide documentation from the freight forwarder indicating that no materiel has been received on the applicable requisition and transportation control number. The ILCO will deny any non-receipt SDR that does not include this documentation.

Many times, SDRs are submitted for shortages because there was a partial shipment of the quantity requested. Such shortages are often identified by researching the supply status received prior to the shipment or by inspecting the shipping document to see if the items received are partial shipments. If a purchaser receives a partial shipment, further research is required to see if the remaining items were previously received or if they are still due-in to the country.

An SDR may be submitted when the value of a missing shipment unit is at least $200. A shipment unit is defined as one of multiple shipments with the same document number but with a unique suffix code. Each shipment unit will have its own Transportation Control Number (TCN). For example, if the customer requisitions 300 bolts at a cost of $1 each, the total requisition value is $300. If the requisition is filled in three increments of one hundred, and each increment is shipped individually, then each increment is a shipment unit. If one of the three shipment units is lost, the value of that shipment unit is only $100 and would not qualify for submitting an SDR.

Another problem is caused by the use of multi-pack shipments. This is a packaging method whereby many different items are, for economic reasons, packed and shipped in a single container. Often the documentation on the outside of the crate or box identifies only the document used to track the container. Inside, there may be numerous small items consolidated in the shipment that may be individually accounted for by the foreign customer.

Misdirected or Unordered Items

In the event that the purchaser receives unordered or misdirected shipments containing items that are identified as classified/sensitive materiel, and/or arms, arms parts, or explosives, the purchaser should report the discrepancy within twenty-four hours of discovery, regardless of dollar value, for disposition instructions from the USG. The USG requests that the purchaser returns classified/sensitive materiel, and/or arms, arms parts, or explosives within thirty days of USG direction. For all other items, the purchaser is requested to ship discrepant articles within 180 days of receiving USG direction for such returns.

Quality Deficiencies

Product quality deficiencies are defects or nonconforming conditions, which limit or prohibit the item from fulfilling its intended purpose. These include deficiencies in materiel, manufacturing, and workmanship, e.g., failure to put a gasket in a carburetor. A latent defect is defined as a deficiency in an article that affects the operability and is not normally detected by examination or routine test, but which was present at the time of manufacture.

Substitute Items

SDRs are often submitted for incorrect items, because the shipping activity did not have a specific item in stock and, instead, shipped an authorized substitute. Although the item will often perform as

well as the requested item, the purchaser submits an SDR because it is not the same stock number as the item ordered. Again, further research of previously received status documentation is needed. If the purchaser does not desire a substitute, the appropriate advice code should be placed on the original requisition. There are times, however, when human error is involved and an incorrect item is shipped. If an item has not been identified as a suitable substitute for, or interchangeable with, the original item ordered, then an SDR is appropriate.

Shelf Life Items

A shelf life item is an item of supply possessing deteriorative or unstable characteristics to the degree that a storage time-period must be assigned to ensure that it will perform satisfactorily in service. All shelf life items are categorized as one of the following two types:

- TYPE I items are determined through an evaluation of technical test data and/or actual experience to have a non-extendable shelf-life. These items include fresh foods, vaccines, and drugs.
- TYPE II items have an assigned shelf life that may be extended after completion of visual inspection/certified laboratory test, and/or restorative action. These products include petroleum, oil and lubricants, canned or packaged foods, and certain rubber-based products.

The DoD shelf-life policy requires that materiel will be issued/shipped on a first in, first out (FIFO) basis and shall be the oldest within the condition code specified. However, the DoD recognizes that some FMS shipments may require a longer transportation time and has provided the following exceptions for FMS customers.

FMS requisitions will be issued in accordance with last in, first out (LIFO) issue policy. LIFO issue of non-extendable Type I shelf-life items will be accomplished by issuing materiel with the latest date of expiration; extendable Type II items will be issued by the latest date of manufacture, date of cure, date of assembly, or date of pack (subsistence only) regardless of the number of extensions.

Items with a shelf-life code (SLC) of twenty-four months or greater, issued to satisfy FMS shall be in condition code A, with a minimum of twelve months shelf life remaining. Requesters have the option to waive the twelve-month minimum by submitting exception requisitions (A05).

Items with a SLC of less than twenty-four months are not subject to the twelve-month minimum. However, they must be issued from condition code A assets, unless the purchaser specifies that other than condition code A materiel is acceptable.

Shelf-life extensions for items/materiel in the custody of the FMS customer can be found by contacting the USG security assistance or international program offices having responsibility over the FMS case. The office can access the DoD shelf-life extension system for applicable data and extension test results. Shelf-life policy for FMS is contained in DoDM 4140.27, Volume 2, DoD Shelf-Life Management Program.

Improper Packaging

SDRs may be submitted for materiel received in damaged condition if the damage is the result of improper preservation, packing, marking, loading, handling, or storage provided prior to title transfer. SDRs will not be accepted for damage caused by the carrier.

Billing Discrepancies

A billing discrepancy involves materiel ,which is received as ordered and with proper accompanying documentation, but the charge is incorrectly reflected on the quarterly billing statement provided by DFAS. These are usually duplicate charges or omissions from the bill. The purchaser will usually identify these problems by using the FMS delivery listing provided as part of the quarterly billing statement.

Submission of Supply Discrepancy Reports

To determine if a suspected discrepancy should be reported, a step-by-step process is recommended, which involves the elements of time, value, and determination of the cause of the discrepancy.

Element of Time

SDRs must be submitted to the ILCO within one year of the date of the title transfer/date of shipment. Therefore, it is imperative that the purchaser inspect each delivery upon receipt to ensure that the correct item is received in the correct amount and in good condition. If there is a discrepancy with the shipment, the purchaser must submit the SDR within one year from the time the item left the depot/manufacturing facility. In the event that a purchaser fails to receive an entire shipment, but is billed for the original amount ordered, the purchaser has one year from the date on the DFAS quarterly billing statement (DD Form 645) on which it was billed for the shipment.

The element of time, twelve months from the date of initial shipment, is provided in the terms and conditions of the LOA, Section 5.4, to allow the purchaser sufficient time to receive, inspect, and, if necessary, test the materiel. It does not constitute a warranty, but rather allows the FMS customer to assemble the necessary documentation to support a claim for a discrepancy. The constraint of time is not applicable in the case of a latent defect, which is defined as a defect, which exists at the time of acceptance, but which cannot be identified by a reasonable inspection.

Element of Value

Next, the purchaser should determine if the suspected discrepancy is, in fact, valid. The monetary minimum is $200 for any LOA implemented on or after 1 June 1992. SDRs will only be credited by the MILDEP when the estimated value is $200 or greater. This minimum value includes the value of the item plus any transportation and handling costs. Purchasers are encouraged to submit SDRs regardless of the dollar value so that problems can be documented, but only those over the minimum dollar value will be reviewed for possible compensation.

Cause of Discrepancy

It must be decided whether the resolution of a reported discrepancy is the responsibility of the shipper (U.S. Government) or the carrier. If a carrier discrepancy is suspected, claims should immediately be filed directly with the carrier, as a carrier's liability is terminated after nine months from the date of shipment. If the discrepancy is a shipper or billing responsibility, an SDR should be prepared and forwarded to the appropriate ILCO for initial processing. Table 10-3 provides a decision table to assist the purchaser in determining the appropriate action to be taken with respect to the gamut of discrepancies that might be encountered. Further SDR decision criteria can be found in the SAMM, Table C6.T4.

Table 10-3
Decision Table for Supply Discrepancy Report Submissions

Discrepancy	Action
Transportation: Packages are missing or damaged when received.	Inspect shipping manifest to ensure that cargo is missing and/or was not damaged when picked up by the carrier. If DTS is the carrier, contact U.S. military representative and have the SCO submit a DD 361 (TDR). If not a DTS shipment, immediately submit a claim with the carrier.
Financial: Accessorial or administrative charges are computed incorrectly.	Army/Navy: Submit a letter directly to DFAS–SCA explaining the deficiency and requesting correction. Air Force: Submit a letter to AFSAC explaining the deficiency and requesting correction.
Quality: Item does not perform properly due to workmanship, material, etc., and the item was purchased using FMS.	Submit an SF 364 (SDR) and all supporting documentation to the appropriate ILCO.
Billing: Item is billed erroneously on the quarterly statement (Duplication, etc.).	Submit an SF 364 (SDR) and all supporting documentation to the appropriate ILCO.
Shipping: When there is an incorrect item, a shipment misdirected to you but intended for someone else, or an item is damaged but the container is not, and the item was shipped via U.S. Postal Service or damage was caused by the way the item was packaged (improper bracing, marking, etc.).	Research status previously received to ensure there has not been a partial cancellation, substitution, or split shipment. If appropriate, submit an SF 364 (SDR) and all supporting documentation to appropriate ILCO.

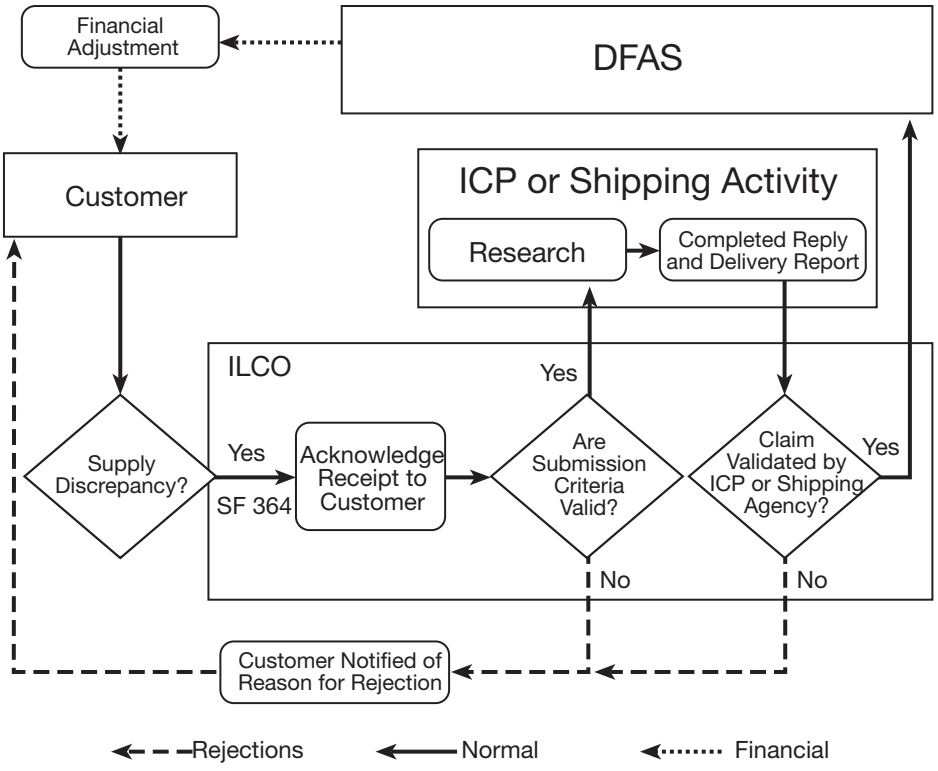
The Discrepancy Report

After completing the step-by-step review using the process just outlined, the next action involves preparation of the SDR. Refer to Figure 10-4 for this process. The SF 364, *Supply Discrepancy Report*, or an electronic equivalent, is the document used in reporting selected discrepancies to the ILCO. See the *Bandarian Security Cooperation Program Sample Documents* for a sample SF 364. The requirement for the FMS customer to submit reports of discrepancy on an SF 364 is included in the conditions of each LOA negotiated with the country. FMS customers may use SCIP or AFSAC Online to submit SDRs electronically instead of using the SF 364.

The security cooperation office may assist the FMS customers in articulating the discrepancy so that it is understandable by the ILCO. However, the SCO has no role in accepting or adjudicating the SDR on behalf of the FMS customer or ILCO.

The supply discrepancy reporting process does not apply to materiel transferred to international partners under Building Partner Capacity (BPC) programs ("pseudo" LOAs). The SDR process also does not apply to EDAs, or materiel provided under a Presidential drawdown. In BPC LOAs, the standard terms and conditions do not apply. EDAs are sold in "as is, where is" condition, and Presidential drawdowns are grants executed without an LOA. If discrepancies are identified with BPC materiel, the SCO is responsible for submitting the SDR to the ILCO prior to the material being transferred to the international partner. Once the materiel has been turned over to the international partner, SDRs for loss or damage will not be accepted.

Figure 10-4
Discrepancy Process



The original and six copies of the SF 364 along with a copy of all applicable documentation should be forwarded to the ILCO of the military service managing the FMS case. Electronic submission of the SDR via STARR-PC, AFSAC Online, SCIP, or some other electronic medium will speed up the investigation process. Photographs of materiel as received, which involve damaged or mislabeled materiel, should be attached to the SF 364 or uploaded along with the electronic SDR as evidence to substantiate the claim. If available, other documents that should accompany the SF 364 include copies of the DD Form 1348-1A, *Issue Release/Receipt Document*; DD Form 250 or WAWF electronic equivalent, *Material Inspection and Receiving Report*; and any previously received status reports, bills of lading, drawings, and any other related documents that support the SDR. SDRs for other than transportation or financial discrepancies should be submitted to one of the following:

Navy
NAVSUP Weapon Systems Support
ATTN: Code P753112
700 Robbins Avenue
Philadelphia, Pennsylvania 19111-5098

Army
U.S. Army Security Assistance Command
54 M Avenue, Suite 1
New Cumberland, Pennsylvania 17070-5096

Air Force
Air Force Security Assistance and Cooperation Directorate
5454 Buckner Road
Wright-Patterson Air Force Base, Ohio 45433

Initial Edit

When an SDR is received from an FMS customer, the ILCO acknowledges receipt to the customer. The receiving activity then makes an initial edit of the SDR for proper format, and a second edit against the FMS management information system, SAMIS, MISIL, or CISIL. The ILCO has fifteen days to accomplish this initial processing. If correct, the SDR is recorded, entered into the processing system, and forwarded to the appropriate inventory control point or shipping activity for further processing. The ICP/shipping activity has sixty days to research the SDR and provide evidence of shipment or delivery. If the initial edit by the ILCO reveals that the SDR was submitted in error, e.g., not in accordance with the conditions on the LOA or was submitted with insufficient information for processing, the SDR is rejected with the reason(s) indicated.

Resolution

Resolution of an accepted SDR normally requires a minimum of ninety days after receipt. Thus, the FMS customer will normally not receive any report of the final action taken until about three months after receipt of the SDR by the appropriate ILCO. If a purchaser's request for compensation under this procedure is denied by the MILDEP concerned, i.e., an unfavorable finding, the purchaser may request reconsideration by resubmitting the SDR within forty-five calendar days of the denial. A copy of the original SDR, annotated to indicate that it is a resubmission along with all supporting documentation, is resubmitted to the ILCO. The FMS customer should include a cover letter explaining why the original finding is thought to be incorrect. If the customer remains dissatisfied with the second response, the SDR may be resubmitted a third time within forty-five days of the date of the second response. A third submission is normally accomplished only if there is additional documentation to support the claim.

Final Action

The appropriate MILDEP item manager or shipping activity of the source of supply is responsible for providing an SDR reply to the ILCO.

Compensation for an approved SDR may be in the form of a financial credit, a repair service, or a replacement item. If the discrepancy was for a lost, damaged, or incorrect item, the customer may request a replacement item. In that case, the ILCO will coordinate with the item manager to ship a replacement asset without having the customer reorder the item. If the discrepancy is financial, the ILCO will coordinate with DFAS to take appropriate financial action on the purchaser account. The billing statement furnished to the purchaser on a quarterly basis (DD Form 645) will reflect such financial adjustments. If the discrepancy involves a quality or performance defect, the MILDEP may determine that repair services are the most appropriate method to resolve the discrepancy.

Mandatory Defense Security Cooperation Agency Approval

DSCA approval of an SDR is required when the implementing agency determines that the USG is liable for correction of the discrepancy under the terms and conditions of the LOA and recommends that the use of FMS funds and the value of the SDR is in excess of $50,000. DSCA approval is also required when the SDR involves a resolution, which is not consistent with guidance provided in the SAMM or other appropriate directives.

Materiel Returns

Whenever discrepant materiel is to be returned to U.S. custody, the purchasing country will be directed to reship the materiel using the same document number under which the materiel was originally shipped. For routine materiel discrepancies, the country will be advised to return the materiel to USG custody within 180 days from the date of approval, at USG expense, using either DTS or a commercial carrier under contract to the DoD. Upon evidence of materiel being returned, a credit adjustment will be processed for the return of the discrepant materiel if previously authorized. This evidence releases the FMS customer of liability for the materiel. In the case of unordered sensitive or classified materiel,

the purchasing country will be directed to return the materiel to the USG within thirty days from the date of notification.

Warranties and Supply Discrepancy Reports

The SDR process is not a warranty. FMS customers may submit SDRs for discrepant materiel whether or not a warranty exists. If the purchaser desires a special performance warranty, the U.S. will purchase one and exercise these rights at an additional cost. If the FMS purchaser did not request and pay for a special performance warranty, then they have no warranty (except for the clear title). If the U.S. happens to purchase a routine warranty, no special warranty actions are required by the purchaser. The purchaser may receive the benefit of any routine warranties through the SDR process. The presence of a warranty or lack thereof influences the potential range of remedies the DoD can pursue. The IA may accept the SDR for evaluation. However, doing so does not automatically create an obligation to compensate the FMS customer. If a customer-requested written warranty exists and is documented in the LOA, an SDR submitted for warranty repairs or service is valid as long as the warranty is effective. An LOA note or other written direction will be provided to the FMS customer on how to exercise the warranty (SAMM C6.3.8).

SDR Transportation Reimbursement Policy

DSCA policy allows for reimbursement of transportation for discrepant materiel approved under an SDR. The policy covers SDR transportation reimbursement for the following:

- FMS items furnished in new or as-new condition
- Packing, crating, and handling relating to FMS materiel
- Local disposal relating to FMS materiel
- Transporting items repaired under a warranty to the FMS customer

The SDR agency approving the transportation reimbursement must follow a checklist to ensure all reimbursement prerequisites are met. The policy allows for a reimbursement of between 3 and 5 percent of the billed amount. More information is available in DSCA policy letter dated 6 October 2003, subject: FMS SDR Transportation Reimbursement Policy (DSCA 03-15).

Product Quality Deficiency Reports

The Product Quality Deficiency Report (PQDR) program provides DoD users with a method of reporting deficiencies in new or as-new or repaired materiel to the item manager for preventing recurrence. DoD item managers use PQDRs to justify freezing assets, purging system assets, or returning materiel to the contractor for repair or replacement. FMS customers may submit the SDR in lieu of the PQDR to the ILCO to report product deficiencies at any time. The ILCO will provide information about the product deficiency to the item manager. However, submission of an SDR to report a quality issue will not automatically give the purchaser any financial credit or provide a replacement item, unless the deficiency is reported within twelve months of initial shipment and the item has a value of at least $200. DLM 4000.25, Volume 2, C17.1.8.3, provides further information on the submission criteria and use of the SDR to report a quality deficiency in lieu of a PQDR.

Financial Discrepancies

Financial discrepancies are very rare but may occur when the incorrect accessorial charges are recorded by DFAS on the quarterly bill. An example of a financial discrepancy is an incorrect transportation charge due to a change in delivery terms. Such discrepancies should be identified by the purchaser and submitted to the FMS case manager in a letter format requesting correction. The SDR form, SF 364, is not used for reporting financial discrepancies.

Transportation Discrepancies

Transportation Discrepancy Reports (TDR) apply only to materiel that is lost or damaged while being transported in the Defense Transportation System (DTS). The TDR is not one of the categories of reporting discrepancies afforded to FMS customers. The TDR procedures are used to document carrier performance and are not intended as a reimbursement option for FMS customers. Transportation discrepancies are normally handled by a U.S. representative filing a claim with the shipper or Surface Deployment Distribution Command against the carrier on a Transportation Discrepancy Report (TDR), DD form 361. Transportation discrepancies are discussed in detail in Chapter 11 of this textbook, "Security Cooperation Transportation Policy."

Security Cooperation Program Suspensions

Security cooperation programs may be suspended by the Department of State (DoS) for various reasons, as described in Chapter 2 of this textbook and the SAMM C6.6. If the DoS determines that it is necessary to suspend security cooperation to a particular country, it issues guidance for execution. Upon receipt of this guidance, the Defense Security Cooperation Agency (DSCA) issues appropriate instructions to the implementing agency informing the Combatant Commander and the Security Cooperation Organization (SCO).

The DoS may direct that all deliveries of defense articles to the suspended country be stopped immediately. Materiel is not released to the country's freight forwarder or to the country. In the absence of such direction, materiel support cases implemented prior to the effective date of sanctions are allowed to continue regardless of term. New LOAs are not signed. If procurements have started but contracts have not been awarded, the IA provides details to DSCA and requests guidance. Contracts that have been awarded should continue. However, when items are ready for delivery, DSCA issues guidance on possible diversion of the materiel to another country, to the DoD itself, or to storage consistent with DoS guidance.

If the DoS so directs, shipments of defense articles, where the materiel is under USG control, are not loaded at the ports of embarkation. Materiel already in route to the country is not delivered; it is retained under USG control. These articles are stored by the appropriate DoD component until DSCA issues further direction.

Materiel ready for shipment from a contractor may be shipped to a DoD facility for segregated storage to await DSCA disposition instructions. If economical, the materiel may be stored at the contractor's facility. The purchaser is responsible for any storage fees if the title has passed.

Any requisitions submitted against either a Cooperative Logistics Supply Support Agreement (CLSSA) or a blanket order FMS case may be required to be held by the IA and not be filled.

The DoS may extend a suspension to become a cancellation in accordance with AECA, Sections 2(b) and 42(e). DSCA directs case cancellation and appropriate contract actions to include termination. DSCA provides guidance on the disposition of items, funding, etc., after a case-by-case review.

Summary

Logistics employs four processes to complete four tasks: acquisition, transportation, supply, and maintenance. Since there is no separate logistics system for FMS, the processes required for FMS support are furnished through the existing DoD infrastructure. The same wholesale (ICP or depot-level) acquisition, supply, transportation, and maintenance systems used for the support of U.S. forces are also used for the support of FMS. By taking advantage of DoD resources through the FMS program, the foreign country avoids establishing its own separate offices to perform the same functions.

The primary interface between the foreign country and the U.S. logistics system are the ILCOs, i.e.,

USASAC, NAVSUP Weapon Systems Support-N52, and AFSAC. These organizations are dedicated to managing logistics programs that support the FMS purchaser and working with purchasers to resolve problems with materiel deliveries.

It is DoD policy to support FMS systems and equipment. Initial support and follow-on support must be considered part of the total package approach (TPA). The TPA ensures that FMS customers plan for and obtain all necessary support items, training, and services required to introduce and operate major systems and equipment. In addition, both initial and follow-on support must be considered at the time a major system is sold. The purchaser's unique requirements are often determined through a site survey. These unique requirements are integrated into the standard DoD configuration through the definitization of the purchaser's total package.

Follow-on support is available through several avenues within the FMS program. At times, the purchasing country itself may have some compatible resources that can be applied to the new system. Other sources are from third countries (with U.S. permission) or private U.S. contractor support.

Several follow-on support programs are in place for acquiring hard-to-obtain assets. The PROS and SNAP commercial buying services focus primarily on obtaining nonstandard spares for the FMS customer. Follow-on support can also be acquired through a variety of programs whereby materiel excess to the needs of the USG can be made available to purchasing countries under FMS.

Because of the number of FMS transactions and the worldwide distribution of the materiel involved, the potential for errors, differences, and discrepancies is ever-present. To manage this, a formal reporting system has been established using the Supply Discrepancy Report.

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