
FOREIGN MILITARY SALES PROCESS

INTRODUCTION

The Foreign Military Sales (FMS) program is part of Security Assistance (SA) authorized by the Arms Export Control Act (AECA) and is a fundamental tool of United States (US) foreign policy. Under section 3, AECA, the US may sell defense articles and services to foreign countries and international organizations when the President makes a determination that a prospective purchaser is eligible. The Defense Security Cooperation Agency (DSCA) issues the *Security Assistance Management Manual* (SAMM), DSCA 5105.38-M. The SAMM provides policy and guidance for the administration and implementation of SA in compliance with the AECA, the Foreign Assistance Act (FAA), and other related statutes and directives. Table C4.T2 of the SAMM identifies partner nations and organizations designated as eligible to purchase defense articles and services through the FMS program. Questions regarding eligibility should be referred to DSCA. FMS programs are conducted through binding contractual agreements between the US government (USG) and an authorized foreign purchaser. These government-to-government agreements to transfer defense articles and services are called Letters of Offer and Acceptance (LOAs). A signed LOA, along with its associated revisions, is called an FMS case, though the terms “LOA” and “FMS case” are often used interchangeably. Chapter 8 of this textbook will address LOA revisions, referred to as amendments or modifications.

While this textbook offers an overview of the FMS process, it is not intended to replace the SAMM or other official policy references. The SAMM and DSCA policy memoranda can be found on DSCA’s web site: <http://www.samm.dscamilitary.com/>. In this dynamic national security environment, it is important to keep abreast of new or revised SA policies and procedures by periodically reviewing the SAMM and policy memoranda. There is also a convenient link to the SAMM and policy memoranda at the Defense Institute of Security Assistance Management (DISAM) web site: <http://www.disam.dscamilitary.com/>. These references are essential reading to understanding the FMS process. Much of the information discussed in chapters 5 and 6 of this textbook correlates to chapters 1, 2, 4, 5, and 6 of the SAMM.

Before discussing the FMS process itself, it is important to understand that the USG infrastructure supporting FMS is not a stand-alone arrangement, but rather utilizes the existing domestic structure of the DOD. Therefore, policies, databases, and organizational elements that support FMS vary among DOD agencies that manage LOAs. Military departments (MILDEPs) and other DOD agencies involved in writing and managing FMS programs are collectively referred to as Implementing Agencies (IAs), and are listed in attachment 5-1 to this chapter. Table C5.T2 of the SAMM also provides a list of IAs, along with associated mailing and message addresses.

The FMS process is complex, and for a major weapon system sale, may last for many years. The stages of the FMS process are outlined in table 5-1 and are discussed throughout this chapter. The DOD acquisition, logistics, financial, and training elements of the FMS process are further addressed in subsequent chapters of this textbook. This chapter addresses the entire FMS process starting with the preliminary stages when the customer begins to define requirements and ending with a discussion of FMS program/case closure.

**Table 5-1
Foreign Military Sales Process**

Pre-Case Development	Preliminary and Definition <i>Indefinite Time Period</i>	Customer identifies defense capabilities Customer researches options/sources Customer refines requirements Customer and US exchange technical information
	Request <i>Indefinite Time Period</i>	Customer prepares Letter of Request (LOR) Price and Availability (P&A) or LOA Country Team Assessment (CTA) LOR channels of submission Security Assistance survey teams
Case Development	Offer 45-150 days Anticipated Offer Date depends on type and complexity of case; Formal Congressional review is 15–30 days	IA and DSCA receive and evaluate LOR IA develops LOA data (LOAD) DSCA Case Writing Division finalizes LOA Congressional notification, if required, is concurrent with LOA development DSCA-CWD countersigns LOA IA issues LOA to customer
	Acceptance OED is generally 85 days from IA approval in DSAMS (includes 60 days for country review)	Customer signs LOA by Offer Expiration Date Customer sends signed LOA to the IA Customer sends signed LOA and Initial Deposit to Defense Finance and Accounting Service (DFAS-SCA), Indianapolis
Implementation, Execution, and Closure	Implementation 10–15 days average	DFAS issues Obligational Authority (OA) IA issues implementing directive IA activates FMS computer systems
	Execution Longest phase; depends on delivery schedule	Articles/services/training are ordered/contracted Articles shipped and services performed Training conducted IA reports performance to customer/DFAS-SCA
	Closure 2 years from supply/services complete (Accelerated Case Closure Procedures)	IA/DFAS/customer reconcile records IA sends closure certificate to DFAS-SCA DFAS-SCA issues final bill to customer

PRE-CASE DEVELOPMENT: PRELIMINARY AND DEFINITION

The FMS process begins when the partner nation conducts a threat analysis in conjunction with its national security objectives. During this assessment, the customer typically looks at materiel and non-materiel solutions to address mission deficiencies. Non-materiel solutions may involve areas such as military doctrine, force structure, and training philosophy. For potential materiel solutions to defense requirements, the customer may explore options by seeking information from the USG about specific systems. An important element of this analysis is for the customer to quantify system life cycle costs to determine if the potential capability is a viable cost alternative. Normally, there should be ongoing consultations between the purchaser and US representatives, especially the in-country US Security