Chapter

11 Security Cooperation Transportation Policy

Introduction

The movement of and the accounting for foreign military sales (FMS) materiel, and materiel transferred under building partner capacity (BPC) programs, involves a number of transportation complexities as the materiel flows from the military department (MILDEP) or agency depots and contractor points of origin to the ultimate customer. This chapter examines those complexities, to include the Department of Defense (DOD) policy governing the process, organization, and responsibilities of those activities engaged in the movement and accounting of the materiel. Each topical area affords the reader an appreciation of the policy and the individual roles and responsibilities of the country representatives, freight forwarders, and DOD. Policy for the movement of materiel is the responsibility of the Deputy Assistant Secretary of Defense for Transportation Policy within the Office of the Secretary of Defense. The Defense Security Cooperation Agency (DSCA) publishes specific guidance for the movement of security cooperation materiel in the *Security Assistance Management Manual* (SAMM) chapter 7.

Basic Transportation Terminology

To better understand transportation policy as it applies to security cooperation materiel shipments, the following terms are defined.

Carrier: The carrier is a transport entity that moves materiel from the supply or repair depot, contractor's warehouse, or staging facility to another location. The carrier may be a commercial trucking company, a commercial rail line, a commercial or military surface ship or a commercial or military aircraft. The carrier may also be a government package handler such as the US Postal Service (USPS), or a commercial package handler such as the United Parcel Service (UPS), and the Federal Express Corporation (FedEx) when contracted by DOD. The carrier may be under contract to the DOD and part of the Defense Transportation System, or the carrier may be under contract to the FMS customer.

Consignee: The person or organization to whom the shipment is to be delivered, whether by land, sea or air. This is usually the FMS customer.

Defense Transportation System (DTS): The collection of transportation activities and carriers belonging to or under contract to the DOD. The DTS includes commercial carriers, organic military carriers, US military ports in the continental United States (CONUS) and outside the continental United States (OCONUS), the USPS and commercial package handlers such as UPS and FedEx when contracted by DOD.

Freight Forwarder: A commercial import/export company under contract to the FMS customer. The freight forwarder arranges transportation from CONUS to the final destination, and clears US Customs for the FMS customer. The role and responsibilities of the freight forwarder are discussed later in this chapter.

Port of Debarkation (POD): The military or commercial airport or ocean port at which the materiel is offloaded. This is sometimes also referred to as the port of discharge. This port may not necessarily be in the consignee's country.

Port of Embarkation (POE): The military or commercial airport or ocean port from which an air or ocean carrier begins the journey to deliver materiel to the consignee. This is sometimes also referred to as the port of exit.

Shipper: In initial FMS or pseudo LOA exports, the term applies to defense organizations such as the Defense Logistics Agency (DLA), the Defense Contract Management Agency (DCMA), any military depots that repair FMS customers' materiel, and any commercial contractors or suppliers under contract to the DOD who ship materiel in support of security cooperation programs. Ultimately, the shipper is the DOD. The responsibilities of the shipper are discussed later in this chapter.

Basic Transportation Policy

Historically, FMS transportation policy has been a policy of purchaser self-sufficiency whereby each purchaser is normally responsible for the transportation and delivery of its own materiel. In the application of this policy, and within the framework of US laws, regulations, and policies, the purchaser usually employs an agent, such as a freight forwarder, to manage transportation and delivery from the freight forwarder's facility in the US to the purchaser's desired destination.

Title Transfer

Title to equipment and materiel will pass at the initial point of shipment (point of origin) unless otherwise specified in the letter of offer and acceptance (LOA). Title to DOD articles sold from stock will normally transfer at the US depot. Items procured from contractors will normally pass title at the contractor's loading facility. Title to excess materiel will normally pass at the location at which the materiel is being offered for sale. Title to defense articles transported via parcel post passes to the purchaser on the date of parcel post shipment.

Point of Delivery

The point of delivery is that point in the transportation cycle where responsibility for physical movement of a FMS shipment passes from DOD to the purchaser. The point of delivery is identified on the LOA by the delivery term code (DTC). The CONUS point of delivery is normally a commercial airport or seaport, and it can also be the freight forwarder's facility. However, there are numerous situations when the point of delivery may be at a CONUS military POE on board the purchaser's carrier, or at an overseas POD or final destination.

The Defense Transportation System

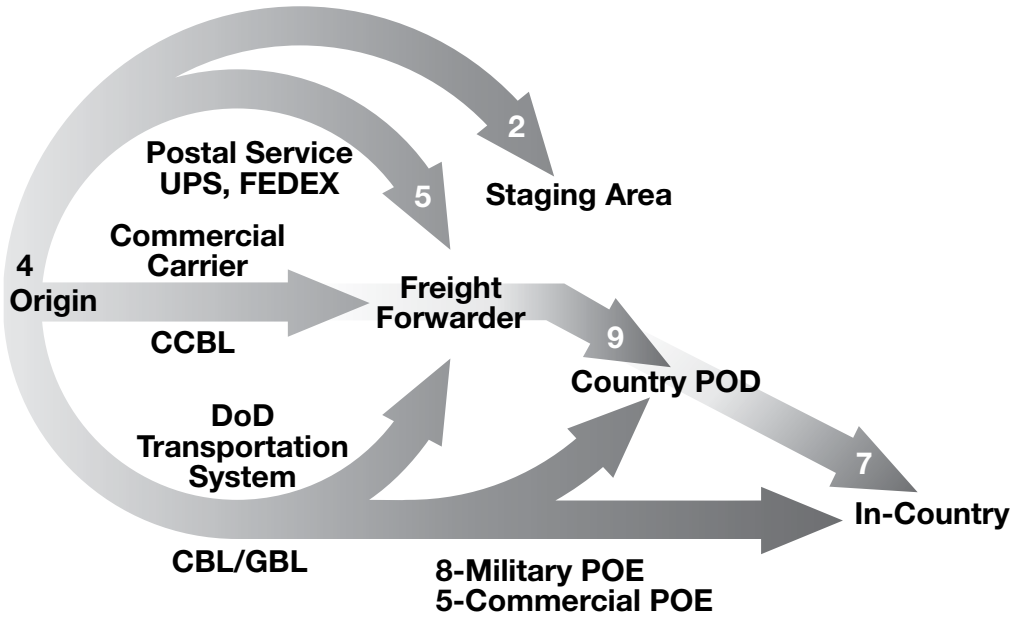
The DOD prefers FMS customers to be self-sufficient in the shipment of their FMS materiel; that is, all transportation arrangements from the point of origin should be made by the FMS customer. However, the DOD recognizes that not all FMS customers have the resources to perform their own transportation or to hire their own freight forwarder. Additionally, not all categories of materiel are eligible to be transported through commercial channels. For these reasons, the DOD arranges transportation for the FMS customer using the DTS.

The prime movers within the DTS are the US Air Force Air Mobility Command (AMC), the US Navy Military Sealift Command (MSC), and the US Army Surface Deployment and Distribution Command (SDDC). All three commands are under the central authority of the US Transportation Command (USTRANSCOM). The AMC manages DOD air terminals and the onward movement of passengers booked on military airlift, and cargo. The MSC provides worldwide ocean transportation for the DOD. The SDDC is the single DOD manager for military traffic, land transportation, and common-user ocean terminals. The SDDC provides transportation planning and support for the surface movement of passengers and cargo within the DTS, including within CONUS.

When FMS materiel is shipped through the DTS, the customer is charged for the cost of transportation either in the price of the materiel or by having a transportation line on the LOA. The price of Working Capital Funded (WCF) materiel (e.g. most DLA-managed secondary and consumable items) includes the cost of transportation to the purchaser's freight forwarder or to the CONUS POE. The transportation document is a commercial or government bill of lading (CBL/GBL). Collect commercial bills of lading (CCBLs) are occasionally used for non-WCF items shipped to the freight forwarder. The DOD 7000.14-R, *Financial Management Regulation* (FMR) volume 15, chapter 7, states that when transportation of FMS materiel is accomplished through the use of CBLs/GBLs, normal commercial rates, not US government (USG) rates, shall be used. The purchaser remains responsible for onward transportation.

Normally, firearms, explosives, lethal chemicals, other hazardous materiel, and occasionally, classified materiel, are moved within the DTS or other USG-arranged transportation on a CBL/GBL to the CONUS POE. The onward movement of these items will be by purchaser-owned or controlled aircraft or purchaser-owned, operated, or controlled surface vessels. FMS materiel which requires exceptional movement procedures, such as sensitive and certain hazardous materiel as defined in DOD 4500.9-R, *Defense Transportation Regulation* (DTR) volume 2, part II, "Cargo Movement," will be shipped through CONUS water or aerial port facilities controlled by DOD. Air cargo that exceeds commercial capability can also be delivered through DTS. Figure 11-1 illustrates the DTS and the various DTCs.

Figure 11-1
Foreign Military Sales Transportation Process



Note that when using the DTS, the USG normally maintains control and custody of the materiel (but not the title) until delivery to the purchaser. Since use of an FMS-funded bill of lading for an FMS shipment is considered a DTS shipment, the DOD is performing a reimbursable service for the FMS customer and custody must not be construed to mean retention of title or acceptance by DOD of any risk of loss or damage. If the DTS ships an item to an FMS recipient, including a recipient freight forwarder, and loss or damage occurs, the recipient must notify the shipper. The shipper may choose to file a claim with the carrier. The FMS customer may not file claims directly against the DTS carrier. The USG has responsibility for filing and processing claims with carriers when shipment is made on a prepaid basis to locations where DOD personnel or other USG representatives have primary responsibility for receipt inspection and acceptance. The FMS customer may submit a supply

discrepancy report (SDR) to request assistance in resolving the loss or damage discrepancy. If the USG accepts responsibility for the loss or damage, the FMS customer may be reimbursed some or all of the transportation cost as part of the SDR approval process.

Insurance

If the FMS purchaser does not want to self-insure a shipment, the purchaser should obtain commercial insurance for the FMS shipments. The FMS customer may contract with their freight forwarder to arrange for commercial insurance on their behalf.

Preservation, Packing and Marking

The LOA standard terms and conditions (section 5.1) state that defense articles will be packed and crated prior to the time that title passes. This packaging is done in accordance with Military Standard (MIL-STD) 2073-1E, *Department of Defense Standard Practice for Military Packaging*. This reference, and the *Security Assistance Management Manual* (SAMM) section C7.8, require packing for protection of materiel under anticipated favorable environmental conditions of worldwide shipment, handling and storage. This level of packaging is designed to protect materiel against physical damage and deterioration during favorable conditions of shipment, handling and storage in warehouse conditions for a minimum of eighteen months. Additional special packing is available as an additional FMS service for an additional fee.

Address markings shall be in accordance with MIL-STD-129P, *Department of Defense Standard Practice for Military Marking* and DTR chapter 208. DOD shippers and commercial contractors and vendors making shipments to overseas locations must use the DD Form 1387 shipping label with bar coded data. In addition to DOD prescribed markings, FMS shipments must be marked with freight forwarder and in-country clear-text addresses when applicable. Additionally, each package should indicate shipment priority in such a manner that the freight forwarder will know the onward shipment requirements. The case identifier, national stock number, and the item dollar value are also required for freight forwarder and customs export requirements.

Small Parcel Shipments

The US Postal Service (USPS) defines a small parcel as an item that weighs up to seventy pounds and measures up to 130 inches in combined length and girth. Transportation officers are authorized to use either the USPS parcel post facilities or commercial package carrier equivalents, such as UPS or FedEx for small parcel shipments. Overseas movement via the military postal service (Army Post Office [APO]), or the Department of State's diplomatic post office (DPO) may only be used if the APO/DPO is specifically identified in the LOA and the APO/DPO has agreed in writing to accept responsibility for receiving security cooperation shipments. (A diplomatic post office is a postal facility that operates at one of the US embassies abroad as a branch post office of the USPS.) Department of State's diplomatic pouch services (not the same as the DPO) cannot be used for materiel shipments. As a rule, the APO/DPO and diplomatic pouch modes are not to be used for FMS shipments. However, exceptions to this policy are authorized for classified shipments when the purchaser does not have approved facilities to receive classified items in the US, or where the LOA specifies delivery in-country through the security cooperation office (SCO) or mission. The SAMM, section C7.6.2.4, requires that such exceptions be kept to a minimum and all associated costs charged to the purchaser. When shipping via domestic parcel post or commercial carrier equivalents, the transportation service selected must provide a proof of entry into the transportation network and a proof of delivery to the consignee

Consolidation

FMS issues from a stock point to a given addressee will be consolidated for shipment purposes to the greatest extent possible consistent with customer requirements. Consolidation of line items into containers or shipment units will be limited to the same US sponsoring service, the same FMS

case designator, the same "Mark-for" and "Ship-to/Freight Forwarder" locations, and the same priority designator (designators 01-08 may be mixed but not with lower priorities). When items are consolidated, the container should be marked to indicate a consolidated shipment.

Dangerous Goods Shipments

FMS customers frequently purchase materiel through the DOD deemed hazardous by *United States Code of Federal Regulations* (CFR). The US Department of Transportation (USDOT) publishes US Hazardous Material (HAZMAT) regulations under Title 49, sections 100–199 of the *Code of Federal Regulations* (49 CFR 100-199). The USDOT strictly regulates the movement of such materiel. The USDOT defines dangerous goods (hazardous material) as those materials that are capable of posing an unreasonable risk to health, safety, and property when transported in commerce. Such material includes petroleum products, aerosols, compressed gases, paints, and cleaning compounds. These materials are identified alphabetically, by proper shipping name, in the hazardous materials table, 49 CFR 172.101. This table covers the transportation of HAZMAT in all modes—highway, rail, water, and air. It makes no difference whether the shipment comes from a DOD or commercial shipper, or whether the carrier is a contracted commercial surface or air carrier or a military carrier. It also makes no difference if the movement of the HAZMAT is strictly domestic or international. All movement of dangerous goods in commerce must comply with 49 CFR, and all commercial and DOD shippers must be certified in accordance with 49 CFR before they can approve the movement of dangerous goods.

Often the DOD or contract shipper will not know the ultimate mode of transportation for export shipments, especially if onward transportation is arranged by a freight forwarder. When this possibility exists, the original shipper should attempt to contact down-line shippers and forwarders to determine what packaging and certification is required because this can generally be accomplished in a more cost effective manner if performed by the original shipper rather than by down-line shippers. It is the originating shipper's responsibility to prepare the shipment for transportation to the ultimate destination.

Failure to adequately package and label dangerous goods, and/or failure to properly provide accurate shipping documents results in frustrated cargo that cannot clear customs and leave the US. If a freight forwarder receives such a shipment, the DOD is still responsible for resolving the discrepancy. This can often be a time-consuming, costly process for both the DOD and the freight forwarder. The DOD is not exempt from paying costly fines imposed under 49 CFR for failing to comply with HAZMAT transportation regulations.

In addition to having to conform to the requirements of 49 CFR, hazardous materiel shipments must be certified to the International Maritime Dangerous Goods Code (IMDGC) if the materiel is being transported by ship. If it is being transported by either commercial cargo aircraft or passenger aircraft, it must be certified to the *International Air Transport Association* (IATA) *Dangerous Goods Regulations or International Civil Aviation Organization* (ICAO) *Technical Instructions for the Safe Transport of Dangerous Goods by Air*. If being transported by military aircraft, the shipment must be certified to the US Air Force Joint Manual 24-204, *Preparing Hazardous Materials for Military Air Shipments*.

Classified Shipments

Classified shipments of FMS materiel are often made via the DTS, which provides the required security and enables DOD to maintain control and custody of the materiel until delivery to the purchaser. Classified materiel or data must be moved under security safeguards appropriate to the transportation mode employed, as established by DOD Manual 5200.01, volume 3, *DOD Information Security Program: Protection of Classified Information*.

Classified and sensitive materiel is identifiable through the Controlled Inventory Item Code (CIIC) listed in the catalog data for that item. Classified items should also be identified on the LOA. Commercial transportation may be used for the movement of classified or protected materiel provided the carrier has fulfilled the required criteria and has the proper authorization as delineated in DOD 4500.9-R, *Defense Transportation Regulation*, part II, "Cargo Movement," and DOD 5220.22-R, *Industrial Security Regulation*.

The DOD Manual 5200.01, volume 3, *DOD Information Security Program: Protection of Classified Information* specifically advises that classified materiel shall be transferred on a government-to-government basis by duly authorized representatives of each government. This means that classified materiel shall be sent only to an embassy or other official agency of the recipient government, or for loading on board a ship, aircraft, or other flag carrier designated by the recipient government at the point of departure from the US.

Some freight forwarders have been cleared to receive classified shipments. A foreign government, embassy, or country representative may request a freight forwarder security clearance by contacting the facility clearance branch of the Defense Security Service's (DSS) International Division at occ.facilities@dss.mil, or by calling 1-888-282-7682. The DSS web site at http://www.dss.mil/isp/ contains instructions for submitting a facility clearance request. The DSS will grant a facility clearance following an inspection of the facility. A copy of the facility clearance approval letter must be sent to the following address:

The DLA Logistics Management Standards Office
DLMSO-J627
8725 John J. Kingman Road
Fort Belvoir, VA 22060-6221

The DLA Logistics Management Standards Office will update the Military Assistance Program Address Directory (MAPAD) to identify that the freight forwarder is cleared to handle classified freight.

The release of a shipment to a freight forwarder does not constitute transfer of custody and security responsibility to the recipient foreign government; this occurs only when the receiving government's designated government representative (DGR) assumes custody of the consignment. The freight forwarder acts only as a transfer agent. The DGR must be a citizen of the receiving country, and must be appointed in writing by the international customer's government. For more information on the transfer of classified material, see chapter 7 of this textbook, "Technology Transfer, Export Controls, and International Programs Security."

Transportation Plans

Before classified FMS materiel can be shipped, the procedures for safeguarding it must be spelled out in a detailed transportation plan by the IA preparing the LOA, in cooperation with the FMS customer. The transportation plan must identify the individual responsible for safeguarding the classified materiel, the methods of transport, the locations of transfer and delivery, the location of storage or processing facilities, and the security clearances of all personnel and facilities involved in the transfer. The IA must ensure that its own security officials review and approve the transportation plan.

The transportation plan should be initiated upon LOA implementation. It must be finalized, reviewed, and approved by the selling command's security officials before any classified materiel can be shipped. The completed transportation plan must be maintained in the case file. It must also be made available to US Customs and Border Protection and other security officials when classified materiel is exported. Transportation plan specifics are detailed in the SAMM section C7.13. See the DISAM publication *Bandarian Security Cooperation Program Sample Case Documents* at www.disam.dsca.mil/DR/

greenbook.asp for an example of a transportation plan. Classified FMS shipments require a US DOS export authorization DSP-94, *Authority to Export Defense Articles Sold Under the Foreign Military Sales Program* to be permanently exported. ITAR 126.6(c) provides the appropriate exemptions for temporary imports of unclassified and classified FMS materiel without a license. This effectively eliminates the requirement for a DSP-85, *Application/License for Permanent/Temporary Export or Temporary Import of Classified Defense Articles and Classified Technical Data* for classified materiel to be temporarily or permanently re-imported by a commercial or foreign government representative. This includes classified materiel coming back into the US for repair, overhaul, testing, calibration, training, or disposal. A transportation plan is also required before certain types of explosives can be moved, per DOD 5100.76-M, Physical Security of Sensitive Conventional Arms, Ammunition and Explosives (AA&E).

Sensitive Shipments

The term "sensitive" has two different meanings, but both definitions impact the movement of materiel deemed "sensitive." "Sensitive materiel" is a description usually associated with AA&E, but also includes non-explosive technologies in night vision devices (NVDs) and controlled cryptographic items (CCI).

Sensitive—Security

In the context of security, "sensitive" is a special term that describes conventional AA&E, CCI and NVDs requiring special protection and security to keep them out of the hands of criminals and terrorists.

Criminals and terrorists find conventional AA&E, NVDs, and CCI desirable because they are deadly, portable, and highly pilferable if unprotected. Conventional AA&E are munitions that are not nuclear, biological, or chemical (NBC) munitions. NBC items are covered by their own regulations. The DOD applies special security controls to sensitive items. Sensitive explosive materiel will always be moved via the DTS under DTCs 8, 9 or 7.

Sensitive—Hazardous

The second definition of the term "sensitive" applies in the context of hazardous materials, specifically explosives. "Sensitive" in this context indicates the ease of initiation of fire or explosion within the package and the extent of the damage it causes. Hazardous material regulations categorize explosives based on their volatility or ease of detonation.

A Controlled Inventory Item Code (CIIC) is assigned to every piece of materiel in the DOD inventory which has a national stock number. This CIIC is a combination of the security risk category and the hazardous classification of the materiel. The CIIC is used to determine the shipping procedures required to move the materiel to the FMS customer.

Not all AA&E items are sensitive. That means they do not require special security. Non-sensitive AA&E, if it contains explosives, is governed by HAZMAT regulations. Just because an item is hazardous does not make it sensitive AA&E, or vice-versa. Hazardous and non-sensitive items may be shipped through commercial channels under DTC 4 or 5.

Arms, Ammunition, and Explosives

The United Nations' (UN) hazard classification system for identifying explosive materials and explosive components is recognized internationally and is used universally by the DOD and the USDOT. The UN system consists of nine classes of dangerous materials, with explosives designated

as Class 1. The explosives hazard class is further subdivided into six divisions, which are used for segregating ammunition and explosives on the basis of similarity of characteristics, properties, and accident effects potential. Table 11-1 defines these explosive divisions and properties.

Ammunition and explosives are further assigned to compatibility groups which identify whether the explosives can be transported and stored together without significantly increasing either the probability of an incident or the magnitude of the effects of such an incident. The compatibility group determines the type of carrier that may be used to transport the material, such as a passenger aircraft, or a dedicated ammunition surface ship.

Table 11-1
Class 1 Explosives Hazard Division Definitions

Division 1.1	Substances and articles which have a mass explosion hazard. Includes Man-Portable (MANPAD) Missiles, launched missiles, blasting caps, and TNT.
Division 1.2	Substances and articles having a projection hazard but not a mass explosion hazard. Includes bombs, rockets grenades, and large caliber ammunition.
Division 1.3	Substances and articles which have a fire hazard and either a minor blast hazard or a minor projection hazard or both, but not a mass explosion hazard. Includes flares, smoke grenades, CAD/PADs, and professional fireworks.
Division 1.4	Substances and articles which present no significant hazard. In the event of ignition or initiation during transport, the effects are largely confined to the package and non projection of fragments of appreciable size or range is to be expected. Includes CAD/PADs, small caliber ammunition, fuses, rocket motors, and household fireworks.
Division 1.5	Very insensitive substances which have a mass explosion hazard, but that have very little probability of initiation or of transition from burning to detonation under normal conditions of transport. Includes construction and demolition blasting agents.
Division 1.6	Extremely insensitive articles which do not have a mass explosion hazard and which demonstrate a negligible probability of accidental initiation or propagation. Includes pyrotechnics, flares, and gunpowder.

Class 1 divisions 1.1 through 1.3 are generally regarded as the most dangerous and most desireable by criminals and terrorists, and are therefore assigned within four Security Risk Categories (SRC) by the security community. The SRC is used to determine the transportation security requirements for movement of the sensitive AA&E, based on capability, portability and volatility of the explosive. These SRCs are discussed in detail in the SAMM chapter 7. SRC I materiel must be transported to at least a customer country's port of debarkation (POD) under DOD control, unless waived by the Defense Security Cooperation Agency (DSCA). The applicable DTC on the LOA will be 9 or 7. SRC II through IV items must be shipped at least to a DOD ocean or aerial port where DOD personnel load it into a customer country's ship or aircraft. The LOAs for these items must be written with a DTC of 8, 9 or 7.

Table 11-2 correlates the SRC with the appropriate Delivery Term Codes and movement protection requirements that should be used for the movement of explosives.

Table 11-2
Movement Requirements for Exports of Arms, Ammunition, and Explosives (AA&E)

	SRC I	SRC II	SRC III	SRC IV
Definition	Highest sensitivity, UNCLASSIFIED or CLASSIFIED	High sensitivity, UNCLASSIFIED or CLASSIFIED	Moderate sensitivity, UNCLASSIFIED or CLASSIFIED	Lowest sensitivity or pilferable, UNCLASSIFIED
Export Authorization	LOA & DSP-94 for classified and unclassified FMS exports; No commercial exports authorized	LOA & DSP-94 for FMS exports; DSP-5 for commercial unclassified exports; DSP-85 for commercial classified exports	LOA & DSP-94 for FMS exports; DSP-5 for commercial unclassified exports; DSP-85 for commercial classified exports	LOA & DSP-94 for FMS exports; DSP-5 for commercial unclassified exports
Controlled Item Inventory Code (CIIC)	1 – UNCLASSIFIED 5 – CLASSIFIED SECRET 6 – CLASSIFIED CONFIDENTIAL	2 – UNCLASSIFIED 8 – CLASSIFIED CONFIDENTIAL	3 – UNCLASSIFIED C –CLASSIFIED CONFIDENTIAL	4 – UNCLASSIFIED
Delivery Terms	OCONUS POD (DTC9) or final destination (DTC 7) via DTS	CONUS DOD POE (DTC 8) or OCONUS POD (DTC 9) or final destination (DTC 7) via DTS	CONUS DOD POE (DTC 8) or OCONUS POD (DTC 9) or final destination (DTC 7) via DTS	CONUS DOD POE (DTC 8) or OCONUS POD (DTC 9) or final destination (DTC 7) via DTS
Customer Pickup in CONUS	No	Yes	Yes	Yes
Movement Protection	Armed escort at all times; satellite surveillance	Armed escort at all times; satellite surveillance	Dual Driver protection; constant surveillance	Dual driver protection; constant surveillance

Competent Authority Approval (CAA)

The Defense Transportation Regulation (DTR) chapter 205B2 prohibits freight forwarders from moving sensitive material in hazard class 1, divisions 1.1 through 1.3, leaving the DTS as the only transportation option for the FMS customer. Freight forwarders may coordinate customer pickup at a DOD-controlled port, and process export paperwork, but are precluded from accepting or storing explosive material in their facilities. Freight forwarders have routinely moved non-sensitive small caliber ammunition, cartridge actuated devices (CADs), and propellant actuated devices (PADs) in hazard class 1.4 through 1.6 through their facilities (provided local safety ordinances permitted such materiel to be in the freight forwarder's possession). This practice has proven to be both cost-effective and efficient for the FMS purchaser.

Regardless of whether the explosive material moves through the DTS or commercial channels, movement of AA&E designated as hazardous material requires approval from a national agency responsible under a country's national law for the regulation of hazardous materials transportation. For the US, the "competent authority" (CA) is the USDOT. A CA approval (CAA) classification of explosives letter specifies international hazard classification, proper shipping name, packaging and other requirements for the item, and assigns an "explosive hazard" (EX) number. For AA&E controlled by the DOD, the DOT delegates this responsibility to specific DOD components. These organizations propose and submit final hazard classifications (FHC) via the DOD Explosives Safety Board (DDESB) for approval, through the Surface Deployment and Distribution Command (SDDC) to USDOT for issuing a Classification of Explosives approval. An interim hazard classification (IHC) is a mechanism used by DOD to allow for the transportation of class 1 material in the US when the item's final hazard classification process has not been completed. The IHC is a memorandum, signed

by authorized personnel within the Army, Navy, and Air Force, describing the item and giving it a temporary hazard classification.

The Joint Hazard Classification System (JHCS) is the official DOD database of final hazard classification data for the military services' ammunition and explosives. It is maintained by the US Army Technical Center for Explosives Safety (USATCES). Explosive items are evaluated and tri-service coordinated between hazard classifiers for the Army, Navy, and Air Force following procedures in TB 700-2/NAVSEAINST 8020.8B/TO 11A-1-47/DLAR 8220.1, *Department of Defense Ammunition and Explosives Hazard Classification System*. The DDESB publishes changes to hazard classification procedures. Approved items are added to the JHCS database after assignment of an EX-number by the DOT and are published for use by authorized customers on a need-to-know basis.

When explosives are moved under an FMS agreement, the DOD's EX-number or IHC can be used to move the explosives within and from CONUS, provided that the explosives are in the DOD's possession via the DTS. If the DOD moves the explosive material to an overseas POD (DTC 9) or to the final destination (DTC 7), the DOD EX-number/IHC is valid to transport the material to that location. When the FMS purchaser elects to pick up material at a CONUS DOD-controlled port (DTC 8) using their own carrier, the FMS purchaser may continue to use the DOD's EX-number to transport the material from CONUS to their own country. However, if the FMS purchaser elects to pick up material at the point of origin using their own arranged transportation, the FMS customer must have a country-specific EX-number issued by the USDOT to the FMS purchaser's CA to allow the explosive material to move within and from CONUS after the physical transfer of custody from the DOD to the purchaser. If the explosive material in the possession of the FMS customer must transit any third-country during the initial export, the FMS customer is responsible for obtaining CAAs from the CAs of the countries through which the explosive material must transit.

When an FMS customer needs to import AA&E into the US (for repair and return, testing, training exercises at a US installation, etc.), hazard classification documentation for the AA&E, regardless of origin, must come from the FMS customer's CA. If a DOD EX-number/IHC was originally used to export US origin AA&E, it cannot be reused for any subsequent transportation. The purchaser's national CA must apply for a country-specific EX-number from the USDOT before the material can be moved back to, within or from the US. The purpose of the application from the FMS customer's national CA is to certify that the customer has not altered the content or packaging of the explosive material while it has been in its possession, and that it is compliant with U.N. safety standards.

FMS customers must initiate requests for country-specific EX-numbers directly with the USDOT within 60 days of implementation of the LOA authorizing the return of explosive material to the US, and allow at least 120 days for the USDOT to issue the CAA. FMS case managers should assist the FMS purchaser in obtaining this CAA by providing supporting documentation unavailable to the FMS customer, such as the existing EX-number, the JHCS record printout, and packaging documentation. FMS case managers may obtain assistance from:

Department of Defense
Department of Defense Explosives Safety Board (DDESB) 4800 Mark Center Drive Alexandria, VA 22350-3606
Surface Deployment and Distribution Command (SDDC)
SDDC Safety Office ATTN: AMSSD-SA 1 Soldier Way Scott AFB, IL 62225
FMS customers may submit their CAA application directly to the USDOT
US Department of Transportation (DOT) Pipeline Hazardous Materials Safety Administration Office of Hazardous Materials Special Permits and Approvals 1200 New Jersey Avenue, SE East Building, 2nd Floor, PHH-32 Washington, DC 20590

The SAMM section C7.16 and DISAM publication *Shipping Explosives: An FMS Customer Guide* provide detailed guidance to FMS customers and case managers for preparing a CA application.

Movement of sensitive AA&E for FMS customers requires a transportation plan which should be coordinated with the customer as part of the FMS negotiation process. The transportation plan will be coordinated following the same procedure as for classified shipments, described earlier in this section. See DOD 5100.76-M, *Physical Security of Sensitive Conventional Arms, Ammunition and Explosives*, Enclosure 10 for more information.

Controlled Cryptographic Items

A Controlled Cryptographic Item (CCI) is a US National Security Agency term for secure telecommunications or information handling equipment, associated cryptographic component, or other hardware item that performs a critical communications security (COMSEC) function. Items so designated may be unclassified but are deemed sensitive, and thus are subject to special accounting controls and transportation security.

International partners who receive CCI through the NSA must establish COMSEC accounts and have an appointed COMSEC custodian in their country. The COMSEC custodian assumes accountability for the equipment or materiel upon receipt, then controls its dissemination to authorized individuals on job requirements and a need-to-know basis.

The procedures used to transport CCI from the US to the foreign government's COMSEC custodian depends upon whether or not title transfers to the FMS customer. The USG retains title to all CCI equipment provided to non-NATO nations, excluding Australia and New Zealand. USG-titled equipment must be transported by the DTS following DTCs 8, 9 or 7 procedures. The primary DTS method of shipping CCI overseas is by the Defense Courier Service.

For NATO countries, Australia and New Zealand, title to the CCI does transfer from the USG to the FMS purchaser. These countries are permitted to use their freight forwarders to move the CCI since title has transferred.

Notice of Availability

Classified, sensitive and hazardous shipments require the shipper to notify the FMS customer representative or freight forwarder of the intent to ship the material. This notification is known as a Notice of Availability (NOA). The NOA may be submitted on a DD Form 1348-5, Notice of Availability, or the NOA can be sent using a commercial fax, e-mail, letter, or some other traceable document. These notices may be mailed or sent electronically by the shipper. The NOA alerts the freight forwarder or country representative that a shipment is ready for movement, that appropriate actions are to be taken to ensure the protection of the materiel and, for classified items, that proper government-to-government transfer must occur. The freight forwarder or country representative must respond to the NOA confirming readiness to receive the materiel. The NOA response should provide specific packaging and documentation instructions to enable the shipper to package the materiel for the appropriate mode of shipment. For classified shipments, the NOA must identify the name of the recipient government's DGR. The shipper is not permitted to ship the materiel unless the NOA response has been received. Shippers may charge materiel storage charges against the LOA when freight forwarders or customer representatives are unable or unwilling to accept materiel.

Notices of Availability are only applicable when the DTC is 4, 5, 8, B, C, E or H, and for all classified items regardless of DTC; sensitive, oversized shipments to the freight forwarder (10,000 lbs or greater); and sensitive, hazardous, dangerous cargo shipment on DTC 4, 5, or 8. The requirement for an NOA is indicated on the LOA by the offer/release code in column (6). An offer/release code of Y or Z requires the shipper to send an NOA to the freight forwarder or customer representative in the US. However, the characteristics of the materiel being shipped determine if an NOA is necessary, even if the offer/release code on the LOA is not Y or Z. NOAs will not normally be sent for unclassified DTC 9 or 7 shipments. Security cooperation officers are responsible for monitoring shipment status using the Enhanced Freight Tracking System (EFTS) in the Security Cooperation Information Portal (SCIP), and by staying in contact with the FMS case manager. NOAs for unclassified, sensitive, oversized and hazardous materiel are sent to the type address code (TAC) 3 address identified in the MAPAD. NOAs for classified materiel, however, must be sent to the country representative identified in the country's special instructions in the MAPAD, not the TAC 3 address. This is normally the country's embassy in Washington, DC. The MAPAD will be discussed in detail later in this chapter.

United States Flag Shipping

In accordance with the Merchant Marine Act of 1936, as amended by the Cargo Preference Act of 1954, defense articles purchased through the Foreign Military Finance Program (FMFP), or which have been granted to a country under the Foreign Assistance Act of 1961 or the National Defense Authorization Acts, and which will be shipped by ocean vessel, are to be transported in vessels of US registry. This requirement applies to new articles and excess defense articles. However, under certain circumstances, the law permits the granting of waivers, allowing not more than 50 percent of the cargo to be shipped in vessels flying flags of the country to which the credit/loan agreement applies.

Freight forwarders must take note of the term of sale on the LOA to determine if the Cargo Preference Act applies to their cargo. The terms of sale "Foreign Military Sales Credit (Non-Repayable)" and "Excess Defense Article (EDA) Grant" require transport by vessel to be made on a US-registered carrier. Shippers can recognize the requirement for a US-registered carrier by the Type Assistance code in the supply requisition, position 35 or in column 5 of the LOA. Type Assistance codes A, M, N or Z indicate credit funded or granted material that is subject to the Cargo Preference Act.

DSCA and the US Maritime Administration (MARAD) of the USDOT closely monitor credit/loan shipments. DSCA has the responsibility for acting on waiver requests from the foreign countries, while the Maritime Administration monitors actual shipments. The waiver application is submitted to Director, DSCA, Attention: DSCA (Strategy Directorate) with a copy to MARAD (Administrator,

Maritime Administration, Attn: Office of Cargo Preference and Domestic Trade, 1200 New Jersey Avenue S.E., MAR 730 Mail Stop W23-444, Washington, DC 20590-0001). Waiver applications on the basis of non-availability of vessels of US registry must show that the recipient nation has made a reasonable, timely, and bona fide effort to arrange shipment on vessels of US registry and such vessels are not available. Applications on the basis of non-availability must show all comparative rates.

Additional information concerning credit agreements and waivers may be found in chapter 12 of this textbook, "Financial Management," and the SAMM, chapters 7 and 9.

Accessorial Services and Charges

The SAMM and DOD 7000.14-R, *Financial Management Regulation* (FMR) volume 15, chapter 7, define accessorial charges as certain expenses incident to issues, sales, and transfers of materiel which are not included in the standard price or contract cost of materiel, such as packing, crating, and handling, transportation, pre-positioning, staging of materiel in CONUS, and port loading and unloading.

Transportation costs for other than CCBL shipments are considered accessorial costs. Transportation rates are assessed when the DTS provides transportation for FMS materiel, when items are shipped on a GBL or CBL, and when packages are shipped prepaid through the USPS, FedEx, UPS, or through any commercial carrier. Consult the FMR, volume 15, chapter 7, for transportation rates, their application, and computation.

Above the Line Services and Charges

A Special Assignment Airlift Mission (SAAM) may be required to deliver sensitive or classified materiel to an overseas destination when the recipient country does not have the capability to pick up its materiel at a CONUS DOD POE, DTC 8. A SAAM involves the chartering of an AMC or commercial aircraft for a dedicated flight. The SAAM costs to the customer include the cost of round-trip flying hours, round-trip air crew support and port loading and handling fees. The costs for SAAMs vary widely depending upon the distance and type of aircraft used, but generally range from $600K to $1M per flight. It is not unusual that the cost of the SAAM exceeds the value of the cargo being delivered. Special Airlift Assignment Missions must be charged as "above-the-line" direct costs.

Detention is a charge made on a carrier held by or for a consignor or consignee beyond the allowable free time for loading or unloading, for forwarding directions, or for any other purpose authorized and documented by the consignor or consignee. Demurrage is a charge against a consignor or consignee for holding carrier equipment beyond the allowable free time for loading and unloading, for forwarding directions, or for any other purpose authorized and documented by the consignor or consignee. Transportation costs assessed for detention or demurrage in the delivery of FMS material are not considered accessorial costs and may be charged against the LOA line of the materiel being delivered.

Transportation Responsibilities

There are normally three parties involved in the movement of FMS materiel:

- The USG
- The purchaser
- The freight forwarder

Each has specific responsibilities that must be met in order to ensure the efficient movement of materiel. SAMM, chapter 7 provides additional information concerning the various responsibilities.

United States Government

The USG initiates shipments to purchasers or freight forwarders and provides transportation services for specific items identified in the LOA. As the shipment initiator, the USG can cause problems in the movement of FMS articles to the purchasing country. Any failure in the packing and shipping process can result in problems for the carrier, the freight forwarder, and the customer. Failures can also prevent prompt processing of claims, or prevent US customs clearance.

Packing and shipping facilities must ensure that packing documentation, hazardous certification, and FMS case identification are properly affixed to the container. Shippers must pack and mark FMS material (to include certifying hazardous material) for transport through to its final destination. Additionally, it is essential that the online MAPAD system be used to create the clear-text address on the shipping label. If not, items could be shipped to the wrong ship-to or mark-for addressee.

A ship-to address is typically a destination in the US through which material will transit, such as a freight forwarder facility, a staging location or consolidation point. It is the responsibility of the shipping activity to ensure that the information contained on the shipping label (or included on the accompanying documentation, i.e., a DD 1348-1, DOD S*ingle Line Item Release/Receipt Document,* a DD 250, *Material Inspection and Receiving Report*, or a DD 1149, *Requisition and Invoice/Shipping Document*) include as a minimum the price or value of the shipment, the transportation priority, a description of the item, the FMS case identifier, and the *Military Standard Requisition and Issue Procedures* (MILSTRIP) document number, and supplementary address. Without this information, the freight forwarder cannot obtain customs clearance or identify the final destination for onward shipment. The item then becomes frustrated cargo and remains undeliverable until the applicable International Logistics Control Organization (ILCO) and shipping activity corrects the errors. The same problems arise with items being shipped directly from procurement as those being shipped from stock.

Shipping activities are also responsible for providing the freight forwarder with advance documentation of the impending shipment by sending out a Notice of Availability when the materiel is classified, sensitive, over 10,000 pounds, perishable, or hazardous material, regardless of the offer/release code on the LOA. The DTR, part II, appendix E requires all FMS shipping documents to be retained for a mandatory thirty years in hardcopy format. These documents include:

- Government Bills of Lading (GBL)
- Commercial Bills of Lading (CBL)
- *Notices of Availability/Shipment* (DD Forms 1348-5)
- Transportation Control and Movement Documents
- Issue release/receipt documents (DD Forms 1348-1, 1149, 250)
- *Signature and Tally Records* (DD Forms 1907)
- Any similarly related materiel used to transfer FMS shipments to carriers

This normally means keeping the documentation for two years at the shipper locations and twenty-eight years in a national records archive. The SAMM, section C6.2.1 requires general FMS case files to be retained for ten years after final case closure. This documentation should be retained in hard copy, but cases with large volumes of transactions may be stored electronically. USG agencies are required to provide necessary shipping information to enable the purchaser and/or freight forwarder to process claim actions against either the carrier or the USG. When applicable, the USG assists the purchaser in processing any claim that may arise for lost or damaged shipments in the same manner it processes claims for USG-owned materiel. In addition, the DOD components can provide technical assistance and guidance to purchaser representatives/freight forwarders, if requested.

When the DOD ships security cooperation materiel through the DTS, the shipment usually moves through a DOD port and there is no commercial freight forwarder involved. However, in recent years the DTS system has been expanded to include commercial airlift or surface shipments contracted by DOD shippers to move FMS purchases directly to overseas destinations. These shipments are usually made through commercial ports. Perhaps as a result of heightened security and an increased concern over technology transfer and export controls, the US Customs and Border Protection (CBP) inspectors now require the DOD to certify the value of FMS export authorizations.

In accordance with SAMM C7.17, the DOD is required to prepare the DSP-94 export authority for shipments made entirely or partially through the DTS using either DOD or commercial ports. The freight forwarder or FMS customer prepares the DSP-94 for LOAs in which shipments are made entirely via a freight forwarder. In either situation, the IA's ILCO certifies the value of the materiel exports and lodges the DSP-94 with the primary CONUS POE, along with a complete copy of the LOA, amendments and modifications. The DSP-94 is valid for two years, as long as the value of materiel to be exported does not change.

Additionally, a shipper's export declaration is filed electronically at the US port using the Automated Export System (AES), a Census Bureau tracking system for exports licensed by either the DOS or the Department of Commerce. An AES transaction is processed each time a shipment occurs, and the value of the shipment is decremented by CBP from the materiel export value on the DSP-94. The DOD shipper is responsible for reporting shipments via AES for service-owned materiel shipped entirely through DTS. For depot stock materiel, the shipper is the DLA. For FMS materiel coming from procurement and shipped entirely through DTS, the Defense Contract Management Agency is responsible for reporting via AES. When the shipment is made via a freight forwarder and not through DTS, the freight forwarder reports the shipment via AES. When documents, technical data packages, or digital media are mailed by the case manager or program office to the FMS purchaser, the IA is required to report the export via the AES. The AES transaction by the IA is required regardless of where the item is delivered. Delivery to an FMS customer's embassy still constitutes an export, which must be reported via AES. Whenever the value of materiel to be exported increases through an LOA amendment or modification, the DSP-94 must be amended and re-lodged with all supporting documentation at the POE. Specific export document preparation and filing instructions are provided in the SAMM, chapter 7.

When preparing the DSP-94, only the value of material, technical data packages, and maintenance services listed above the line (the net estimated cost) should be identified as the exportable value. This value excludes the administrative cost, transportation, technical services, training, and any other category for which a tangible item is not physically moved in or out of the US. When re-exporting materiel that has been returned for maintenance or overhaul, the value that should be decremented from the DSP-94 is the cost of the repair service, not the original acquisition value. Repair facilities and shippers should ensure that the repair cost is clearly stated on the invoice so that Customs decrements the cost of the repair from the DSP-94, as opposed to the original acquisition cost. If this is not done correctly, the DSP-94 export authorization value will be consumed too quickly, resulting in Customs stopping further exports after the DSP-94 export value reaches zero.

The MILDEP's FMS transportation coordinators at each ILCO are the points of contact for country representatives and may assist the country representative and freight forwarder in the determination of proper addresses and codes for entry in the MAPAD and subsequent use in requisitions. Additionally, the FMS transportation coordinators may assist freight forwarders in processing claims against DTS carriers for lost or damaged freight received at the freight forwarder's facility.

Combatant Command (CCMD) Responsibilities

The Air Mobility Command (AMC) operates regularly scheduled and contingency flights to various overseas destinations in support of US forces. These channel flights are often used to

transport FMS materiel on a space available basis. The USTRANSCOM Deployment and Distribution Operations Center (DDOC) has a regional office at each CCMD headquarters. This regional DDOC CCMD coordinates transportation for personnel and equipment in and out of the theater. The DDOC is responsible for requesting airlift channels and providing personnel and cargo estimates to justify the channel and channel frequency. Unless the channel is supporting a hard lift location with little or no commercial business options, the minimum monthly volume required to source organic or commercial airlift support is 50,000 pounds. The regional DDOC coordinates with the AMC to review all channels annually and advise USTRANSCOM of those that have not had significant movement for six consecutive months. Guidance for requesting air channels is in DOD 4500.9-R, volume 2, appendix P.

CCMDs must certify all Special Assignment Airlift Missions (SAAM) terminating in their theater. This provides the CCMD commander visibility over total theater lift allocations and SAAM movement in their theater for onward movement planning and prioritization.

For FMS freight shipped surface via the DTS with door-to-door delivery terms (DTC 7), SDDC personnel assigned to the CCMD's DDOC are responsible for coordinating delivery to an inland point in the recipient country. The DOD is responsible for transportation, including trans-ocean and overseas inland movement from the point of origin to a specified inland location. The customer is responsible for unloading the shipment from the inland carrier at the specified location and for all subsequent onward movement. Any expenses the DOD incurs in the movement of FMS materiel must be charged to the FMS purchaser through the LOA.

The CCMD involvement in arranging or tracking transportation for FMS or pseudo LOA materiel will vary by CCMD. Security Cooperation country desk officers may need to become engaged with the DDOC to assist the SCO and FMS customer in determining appropriate transportation methods and routes on a case-by-case basis.

Security Cooperation Office Responsibilities

Most SCOs will not be routinely involved in transportation issues. Many FMS customers are self-sufficient in arranging for materiel movement and receiving materiel both at CONUS ports and in overseas ports of debarkation. However, when the DTS is used to deliver materiel in country, with LOA DTCs 9 or 7, an in-country US Military Representative (USMILREP), such as the SCO, may get involved. For clarification, the USMILREP may be:

- The SCO
- The Defense Attaché
- A representative of the SDDC
- A DOD employee

The USMILREP is responsible for supervision of the discharge at destination of classified FMS materiel and equipment moving through the DTS. The SCO may be required to serve as the US DGR, and ensure proper transfer of the classified materiel to the FMS customer's DGR. If the SCO is to serve as the US DGR, the responsible individual must be identified in the transportation plan for the movement of classified materiel. The IA is responsible for preparing the transportation plan. The case manager should provide a copy of the transportation plan to the SCO, or other USMILREP acting as the US DGR.

The extent of the SCOs responsibility in the discharge of unclassified materiel shipped through the DTS will depend upon the capabilities of the foreign purchaser. This responsibility may include making arrangements for receipt of the cargo, ensuring establishment by the purchaser of adequate procedures

for checking the equipment and materiel against manifests and shipping documents, providing technical advice regarding proper discharge of cargo, and responding to transportation correspondence and initiating various transportation receipt documents and discrepancy reports as outlined in the DOD 4500.9-R, *Defense Transportation Regulation* volume II, chapter 210, and *The Defense Logistics Management Standards* (DLMS) 4000.25-M, volume 2, chapter 17, *Supply Discrepancy Reporting*. This latter instruction explains how to report shipping or packaging discrepancies caused by the shipper (i.e., overages, damages, or non-receipt) via an SDR by the receiving activity.

Shipping Documentation

The following guidance is provided for shipments made through the DTS on DTCs 9 or 7. The SCO must monitor and coordinate transfer of DTS-routed shipments arriving at aerial or water PODs, by tracking shipments in the Security Cooperation Information Portal (SCIP) and the Enhanced Freight Tracking System (EFTS). Advance notice of incoming shipments plus copies of release documents, manifests, Reports of Shipment (REPSHIP), Cargo Traffic Messages, and Bills of Lading are needed to clear customs at PODs. Release documents can be any of the following: (1) Form 1348-1A, (2) DD Form 250, (3) DD Form 1149, or WAWF Forms (electronic version of DD Form 250). FMS purchasers often request certificates of origin to identify the source and exporter of the material. The DOD uses the release documents as proof that the USG is the exporter and the items are of US origin. For further discussion, see the section on foreign procurement in chapter 10 of this textbook.

Release documents should be mailed by the shipper to the SCO at the TAC 5 or 6 address in the MAPAD. The SCO is responsible for providing the release documents to the purchaser to permit the purchaser to clear customs. An APO or DOS pouch service address may not move documentation quickly enough to be available for ship arrivals. The SCO should ensure that the US SCO communication routing identifier (COMMRI) or message address is listed as the TAC 4 address in the MAPAD, or that a reliable office e-mail address for the US SCO is listed in the MAPAD special instructions. This message or e-mail address will be used for electronic notification of REPSHIPS. The MAPAD TAC 5 and 6 addresses should reflect the mailing address of the US SCO. SCOs should contact SDDC whenever DTS ocean delivery of cargo is anticipated. SDDC can be reached at the SDDC 24-Hour Operations Center at DSN 770-4262, Commercial 618-220-4262, or via e-mail at usarmy.scott.sddc.mbx.hqcoc@mail.mil. At a minimum, the following information should be provided: name, e-mail address, telephone number, Transportation Control Number (TCN), and any other information the SCO might have about the shipment.

Commercial invoices and certificates of origin may also be necessary to clear customs in the purchaser's country or customs in third countries through which the FMS purchaser's materiel is transiting. If a shipment is released from a depot, an *Issue Release/Receipt Document* (DD Form 1348-1A) identifies materiel as DOD-supplied and provides the details (document number, FMS case designator, national stock number, etc.) that link the materiel to an LOA. If the shipment is released from a vendor under a DOD contract, a *Materiel Inspection and Receiving Report* (DD Form 250) does the same thing. These documents should accompany the various shipment units. Prior to releasing sensitive items, controlled cryptographic items, or conventional AA&E, shippers are required by the DOD 4500.9-R, *Defense Transportation Regulation* volume II, chapter 205, to send a REPSHIP to the consignee. This will either be a message sent to the TAC 4 address or the SCO's e-mail address in the MAPAD or a copy of the *Ocean Bill of Lading* (OBL) sent to the TAC 5 or 6 address in the MAPAD. For REPSHIP purposes, the in-country USMILREP is the consignee addressee for security cooperation materiel deliveries. The USMILREP will use the REPSHIP to coordinate pickup by the purchaser at the POD.

Ocean/Surface Shipments

When transportation is by ocean carrier, the SDDC may send a cargo traffic message and an OBL to the SCO. The cargo traffic message is a non-detailed summation of cargo picked up at a CONUS ocean port of embarkation. It is normally addressed to any destination that is to receive any of the cargo that is picked up. Although it does not provide exhaustive detail, the cargo traffic message advises if the load includes hazardous materiel or if the ocean container with FMS shipment units destined for the purchaser's water port of debarkation will be transferred to another ship while en route. Original OBLs are the most important document of all for USMILREPs located in a recipient country. Foreign Customs officials will normally accept nothing else for releasing cargo from a surface POD. Without an original OBL, FMS deliveries may be delayed, either the country's own customs requirements, or those of a third country, if the water POD (WPOD) is outside of the purchasing country itself.

Air Shipments

Advance documentation is not available for AMC-lifted cargo or routine FMS cargo transported via commercial air. Shippers have discontinued sending advanced copies of release documents to USMILREPs and consignees for air shipments, primarily because the documents arrive much later than the actual shipments. Manifests and release documents normally travel with cargo, and these will be available for USMILREPs located in destination countries. SCOs and the FMS customers are encouraged to use the SCIP and EFTS to monitor shipments of DTC 7 and 9 materiel and plan for carrier arrival at Air POD (APODs).

Customs Clearance

Customs clearance in-country is the FMS purchaser's responsibility. At no time should the SCO or USMILREP get involved in clearing customs for the FMS purchaser. If shipments are made against a pseudo LOA for a Building Partner Capacity (BPC) program, the SCO should arrange for a representative of the benefitting country to accompany the SCO to clear local customs.

Discrepancies

The SCO or USMILREP may also be required to initiate *Transportation Discrepancy Reports* (TDR) using DD Form 361 when DTS shipments arriving in country are damaged or lost. The TDR process is discussed later in this chapter.

MAPAD Maintenance

The SCO should meet with the FMS purchaser at least annually to conduct a review of the Military Assistance Program Address Directory (MAPAD) addresses that apply to the purchaser. The SCO is also responsible for identifying the appropriate shipping destination codes for pseudo LOA shipments prior to case implementation. The MAPAD is discussed in detail later in this chapter.

Purchaser

Normally, the FMS purchaser is responsible for the transporting its own LOA-furnished materiel beyond the US port of embarkation. The FMS purchaser may choose to hire a commercial freight forwarder to arrange for the receipt, processing, export, and import of security assistance materiel. The purchaser must clearly define his requirements in a contract with the freight forwarder. MILDEPs do not participate in contract negotiations between a country and a freight forwarder.

FMFP funds cannot be used to pay for freight forwarder services. These services must be procured with the purchaser's own national funds. The prohibition on the use of FMFP to finance a freight forwarder is inferred from the language of the Arms Export Control Act (AECA), section 23. The law citation is paraphrased in the SAMM, chapter 9. The USG (i.e., DOD) procures defense articles, defense services and construction for FMFP customers in accordance with the *Federal Acquisition Regulation/*

Defense Federal Acquisition Regulation (FAR/DFARs). Under the law, the defense contractor works for the DOD and the funds are controlled by the DOD. Freight forwarders, on the other hand, are under contract to the foreign government, and DOD has no contractual authority over the freight forwarder. The DOD has no need to hire a freight forwarder because it has the US Transportation Command which performs movement functions for DOD via the DTS. Consequently, services by a freight forwarder under contract to a foreign government do not constitute a defense service under the AECA and are not eligible for payment by the FMFP.

Addresses for the delivery of materiel, documents, and reports must be determined and coordinated with the individual services' MAPAD administrators. These addresses are published in the MAPAD and must be kept current. The purchasing country must also determine its financial arrangements with the freight forwarder, particularly in the payment of freight bills and the provision of funds for the freight forwarder to pay CONUS CCBLs. The purchaser should also determine the type and amount of insurance desired on freight shipments. When materiel is shipped through a freight forwarder, the foreign purchaser can delegate the responsibility for preparing all export documents, which include initiating and lodging the DSP-94 and reporting each shipment via the automated export system, but only if the purchaser provides the freight forwarder with a complete copy of the LOA.

When the purchaser ships unclassified materiel back to the US for repair, overhaul, calibration, testing, or participation in an exercise, the *International Traffic in Arms Regulations*, section 123.4(a) exempts the import from further license applications, provided that a line exists on an open FMS LOA authorizing such return. If no FMS case exists clearly authorizing the import, US CBP inspectors will require a DSP-61, *Temporary Import License*. As of this publication, there is discussion that when the purchaser ships classified material back to the US for any reason, ITAR 126.6(c) provides the appropriate exemptions for temporary imports of unclassified and classified FMS materiel without a license. Until official policy is published, the purchaser is required to submit a DSP-85, *Temporary import of classified defense articles and related classified data*, when shipping classified material back to the U.S. for any reason.

Freight Forwarder

Purchasing countries are encouraged to hire a commercial freight forwarder because freight forwarders can provide transportation services for routine cargo that are faster and less expensive than the DTS. The freight forwarder is a private firm under contract to the FMS customer to receive, consolidate, and stage materiel within the US and arrange for its onward movement. As such, the freight forwarder's responsibilities must be specified in the contract. Freight forwarders vary considerably in size, personnel manning, and capability to process materiel, documents, and data for the purchasing country. However, no matter the size of the freight forwarder or amount of materiel handled, all freight forwarders should attempt to accomplish the following basic functions.

Storage Facilities and Materiel Handling Equipment. The freight forwarder should have sufficient space and equipment to handle and store all expected shipments.

An In-transit Visibility System. The freight forwarder receives shipping documents and should always match them against actual materiel receipts. If shipping documents are received and no materiel is received, the freight forwarder should follow up with the indicated point of shipment. Some freight forwarders participate in the Enhanced Freight Tracking System (EFTS) which enables the freight forwarder to confirm receipt of materiel from shippers. An audit trail should be available to allow the country to track any missing or damaged shipments from the purchasing country back to the point of origin.

Payment of Collect Commercial Bills of Lading. The freight forwarder must have sufficient funds to pay CCBL or, when possible, to make credit arrangements with carriers or appropriate agencies to handle bills for deliveries, and to provide "bill to" addresses as necessary for inclusion in the MAPAD.

Notices of Availability. The freight forwarder should immediately respond to each NOA requesting shipping instructions. The DOD does not store materiel to accommodate freight forwarders.

Shipment Damage. Very few freight forwarders are permitted to open containers to check for possible damage of the contents. Claims must be filed against commercial carriers for shortages and visible damages. Because title to the materiel transfers to the FMS customer at the initial point of shipment, the freight forwarder should generally not refuse a shipment that is destined for the FMS customer. The DOD shipper has no authority to take the materiel back because the title is warranted to the FMS purchaser in the LOA. The freight forwarder should accept damaged articles, initiate claim action against the carrier, and resolve paperwork discrepancies with the shipper. Freight forwarders may refuse shipments such as munitions, or uncertified hazardous shipments, if they are in violation of local ordinances or federal transportation law, or they are not cleared to accept classified freight.

Repack, Recrate, and Reinforce. Most freight forwarders are not permitted to open containers they receive from the DOD or other sources. Instead, the freight forwarder must have the capability of repacking the inadequate original container into one that is more suitable for containerization and overseas shipment. If possible, small packages should be consolidated and loaded in sea land type containers to minimize loss, damage, or pilferage. However, this may not be possible since some countries do not have the capability to handle containerized shipments.

Marking, Labeling, Documentation. The freight forwarder should ensure that all required marking, labeling, and documentation is affixed to consolidated shipping containers and is legible for the onward processing of materiel. It is the USG's responsibility to ensure that the DOD shipper or the contracted manufacturer packs the materiel for overseas shipment, and that packing documentation, hazardous certification, and FMS case identification are properly affixed to the container.

Repairable Return. Purchasing countries return numerous items to DOD organizations for repair and maintenance. The freight forwarder is responsible for clearing the incoming shipments through US Customs, and arranging transportation to the repair facility. Returning classified items are provided the appropriate exemptions for temporary imports of unclassified and classified FMS materiel without a license under ITAR 126.6(c).

Many freight forwarders licensed by the US Federal Maritime Commission are also licensed customs brokers. A customs broker facilitates the clearance of cargo imported into the US. Frequently, the purchaser's materiel will need to be returned to the US for testing or repair. Therefore, the freight forwarder selected by the purchaser should also be a licensed customs broker and tasked to perform import duties and transportation arrangements to the testing or repair facility in the US.

The FMS customer must select the freight forwarder; DOD personnel are not authorized to recommend a freight forwarder or tell a freight forwarder how to conduct his or her operations. The National Customs Brokers and Forwarders Association of America (NCBFAA—www.ncbfaa.org) publishes an annual membership directory that lists licensed customs brokers and international freight forwarders throughout the US and around the world. This directory explains the role of the customs brokers and freight forwarders and describes how to locate them within a particular area.

For more information on freight forwarder selection, see the DISAM publication *Foreign Purchaser Guide to Freight Forwarder Selection*, located at www.disam.dsca.mil/publications.

Transportation Discrepancies

Transportation discrepancies occur when there is loss or damage to an item that can be attributed to the carrier (e.g., loss of a crate or package, or a hole put through a container by a forklift during loading). These types of discrepancies are usually easy to detect by a visual inspection of the containers or by ensuring the number of items received matches the carrier's bill of lading for the number of items

shipped. If a container was damaged when the carrier picked it up from the shipping activity, the damage should also be reflected on the bill of lading.

Transportation discrepancies are normally filed by the shipper against the carrier. The freight forwarder will report these discrepancies to the DOD shipping activity with a letter or memorandum. The shipping activity will use these reports to initiate tracers or damage claims with the inland CONUS carrier using the DD Form 361, *Transportation Discrepancy Report* (TDR), process. If non-receipt is suspected, FMS customers should submit a supply discrepancy report (SDR) in accordance with the SAMM, chapter 6.

Transportation discrepancy reporting procedures apply to any security cooperation shipment made within the DTS. This includes FMS shipments to overseas destinations and ports of debarkation (DTCs 7, 9, G, and J), to DOD CONUS ports of embarkation (DTCs 8, B, and C), and to DOD/USG CONUS-located activities and contractors (DTC 2). For overseas shipments, when the carrier is DTS, the FMS purchaser should contact the SCO, the defense attaché or the closest US representative. That individual then submits a TDR to the supporting SDDC. If there is no US representative available in country at the time a DTS shipment is received, the FMS purchaser may submit an SDR using procedures described in chapter 10, "Logistics Support of International Military Sales," of this textbook. The TDR procedures also apply to FMS materiel shipped to non-DOD consignees within the CONUS (e.g., FMS freight forwarders, customer country embassies, or carrier facilities identified in notice of availability responses), and to pseudo LOA shipments when the USG arranges the prepaid transportation via the LOA.

When the shipment is prepaid to the freight forwarder (DTC 5 or H) different procedures apply. Prepaid shipments to these destinations, regardless of the funding source, involve a contractual relationship between a DOD/USG shipping activity and the inland CONUS carrier. The FMS customer (the consignee) is not a party to that contract; therefore, they cannot submit claims or tracing requests directly to the carrier. Also, as a non-DOD/USG entity, the FMS customer cannot submit TDRs. For these reasons, the freight forwarder or the country representative will report these discrepancies to the DOD shipping activity with a letter or memorandum. The shipping activity will use the TDR to initiate tracers or damage claims with the inland CONUS carrier. The proceeds from claims will be returned to the FMS transportation account. FMS customers must submit an SDR to the ILCO to obtain compensation for loss or damage of materiel and associated transportation costs.

All lost or damaged security cooperation shipments, regardless of value or classification of the materiel, should be reported by the shipper or overseas SDDC representative on a TDR when shipment is through the DTS. Damaged shipments made via ocean freight should be reported within one year of delivery. Damaged air freight shipments should be reported within fourteen days of delivery. Lost or missing air shipments should be reported within 120 days from the date of the airway bill.

Submission of a TDR only serves to initiate a tracer for missing shipments and/or to report mishandling by the carrier. It does not provide financial compensation to the FMS customer. The customer must still submit an SDR, SF 364, to request compensation for loss or damage of materiel shipped via DTS. Since section 5.1 of the LOA standard terms and conditions indemnifies the USG of any liability or risk during shipment after passage of title, the TDR in conjunction with the SDR serves only as a means for the USG to file claims against the commercial carrier and collect damages up to the value of the carrier's insurance coverage. The FMS customer will receive neither replacement materiel nor credit for the full value of the loss. FMS customers who are unwilling to accept this risk should consider purchasing commercial insurance for their DTS shipments. Further guidance on TDRs can be found in the DOD 4500.9-R, *Defense Transportation Regulation* volume II, chapter 210.

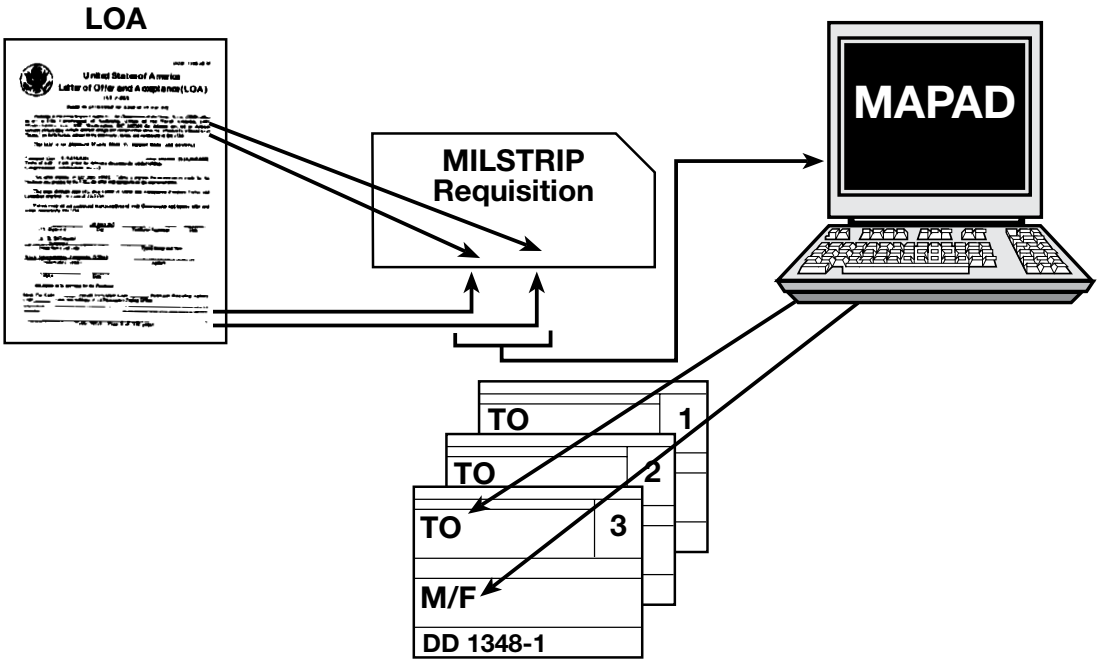
Transportation Pricing

The FMS customer always pays for transportation. There are several methods of computing the cost of transportation based on the source of the materiel. Transportation costs may be included on the LOA line price of the materiel being shipped, or it may be collected as a separate transportation line on the LOA, or it may be computed as a percentage based on the item value and the DTC. For major systems and components, transportation costs may be computed from estimated actual shipping costs identified in SAMM appendix 2, "Transportation Cost Lookup Table." For materiel returns and repairs, actual transportation costs may be assessed against the LOA. For a more detailed explanation of transportation pricing, see chapter 12, "Financial Management," of this text.

Three Major Delivery Elements

There are three major elements involved in the delivery of SC materiel to the proper purchasing country address, as illustrated in figure 11-2. These elements are the FMS LOA, the MILSTRIP requisition, and the MAPAD system.

Figure 11-2
Document Relationships



Letter of Offer and Acceptance

During the pre-LOR planning and processing of the LOA, various transportation blocks are completed which identify how items will be shipped, when shipments will be released, where responsibility for physical movement of an FMS shipment passes to the purchaser, and which accessorial charges are applicable. The LOA serves as the authority for the freight forwarder to initiate and lodge the US Customs DSP-94 export document. It is necessary, therefore, that the freight forwarder has a copy of the LOA and all applicable amendments and modifications to the LOA, to facilitate shipments to the customer's country.

Delivery Term Code

The DTC indicates the point in the transportation cycle where responsibility for physical movement of an FMS shipment passes from the US DOD to the purchaser. The LOA normally specifies a delivery location for every line included in the case. The DTC specifies to what point the US will provide transportation, and from that point onward the purchaser provides the transportation. The most commonly used DTC on LOAs is DTC 5, which indicates that the USG will sponsor transportation to the CONUS port of embarkation. This is normally the freight forwarder. DTC 8 is commonly used for DTS shipments and indicates pick up of items by DTS at the point of origin and movement to a CONUS port. The DTC appears in column (7) of the LOA. Table 11-3 shows the numeric DTCs for outbound materiel, as illustrated by figure 11-3. Table 11-3 also shows alphabetic DTCs for returning materiel.

Figure 11-3
Delivery Term Codes for Shipments from the United States (Outbound)

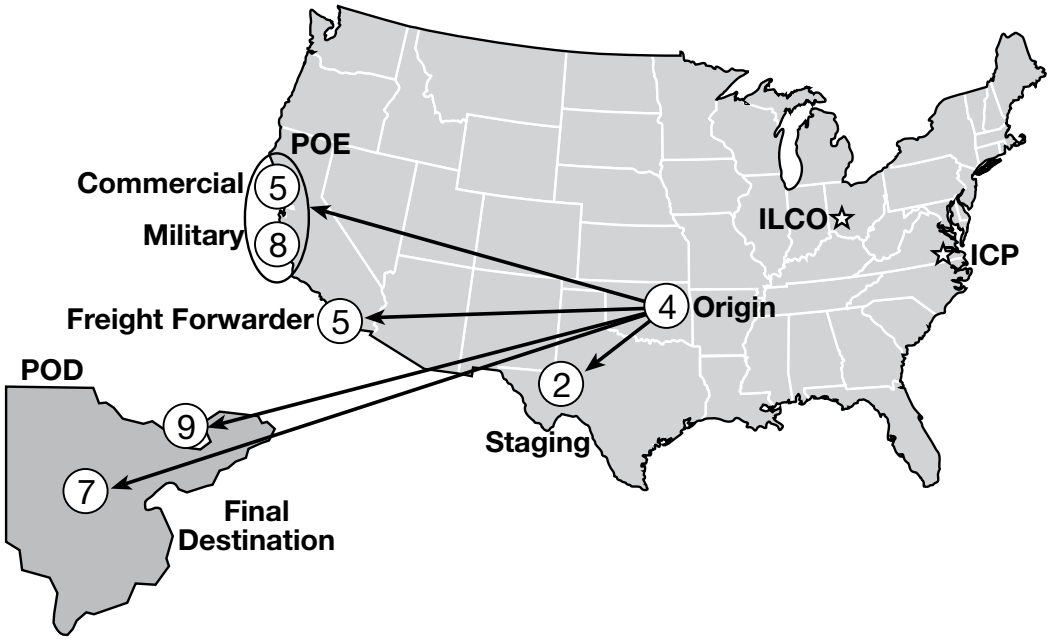


Table 11-3
Delivery Term Codes

Delivery Term Code	Definition
2	DOD/USG delivers to a CONUS inland point (or overseas inland point when a shipment's origin and destination are within the same geographic area).
3	This DTC is currently not being used.
4	Delivery at origin. Materiel is made available to the Customer Country at the point of origin (i.e., a depot's or vendor's loading dock) and that the customer is responsible for taking custody as well as title at that point.
5	Delivery to a CONUS-located freight forwarder, Customer Country facility or commercial port. DOD is responsible for movement to the POE. The customer is responsible for unloading the shipment from the inland carrier at the POE, delivery alongside the vessel/aircraft, and all subsequent onward movement.
6	This DTC is currently not being used.
7	Delivery to an inland point in the recipient country. The DOD is responsible for transportation, including over-ocean and inland overseas movement, from point of origin to a specified inland point overseas. The Customer Country is responsible for offloading the shipment from the overseas inland carrier's equipment to a subsequent onward movement
8	DOD delivery on board a customer country controlled ship or aircraft at a DOD-controlled POE. The DOD is responsible for transportation from the point of origin to a customer country controlled ship or aircraft at the DOD-controlled POE, including unloading materiel from the inland carrier, port handling and for stowage aboard a customer country-controlled ship or aircraft. The customer country is responsible for all subsequent onward movement.
9	DOD delivery to closest overseas air or ocean POD offloaded. This POD may or may not be in the customer's country. Movement may be effected either by DOD organic or commercial carrier. The Customer Country is responsible for all handling and onward movement of the materiel from the dock alongside the ship or from the air terminal.
0	The zero is not a DTC. It is used as filler for any Grant Aid procedure shipment (e.g., Presidential Drawdown shipment).
A	DOD is responsible for transportation from designated overseas POE to a CONUS destination and subsequent return to a designated overseas POD (DOD transportation responsibility is equal to DTC 9 in both directions). The FMS purchaser is responsible for overseas inland transportation of materiel to or from the overseas POE or POD and overseas port handling (FMS customer responsibility equal to DTC 4 in both directions).
B	The DOD is responsible for transportation from a designated overseas POE to a CONUS destination, return to a CONUS POE, and CONUS port handling. The customer is responsible for overseas inland transportation to the overseas POE, overseas port loading, and all return transportation from the CONUS POE to ultimate destination. (Transportation is the same as DTC 9 for inbound materiel, and DTC 8 for outbound materiel.)
C	The DOD is responsible for CONUS port unloading from the customer-arranged carrier, transportation to and from a designated CONUS destination, and CONUS port loading of a customer arranged carrier. The customer is responsible for movement of materiel to and from the CONUS POD/POE. (Transportation is the same as DTC 8 in both directions.)

D	This DTC is currently not being used.
E	The customer is responsible for all transportation from overseas point of origin to the CONUS destination and return to an overseas destination. (Transportation is the same as DTC 4 in both directions.)
F	The DOD is responsible for transportation from an overseas inland location to an overseas POE, overseas port handling, transportation to a CONUS POD, CONUS port handling, inland transportation to a designated CONUS destination, and return to an overseas destination. (Transportation is the same as DTC 7 in both directions.)
G	The DOD is responsible for overseas port handling through an overseas POE, transportation to a CONUS POD, CONUS port handling, inland transportation to a CONUS destination, return to an overseas POD and overseas port handling. Customer country is responsible for overseas inland transportation to and from the overseas POE/POD. (Transportation is the same as DTC 9 in both directions.)
H	Customer country is responsible for all transportation from overseas point of origin to the CONUS repair facility. DOD/USG is responsible for transportation from CONUS repair facility to CONUS POE. Customer country is responsible for CONUS POE port handling and all further movement to overseas destination. (Transportation is the same as DTC 4 for inbound materiel and DTC 5 for outbound materiel.)
J	Customer country is responsible for all transportation from overseas point of origin to CONUS repair facility. DOD/USG is responsible for all movement from CONUS repair facility to the overseas inland destination. (Transportation is the same as DTC 4 for inbound materiel and DTC 7 for outbound materiel.)

Mark-for code. The mark-for code normally indicates the final destination in the customer's country. The FMS customer enters this code in the mark-for code line at the bottom of page 1 of the LOA. Occasionally, an LOA will contain items which require multiple codes in a given block, such as numerous in-country (mark-for) destinations. These situations might arise for shipments of explosives, classified, and items with different priorities. If more than one code is applicable, appropriate explanatory notes must be included in the LOA as additional terms and conditions clearly identifying which items to ship to which locations.

Freight Forwarder Code. The freight forwarder code designates which freight forwarder will receive the shipment. This code is obtained from the MAPAD. The customer enters this information on the freight forwarder code line on page 1 of the LOA.

Offer/Release Code. The offer/release code indicates when a shipment will be released. Code A indicates the shipping activity will automatically ship without any advance notice. Code Y is entered when the customer (usually the freight forwarder) wants advance notice of the shipment. Under Code Y, the shipper will send out a DD Form 1348-5, NOA, advising that shipment is planned to occur in fifteen days. The shipment will be released automatically at the end of fifteen days whether or not a response to the NOA has been received. (Offer/release option Y is used infrequently.) Code Z is entered when advanced notice is required before release of shipment. If the shipping activity has not received instructions by the 15th day after the original NOA, it sends a follow-up NOA. If the second notice also fails to provide instructions, the shipper will take additional actions to obtain shipping instructions. Failure to respond to a Code Z NOA could result in the assessment of storage charges. NOAs are only applicable when the DTC is 4, 5, 8, B, C, E or H, and whenever the item being shipped is classified. An "X" is not an offer/release code. Rather it indicates that the NOA process is not applicable because the materiel is being moved overseas through the DTS.

Accessorial Costs. Estimated packaging costs for non Defense Working Capital Fund (DWCF) items are entered in the packing, crating, and handling cost line (9), and transportation costs for non-DWCF items are shown on the transportation charge line (11) of the LOA. A dollar amount is entered. Percentage rates used to compute the dollar amount are not shown on the LOA. Chapter 12, "Financial Management," provides information on how these costs are calculated.

Military Standard Requisitioning and Issue Procedures

The second major element in the delivery of FMS materiel and related documentation is the MILSTRIP requisition. Once an FMS case has been established and funded, applicable transportation/supply codes are copied from the LOA into supply requisitions. For example, the offer/release code, DTC, mark-for code and freight forwarder code are embedded in requisitions to describe shipping information. The MILSTRIP is described in chapter 10, "Logistics Support of International Military Sales," of this text.

Military Assistance Program Address Directory

The MAPAD web site contains the addresses required for shipment of materiel and distribution of related documentation under FMS and MAP/Grant Aid. It is considered one of the most important single elements in the security cooperation supply and transportation process. The MAPAD is available for use by DOD activities, the General Services Administration, commercial firms, foreign governments, and international organizations participating in FMS and MAP/Grant Aid Programs. The MAPAD is an Internet-accessible database. DOD personnel with Common Access Cards (CAC) may access the MAPAD at https://www2.transactionservices.dla.mil/portal/. FMS customers, SCOs, contractors, and freight forwarders may access a read-only version of the MAPAD at https://www.transactionservices.dla.mil/DAASINQ/warning.asp.

The MAPAD contains addresses and corresponding address codes to identify where FMS materiel/documentation is to be shipped. It includes addresses of Security Cooperation Offices, freight forwarders, country representatives, and customer addresses within country. Generally, the information is coded to provide:

- A shipping address for parcel post, small package shipments, and freight
- An address to receive NOAs
- An address to receive supply and shipment status
- Mark-for addresses for in-country destinations

The following are specific MAPAD policies:

- Administration. The MAPAD is administered by the DLA Logistics Management Standards Office, which coordinates all MAPAD entries with the MILSTRIP and DOD 4500.9-R, *Defense Transportation Regulation*, part II, "Cargo Movement."
- Custodian. The DLA Transaction Services is responsible for hosting the MAPAD automated file and directory.
- Post Office Addresses. Military post office addresses (APO/DPO) will not be used for FMS shipments unless specified in the LOA. These addresses must also be approved by the applicable service prior to publication in the MAPAD.
- International Mail Addressees. International mail addresses and addresses of US activities also require service approval and specification in the LOA.

- Classified Shipment Addresses. Some countries have freight forwarder and other addresses published in the MAPAD for the receipt of classified shipments. Once Defense Security Service (DSS) has cleared a facility/freight forwarder to handle classified materiel, DSS will send a letter of clearance to the Defense Logistics Management Standards Office that will enter the correct addresses into the MAPAD. Although the freight forwarder may be cleared to handle classified material, the NOA preceding the shipment must be sent to the foreign representative identified in the MAPAD special instructions, not the TAC 3 address. The foreign representative is typically at the customer's embassy in Washington, DC, or a foreign government office located in the US.

- Special Instructions. Clear text special instructions are listed at the beginning of each country section. This is a means by which customer countries place their unique requirements in the MAPAD regarding shipments/documentation.

- MAPAD Changes. Revisions, additions, and deletions to the MAPAD are made when such requests are received by the ILCO case managers from SCOs or purchasing country representatives. Freight forwarders must inform their country representatives immediately of an expected change of address, so that a request for change may be sent to the ILCO country manager.

Figure 11-4 on the following page is an example of the online MAPAD.

Figure 11-4
Military Assistance Program Address Directory

DEFENSE LOGISTICS AGENCY
Transaction Services

DAASC Inquiry System (DAASINQ)

Contact Us | Help | Home

What is DAASINQ?

DoDAAC

MAPAC

NIIN

RIC

MAPAC Query for

MAPAC: DBN002 2 / 7

MAPAC Information

TAC: 2	**TAC SEQ:**	**FFLC:** 0	**EFF DATE:** 01/17/2014
AFI: F	**SII:**	**CHG NO:** 4017	**DEL DATE:**
WPOD:	**APOD:**	**CONUS/OCONUS:** C	
Country Reps and/or Special Instructions			**Create Date:** 12/20/2013

Address Information

- BANDARIAN FREIGHT FORWARDING CORP.
- WAREHOUSE DOCKS
- 1205 68TH STREET
- BALTIMORE, MD 21224-2548

City: BALTIMORE	**ZIP:** 21224	**IPC ZIP:**
State Name: Maryland	**State A/N** MD/ 24	
Country Name: UNITED STATES		
Country Codes: ISO 2- US ISO 3 - USA FMS - MILS - FIPS - US		
MAPAC Country:		

MAPAC: DBN002 3 / 7

MAPAC Information

TAC: 3	**TAC SEQ:** 1	**FFLC:** 0	**EFF DATE:** 01/17/2014
AFI: F	**SII:**	**CHG NO:** 4018	**DEL DATE:**
WPOD:	**APOD:**	**CONUS/OCONUS:** C	
Country Reps and/or Special Instructions			**Create Date:** 12/20/2013

Address Information (FREE FORM SET)

- BANDARIAN FREIGHT FORWARDING CORP.
- INTERNATIONAL PROCESSING DIV.
- 1205 68TH STREET
- BALTIMORE, MD 21224-2548
- TEL 301-555-1234 FAX 301-555-4321

City: BALTIMORE	**ZIP:** 21224	**IPC ZIP:**
State Name: Maryland	**State A/N** MD/ 24	
Country Name: UNITED STATES		
Country Codes: ISO 2- US ISO 3 - USA FMS - MILS - FIPS - US		
MAPAC Country: ISO 2- ISO 3 - FMS - MILS - FIPS -		

MAPAC: DBNB00 5 / 7

MAPAC Information

TAC: M	**TAC SEQ:**	**FFLC:** 0	**EFF DATE:** 03/29/2013

The column titles stand for the following:

- MAPAC – Military Assistance Program Address Code. A MAPAC correlates to an individual address record in the MAPAD.

- TAC – Type of Address Code. The TAC is determined by the shipper, and identifies the action being taken by the shipper.
- TAC SEQ – TAC Sequence Code (TSC). When more than one MAPAC and TAC combination exists, the TSC is used to distinguish one location from another. Generally, shipments would be made to the nearest geographical location if more than one ship-to address and TAC exist.
- AFI – Address File Indicator. An F in this field indicates an FMS customer. A G in this field indicates security assistance provided through MAP or Grant Aid.
- SII – Special Instructions Indicator. An entry in the SII field reflects special instructions located on the country introduction page. Clicking on the weblink in the MAPAC information will open the special instructions page.
- WPOD – Water Port of Debarkation. A three-position code, located in DOD 4500.9-R, *Defense Transportation Regulation*, part II, "Cargo Movement," appendix MM, that a specific water port is designated as the overseas port of discharge.
- APOD – Aerial Port of Debarkation. A three-position identifier in DOD 4500.9-R, *Transportation Regulation*, part II, "Cargo Movement," appendix CC, that designates a specific air terminal as the overseas port of discharge.
- FFLC – Freight Forwarder Location Code. When a MAPAC designates multiple locations consigning shipments and mailing documentation, i.e., east, west, and gulf locations, an FFLC will be assigned as follows: code 1 for an east coast location, code 2 for a west coast location, code 3 for a gulf coast location, and a code zero to indicate that the address is the only freight forwarder for the MAPAC.
- CHGNO – The change number is a tracking number assigned by DLA Transaction Services.
- EFF DATE – Date that the address becomes effective.
- DEL DATE – Date on which the MAPAC TAC 9 will be deleted.

Military Assistance Program Address Code

The key to using the MAPAD is the Military Assistance Program Address Code (MAPAC). The MAPAC appears as a six position code in the MAPAD. It is constructed from selected codes located in various data fields of the MILSTRIP requisition. Specifically, MILSTRIP requisition record positions 31, 32, 33, 45, 46, and 47 provide all the information necessary to construct a MAPAC when shipment is made through a freight forwarder.

A MAPAC does not exist as a discrete entity without a defining TAC. The TAC is a suffix to the MAPAC which further defines the clear-text address to be used. TACs are discussed later in this section.

Figure 11-5 is an illustration of two FMS MAPACs constructed from applicable entries in a MILSTRIP requisition. This is necessary when a shipment is made through the FMS customer's freight forwarder. The freight forwarder's address is represented by the ship-to MAPAC and the final destination address is represented by the mark-for MAPAC. The numbers 30 through 50 indicate MILSTRIP record positions. The row of alphanumeric characters represents the applicable codes inserted in each record position by the originator of the requisition.

Figure 11-5
Relationship of the MAPAC to the MILSTRIP Requisition
(Except Canada and Grant Aid) when using a Freight Forwarder

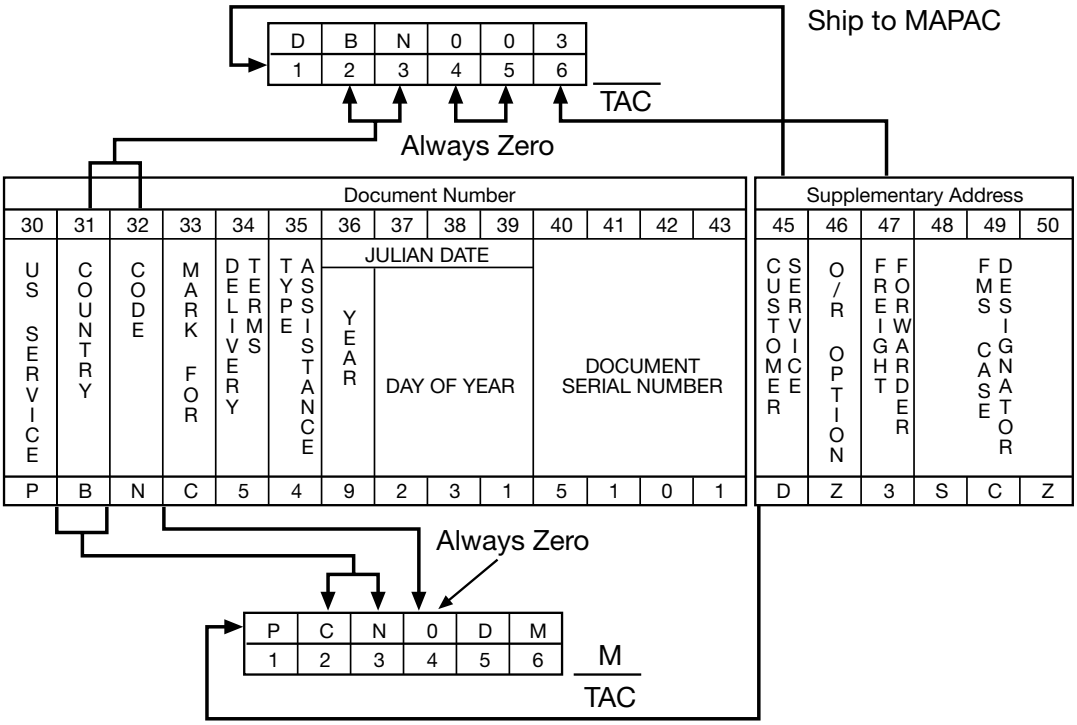
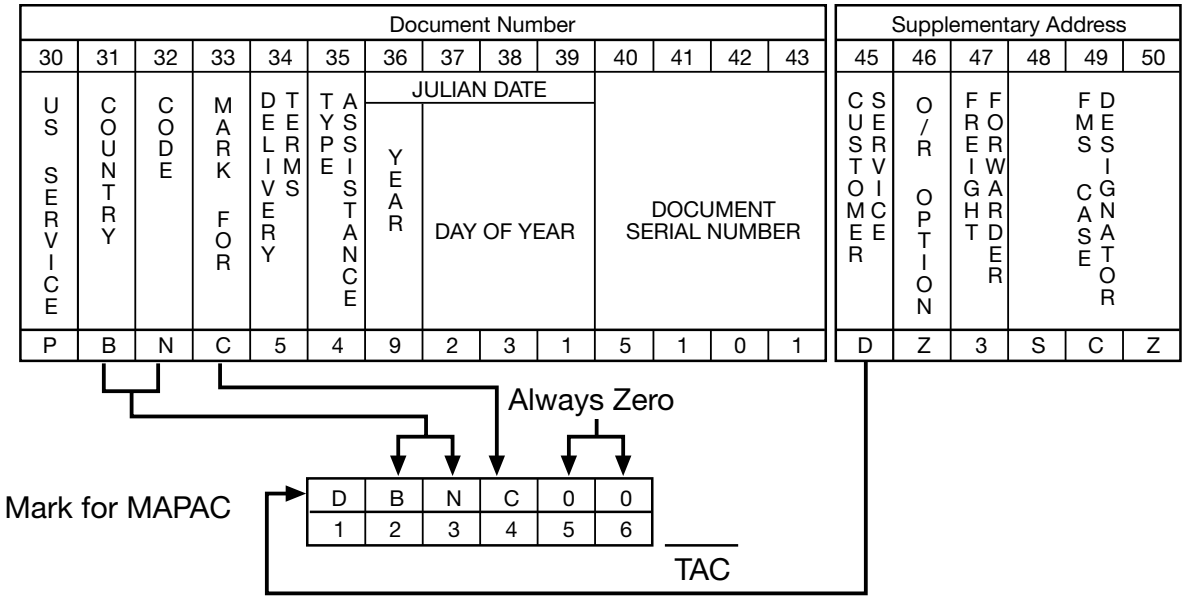


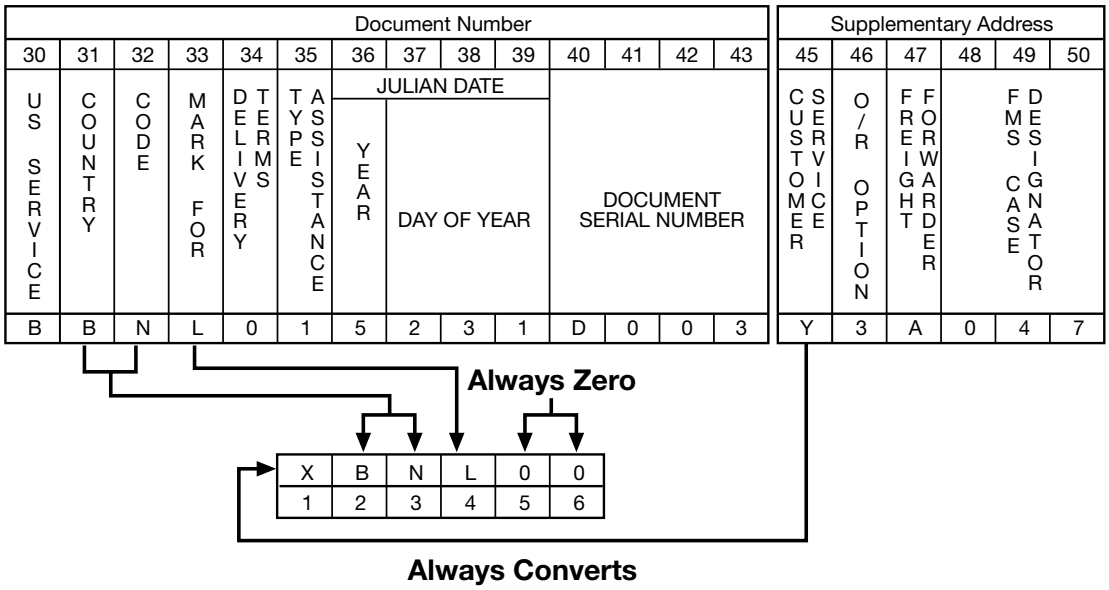
Figure 11-6 illustrates the MAPAC construction when shipment is made entirely through the DTS, so there is no NOA, and no freight forwarder. In this case, the offer/release option and freight forwarder code are replaced in the supplementary address fields by "XX." The mark-for address becomes the ship-to address.

Figure 11-6
Relationship of the MAPAC to the MILSTRIP Requisition for DTS Shipments



Grant aid shipments have different MAPAC construction rules from those shown in figures 11-5 and 11-6. Grant aid materiel is usually shipped through the DTS, but the materiel is not designated for any specific foreign military service, and there is no LOA. Consequently the data in the supplementary address fields of a grant aid requisition are quite different from the data in an FMS requisition, as shown in figure 11-7. In these shipments, the ship-to and mark-for MAPAC are usually the same.

Figure 11-7
Relationship of the MAPAC to the MILSTRIP Requisition for Grant Aid Shipments



Shipments to Canada do not follow the MAPAC construction rules described in figures 11-5, 11-6 or 11-7. In these shipments, there is no mark-for MAPAC. For information on how to construct MAPACs for Canadian shipments, see the DTR, part II, appendix E.

Military Assistance Program Address Code Construction. The first position of the MAPAC designates the country military service to which the address applies. Normally the code will be B (in-country Army), D (in-country Air Force), P (in-country Navy), K (in-country Marines) or T (in-country joint activity or nonspecific). This is illustrated in figures 11-5 and 11-6. Grant aid shipments are not made to military services, but rather to foreign governments in general. For this reason, the service identifier in position forty-five on the MILSTRIP document is Y. The Y is converted to X in the MAPAC as shown in figure 11-7 because DOD has designated the Y for other purposes in MILSTRIP coding for transportation.

The second and third positions of the MAPAC indicate the country or activity code. For example, BN indicates Bandaria. Country and program codes can be found in the SAMM, C4.T2.

For a ship-to MAPAC with shipment going to a freight forwarder, the fourth and fifth positions will usually contain zeros and the sixth position will indicate the freight forwarder code.

For a mark-for MAPAC (an entry in MILSTRIP record position thirty-three indicates that a requisitioner also wants an in-country destination mark-for address included in the documentation and on the shipping label), positions one, two and three remain the same, but position four will include the mark-for code and positions five and six will usually be zeros.

For a complete list of MAPACs from the MAPAD, one needs only to input the purchaser's service followed by the country or program code. This must be repeated for each military service applicable to the customer.

Type of Address Code

Individual MAPACs may indicate numerous addresses. The question then is which address should be selected. The key to the selection of the correct address is the TAC, which appears in the second column of the country address page. Table 11-4 is a list of TACs that has been extracted from the MAPAD. It briefly defines the types of addresses available in the MAPAD and explains their use. The TAC represents the action being taken by the shipping activity. For example, if a supply depot is shipping an unclassified small package, the appropriate TAC would be 1. If the same MAPAC has multiple addresses, the shipping activity would ship to the TAC 1 address.

Table 11-4
Type of Address Code

Type of Address Code (TAC)	Explanation
A	This address is used when materiel classified secret is moved by small parcel carrier. It must be shipped by a carrier that can provide evidence of shipment or proof of delivery in compliance with DOD 4500.9-R, Defense *Transportation Regulation* (DTR), Part II, Cargo Movement Procedures.
B	This address is used when materiel classified secret is moved by surface or air freight carrier. It must be shipped by a carrier that can provide evidence of shipment or proof of delivery in compliance with DTR procedures.
C	This address is used when materiel classified confidential is moved by small parcel carrier. It must be shipped by a carrier than can provide evidence of shipment or proof of delivery in compliance with DTR procedures.
D	This address is used when materiel classified confidential is moved by surface or air freight carrier. It must be shipped by a carrier that can provide evidence of shipment or proof of delivery in compliance with DTR procedures.
1	This address is used when surface or air parcel post is selected as the mode of transportation for shipment of unclassified materiel.
2	This address is used when surface or air freight is selected as the mode of transportation for shipment of unclassified materiel. More than one TAC 2 address may be reflected for the same MAPAC. In this case, the MAPAD will contain a special indicator which requires manual look-up in the introduction of the appropriate country address listing.
3	This address is used when the option code (Y or Z in record position 46 of the requisition) requires a notice of availability prior to shipment. For option code Z, follow-ups on notices of availability are also sent to this address.
4	This address is used for distribution of supply and shipment status documents. Distribution is accomplished by Communication Routing Identifier (COMMRI) electronic communications.
5	This address is used for mailing copies of release/receipt documents for parcel post shipments when the recipient has no electronic receipt capability. The TAC 5 address is only published when it is different from the TAC 1 address.

6	This address is used for mailing copies of release/receipt documents for automatic freight shipments when the recipient has no electronic receipt capability. The TAC 6 address is only published when it is different from the TAC 2 address.
7	This address identifies the activity responsible for payment of transportation charges for shipments made on collect commercial bills of lading or other types of collection delivery methods. This address is established only when TACs A, B, C, D, 1, and 2 addresses (ship-to) are not authorized to make such payments.
9	TAC 9 indicates that the addresses for this MAPAC have been deleted; however, the MAPAC will remain in the directory to provide a reference to another MAPAC, which will be used in processing documents that contain the deleted MAPAC, or provide a reference to special instructions for processing documents containing the deleted MAPAC. The deleted entry will remain in the MAPAD for a period of five years.
M	This address is used as a mark-for for freight shipments to freight forwarders and through the DTS. The fourth position of the MAPAC contains an alphanumeric code to designate an in-country destination. This code will be the same as the code in record position 33 of the MILSTRIP requisition.

The selection of the proper TAC is determined by the type of action being taken. For example, when a requisition is processed, the following sequence of events may take place:

- A need for an address to send supply status documents (TAC 4)
- Possibly a need for an address to send a notice of availability, indicating stock is on hand and ready for shipment (TAC 3)
- The need for an address to send parcel post, freight or classified materiel (TAC A-D, 1, 2)
- The need for an address to send materiel release documents (TAC 5, 6)
- The need for an address to send shipment status documents (TAC 4)

A clear-text mailing or shipping address may be obtained from the MAPAD by constructing a MAPAC from the requisition data and determining the type of shipping action to be accomplished. The MAPAC and its corresponding clear-text address must appear on the materiel release document (DD 1348-1A, *Issue Release/Receipt Document* or the DD 250, *Materiel Inspection and Receiving Report*), and the shipping label, DD 1387. The TAC, however, never appears on any documentation.

For more information on the MAPAD see the DISAM publication *FMS User's Guide to the Military Assistance Program Address Directory* (MAPAD), located at www.disam.dsca.mil/publications.

Shipment of Building Partnership Capacity Letter of Offer and Acceptance Materiel

Materiel shipments made as part of pseudo LOAs, also known as Building Partner Capacity (BPC) LOAs, follow different rules than materiel shipments made under an FMS LOA. For pseudo LOAs, the standard terms and conditions do not apply because the purchaser on the LOA is a USG entity. The DOD retains title to the materiel until after it is received in country, and the USG representative transfers custody and responsibility to the recipient country. As a result, the DOD assumes all liability and responsibility for materiel movement until the title transfers. The designated USG representative will confirm and document delivery and receipt of the pseudo LOA materiel to an authorized recipient country representative or agent of the receiving country. The USG representative will keep documentation showing when, where, and to whom delivery was made, and will provide a copy of this documentation to the implementing agency that issued the LOA.

All materiel transferred under a BPC LOA must move through the DTS. No freight forwarder is involved. DSCA publishes non-FMS program guidance annually as security cooperation programs receive Congressional approval and funding. Materiel transfer rules are subject to change and may vary for different security cooperation programs. Chapter 15 of the SAMM addresses BPC LOAs. It is recommended that country/case managers consult with the DSCA policy office to verify that the transfer procedures described in this chapter are still valid.

Pre-LOR Transportation Planning

Transportation of materiel to the customer is often the most difficult part of case execution. Because of the many rules, regulations, policies, and processes outlined in this chapter for moving materiel, planning for transportation must be done as early as possible. International purchasers and SCOs should address transportation capabilities and limitations in their letters of request or memorandums of request for FMS and BPC LOAs, respectively. The most difficult commodities to move are sensitive AA&E, classified items, COMSEC, cryptographic or other sensitive (nonexplosive) items, and oversized major items such as vehicles, aircraft, tanks, helicopters, boats, or heavy construction equipment. Some of these items can be moved by a commercial freight forwarder, but many must move through the DTS. FMS customers and SCOs should address the following concerns in pre-LOR discussions in order to plan for delivery of these commodities:

1. Does the FMS customer have the capability to pick up the materiel in CONUS and transport it to their country using their own carrier?

2. If the materiel will move by surface carrier overseas, does the FMS customer have the capability to accept the materiel at the POD and arrange for movement to the final destination? What if the POD is in a third country? The FMS customer will be responsible for clearing customs and arranging for transportation through any other country the material must transit.

3. Are there any unique documents, permits or handling requirements for the shipment to clear customs?

4. What military or commercial air or water ports are available for delivering FMS materiel? What is the carrier capacity of each port? Does the port have secured storage space? If the answers to these questions are unknown, it may be necessary for SDDC to conduct a port site survey to identify the size and type of carriers that the port can accommodate, and to assess the port's physical security.

5. Does the FMS customer have the ability to move the materiel securely from the POD to the final destination?

If the FMS customer is unable to arrange for onward movement from the POD to the final destination, the cost for having the USG move the materiel to the final destination can exceed the value of the shipment itself. This is especially true if the only option to move the materiel into country is to use a dedicated Special Assignment Airlift Mission (SAAM), or some other form of transportation that is not part of a regular schedule. To assist SCOs and case managers in evaluating transportation options, the USTRANSCOM has established the Enterprise Readiness Center (ERC) at Scott AFB, IL. The mission of the ERC is to provide pricing and routing options to enable implementing agencies to develop a course of action for the delivery of hard-to-move commodities to primarily low-volume or landlocked countries. SCOs and FMS case managers are encouraged to contact the ERC at USTC-ERC-LOA@ustranscom.mil, to determine transportation options and limitations during the pre-LOR discussions.

Summary

This chapter has presented an overview of the DOD transportation policy for the movement of FMS materiel. The USG would like all purchasers to become self-sufficient in the delivery of their materiel. However, because of the nature of some articles and the lack of capability of some countries, there are occasions when the DTS must be utilized to deliver certain items. Title to all articles normally passes at the point of origin, and the purchaser pays all charges to its in-country destination. Some of these transportation costs are included in the stock fund price of the item, and others are charged by the freight forwarder or the USG. Offer release codes, DTCs, and other pertinent transportation data are negotiated during the preparation of the LOA, and resulting codes are included within a MILSTRIP requisition enabling shippers to move articles to the proper in-country address.

The MAPAD is a web site that contains addresses and corresponding address codes to identify where FMS materiel and documentation are to be sent. At first glance, the MAPAC, with its required construction of various codes for determination of proper addresses, appears complex. However, after some familiarization, the use of the MAPAD becomes quite simple. Purchasers are responsible for the accuracy of address information; if the addresses listed in the MAPAD are not current, shipments of materiel, documents, and reports will be delayed or misdirected.

Case developers, managers, and all applicable supply/shipping activities must be familiar with the MAPAD and comply with the marking and addressing of security cooperation shipments.

Certain categories of materiel require specific permits and coordination documents before movement can occur. FMS purchasers must obtain a CAA before moving explosive material. A transportation plan must document the transportation security procedures for classified and/or explosive material.

Export documents must be prepared for all types and modes of shipment. Each shipment must be reported through the Automated Export System by the freight forwarder when one is used by the FMS customer, or by the DOD shipper when movement is entirely through the DTS. Additionally, a DOS export authorization, DSP-94, must be filed at the primary commercial or DOD port of embarkation.

Transportation discrepancies occur when there is loss or damage to an item that can be attributed to the transporter. Transportation discrepancies are normally handled by filing a claim with the carrier. All lost or damaged security assistance shipments, regardless of value or classification of the materiel, should be reported on a TDR when shipment is through the DTS. TDR procedures do not apply to FMS materiel shipped to non-DOD consignees within the CONUS (e.g., FMS freight forwarders, customer country embassies etc.) or carrier facilities identified in notice of availability responses.

References

DLM 4000.25-M, volume 2, chapter 17, *Supply Discrepancy Reporting*.

DOD Regulation 4500.9-R. *Defense Transportation Regulation* (DTR), part II, "Cargo Movement."

DOD Manual 5100.76-M. *Physical Security of Sensitive Conventional Arms, Ammunition and Explosives*.

DOD Manual 5220.22-M. *National Industrial Security Program Operating Manual* (NISPOM).

DOD Manual 5200.01 *DOD Information Security Program*, volume 3.

DOD Regulation 7000.14-R. *Financial Management Regulation*, volume 15, "Security Assistance Policy and Procedures."

DSCA Manual 5105.38-M. *Security Assistance Management Manual* (SAMM). Chapters 7 and 15. http://www.samm.dsca.mil/.

DISAM Publication. *Freight Forwarder Selection Guide*.

DISAM Publication. *Shipping Explosives: An FMS Customer Guide*.

DISAM Publication. *FMS User's Guide to the Military Assistance Program Address Directory* (MAPAD).

MIL-STD-129P. *Department of Defense Standard Practice for Military Marking*.

MIL-STD 2073-1E. *Department of Defense Standard Practice for Military Packaging*.

USASAC Training/Orientation Booklet. *Transportation and Traffic Operations*.

NAVSUP Publication 526. *Customer Supply System Guide*.

US Government. "Title 22, Code of Federal Regulations." Parts 120-130, I*nternational Traffic in Arms Regulations* (ITAR).US Government. "Title 49, Code of Federal Regulations." Parts 170-179. *Hazardous Material Regulation*.

Useful Web Sites

Security Assistance Management Manual (SAMM): http://www.samm.dsca.mil/

United States Customs and Border Protection (CBP): www.dhs.gov

Defense Logistics Agency (DLA): www.dla.mil

US Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA): http://phmsa.dot.gov/hazmat.

US Transportation Command (USTRANSCOM): www.transcom.mil/Military Assistance Program Address Directory (MAPAD) System: https://www.transactionservices.dla.mil/DAASINQ (read-only) or https://www2.transactionservices.dla.mil/portal/ (with CAC)

Surface Deployment and Distribution Command (SDDC) Electronic Transportation Acquisition: https://eta.sddc.army.mil/ETASSOPortal/Contact.aspx

Air Mobility Command (AMC): www.amc.af.mil

Military Sealift Command (MSC): www.msc.navy.mil/

National Customs Brokers and Forwarders Association of America (NCBFA): http://www.ncbfaa.org

Defense Security Service (DSS): http://www.dss.mil