
LOGISTICS SUPPORT OF INTERNATIONAL MILITARY SALES

INTRODUCTION

For foreign military sales customers, the weapon system acquisition phase begins with configuration identification of the weapon system and the ordering of all related logistics products and services needed to field the weapon system in-country. It includes the monitoring of procurement milestones and the tracking of deliveries in-country. This phase ends with the delivery of the weapon system to the foreign purchaser. Initial support is an extension of the weapon system acquisition phase. It is the establishment of initial maintenance capability and materiel support.

The Department of Defense (DoD) does not have a separate logistics system to support foreign military requirements resulting from security assistance efforts. Rather, these requirements are satisfied by using existing DoD logistics systems. Therefore, understanding how the basic DoD logistics system components fit together and function is a prerequisite to understanding the relatively minor system adaptations that have been made to accommodate security assistance requirements. Since many of the unique security assistance topics introduced here are covered in considerable detail in subsequent chapters, the following discussion is presented as a DoD logistics system overview.

THE TOTAL PACKAGE APPROACH

The DoD policy is to offer the foreign military sales purchaser a complete sustainability package when developing a letter of offer and acceptance for non-excess systems. The total package approach (TPA) ensures items can be operated and maintained in the future, and ensures that foreign military sales (FMS) purchasers can obtain support articles and services required to introduce and sustain equipment. In addition to the system itself, other items to consider in a total package include training, technical assistance, initial support, ammunition, follow-on support, etc. The necessary planning for follow-on support, training, and other elements of continuity should accompany the transfer of end-items.

LOGISTICS

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

Logistics is a full system, an integrated whole, which involves four elements – acquisition, distribution, sustainment, and disposal. Thus, as a model for briefly examining the relationship between international logistics and the DoD logistics system, attention shall be focused on the functional areas of transportation, maintenance, and supply.

Transportation

Transportation involves the movement of equipment from point of origin to final destination. United States (U.S.) government policy is that FMS purchasers should be responsible for as much of the transportation process as possible past the continental U.S. port of exit. The DoD becomes involved as an exception in certain complex FMS transportation actions. To help accomplish these tasks, the procedures prescribed in DoD 4500.9-R, *Defense Transportation Regulation, Part II, Cargo Movement*, are applied. These procedures standardize and automate document flow. The Army's Surface Deployment and Distribution Command is responsible for the administration of the procedures prescribed by DoD 4500.9-R, which uses military standard requisitioning and issue procedures to create and exchange standard shipping data for recording and reporting shipping status and to control materiel movements in the defense transportation system.

Maintenance

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

There are three generic levels of maintenance in the DoD. The level of maintenance employed by each of the U.S. military services is dependent upon the weapon system being maintained. Not all FMS customers employ these three levels all the time. Each weapon system sale must take into consideration the purchaser's operating requirements, maintenance capability and investment cost, and a tailored maintenance plan must be developed for that specific purchaser.

Organizational or Field Level Maintenance

This level of maintenance is performed by individual organizations on their own equipment. Organizational maintenance duties include inspecting, servicing, lubricating, adjusting, and replacing parts, minor assemblies, and subassemblies.

Intermediate Level Maintenance

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

Depot Level Maintenance

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

Purchasing countries can establish FMS cases to get items repaired, most commonly at the depot level. Purchaser country repair requirements are integrated with the repair programs of the military services and are accomplished by organic military repair facilities (i.e., Army maintenance depots, Air Force logistics centers, Naval aviation depots, Naval shipyards) or by civilian contractors.

Supply

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

Item Classification

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

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

Integrated Materiel Management

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

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

Retail versus Wholesale Item Management

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

DEPARTMENT OF DEFENSE LOGISTICS ORGANIZATIONS

Inventory Control Points

The primary players in the DoD wholesale system are the inventory control points, i.e., Army life-cycle management commands, Air Force air logistics centers and product centers, the Navy inventory control point, the Navy systems commands, the DLA supply centers (and various depots or stock points). ICPs play a major role in satisfying both U.S. and foreign military requirements placed on our logistics systems.

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

An ICP's role in security assistance begins with the receipt of taskings from agencies that write FMS letters of offer and acceptance for those items managed by the ICP. ICPs help develop letters of offer and acceptance (LOAs) by providing pricing information for items such as ammunition and support equipment.

Major item sales cases usually include the repair parts required to support the major item for a 12-24 month period. Those repair parts are considered "initial support" or "concurrent spare parts." The ICPs are responsible for recommending the range and quantity of repair parts to be included for initial support, based upon operational use factors provided by the purchaser.

CLSSAs require a recommended list of repair parts to be stocked in support of the purchasing country. The ICPs develop the list which includes recommended quantities and the cost for each item.

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

Navy Inventory Control Points

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

- The Navy Supply Systems Command (NAVSUPSYSCOM) provides material support needs of the Department of the Navy, such as supply management policies and methods. A subordinate activity of NAVSUP is the Navy Inventory Control Point (NAVICP) situated in two locations. An activity located at Mechanicsburg, Pennsylvania manages ship spares, and the activity located at Philadelphia, Pennsylvania manages aircraft spares.
- The Naval Air Systems Command (NAVAIRSYSCOM) headquartered in Patuxent River, Maryland, manages Naval aircraft and air-to-air missiles, as well as their associated support equipment and repair depots.

- The Naval Sea Systems Command (NAVSEASYS COM) headquartered in Washington, D.C. manages Navy ships, boats and submarines, as well as surface-to-air missiles and their associated support equipment and repair depots.
- The Naval Space and Warfare Systems Command (SPAWARSYS COM) headquartered in San Diego, California, manages the Navy's communications-electronics systems.
- The Marine Corps Systems Command (MARCORSYS COM) headquartered in Quantico, Virginia, also develops and manages Marine Corps FMS cases for the Department of the Navy.

Army Inventory Control Points

Within the Army structure, there are four ICPs with security assistance management directorates (SAMDM).

- The Tank Automotive and Armaments Command (TACOM), headquartered in Warren, Michigan, manages tracked and wheeled vehicles and associated support equipment.
- The Aviation and Missile Command (AMCOM), located in Huntsville, Alabama, manages missiles, helicopters, and associated equipment.
- The Communications-Electronics Command (CECOM), located at Fort Monmouth, New Jersey, is responsible for the Army's communications and cryptographic equipment.
- The Joint Munitions and Lethality Command (JM&L), headquartered at Rock Island Arsenal, Illinois, is the single manager of munitions for the DoD.

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

Air Force Inventory Control Points

Within the Air Force, materiel management responsibility overlaps among the three products centers and the three air logistics centers (ALCs). Primary items are managed at the product centers, while depot repairables and secondary support items are managed by the air logistics centers.

The product centers include:

- The Aeronautical Systems Center (ASC) at Wright-Patterson Air Force Base, Ohio, manages a wide variety of aircraft and related equipment. These include the B-2 bomber, the F-17A Nighthawk, the C-17 Globemaster and C-5 Galaxy and C-130 Hercules upgrades. The center also manages unmanned aircraft systems.
- The Air Armaments Center (AAC) at Eglin Air Force Base, Florida develops, tests and fields all air-delivered weapons. The center plans, directs, and conducts tests and evaluations of U.S. and allied air armament, navigation/guidance systems, and command and control systems.
- The Electronic Systems Center (ESC) at Hanscom Air Force Base, Massachusetts, manages the development and acquisition of electronic command and control (C2) systems. One of the ESC's best known programs is the Airborne Warning and Control

System. The center manages more than 150 programs, including developing air defense systems for allied forces and North Atlantic Treaty Organization (NATO) partners.

The air logistics centers include:

- The Warner Robins Air Logistics Center, Robins Air Force Base, Georgia, supports several Air Force weapons systems, including the C-5 Galaxy, the F-15 Eagle, the C-141B/C Starlifter, and the C-130 Hercules. It is one of the most important avionics centers in the Air Force, supporting over 70 FMS programs.
- The Oklahoma City Air Logistics Center, Tinker Air Force Base, Oklahoma, provides depot maintenance, product support, services and supply chain management, and information support for 31 weapon systems in the U.S. Air Force and for 46 foreign nations. The center performs depot maintenance on various aircraft and overhaul and repair on numerous jet engines, and is the technology repair center for automatic flight control and engine instruments.
- The Ogden Air Logistics Center, Hill Air Force Base, Utah, performs depot level overhaul and repair for all types of landing gear, wheels, brakes and tires. The center supports the C-130 Hercules, the F-16 Falcon, and the A-10 Thunderbolt, and it is responsible for program management of the KC-135 Stratotanker.

All these organizations belong to the Air Force Materiel Command (AFMC) and have security assistance responsibilities.

Additionally, the Space and Missile Systems Center (SMC) in Los Angeles, California, a subordinate unit of the Air Force Space Command, is the center for researching, developing and purchasing military space systems. SMC's internationally known NAVSTAR global positioning system provides highly accurate three-dimensional position, velocity and time to U.S. forces and a wide variety of allied field forces via the foreign military sales program.

International Logistics Control Organizations

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

International Logistics Control Organizations Functions

The U.S. Army Security Assistance Command, New Cumberland, Pennsylvania (USASAC-NC) serves as the Army ILCO. The USASAC operates at two geographically separated locations. The headquarters and deputy for plans and management is located at Fort Belvoir, Virginia (USASAC-FB). The USASAC commander also serves as the director of security assistance on the Army Materiel Command headquarters staff. The deputy for operations is the ILCO, USASAC-NC.

The U.S. Navy International Programs Directorate (NAVICP-OF) of the Navy Inventory Control Point is the Navy's ILCO. NAVICP is a subordinate organization of the U.S. Navy Supply Systems Command.

The Air Force Security Assistance Center (AFSAC), the Air Force ILCO, is a major component of the Air Force Materiel Command. Both are located at Wright-Patterson Air Force Base, Ohio.

Although each of the ILCOs has its individual responsibilities, operating techniques, and interfaces, there are many functions generally applicable to all three. They serve as the connecting link between the security assistance customer and the service supply systems. In this role, each ILCO employs a country desk officer (or country program manager, or country case manager), who is the primary contact point for materiel support for assigned countries. The country desk officer monitors current FMS cases status and is the focal point for resolving logistics problems.

In order to manage their programs, the ILCOs each operate unique security assistance computer data systems: the Army centralized integrated system for international logistics (CISIL), the Navy management information system for international logistics (MISIL), and the Air Force security assistance management information system (SAMIS). The ILCOs establish programs and cases, validate and pass requisitions, account for obligation/expenditure authority, record supply status, interface with service accounting and supply data systems, and produce program reports and statistics. These systems are discussed further in Appendix 3, "Security Assistance Automation," in this text.

Once the program data is available and obligation authority has been established, the ILCO may then start to process requisitions. All security assistance requisitions must be prepared in accordance with standard military standard requisitioning and issue procedures (MILSTRIP). Requisitions for defined order cases are prepared at the ILCOs normally upon receipt of an implemented case. Requisitions for CLSSA and blanket order cases are prepared by the purchaser. Every requisition for security assistance must be validated and passed by the ILCO before it can enter the U.S. supply system. This is usually done automatically by the ILCO management information system, which checks the requisition against an authorized FMS case, ensures that the required funding is available, records the estimated cost of the requisitioned materiel against the appropriate account, and routes the requisition to the appropriate ICP. If all checks are not met, the requisition is routed for manual review by the country desk officer or case manager.

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

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

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

Customer countries may maintain liaison officers to review program and requisition status with the ILCO desk officers. These liaison officers may, in some instances, initiate or modify requisitions

on behalf of their government. Country purchasing office representatives or foreign embassy personnel from Washington, D.C., often conduct the required liaison with the ILCO. However, for a growing number of countries, a foreign liaison officer (FLO), security assistance foreign representative (SAFR), or security assistance liaison officer (SALO) is located at the ILCO.

Defense Logistics Agency

The DLA has inventory management responsibility for about 93 percent of active national stock numbers (NSN) in the DoD supply system. DLA supplies more items and processes more requisitions than all of the other services combined. It is therefore important for supply personnel in any of the services to understand the DLA system and how it supplies the items assigned to it.

The DLA maintains a weapon systems approach toward materiel management. There are three inventory control points. Each ICP is assigned responsibility for a portion of the same three million items used by the services but supplied by DLA. The three DLA ICPs and their responsibilities are as follows.

- The Defense Supply Center Columbus, at Columbus, Ohio, is the lead ICP for land, maritime and missile weapon systems.
- The Defense Supply Center Richmond, at Richmond, Virginia, is DLA's lead center for aviation support, and environmental products. The DSCR also serves as the storage and distribution center of maps.
- The Defense Supply Center Philadelphia at Philadelphia, Pennsylvania, provides food, clothing, textiles, medicines, medical equipment, general and industrial supplies and services to the DoD, to other government agencies, and to FMS purchasers.

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

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

- DoD-wide cataloging of items is performed by the Defense Logistics Information Service (DLIS), Battle Creek, Michigan, as the national codification bureau for the U.S.
- DoD materiel utilization and surplus property disposal is performed by the Defense Reutilization and Marketing Service (DRMS), headquartered in Battle Creek, Michigan.
- The Defense Distribution Center, New Cumberland, Pennsylvania, operates the wholesale warehouse depots.
- The Defense Energy Support Center at Ft. Belvoir, Virginia, supplies bulk petroleum products, alternative fuels, performs direct delivery, and manages terminal facilities and distribution.
- The Defense Automatic Addressing System Center (DAASC) is the official repository for selected DoD publications and databases. DAASC receives, edits, and routes logistics transactions or the military services and federal agencies, providing information about anything, anywhere, anytime, to anyone in the DoD

and federal logistics community. All electronic FMS transactions are routed through DAASC.

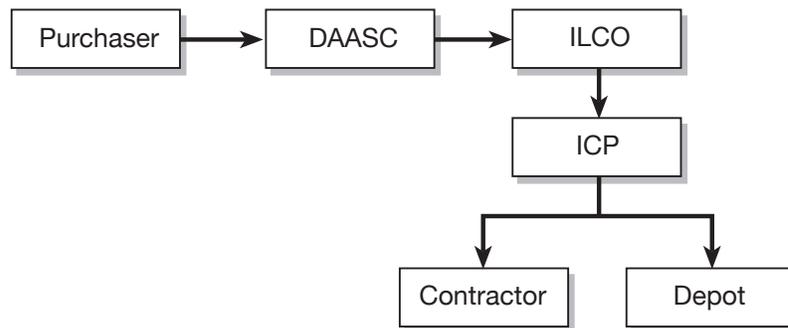
Although the DLA manages the vast majority of items, the DLA supply management mission does not have a central international logistics control organization for the management of security assistance programs. Rather, foreign requisitions flow to DLA through the military department ILCOs. It is interesting to note that a majority of military department-processed FMS requisitions are for DLA-managed consumable items supplied by the DLA supply centers.

REQUISITION PROCESS OVERVIEW

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

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

Figure 10-1
Logistics Communications



Regardless of the entry point, all logistics information passes through an information router, DAASC, where each transaction is recorded for future reference.

Military Standard Requisitioning and Issue Procedures

The MILSTRIP prescribes standard forms and codes adaptable to high-speed communications and automatic data processing. MILSTRIP is the backbone of all logistics and financial procedures used in executing an FMS case. Chapter 6 of DoD 4000.25-1-M, *Military Standard Requisitioning and Issue Procedures* (MILSTRIP), covers MILSTRIP procedures for FMS purchasers. There are some service developed brochures describing MILSTRIP procedures for FMS purchasers. The structure of an FMS document number is very different from a domestic requisition document, resulting in several

unique MILSTRIP codes and procedures for FMS use. Figure 10-2 illustrates the unique MILSTRIP entries for FMS.

**Figure 10-2
Foreign Military Sales Unique Record Positions**

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

DOCUMENT IDENTIFIER	ROUTING IDENTIFIER	M&S	STOCK NUMBER																			UNIT OF ISSUE	QUANTITY						
			CLASS	NIIN																									
				NCB CODE																									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	

DOCUMENT NUMBER													DEM/SUF	SUPPL ADDRESS					SIGNAL CODE	FUNDING CODE		DIST	PROJ CODE						
						DATE		SERIAL NUMBER	SVC																				
						YEAR	DAY																						
30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59

PRIORITY CODE	RAD/RDD	ADV CODE	SUPPLY/SHIPMENT STATUS																									
			60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80					

NORTH ATLANTIC TREATY ORGANIZATION CODIFICATION SYSTEM

The NATO codification system (NCS) has been in place since the mid-1950s. It provides standards for the use of a common stock identification system throughout the NATO alliance. Subsequently its use has spread to other countries around the world. We tend to take this common language of logistics for granted in field operations. The NCS is quickly appreciated, however, when the operational

commander finds himself in a coalition environment with partner countries each using something different.

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

Item Identification

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

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

Within NATO, the NCS currently contains about sixteen million active NSNs (seven million for the U.S. and nine million assigned by other NATO countries). The items represented range from hand grenades to guided missiles, from propeller blades to space vehicles, and from soap dishes to washing machines.

Around 43 percent of all of the seven million “active” U.S. national stock numbers have at least one allied user registered. There are currently fifty separate foreign countries recorded as users on various NSNs in the U.S. catalog system. About 31 million part numbers are registered on these NSNs, as are about 1.5 million manufacturers.

Federal Supply Catalogs

The Defense Logistics Information Service (DLIS) is the DLA field activity designated as the manager of the federal catalog system (FCS). The FCS is the official U.S. government program under which equipment and supplies are uniformly named, described, classified, and stock numbered. DLIS offers a range of products containing FCS information. Certain products, such as the FED LOG are available only to the NATO and NATO-sponsored countries because they contain proprietary data and characteristics data of countries other than the U.S. Sponsorship agreements contain language regarding the protection of restricted data.

The FMS purchaser can obtain DLIS catalogs directly from DLIS or through cases with the MILDEP. Requests for information about DLIS information products or placing an order should be directed to Commander, Defense Logistics Information Service, Attn: DLIS-SD, 74 North Washington Street, Battle Creek, MI 49017-3084, DSN 932-4310/4328 Ext 5721, Commercial (616) 961-4310/4328 Ext 5721, Fax (616) 961-4760, or E-mail: <mailto:fms@dlis.dla.mil>.

DLIS also offers a wide range of training classes related to cataloging and the federal catalog system and the use of DLIS's information products. Additional information is available from Commander, Defense Logistics Information Service, Attn: DLISVST, 74 North Washington Street, Battle Creek, MI 49017-3084. The telephone number is (616) 961-4478/4829, FAX: (616) 961-4307, e-mail: [mail to:dlis.tng.@dlis.dla.mil](mailto:dlis.tng.@dlis.dla.mil).

DLIS has a home page on the internet that has a large amount of information about its products, services, prices and contact points, as well as links to other U.S. government home pages. The web site is <http://www.dlis.dla.mil>.

NORTH ATLANTIC TREATY ORGANIZATION CODIFICATION SYSTEM SPONSORSHIP

More and more countries are seeking and receiving sponsorship within the NCS. Sponsored countries sign an agreement to exchange codification data and to abide by the rules and procedures of the system. Among other things, the rules require countries to provide equivalent safeguards to protect sensitive and proprietary data. Information about NCS sponsorship is kept up-to-date at the following web site <http://www.dlis.dla.mil/nato/default.asp#Sponsorship>.

In addition to the twenty-six members of NATO, nearly thirty other nations around the world have been accepted as sponsored members of the NCS.

**Table 10-1
NCS Sponsorship**

NATO Countries	Sponsored Countries
Belgium	Albania
Bulgaria	Argentina
Canada	Austria
Czech Republic	Australia
Denmark	Brazil
Estonia	Chile
France	Croatia
Germany	Egypt
Greece	Finland
Hungary	Indonesia
Iceland	Israel
Italy	Korea
Latvia	Kuwait
Lithuania	Macedonia
Luxembourg	Malaysia
Netherlands	Morocco
Norway	New Zealand
Poland	Oman
Portugal	Papua New Guinea
Romania	Philippines
Slovakia	Russia Federation
Slovenia	Saudi Arabia
Spain	Singapore
Turkey	South Africa
United Kingdom	Sweden
United States	Thailand
	Tonga
	Ukraine
	United Nations

UNIFORM MATERIEL MOVEMENT AND ISSUE PRIORITY SYSTEM

The uniform materiel movement and issue priority system (UMMIPS) helps identify the relative importance of competing demands for logistics systems resources. It guides the ranking of materiel requirements and time standards for requisition processing and materiel movement through the use of a two-digit priority designator.

The priority designator is based on two factors that relate to the mission of the requisitioning activity and the urgency of need.

Force/activity designators (FADs) are represented by Roman numerals I through V. The U.S. Joint Chiefs of Staff have assigned FADs to selected foreign country forces in their directive CJCSI 4110.01, *Force/Activity Designators for Foreign Country Forces*, 10 October 95. The FAD is applicable to all requisitions for materiel destined for the country.

The receiving activity's urgency of need for the materiel being requisitioned is indicated by an urgency of need designator (UND), either A, B, or C.

The requisition originator determines the UND to be assigned, using the criteria set forth in the UMMIPS directives. In broad terms, UND "A" equates to an extremely urgent requirement, UND "B" to a less urgent requirement, and UND "C" to a routine requirement, e.g., stock replenishment.

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

**Table 10-2
UMMIPS Matrix**

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

LOGISTICS COMMUNICATIONS

As with all military operations, the success of DoD logistics operations depends to a large extent on the availability of a fast, accurate, and reliable communications system such as the defense data network (DDN). However, since DDN is not available to the majority of FMS purchasers, other methods such as international mail, facsimile transmissions (FAX), e-mail, and the international logistics communications system (ILCS) serve many countries as the primary logistics communications methods for FMS.

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

The ILCS was developed to improve logistics communications service to security assistance countries, freight forwarders, and contractors. Used since 1979, it has also been adopted for use by a large number of U.S. government and commercial organizations.

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

The ILCS significantly increases the amount and timeliness of management information available to purchaser logisticians and significantly reduces pipeline time by as much as 80 percent resulting in significant cost savings. This system, which has multi-service application, passes MILSTRIP requisitions to the Defense Automatic Addressing System Center (DAASC). DAASC automatically routes the documents to the appropriate ILCO for processing. After an ILCO verifies the requisitions validity and funding, the requisitions are forwarded to the source of supply directly or via the DAASC. For most requisitions, use of these systems eliminates manual processing between the requester and the source of supply. Additionally, status transactions return to the requester through this same system.

ILCS is normally installed based on an implemented FMS case after it has been determined that the existing methods of communication are not adequate to serve the subscriber's needs. The information processed in ILCS is contained in 80 record positions of data for each transaction.

ILCS can be provided to the subscriber through:

- A DAASC developed turn-key system, consisting of hardware, software, supplies, installation, and training for the system at the subscriber's location. This service is provided based on an FMS case established by the appropriate ILCO.
- An existing in-country personal computer system with the capability, hardware, and software to interface with the DAASC network control system computer system. DAASC will provide the interface requirements and the DAASC automatic message exchange system (DAMES) software package to the subscriber. The cost of a DAMES system for a subscriber cannot be determined exactly until a site survey is performed or a working group meeting is convened; however, first year costs can be as low as \$10,000 depending on the configuration and location.

A further refinement of the ILCS is an optional system known as supply tracking and repairable return (STARR/PC). This is a personal computer-based system available from the U.S. Air Force, U.S. Army and U.S. Navy. STARR/PC provides the foreign purchaser much more logistics and financial information than ILCS alone. Typical costs include a system subscription fee based on a pro rata share of developing and operating the system, system hardware, software, and supplies; U.S. support for system installation; and telephone charges. Hardware and software costs are one-time in nature, while the annual fee, optional technical assistance, and telephone charges are recurring. Telephone costs associated with the connection to DAASC are on a time-used basis.

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

Currently, there are 46 countries connected through the ILCS system.

The security cooperation information portal (SCIP) is another medium available to the international purchaser for submitting and tracking requisitions, and monitoring case status. The SCIP gives the user access to data from the ILCO logistics databases (MISIL, CISIL and SAMIS), to data from the defense integrated financial system (DIFS), and case management information from the defense security assistance management system (DSAMS). The SCIP capabilities and features are discussed in Appendix 3, “Security Assistance Automation.”

LIFE CYCLE LOGISTICS SUPPORT PLANNING PROCESS

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

When an international customer decides to acquire a sophisticated weapon system through the FMS program, logistics support planning begins when the international customer submits a comprehensive letter of request, which, in addition to identifying the desired weapon system configuration, identifies the country’s operational requirements, and existing logistics support capabilities. The planning process typically continues with the implementing agency conducting a site survey in the FMS purchaser’s country.

Site Survey

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

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

Planning for Initial Support

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

The level of initial support can vary from weapon system to weapon system, but in general, initial support is provided for a 12 to 24 month period. In order to determine the level required for security

assistance customers, information is needed by the U.S. implementing military department, such as the average operations per month, number of repair locations, maintenance concept, etc. A driving force in determining the amount of initial support to be provided for a particular weapon system is often the amount of money that the country is willing to invest.

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

Provisioning

Provisioning is the process of determining the type of repair parts to stock (or “range”) and quantity of each stocked item to have on hand (or “depth”) to support and maintain a system through its initial period of service. [Joint Pub 1-02] We must not forget that a weapon system must be maintained in operating condition throughout its lifetime to be valuable. It is not enough to think only of the plane, ship, or tank, but all those things that will be necessary to use and maintain that weapon system. Provisioning is used to determine all the necessary repair parts, test equipment, and other accessories such as special tools and ground support equipment. It is an extensive and expensive process that the DoD does for each new weapon system it employs.

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

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

Reliability

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

Maintainability

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

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

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

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

Economy

In making support decisions, economy can be an overriding factor. The providing implementing agency must consider not just the cost of the material, but also labor costs for making the repairs and the cost of not having the weapon system available while repairs are being made. The lowest cost of parts may not necessarily be the most economical cost. Standardization and interchangeability also enter into the economics equation. Selecting parts common to systems currently being used may avoid inventory costs and support difficulties.

Level of Repair

Once it is determined that an item of equipment or component can be repaired, the recipient country must determine at which level in its overall maintenance organization the repair will be made. Three different levels of repair are usually considered: organizational repair that is done by the using organization, i.e., company, squadron, or shipboard levels; intermediate repair, usually at an echelon above and supporting the organizational level, but still operating in the field, such as base, battalion, station or division levels; and depot level maintenance, usually performed in a military depot or a contractor's plant. The decision to repair at the organizational, intermediate, or depot level is made after considering the technical skills of the personnel at each level, the investment in special tools, test equipment, facilities or handling devices which may be required, and any problems in physical access to the equipment which may be encountered.

Military Essentiality

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

items whose failure will have the most significant impact on the ability of the equipment to accomplish its designated mission.

Definitization

Definitization is the process by which the provisioning requirements for the U.S. are adjusted to accommodate those of the foreign purchaser. The definitization process is essentially the same for FMS as is the provisioning process for new systems procured for U.S. forces. However, since most systems sold through FMS have already been provisioned for U.S. use, the U.S. operation, maintenance, and consumption data are the foundation for making adjustments for the FMS customer's projected requirements. During the operation of a weapon system, the database created during provisioning is updated continuously to reflect actual usage and to modify the theoretical decisions which were originally assumed. This updated database becomes the basis for determining what support will be sold to a foreign purchaser. During the definitization process spares and support equipment requirements not already confirmed during the site survey are identified.

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

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

The definitization process includes planning for follow-on support. FMS customers and program managers should discuss future options for:

- Spare parts support through CLSSA or blanket order cases
- Repair options
- Follow-on training and training devices
- Technical and engineering services
- Updates of technical manuals and publications
- Munitions and explosives
- Transportation options for the movement of materiel

The support infrastructure of the purchaser often has a bearing on the support package. The number of operating bases and supply depots and their locations may require changes to U.S. recommendations. Especially important in this area are the location and use of repair facilities. Today, more sophisticated equipment is being provided under our security assistance programs. It is often the case with such equipment that many components are more economically repaired than purchased new. However, many purchasing countries do not have the capability to repair the items and must return them to the

U.S. repair facilities. In such an instance, the in-country stocks of repairable items may have to be higher to accommodate this longer loop in the repair cycle while items are being returned to the U.S. The alternatives for reducing initial and life cycle support costs through increased self-sufficiency and a shorter supply and maintenance pipeline should be presented as options to the FMS customer.

The overall objective of definitization is to provide optimum logistics support, at a reasonable cost, using the best possible calculations of projected needs. For the FMS customer, it is often insufficient to apply the same decisions as we have made for ourselves. The additional step of definitization is necessary to ensure adequate support for the system which is being purchased.

FOREIGN MILITARY SALES FOLLOW-ON SUPPORT CONCEPT

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

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

Follow-on support, unlike initial support, involves the USG being in a reactive role rather than a proactive role. That is, the DoD responds to demands initiated by the international customer. Follow-on logistics support encompasses all the various services and material required to sustain a weapon system after its operations begin. Follow-on support includes replenishment of initial spares and repair parts, procurement of new support equipment not provided for in the initial allowance, procurement of repair and engineering services, replenishment of munitions, updates of technical publications, etc.

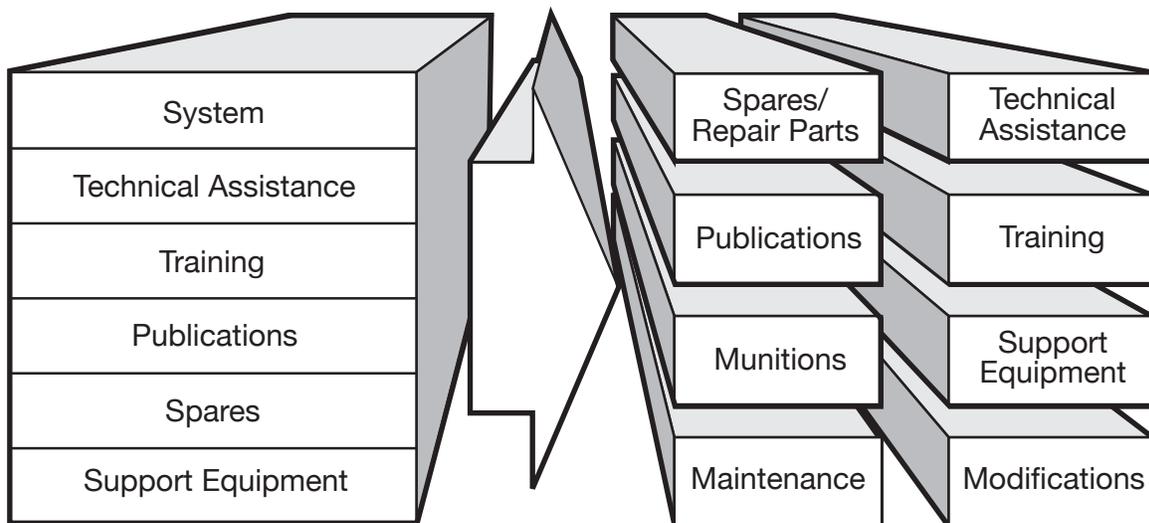
Follow-on logistics support is designed to maintain defense systems/equipment in an operable condition or to modify an original sale configuration after a weapon system or item of major equipment is sold.

The timely rendering of follow-on logistics support is vital to the success of the foreign military sales program. Without it, the equipment, usually purchased at considerable cost, will become inoperable and of little value to the purchaser who might then very well question the value of major FMS purchases. Follow-on support should be considered at the same time as initial support. This is necessary because of the lead-time required to negotiate and implement the various types of follow-on support agreements, and in some instances, because of lengthy lead times to procure required items.

Supply support is often considered to be synonymous with follow-on support; however, spares and repair parts are only one aspect, though a very important one, of an overall follow-on support program. Spares and repair parts will be of no value to the purchaser if they cannot be identified or installed properly to maintain and operate applicable systems. The following is a sample of the areas that should be considered in addition to spares and repair parts.

- Publications
- Maintenance
- Training
- Support equipment
- Munitions
- Modifications
- Technical assistance
- Petroleum, oil, and lubricants (POL)

**Figure 10-3
Total Logistics Support**



Options for Follow-on Support Other Than Foreign Military Sales

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

In-Country Resources

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

to establish in-country capabilities for follow-on support, particularly in areas such as training and maintenance.

Third Country Support

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

Commercial Contractor Support

The foreign purchaser may use commercial contractors for follow-on support in accordance with DoD 5105.38-M, section C4.5, *Security Assistance Management Manual (SAMM)*. The contractor may have a continuing support plan available to offer the country. If such a plan is not readily available, in many cases, the contractor may be willing to develop one for a price, or negotiate an offset arrangement.

Purchaser Preference for Foreign Military Sales Support

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

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

The purchaser country has several options from which to choose in terms of the types of FMS cases available for follow-on support. Defined order cases, blanket order cases, and CLSSAs are all used in providing follow-on support. Each has distinct advantages and disadvantages as well as certain restrictions on the types of support that can be provided. For further discussion, especially of FMS defined order and blanket order cases, see Chapter 6, “Foreign Military Sales Cases,” of this text book.

COOPERATIVE LOGISTICS SUPPLY SUPPORT ARRANGEMENT

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

secondary and support items which the country anticipates it will require annually. This list is known as the equity list, because of the purchaser investment in the U.S. supply system. The investment permits the MILDEP to augment its stocks in anticipation of the country's actual demands. The CLSSA is used for replenishment of consumables or for replacement of repairable components. It may not be used to acquire munitions, major end items, classified items, commercial off-the-shelf material, or anything that the DoD doesn't centrally stock or centrally manage. The CLSSA is not intended for initial support, but rather as a mechanism to resupply the initial support package.

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

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

Due to the two-step nature of this arrangement, stock augmentation and subsequent materiel withdrawals, two FMS cases are required for a CLSSA:

- A foreign military sales order (FMSO) I
- A FMSO II

Foreign Military Sales Order I

The FMSO I (or stock level case) initiates the arrangement by establishing the country's investment for augmenting DoD stock. The FMSO I consists of an equity list of spares projected to be required over the next 12 months. No materiel is transferred to the purchaser as a direct result of the FMSO I. The FMSO I case remains in existence for the duration of the CLSSA. It will be renegotiated or adjusted as necessary whenever a change is required in the investment level necessary to support the country's actual withdrawal or usage rate.

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

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

CLSSA procedures are outlined in DoD Instruction 2000.ii, dated 29 August 2005, and DSCA Policy 05-23.

Foreign Military Sales Order II

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

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

Cooperative Logistics Supply Support Arrangement Effectiveness

The CLSSA is a viable option for many FMS customers who own U.S.-origin weapon systems currently in use by U.S. operating forces. By participating in the CLSSA, the FMS customer has greater access to the DoD's inventory of spares, on the same level as does the American military customer. The result is faster FMS stock replenishment which keeps the FMS customer's equipment operating at full capacity. In today's war fighting environment the capabilities and interoperability of America's coalition partners cannot be overlooked.

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

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

Sole Source Procurement

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

Single Vendor Integrity

A country's use of single vendor integrity (SVI) can also affect the follow-on support provided by DoD. The SVI also precludes the use of a CLSSA since normal DoD procedures do not provide for segregation or identification of stocked material by manufacturer or by funding source. For the purpose of this discussion, SVI is defined as the purchaser's specification that all of the spares needed

to support a particular weapon system be furnished by the original manufacturer. Spares are typically bought by agencies other than the agency that buys the weapon system itself. For example, DLA typically procures and stocks aviation spares that are used on aircraft managed by Army, Air Force, Navy and Marine Corps. Thus, to ensure that the installed equipment and the spares come from the same manufacturer, an FMS customer invokes SVI in the LOA.

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

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

Single vendor integrity also requires extra effort for the U.S. implementing agency to manage follow-on support and, in turn, may prove more costly to the purchaser. Other disadvantages include certain inherent risks that are also associated with sole source procurement, i.e., the source may go out of business, it may be non-responsive to requests for changes, and prices may be higher.

COMMERCIAL BUYING SERVICES

The use of aging weapon systems beyond their original life expectancies has placed unexpected demands on supply systems initially provisioned to support shorter life cycles. A combination of diminishing manufacturing support, failure of electronic components, and age, fatigue and corrosion of non-electronic parts has created unanticipated demands for spares supporting older weapons systems. To exacerbate the problem, the original equipment manufacturer may no longer exist or be capable of supplying spares, repair parts and sustaining engineering support for aging weapon systems.

Commercial buying services involve the purchase of defense articles and services that cannot be effectively acquired through other means. This may include non-standard items, commercial-off-the-shelf items, standard articles that the FMS implementing agency determines to be unobtainable within a reasonable time, and certain repair or other services.

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

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

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

Follow-on support problems are encountered because there usually is no inventory control point or item manager assigned responsibility for managing nonstandard items. Therefore, instead of using

a relatively standard requisition and distribution system, manual procedures must be used to satisfy purchaser demands. This not only proves more costly to the U.S., but also increases the replacement time and costs for the purchaser.

The following special programs provide contractor support for nonstandard items:

- The simplified nonstandard acquisition process (SNAP) is managed by the U.S. Army. The program purchases nonstandard item components, repair parts and supplies of primarily land systems and communications equipment.
- The parts and repair ordering system (PROS) is a contractor-operated program that purchases nonstandard item components, repair parts and supplies, and arranges for maintenance of nonstandard items on a repair-and-return basis. Although the program is managed by the U.S. Air Force, the Army and Navy also use the PROS program for nonstandard spares and task orders.

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

REPAIR OF REPAIRABLES

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

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

Purchaser Country Responsibilities

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

The country is responsible for transportation to and from the designated repair facility, port handling fees, broker fees, and customs clearance. International customers must understand that materiel being returned to the U.S. for repair, regardless of the type of repair program, must clear U.S. Customs. Customers or their designated freight forwarders must cite *International Traffic in Arms Regulations* (ITAR) exemption 123.4 (unclassified) or file a DSP-85 (classified) import document with U.S. Customs at the primary U.S. port of entry, along with a copy of the letter of offer and acceptance which authorizes the materiel's repair. For more information on import/export requirements, see Chapter 11, "Foreign Military Sales Transportation Policy," of this text book, or the SAMM, Chapter 7.

Concepts of Repair

Two concepts are used in obtaining repairs under the FMS repairable program.

Repair and Return

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

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

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

Repair and Replace

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

For FMS, the Army, Air Force and the Navy currently offer purchasers the option of using both the repair and return and the direct exchange program. The Marine Corps offers only the repair and return program.

U.S. Navy. The U.S. Navy's repair and replace program is called the repairable item replacement option (RIRO). Under this program, FMS customers can draw directly from the U.S. Navy stock system (through a CLSSA) for specifically identified weapons replaceable assemblies, system replaceable assemblies, and other designated repairable spares that are managed and have been approved by NAVICP in conjunction with the U.S. Navy's hardware systems commands. If the requested material is available in the U.S. Navy's stock system, it is shipped immediately upon request. Then, the purchaser sends the failed item to a U.S. Navy designated receiving point for further transfer to a depot for repair. Upon completion of repairs to the returned item, it is returned to U.S. Navy stock. Purchasers are charged the difference between a condition "A" item and the value of the failed item carcass (also known as the net cost). If the carcass is determined to be non-repairable, then the purchaser is charged the full price for a condition "A" item minus the net cost, which is charged when the requisition is initially submitted.

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

U.S. Army. The U.S. Army calls its repair and replace program direct exchange (DX). Under this program, FMS customers can draw directly from the U.S. Army supply system (through a CLSSA or blanket order case) for specifically approved items. If the requested material is available in the U.S. Army's stock system, it is shipped immediately upon request and the purchaser is charged the standard price for the item. Upon the Army's receipt of the failed item (or carcass), the purchaser is credited for the value of the failed item.

EXCESS PROPERTY

General

Excess property procedures afford still another method for limited materiel support. Property that is excess to U.S. MILDEP requirements and cannot be used by other DoD components may be provided to eligible foreign governments through the FMS program. Providing excess materiel is accomplished either through the excess defense articles (EDA) program or the DRMS. EDA include lethal and non-lethal defense equipment owned by the MILDEPs, excluding construction equipment, which may be provided to selected countries on a grant or FMS sale basis. The DRMS program, on the other hand, is the sale of excess government property, which may include major end items, support equipment and consumables that are no longer needed by the MILDEPs, and are sold by DLA at a reduced cost based on the condition of the items. All sales of excess significant military equipment or materials valued at \$7M or higher in original acquisition value, require a 30-day advance congressional notification prior to transfer.

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

Excess Defense Articles

Not all countries are eligible for all types of EDA transfers. For information on eligibility and program restrictions, see Chapter 2, “Security Assistance Legislation and Policy,” of this text book.

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

The important factor in the acquisition of EDA from any source is the availability of both initial and follow-on support. Care should be taken to ensure a prospective customer has either an existing infrastructure or that one can be developed as part of the TPA in order to support the introduction of EDA into the purchaser’s inventory. Foreign governments interested in acquiring EDA should contact the U.S. security assistance office in their country. Not all countries are eligible for all types of EDA sales or transfers. Since EDA is provided on an “as is, where is” basis, the associated costs for any refurbishment and subsequent packaging, crating, handling, and transportation of the defense article are generally the determining factor as to whether or not a country accepts the EDA, even if it is offered on a grant basis. These associated costs prove to be prohibitive to many countries wanting EDA equipment, resulting in approximately 55% of EDA offers being declined. Most EDA articles are unserviceable and require major repair. Additionally, spare parts, tools and manuals, if available, must be purchased separately. In some cases, no follow-on support is available since the MILDEPs no longer field the items. These associated costs often outweigh the benefit of the material being offered for transfer.

Defense Reutilization and Marketing Service

There has been an increase of interest in the DRMS and how countries can find and acquire DoD excess property. The objective of this DLA FMS program is to maximize the reuse of excess property when such sales favorably contribute to both the U.S. and host country’s national security objectives. DRMS provides an alternative low-cost method of acquiring property through foreign military sales. Recent changes have streamlined the ability to find property when and where the purchaser wants it. With a web page and on-line searchable inventory, the property is virtually brought to the purchaser’s desktop.

DRMS has performed disposal services for the DoD for thirty years as a primary field level activity of the DLA. The mission of DRMS is to maximize the return to the U.S. taxpayer by finding new homes for the property in other government agencies, non-profit organizations, the armed services, and foreign governments. Property remaining after this effort is cataloged and sold to the public.

FMS is one of the many programs qualified to receive DRMS property. To assist in this effort, DRMS writes and negotiates all of its own cases.

When property is no longer needed or DoD has too many items in stock, the property is deemed excess and scheduled for turn-in at one of the DRMO. Once property enters the inventory, it begins a 42-day screening cycle. After the screening cycle is complete, items that have a military offensive or defensive capability are demilitarized (quite possibly destroyed) and sold as scrap. Therefore, it is important for the purchaser to locate needed property as soon as possible. DRMS has several methods

to assist the purchaser in finding the property. Because the DoD considers the property excess, the property is in a wide range of conditions. The owner turning in the item determines the condition of the property. The condition of the property ranges from new and in original packaging to items whose only value is as scrap. Realizing the inherent problem of identifying the usability of the property, DRMS has taken extra measures to assist the purchaser in determining condition. The DRMOs take a photo of the actual item, that are then uploaded to the web and are viewable by purchasers. Additionally, DRMO personnel can check basic functioning of the item. However, since all excess defense articles are “as is, where is,” purchasers are encouraged to visually inspect all major items to ensure the item is in an acceptable condition.

The pricing of property in the DRMS inventory for FMS customers is based on the condition code of the item. The price ranges from five to fifty percent of original acquisition value with additional charges of packaging, crating, handling, and transportation and administrative charges. Grant eligible countries also must pay for packaging, crating, handling, and transportation (PCH&T). See Chapter 12, “Foreign Military Sales Financial Management,” of this text for more information on depreciation values.

The DRMS web site at <http://www.drms.dla.mil/> is the customer’s toolbox for searching and locating DRMS property. The purchaser can search the inventory by NSN, item name or federal supply class, location or condition code. Once the search is performed, a listing of all the available assets meeting the search criteria is visible. The list also may include photos of the items.

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

OTHER SUPPORT PROGRAMS

U.S. Air Force Technical Coordination Groups

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

There are currently twelve TCGs, two IEMGs and the one ECISAP supporting a wide range of aircraft, missiles, engines and other systems.

U.S. Navy F/A-18 In-Service Support

The U.S. Navy has established the F/A-18 in-service support (ISS) program to ensure that post-production logistics and engineering support will be available for FMS customers that own out-of-production F/A-18s. The ISS program enables FMS customers to address their problems with the U.S. Navy and the prime contractor, Boeing, on a day-to-day basis. The ISS program assists FMS countries in the continuing operation and maintenance of their weapon systems by sharing U.S. Navy and FMS logistics and engineering data at minimum cost to all concerned. Without a common ISS program, it would be necessary for each FMS customer to establish individual contracts to obtain those sustaining services. The ISS program joins all F/A-18 users into a single cohesive team. It contains common requirements, those that are applicable to both USN and FMS customers' unique requirements, that specifically apply to one or more FMS customers. The program supports the U.S., Canada, Australia, Spain, Kuwait, Switzerland, Malaysia and Finland.

System Support Buyout

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

Foreign Military Sales Reserve Program

Many international customers that do not have the funding to buy new production weapon systems purchase instead used older or excess weapon systems from the U.S. Before doing so, however, they want assurances from the supplier that the older weapon system configuration will be supportable throughout its life cycle. Protecting critical government-owned assets from disposal is a critical aspect of future supportability. The FMS reserve program was established by the Office of the Secretary of Defense, and provides for the temporary retention in inventory, and subsequent sale of defense articles which have been phased out of use by the DoD and which are needed to provide support for foreign owned weapon systems. The FMS reserve includes selected secondary items (e.g. stock numbered items that are centrally managed/stocked), and service unique items managed by the system or product commands (e.g. test equipment, training devices, etc.). FMS reserve items are available to fill both initial and follow-on support requisitions. Items in the FMS reserve are not excess to DoD, therefore they are issued at full standard or market price with possible adjustments for age, model or condition. Both the U.S. Navy and the DLA participate in the FMS reserve program. Items are retained in reserve for at least four years. Items with demand during that four year period may be retained and managed in support of security assistance requirements (SAMM, section C6.4.7.) under the FMS reserve program. Items with no demand in those four years, including the system support buyout period, may be processed for disposal.

Worldwide Warehouse Redistribution Services

Worldwide warehouse redistribution services (WWRS) is a program designed to redistribute excess spare parts and support equipment acquired by FMS customers. Items available through WWRS must be U.S.-origin items in operating condition. WWRS is designed to be self-funding through the collection of a redistribution service fee assessed on the sales price of the materiel sold. WWRS can be considered a virtual warehouse of assets used to fill FMS requisitions. WWRS may not include significant military equipment (SME). An approved LOA is the authority to purchase the WWRS listed materiel. FMS customers submit their list of excess items for sale through the WWRS program office at the AFSAC. The AFSAC posts the items to the WWRS web site. Prices are determined by the seller. Buyers purchase items listed on the WWRS by submitting a supply requisition against a blanket order case to the AFSAC. Neither the buyer nor the seller is identified in the web site. Once a buyer requisitions the item, the seller is instructed by the AFSAC to ship the material to a contractor near Dayton, Ohio. Title to the material transfers to the USG upon passing inspection by the contractor. After inspection and sanitization, the item is shipped, and title transfers, to the buyer. Using this process ensures no third-country transfer violations. The WWRS listing of materiel, customer handbook, and program changes and enhancements can be found on the WWRS home page at <https://afsac4.wpafb.af.mil/wwrs>.

Aerospace Maintenance and Regeneration Center

The Aerospace Maintenance and Regeneration Center (AMARC) is a joint service storage, regeneration, reclamation and disposal facility located at Davis-Monthan Air Force Base that maintains approximately 4,500 aircraft from all branches of service. The operation is unique in that authorized customers from all over the world may withdraw parts and aircraft. The AMARC maintains aircraft in long term and short term storage. Long term storage aircraft may be contingency weapon systems, weapon systems designated for potential FMS sales, and weapon systems designated for reclamation. The inventory consists of wide range of reciprocating, turboprop, and jet engine powered fixed and rotary wing aircraft. International customers may withdraw entire aircraft from storage, or simply hard to obtain spare parts. Historically, approximately 25 percent of the aircraft at AMARC have gone back into flying status.

PUBLICATIONS SUPPORT

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

In most cases, as with other aspects of the FMS program, no special system has been developed to requisition publications to support the FMS customer. The systems already used by each of the MILDEPs and other DoD organizations to meet internal requirements have all been adapted for the FMS customer.

Numerous web sites provide access to MILDEP and DLA publications, but most can only be accessed through a .mil or .gov address. An up-to-date list of publications web sites can be accessed through the external links identified on the Defense Institute of Security Assistance Management (DISAM) home page at <http://www.disam.dsca.mil/>.

Initial versus Follow-On Publications Support

Under the total logistics support concept (Figure 10-3), publications are an integral part of the support package for major weapons systems. Each major system sale includes those publications required to maintain the system. Technical publications are crucial items in the FMS program since they often provide the only operating and maintenance instructions for the equipment purchased by FMS customers. Without the proper publications, equipment may be misused or improperly maintained.

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

Types of Cases/Categories of Publications

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

Navy Publications

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

Army Publications

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

To understand the system, the purchaser needs to comprehend two terms used to describe the methods of distribution: resupply and initial distribution. The resupply method includes both defined

and blanket order cases, and the publications are requisitioned using the DA Form 4569-1-R, Security Assistance Publication Requisition Code Sheet. The instructions and a copy of this form are contained in DA Pamphlet 25-33, and the form can be locally reproduced. On the other hand, the purchaser uses the DA Form 12-99-R, Initial Distribution Requirements for Publications, to obtain publications using the initial distribution method (sometimes called pinpoint distribution). This reproducible form with instructions is also in DA Pamphlet 25-33.

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

Air Force Publications

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

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

Publications from DoD and Other Sources

Publications are normally ordered through FMS cases with the three MILDEPS; however, some publications can be ordered directly from the agency that acts as the single manager for a particular series. Requisitioning from these sources directly can speed up the delivery. In some cases, the agency is the only source of the publications. There are many DoD directives, instructions, and publications that may be of interest to FMS customers. Most can be viewed and downloaded from the proponent MILDEP publishing agency web site.

Further guidance for FMS customers on obtaining publications is available online in “The New Guide to Security Assistance Publications,” by Forrest E. Smith, *The DISAM Journal*, Spring 2005, http://www.disam.dsca.mil/pubs/Journal%20Index/Journals/Journal_Index/Vol%2027_3/Smith.pdf.

EQUIPMENT DISPOSAL

The disposal phase begins when an FMS customer has a need to dispose of all or part of a weapon system. SAMM, chapter 8, states that the proper use of U.S. origin items is a joint responsibility of the recipient and U.S. personnel. Often an item must be demilitarized to eliminate its military capability. Classified features and those that pose physical or environmental hazards should be neutralized prior to or during the disposal process. Demilitarization procedures are outlined in DoD 4160.21-M-1. International customers are encouraged to use the DoD procedures for demilitarization if they have

no equivalent demilitarization procedures of their own. Demilitarization guidance is available from weapon system managers or through the DRMS. The SAMM, section C8.6, provides further guidance on equipment demilitarization and disposal.

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

Both the DoS and DoD have set up end use monitoring (EUM) programs to assure that defense articles are used according to agreements with the U.S. from receipt to final disposal. See Chapter 18, “End-Use Monitoring and Third-Party Transfer,” of this text book .

TEAMS USED TO SUPPORT COUNTRY REQUIREMENTS

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

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

Quality Assurance Teams

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

Technical Assistance Teams

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

Mobile Training Teams and Mobile Education Teams

Mobile training teams (MTTs) and mobile education teams (METs) consist of U.S. military and civilian personnel temporarily in country to train/educate foreign military personnel. MTTs/METs are authorized to conduct in-country training when the requirement is beyond the capability of the

security assistance office and it is more effective to bring the training to the country. MTTs/METs are not authorized to provide technical assistance.

Extended Training Service Specialists

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

Contract Field Services

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

Technical Assistance Field Teams

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

As part of the TPA for support, it is essential that consideration be given to using the various teams available to assist in both initial and follow-on support. For additional information, see the SAMM, section C10.5, and Chapter 14, "International Training," of this text book.

DISCREPANCY REPORTING

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

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

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

It is the goal of the U.S. government to efficiently resolve reported discrepancies as soon as possible. Where it is determined that the U.S. government is responsible, the implementing agency will make a financial adjustment for the recipient country. Furthermore, it is policy that the U.S. government is not responsible for discrepancies occurring after title transfer to the FMS customer. An exception to this is a discrepancy in billing, which normally occurs after title has passed to the purchaser.

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

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

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 insuring 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 handled by filing a claim with the shipper against the carrier on a Transportation Discrepancy Report (TDR), Department of Defense (DD) form 361. The TDR procedures apply to any security assistance shipment made within the defense transportation system (DTS). Transportation discrepancies are discussed in detail in Chapter 11, "Foreign Military Sales Transportation Policy," of this text.

Product Quality Deficiency Reports

The product quality deficiency report (PQDR) program provides users with a method of reporting deficiencies in new or newly reworked materiel to the item manager for preventing recurrence. Item managers use PQDRs to justify freezing assets, purging system assets, or returning materiel to the contractor for repair or replacement. Foreign military sales customers are encouraged to submit a PQDR, Standard Form 368, via the ILCO to the item manager or to a technical coordination group (TCG) of which the FMS customer is a member. However, submission of a PQDR will not automatically give the purchaser any financial credit or provide a replacement item. When the deficient item is still within the SDR submission timeframe, the customer may submit the SDR in lieu of the PQDR to the ILCO in order to be considered for compensation for discrepant materiel. The ILCO will provide information about the product deficiency to the item manager. However, when the SDR submission timeframe has expired, the purchasers should use the PQDR to advise the U.S. item managers of product issues. *Defense Logistics Agency Regulation 4155.24* provides further information on the submission criteria and use of the PQDR.

Financial Discrepancies

Financial discrepancies are very rare, but may occur when the incorrect accessorial charges are recorded by DFAS on the quarterly bill. An example of a financial discrepancy is an incorrect

transportation charge due to a change in delivery terms. Such discrepancies should be identified by the purchaser and submitted directly to DFAS (except for U.S. Air Force FMS cases) in a letter format requesting correction. The SDR form, SF 364 is not used for reporting financial discrepancies. The U.S. Air Force requires the financial discrepancy to be submitted to the AFSAC. The following address should be used when submitting the financial discrepancy:

DFAS-IN/JAXBC
8899 E. 56th Street
Indianapolis, IN 46249

Supply Discrepancies

Supply discrepancies are those caused by the ILCO, item manager, shipping activity, or by the manufacturer. They are reported by the country or freight forwarder to the appropriate ILCO on an SF 364.

Shipment Discrepancies

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

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

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

Another problem is caused by the use of multi-pack shipments. This is a packaging method whereby many different items are, for economic reasons, packed and shipped in a single container. Often the documentation on the outside of the crate or box identifies only the document used to track the container. Inside, there may be 20 to 30 small items consolidated in the shipment which may be individually accounted for by the foreign customer.

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

Substitute Items. SDRs are often submitted for incorrect items because the shipping activity did not have a specific item in stock and, instead, shipped an authorized substitute. Although the item will often perform as well as the requested item, the purchaser submits an SDR because it is not the same

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

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

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

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

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

Items with a shelf life code (SLC) of 24 months or greater, issued to satisfy FMS shall be in condition code A, with a minimum of 12 months shelf life remaining. Requesters have the option to waive the 12-month minimum by submitting exception requisitions (A05).

Items with a SLC of less than 24 months are not subject to the 12-month minimum. However, they must be issued from condition code A assets, unless the purchaser specifies that other than condition code A materiel is acceptable.

Shelf life extensions for items/materiel in the custody of the FMS customer can be found by contacting the USG security assistance or international program offices having responsibility over the FMS case. The office can access the DoD shelf life extension system for applicable data and extension test results.

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

Billing Discrepancies

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

Submission of Supply Discrepancy Reports

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

The Element of Time

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

The constraint of time is not applicable in the case of a latent defect, which is defined as a defect which exists at the time of acceptance, but which cannot be identified by a reasonable inspection.

The element of time, twelve months from the date of initial shipment, is provided in the terms and conditions of the LOA, section 5.4, to allow the purchaser sufficient time to receive, inspect and, if necessary, test the material. It does not constitute a warranty, but rather allows the FMS customer to assemble the necessary documentation to support a claim for a discrepancy.

The Element of Value

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

Cause of Discrepancy

It must be decided whether the resolution of a reported discrepancy is the responsibility of the shipper (U.S. government) or the carrier. If a carrier discrepancy is suspected, claims should immediately be filed directly with the carrier, as a carrier's liability is terminated after nine months from the date of shipment. If the discrepancy is a shipper or billing responsibility, an SDR should be prepared and forwarded to the appropriate ILCO for initial processing. Table 10-3 provides a decision table to assist the purchaser in determining the appropriate action to be taken with respect to the gamut of discrepancies that might be encountered. Further SDR decision criteria can be found in the SAMM, Table C6.T5.

Table 10-3
Decision Table for Supply Discrepancy Report Submissions

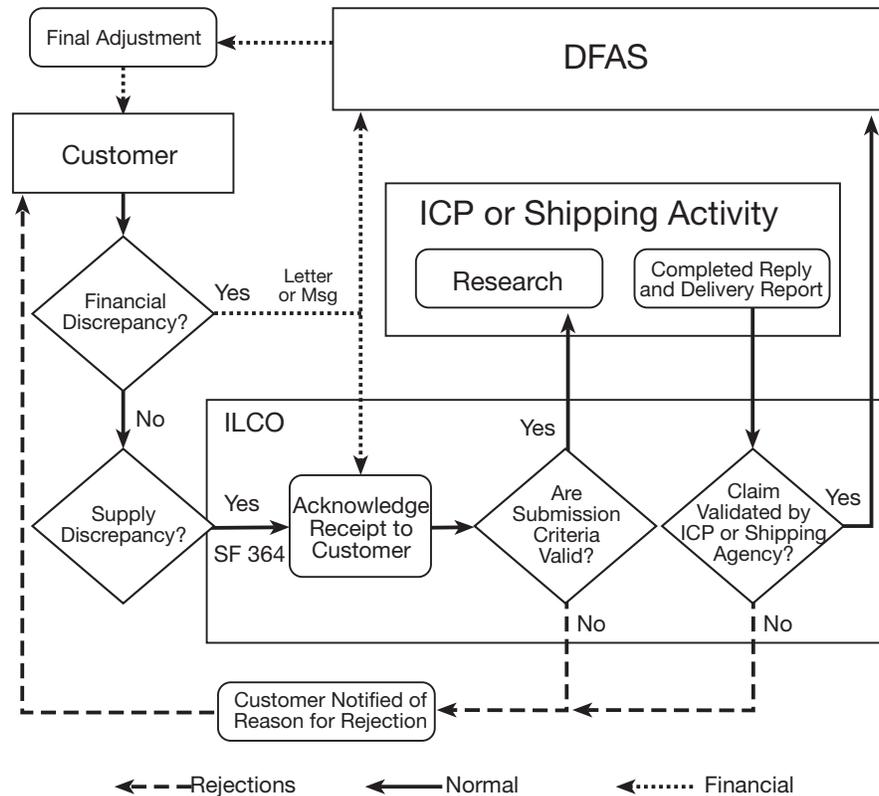
Discrepancy	Action
Transportation: Packages are missing or damaged when received.	<p>Inspect the shipping manifest to insure that cargo is missing and/or was not damaged when picked up by carrier.</p> <p>If DTS is the carrier, contact U.S. military representative and have the SAO submit an DD 361 (TDR).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

THE DISCREPANCY REPORT

After completing the step-by-step review and process just outlined, the next action involves preparation of the supply discrepancy report. Refer to Figure 10-4 for this process. The SF 364, Supply Discrepancy Report, is the document used in reporting selected discrepancies. See Appendix

1 for a sample SF 364. The requirement for the FMS customer to submit reports of discrepancy on a SF 364 is included in the conditions of each LOA negotiated with the country.

**Figure 10-4
Discrepancy Process**



The original and six copies of the SF 364 along with a copy of all applicable documentation should be forwarded to the ILCO of the military service managing the FMS case. Electronic submission of the SDR via STARR-PC, Navy e-Business Suite, AFSAC on-line, the SCIP or some other electronic medium will speed up the investigation process, but the FMS customer must still follow-up the electronic submission with sufficient hard copy documentation to facilitate rapid and accurate resolution. Photographs of materiel, as received, which involve damaged or mislabeled materiel, should be attached as evidence to substantiate the claim. If available, other documents that should accompany the SF 364 include copies of the DD Form 1348-1A, Issue Release/Receipt Document; DD Form 250, Material Inspection and Receiving Report; any previously received status reports, bills of lading, drawings, and any other related documents that support the SDR. Supply discrepancy reports for other than transportation or financial discrepancies should be submitted to one of the following:

Navy

Commanding Officer
 Navy Inventory Control Point
 ATTN: Code P753112
 700 Robbins Avenue
 Philadelphia, Pennsylvania 19111-5098

Army

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

Air Force

AFSAC/COSD
5490 Pearson Road
Wright-Patterson Air Force Base, Ohio 45433-5332

Initial Edit

When a SF 364 is received from an FMS customer, the ILCO acknowledges receipt to the customer. The receiving activity then makes an initial edit of the SDR for proper format, and a second edit against the FMS management information system, SAMIS, MISIL or CISIL. The ILCO has fifteen days to accomplish this initial processing. If correct, the SDR is recorded, entered into the processing system, and forwarded to the appropriate inventory control point or shipping activity for further processing. The ICP/shipping activity has sixty days to research the SDR and provide evidence of shipment or delivery. If the initial edit by the ILCO reveals that the SDR was submitted in error, e.g., not in accordance with the conditions on the LOA or was submitted with insufficient information for processing, the SDR is rejected with the reason(s) indicated.

Resolution

Resolution of an accepted SF 364 normally requires a minimum of 120 days after receipt. Thus, the FMS customer will normally not receive any report of the final action taken until about four months after receipt of the SF 364 by the appropriate ILCO. If a purchaser's request for consideration under this procedure is denied by the MILDEP concerned, i.e., an unfavorable finding, the purchaser may request reconsideration by resubmitting the SDR within ninety calendar days of the denial. A copy of the original SF 364, annotated to indicate that it is a resubmission along with all supporting documentation, is resubmitted to the ILCO. The FMS customer should include a cover letter explaining why the original finding is thought to be incorrect. If the customer remains dissatisfied with the second response, the SDR may be resubmitted a third time within ninety days of the date of the second response. A third submission is normally accomplished only if there is additional documentation to support the claim.

Final Action

The appropriate MILDEP item manager or shipping activity of the source of supply is responsible for providing an SDR reply either by completing the reverse side of the SF 364 or providing comparable documentation and returning it to the ILCO.

When directed by the ILCO, DFAS takes appropriate financial action on the purchaser account. Credit to the purchaser's FMS case is the normal resolution of a valid SDR. The billing statement furnished to the purchaser on a quarterly basis (DD Form 645) will reflect such financial adjustments.

Mandatory Defense Security Cooperation Agency Approval

Defense Security Cooperation Agency approval of an SDR is required when the implementing agency determines the U.S. government is liable for correction of the discrepancy under the terms and conditions of the LOA and recommends the use of FMS funds, and the value of the SDR is in excess of

\$50,000. DSCA approval is also required when the SDR involves a resolution which is not consistent with guidance provided in the SAMM or other appropriate directives.

Material Returns

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

Warranties and Supply Discrepancy Reports

The SDR process is not a warranty. FMS customers may submit SDRs for discrepant material whether or not a warranty exists. Per the SAMM, section C6.3, if the purchaser desires a special performance warranty, the U.S. will purchase one and exercise these rights at an additional cost. If the FMS purchaser did not request and pay for a special performance warranty, then they have no warranty (except for clear title). If the U.S. happens to purchase a routine warranty, no special warranty actions are required by the purchaser. The purchaser may receive the benefit of any routine warranties through the SDR process. The presence of a warranty or lack thereof influences the potential range of remedies the DoD can pursue. The implementing agency may accept the SDR for evaluation, however doing so does not automatically create an obligation to compensate the FMS customer. If a written warranty exists and is documented in the LOA, an SDR submitted for warranty repairs or service is valid as long as the warranty is effective.

FOREIGN MILITARY SALES TRANSPORTATION REIMBURSEMENT POLICY

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

- FMS items furnished by defense working capital fund (DWCF) activities
- FMS items furnished by non-DWCF activities
- Packing, crating and handling relating to FMS materiel
- Local disposal relating to FMS materiel
- Transporting items repaired under a warranty to the FMS customer

It does not apply to items requested by the international customer via direct commercial sales, or for materiel at the FMS customer freight forwarder for disposition to a U.S. depot or contractor facility.

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

SUMMARY

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

The primary interface between the foreign country and the U.S. logistics system are the ILCOs, i.e., USASAC, NAVICP-OF, and AFSAC. These organizations have employees who resolve foreign military sales purchaser's logistics problems.

It is DoD policy to support FMS systems and equipment. In this regard, both initial support and follow-on support have to be considered as part of the total TPA. TPA ensures that FMS customers plan for and obtain all necessary support items, training, and services required to introduce and operate major systems and equipment. In addition, both initial and follow on support must be considered at the time a major system is sold. The purchaser's unique requirements are often determined through a site survey. Instrumental to determining the range and depth of required spares is the concept of provisioning. Provisioning entails numerous considerations such as reliability, maintainability, economy, level of repair, and military essentiality. The benefits of provisioning are passed on to the FMS customer through definitization of the purchaser's total package.

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

There are several methods for acquiring such support, including CLSSA.

Several follow-on support programs are in place for acquiring hard to obtain assets. The PROS and SNAP commercial buying services focus primarily on obtaining non-standard spares for the FMS customer. The FMS reserve maintains in inventory many spares that are needed by FMS customers but no longer used by the DoD. Follow-on support can also be acquired through a variety of programs whereby materiel excess to the needs of the USG can be made available to purchasing countries under FMS.

Because of the sheer number of FMS transactions and the worldwide distribution of the materiel involved, the opportunity for errors, differences, and discrepancies is ever present. In order to manage the discrepancy situation, a formal reporting system has been established using the Supply Discrepancy Report (SF 364).

REFERENCES

Air Force Manual 16-101, *International Affairs and Security Assistance*.

Army Regulation 12-1, *Security Assistance, International Logistics, Training, and Technical Assistance Support Policy and Responsibilities*.

Navy Supply Publication-526, *FMS Customer Guide*.

Navy Supply Publication-541, *Security Assistance Manual*.

JP 4-0, *Doctrine for Logistics Support of Joint Operations*, 6 April 2000.

Department of Defense. DoD 5105.38-M, *Security Assistance Management Manual (SAMM)*, Chapter 6.

Department of Defense, Joint Regulation DLA 4140.55, AR 735-11-2, SECNAVINST 4355.18A, AFJMAN 23-215, *Reporting of Supply Discrepancies*.

Department of Defense. DoD 4140.27-M, *Shelf Life Management Manual*.

