

# FOREIGN MILITARY SALES TRANSPORTATION POLICY

## INTRODUCTION

The movement of and the accounting for foreign military sales materiel involves a number of transportation complexities as the materiel flows from the military department depots and contractor points of origin to the ultimate customer. This chapter examines those complexities, to include the Department of Defense (DoD) policy governing the process, organization, and responsibilities of those activities engaged in the movement and accounting of the materiel. Each topical area affords the reader an appreciation of the policy and the individual roles and responsibilities of the country representatives, freight forwarders, and DoD. Policy for the movement of foreign military sales (FMS) materiel is the responsibility of the assistant deputy under secretary of defense for transportation policy within the under secretary of defense for acquisition, logistics, and technology organization.

## BASIC TRANSPORTATION POLICY

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

### Title Transfer

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

### Point of Delivery

The point of delivery is that point in the transportation cycle where responsibility for physical movement of a FMS shipment passes from DoD to the purchaser. The point of delivery is identified on the letter of offer and acceptance (LOA) by the delivery term code (DTC). The continental U.S. (CONUS) point of shipment/origin is normally also the point of delivery, especially for shipments to freight forwarders. However, there are numerous situations when the point of delivery may be a CONUS port of exit (POE), a ship, or a purchaser's port or in-country destination.

### The Defense Transportation System

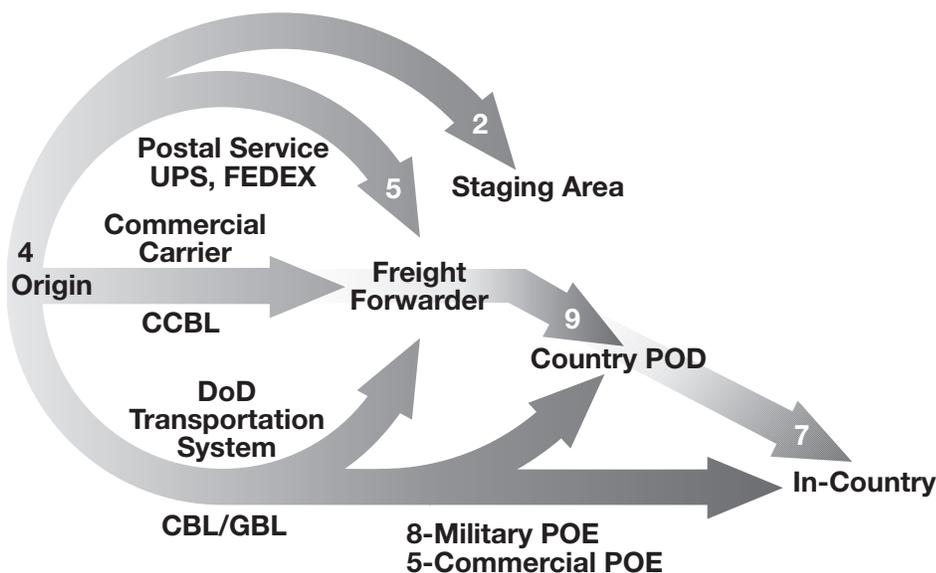
The DoD prefers FMS customers to be self-sufficient in the shipment of their FMS materiel; that is, all transportation arrangements from the point of origin should be made by the FMS customer. However, the DoD recognizes that neither do all FMS customers have the resources to perform their own transportation or hire their own freight forwarder, nor are all categories of materiel eligible to be

transported through commercial channels. For these reasons, the DoD arranges transportation for the FMS customer using the defense transportation system (DTS).

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

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

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



**Figure 11-1  
Foreign Military Sales  
Transportation Process**

Note that when using the DTS, the USG normally maintains control and custody of the materiel (but not the title) until delivery to the purchaser.

Since use of an FMS-funded bill of lading for an FMS shipment is considered a DTS shipment, the DoD is performing a reimbursable service for the FMS customer and custody must not be construed to mean retention of title or acceptance by DoD of any risk of loss or damage. If the DTS ships an item to an FMS recipient, including a recipient freight forwarder, and loss or damage occurs, the recipient must file a claim with the carrier. If resolution with the shipper is unsuccessful, the recipient may submit supply discrepancy reports (SDRs) to request additional shipment or billing information or to obtain implementing agency (IA) assistance in resolving the discrepancy. The USG has responsibility for filing and processing claims with carriers when shipment is made on a prepaid basis to locations where DoD personnel or other USG representatives have primary responsibility for receipt inspection and acceptance. When the USG files the claim, the benefits will be reimbursed to the purchaser.

### **Insurance**

If the FMS purchaser does not want to self-insure a shipment, the purchaser should obtain commercial insurance for the FMS shipments. The FMS customer's freight forwarder may be able to arrange for commercial insurance as part of the freight forwarder's contract with the FMS customer. Only in exceptional situations will a military department obtain insurance for the purchaser. When this happens, the insurance will be billed as a separate line item on the LOA.

### **Preservation, Packing and Marking**

The LOA, standard terms and conditions, Section 5.1, state that defense articles will be packed and crated prior to the time that title passes. This packaging is done in accordance with MIL-STD 2073-1D, *Department of Defense Standard Practice for Military Packaging*. This reference, and the *Security Assistance Management Manual* (SAMM) section C7.10, require packing for protection of materiel under anticipated favorable environmental conditions of worldwide shipment, handling and storage. This level of packaging is designed to protect materiel against physical damage and deterioration during favorable conditions of shipment, handling and storage in warehouse conditions for a minimum of 18 months. Additional special packing is available as an additional FMS service for an additional fee.

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

### **Small Parcel Shipments**

The U.S. Postal Service (USPS) defines a small parcel as an item that is 70 pounds or less in weight, and is 108 inches or less in combined length and girth. Transportation officers are authorized to use either the USPS parcel post facilities or commercial package carrier equivalents, such as United Parcel Service (UPS) or Federal Express Corporation (FedEx) for small parcel shipments. Overseas movement via the military postal service (APO or FPO) is used only if the APO/FPO is specifically identified in the LOA and the APO/FPO has given written approval that they accept responsibility

for receiving security assistance shipments. The DoS's diplomatic pouch services cannot be used for materiel shipments. As a rule, the APO/FPO and diplomatic pouch modes are not to be used for FMS shipments; however, exceptions to this policy are authorized for classified shipments when the purchaser does not have approved facilities to receive classified items in the U.S., or where the LOA specifies delivery in-country through the security assistance office (SAO) or mission. The SAMM, section C7.6.4, states that such exceptions will be kept to a minimum and the cost of such shipments will be assessed to the purchaser. When shipment is to be via domestic parcel post or commercial carrier equivalents, the transportation service selected must provide a proof of entry into the transportation network and a proof of delivery to the consignee.

### **Consolidation**

FMS issues from a stock point will be consolidated by addressee for shipment purposes to the greatest extent possible consistent with customer requirements. Consolidation of line items into containers or shipment units will be limited to the same U.S. sponsoring service, the same FMS case designator, the same "Mark-for" and "Ship-to/Freight Forwarder" locations, and the same priority designator (designators 01-08 may be mixed but not with lower priorities). When items are consolidated, the container should be marked to indicate a consolidated shipment.

### **Dangerous Goods Shipments**

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

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

Failure to adequately package and label dangerous goods, and/or failure to properly provide accurate shipping documents results in frustrated cargo that cannot clear customs and leave the U.S..

If a freight forwarder receives such a shipment, the DoD is still responsible for resolving the discrepancy, which often can be a time-consuming and costly process to both the DoD and the freight

forwarder. The DoD is not exempt from paying costly fines imposed under 49 CFR for failing to comply with HAZMAT transportation regulations.

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

### **Classified Shipments**

Classified shipments of FMS materiel are often made via the DTS which provides the required security and enables DoD to maintain control and custody of the materiel until delivery to the purchaser. Classified materiel or data must be moved under security safeguards appropriate to the transportation mode employed, as established by DoD 5200.1-R, *Information Security Program Regulation*.

Classified and sensitive materiel is identifiable through the controlled inventory item code listed in the catalog data for that item. Classified items should also be identified on the letter of offer and acceptance. Commercial transportation may be used for the movement of classified or protected materiel provided the carrier has fulfilled the required criteria and has the proper authorization as delineated in DoD 4500.9-R, *Defense Transportation Regulation*, Part II, "Cargo Movement," and DoD 5220.22-R, *Industrial Security Regulation*.

The DoD 5200.1-R, chapter 8, specifically advises that classified materiel shall be transmitted only to an embassy or other official agency of the recipient government, or for loading on board a ship, aircraft, or other flag carrier designated by the recipient government at the point of departure from the U.S. classified materiel shall be transferred on a government-to-government basis by duly authorized representatives of each government.

Some freight forwarders have been cleared to receive classified shipments. A foreign government, embassy, or country representative may request a freight forwarder security clearance by contacting the Defense Industrial Security Clearance Office (DISCO), Attn: Facility Clearance Division, 2780 Airport Drive, Suite 400, Columbus, Ohio 43219-2268. The DISCO web site contains directions and forms that needed to be completed prior to submitting with the letter requesting a facility clearance. A copy of the facility clearance letter must be sent to the Defense Logistics Management Standards Office (DLMSO), Suite 1834, 8725 John J. Kingman Road, Ft. Belvoir, VA 22060-6217. The DLMSO will update the Military Assistance Program Address Directory (MAPAD) to identify that the freight forwarder is cleared to handle classified freight.

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

Before classified FMS materiel can be shipped, the procedures for safeguarding it must be spelled out in a detailed transportation plan that must be prepared by the IA that prepares the LOA, in cooperation with the FMS customer. The transportation plan must identify the individual responsible

for safeguarding the classified materiel, the methods of transport, the locations of transfer and delivery, the location of storage or processing facilities, and the security clearances of all personnel and facilities involved in the transfer. The IA must ensure that its own security officials review and approve the transportation plan.

The transportation plan is an integral part of all official copies of the LOA, and it must be maintained in the case file. It must be made available to U.S. Customs and Border Protection and other security officials when classified materiel is exported. Transportation plan specifics are detailed in the SAMM section C3.F5. Classified FMS shipments require a U.S. DoS export authorization DSP-94, Authority to Export Defense Articles Sold Under the Foreign Military Sales Program, to be permanently exported. A DSP-85, Application/License for Permanent/Temporary Export or Import of Classified Defense Articles and Related Classified Technical Data, may be required for classified materiel to be temporarily or permanently re-imported by a commercial or foreign government representative. This includes classified materiel coming back into the U.S. for repair, overhaul, testing, calibration, training or disposal.

### **Sensitive Shipments**

Sensitive arms, ammunition and explosives (AA&E) is a special term that describes conventional weapons, ammunition and explosives that need special protection and security to keep them out of the hands of criminals and terrorists. Conventional AA&E are munitions that are not nuclear, biological or chemical (NBC) munitions. NBC items are covered by their own regulations. Criminals and terrorists find conventional sensitive AA&E desirable because they are deadly, portable and easy to steal if unprotected.

The DoD applies special security controls to sensitive AA&E. Sensitive materiel will always be moved via the DTS under delivery term codes (DTCs) 7, 8 or 9. Sensitive AA&E fall into four hazardous materiel categories, which are discussed in detail in the SAMM section C7.17. Category I materiel must be transported to at least a customer country's port of debarkation (POD) under DoD control, unless waived by the Defense Security Cooperation Agency (DSCA). The applicable DTC on the LOA will be 9 or 7. Categories II through IV items must be shipped at least to a DoD ocean or aerial port where DoD personnel load it into a customer country's ship or aircraft. The LOAs for these items must be written with a DTC with no less than 8.

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

### **Notice of Availability**

Classified, sensitive and hazardous shipments require the use of notices of availability (NOAs), DD Form 1348-5. These notices may be mailed or sent electronically by the shipper. The NOA alerts the freight forwarder/country representative that a shipment is ready for movement and that appropriate actions are to be taken to ensure the protection of the materiel and, for classified items, proper government-to-government transfer. NOAs for unclassified, sensitive, oversized and hazardous materiel are sent to the type address code (TAC) 3 address identified in the MAPAD. NOAs for classified materiel, however, must be sent to the country representative identified in the country's special instructions in the MAPAD, not the TAC 3 address. This is normally the country's embassy in Washington, D.C. The MAPAD will be discussed in detail later in this chapter. Notices of availability

are only applicable when the delivery term code is 4, 5, 8, B, C, E or H, and for all classified items regardless of DTC. An example of a notice of availability is at Figure 11-2.

**Figure 11-2  
Notice of Availability (DD 1348-5)**

<b>NOTICE OF AVAILABILITY/SHIPMENT</b>		<small>FROM Issuing Activity's complete name and address</small> DEFENSE SUPPLY CENTER RICHMOND (S9G) 800 JEFFERSON DAVIS HWY RICHMOND, VA 23297-5000									
		<small>FOR Name of Country</small> GOVERNMENT OF BANDARIA									
<small>INVOICE NUMBER</small> PENKS420411147		<small>CASE ID</small> RAE	<small>TYPE/RACK</small> 1	<small>RELS</small> 1	<small>WEIGHT (kg)</small> 99.20	<small>CUBE</small> 282.52	<small>SECURITY CLASSIFICATION</small> UNCLASS				
<small>AMMUNITION/SCORING CLASS</small> N/A				<small>EXTENDED DIMENSIONS/WEIGHT</small> <table border="1"> <tr> <td><small>WEIGHT (kg)</small> 99.20</td> <td><small>LENGTH (cm)</small> 13.12</td> <td><small>WIDTH (cm)</small> 6.56</td> <td><small>HEIGHT (cm)</small> 3.28</td> </tr> </table>			<small>WEIGHT (kg)</small> 99.20	<small>LENGTH (cm)</small> 13.12	<small>WIDTH (cm)</small> 6.56	<small>HEIGHT (cm)</small> 3.28	
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<small>TO BE COMPLETED BY ADDRESSEE (Press hard when writing)</small>											
<small>1. After completion detach both copies - retain Copy 2 for your records.</small>				<small>2. Fold Copy 3 place in envelope and mail at once to the Issuing Activity's address.</small>							
<small>CONSIGNEE TO (Enter the complete name and address of Consignee)</small> <table border="1" style="width: 100%;"> <tr> <td style="width: 50%;"><small>NAME</small></td> <td style="width: 50%;"><small>STREET</small></td> </tr> <tr> <td><small>CITY</small></td> <td><small>STATE (include ZIP Code)</small></td> </tr> </table>								<small>NAME</small>	<small>STREET</small>	<small>CITY</small>	<small>STATE (include ZIP Code)</small>
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DD FORM 1348-5, JUN 69 (EG)

### United States Flag Shipping

In accordance with the Merchant Marine Act of 1936, as amended, defense articles purchased through the foreign military finance program (FMFP) and which will be shipped by ocean vessel, are to be transported in vessels of U.S. registry. However, under certain circumstances, the law permits the granting of waivers, allowing not more than 50 percent of the cargo to be shipped in vessels flying flags of the country to which the credit/loan agreement applies.

DSCA and the U.S. Maritime Administration of the Department of Transportation closely monitor credit/loan shipments. Waiving and monitoring procedures are a part of the sales agreements. DSCA has the responsibility for acting on waiver requests from the foreign countries, while the Maritime Administration monitors actual shipments.

Additional information concerning credit agreements and waivers may be found in this text in Chapter 12, "Foreign Military Sales Financial Management," and the SAMM, sections C7.12 and C9.7.

### Accessorial Services and Charges

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

Transportation costs for other than collect commercial bill of lading shipments are considered accessorial costs. Transportation rates are assessed when the DTS provides transportation for FMS materiel, when items are shipped on a government or commercial bill of lading, and when packages are shipped prepaid through the U.S. Postal Service, FEDEX, UPS, or through any commercial carrier. Consult the FMR, Chapter 7, for transportation rates, their application, and computation.

## **TRANSPORTATION RESPONSIBILITIES**

There are normally three parties involved in the movement of FMS materiel: the USG, the purchaser, and the freight forwarder. Each has specific responsibilities that must be met in order to assure the efficient movement of materiel. The SAMM, section C7.4 provides additional information concerning the various responsibilities.

### **United States Government**

The USG initiates shipments to freight forwarders and provides transportation services for specific items identified in the LOA. As the shipment initiator, the USG can cause problems in the movement of FMS articles to the purchasing country. Any failure in the packing and shipping process can result in problems for the carrier, the freight forwarder, and the customer, and prevent prompt processing of claims, or prevent U.S. customs clearance. Packing and shipping facilities must ensure that packing documentation, hazardous certification, and FMS case identification are properly affixed to the container. Shippers must pack and mark FMS material, and certify hazardous material, to the final destination. Additionally, it is essential that the on-line MAPAD system is used in creating the clear-text address on the shipping label. Failure to use the electronic MAPAD can result in items being shipped to the incorrect ship-to or mark-for addressee. It is the responsibility of the shipping activity to ensure that the information contained on the shipping label (or included on the accompanying documentation, i.e., a DD 1348-1, DoD Single Line Item Release/Receipt Document, a DD 250, Material Inspection and Receiving Report, or a DD 1149, Requisition and Invoice/Shipping Document) include as a minimum the price or value of the shipment, the transportation priority, a description of the item, the FMS case identifier and the military standard requisition and issue procedures (MILSTRIP) document number and supplementary address. When any of this information is omitted, the freight forwarder is unable to obtain customs clearance or is unable to identify the final destination for onward shipment. The item then becomes frustrated cargo and remains undeliverable until the applicable International Logistics Control Organization (ILCO) and shipping activity correct the errors. The same problems arise with items being shipped directly from procurement as those being shipped from stock.

Shipping activities are also responsible for providing the freight forwarder with advance documentation of the impending shipment, by sending out a DD 1348-5, Notice of Availability, and Maintaining Evidence of Shipment. The DTR, Part II, Appendix E requires all FMS shipping documents, including GBLs, CBLs, NOAs, transportation control and movement documents (TCMDs), issue release/receipt documents (DD Forms 1348-1, 1149, 250), inspection and receiving reports, air bills, supply transactions, transfer to carrier documents, acceptance data, and any similarly related materiel used to transfer FMS shipments to carriers to be retained for a mandatory 30 years in hardcopy format. This normally means keeping the documentation for two years at the shipper locations and 28 years in a national records archive. The SAMM, section C6.2.1 requires general FMS case files to be retained for 10 years after final case closure. This documentation should be retained in hard copy, but cases with large volumes of transactions may be stored electronically. USG agencies are required to provide necessary shipping information to enable the purchaser and/or freight forwarder to process claim actions against either the carrier or the USG. When applicable, the USG assists the purchaser in processing any claim that may arise for lost or damaged shipments in the same manner it processes

claims for USG-owned materiel. In addition, the DoD components can provide technical assistance and guidance to purchaser representatives/freight forwarders, if requested.

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

The DoD is required to prepare the DSP-94 export authority for shipments made entirely through the defense transportation system using either DoD or commercial ports. The freight forwarder or FMS customer prepares the DSP-94 for LOAs that include shipments made via a freight forwarder. In either situation, the IA's ILCO certifies the value of the materiel exports and lodges the DSP-94, along with a complete copy of the LOA, amendments and modifications, with the principal CONUS port of exit (POE). The DSP-94 is valid for two years, as long as the value of materiel to be exported does not change. Additionally, a shipper's export declaration is filed electronically at the U.S. port using the automated export system (AES), a Census Bureau tracking system for exports licensed by either the DoS or the DoC. An AES transaction is processed each time a shipment occurs, and the value of the shipment is decremented by CBP from the materiel export value on the DSP-94. The DoD shipper is responsible for reporting shipments via AES for service-owned materiel shipped entirely through DTS. For depot stock materiel, the shipper is the DLA. For FMS materiel coming from procurement and shipped entirely through DTS, the Defense Contract Management Agency (DCMA) is responsible for reporting via AES. When the shipment is made via a freight forwarder and not through DTS, the freight forwarder reports the shipment via AES. Whenever the value of materiel to be exported increases through a LOA amendment or modification, the DSP-94 must be amended and re-lodged with all supporting documentation at the POE. Specific export document preparation and filing instructions are provided in the SAMM, sections C7.T8 -T10.

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

### **Security Assistance Office Responsibilities**

Most SAOs will not be routinely involved in transportation issues. Many FMS customers are self-sufficient in arranging for materiel movement and receiving materiel both at CONUS ports and in overseas ports of debarkation. However, when the DTS is used to deliver materiel in country, with LOA delivery term codes 9 or 7, the in-country U.S. military representative, such as the SAO, may get involved.

The SAO is responsible for supervision of the discharge at destination of classified FMS materiel and equipment moving through the DTS. The SAO may be required to serve as the U.S. Designated Government Representative (DGR), and ensure proper transfer of the classified materiel to the FMS customer's DGR. If the SAO is to serve as the U.S. DGR, the responsible individual must be identified in the transportation plan for the movement of classified materiel. The IA is responsible for preparing

the transportation plan. The case manager should provide a copy of the transportation plan to the SAO, or other U.S. military representative acting as the U.S. DGR.

The extent of the SAOs responsibility in the discharge of unclassified materiel shipped through the DTS will depend upon the capabilities of the foreign purchaser. This responsibility may include making arrangements for receipt of the cargo, assuring establishment by the purchaser of adequate procedures for checking the equipment and materiel against manifests and shipping documents, providing technical advice regarding proper discharge of cargo, and responding to transportation correspondence and initiating various transportation receipt documents and discrepancy reports as outlined in the Defense Transportation Regulation, chapter 210, and the Defense Logistics Agency Instruction 4140.55, *Reporting of Supply Discrepancies*. This latter instruction provides information on reporting shipping or packaging discrepancies attributable to the responsibility of the shipper (i.e., overages, damages, or non-receipt) to be reported via a SDR by the receiving activity.

The following guidance is provided for shipments made through the DTS on delivery term codes 9 or 7.

If shipment is via SDDC-arranged surface transportation, the U.S. military representative in the purchaser country should receive certain documentation from either SDDC or the ocean carrier at the direction of SDDC. First is a cargo traffic message. This is a non-detailed summation of cargo picked up at a CONUS port of embarkation. It is normally addressed to any destination that is to receive any of the cargo that is picked up. If the load includes any FMS cargo, these addressees will include the U.S. military representatives in the purchasing country. Although it does not include a lot of detail, the cargo traffic message advises if the load includes hazardous materiel or if the ocean container with FMS shipment units destined for the purchaser's water port of debarkation will be transferred to another ship while enroute.

For FMS shipments, a U.S. military representative in a purchaser country should also receive an SDDC cargo manifest. This manifest lists shipments (technically, shipment units; i.e., box, pallet etc.) by transportation control number (TCN), not by individual requisition. A shipment unit may contain more than one requisition which means that one TCN may cover a multiple of MILSTRIP document numbers. Shipment status, which is provided to in-country U.S. military representatives (TAC 4 MAPAD address), shows the TCN/document number connections. To ensure cross-referencing of supply/release documents versus shipment unit TCNs, each shipment unit has a military shipping label attached which includes the TCN, shipper's Department of Defense activity address code (DODAAC) and in-the-clear address, water port of discharge (WPOD), Military assistance program address code (MAPAC) and clear text address for the FMS ultimate consignee, the FMS case designator and other important data that clearly identifies the shipment as DoD-sourced and as an FMS shipment.

Finally, the SAO should receive an original ocean bill of lading for a voyage containing cargo for the FMS purchaser. This document is usually furnished by the carrier at the direction of SDDC, not by SDDC itself. This is almost always the most important document for the purchasing country for getting its FMS deliveries through customs, both its own and third party countries, if the WPOD is not located in the purchasing country itself. Customs clearance is the purchaser's responsibility. At no time should the SAO or U.S. military representative get involved in clearing customs for the FMS purchaser.

For any of this documentation to function as intended, it has to be received by the U.S. military representative in country. Unless the SAO actively establishes communications with SDDC's documentation division, SDDC will use the MAPAD TAC 4, 5 or 6 address by default. An APO or

State Department pouch service address may not move documentation quickly enough to be available for ship arrivals. Therefore, SAOs should directly contact the SDDC documentation division at Fort Eustis, Virginia and furnish them with a good message (or e-mail) addresses for cargo traffic messages and other addresses that will insure rapid delivery of ocean documentation. These contact numbers are (757) 878-8621, (757) 878-8623, (757) 878-8624 or (757) 878-8058.

The SAO or U.S. military representative may also be required to initiate Transportation Discrepancy Reports (TDRs), DD 361, when DTS shipments arriving in country are damaged or lost. The TDR process is discussed later in this chapter.

## **Purchaser**

Normally, the FMS purchaser is responsible for the transportation beyond the U.S. port of exit of its own materiel furnished under an LOA. The FMS purchaser may choose to hire a commercial freight forwarder to arrange for the receipt, processing, export, and import of security assistance materiel. The purchaser must clearly define his requirements in a contract with the freight forwarder. The military departments (MILDEPs) do not participate in negotiations of contractual arrangements between a country and a freight forwarder.

The FMFP funds cannot be used to pay for freight forwarder services. These services must be procured with the purchaser's own national funds. The prohibition on the use of FMFP to finance a freight forwarder is inferred from the language of the Arms Export Control Act (AECA), Section 23. The law citation is paraphrased in the SAMM, section C9.7.2. The USG (DoD) procures defense articles, defense services and construction for FMFP customers in accordance with the *Federal Acquisition Regulation/Defense Federal Acquisition Regulation* (FAR/DFARs). Under the law, the contractor works for the DoD and the funds are controlled by the DoD. Freight forwarders, on the other hand, are under contract to the foreign government, and DoD has no contractual authority over the freight forwarder. The DoD has no need to hire a freight forwarder because it has the U.S. Transportation Command which performs movement functions for DoD via the DTS. Consequently, services by a freight forwarder under contract to a foreign government do not constitute a defense service under the AECA and are not eligible for payment by the FMFP.

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

When the purchaser ships unclassified materiel back to the U.S. for repair or overhaul, the *International Traffic in Arms Regulations* (ITAR) section 123.4 exempts the import from further license applications, provided specific conditions are met. If no FMS case exists clearly authorizing the import, U.S. Customs and Border Protection inspectors may require a DSP-61, Temporary Import License.

## Freight Forwarder

The freight forwarder is a private firm under contract to the FMS customer to receive, consolidate, and stage materiel within the U.S. and arrange for its onward movement. As such, the freight forwarder's responsibilities must be specified in the contract. Freight forwarders vary considerably in size, personnel manning, and capability to process materiel, documents, and data for the purchasing country. However, no matter the size of the freight forwarder or amount of materiel handled, all freight forwarders should attempt to accomplish the following basic functions.

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

**An In-transit Visibility System.** The freight forwarder receives shipping documents and should always match them against actual materiel receipts. If shipping documents are received and no materiel is received, the freight forwarder should follow up with the indicated point of shipment. Some freight forwarders receive electronic supply status via the Defense Automatic Addressing System Center, which enables the freight forwarder to track all incoming status and shipment information, and perpetuate the necessary data, such as TCN in air or ocean manifests, air waybills, and customs declarations. An audit trail should be available to enable the country to track any non-receipt or damaged item from the purchasing country back to the point of origin.

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

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

**Shipment Damage.** Very few freight forwarders are permitted to open containers to check for possible damage of the contents. Claims must be filed against commercial carriers for shortages and visible damages. Because title to the materiel transfers to the FMS customer at the initial point of shipment, the freight forwarder should never refuse a shipment that is destined for the FMS customer. The DoD shipper has no authority to take the materiel back because the title is warranted to the FMS purchaser in the LOA. The freight forwarder should accept damaged articles and initiate claim action against the carrier, and resolve paperwork discrepancies with the shipper.

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

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

**Repairable Return.** Purchasing countries return numerous items to DoD organizations for repair and return or repair and exchange. The freight forwarder is responsible for clearing the incoming

shipments through U.S. Customs, and arranging transportation to the repair facility. Returning classified items must be licensed under a DSP-85. FMS customers must apply for the DSP-85 from the Department of State Directorate of Defense Trade Controls.

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

The selection of a freight forwarder must be made by the FMS customer. DoD personnel are not authorized to recommend a freight forwarder to a purchaser or tell a freight forwarder how to conduct his operations. The National Customs Brokers and Forwarders Association of America (NCBFAA), Inc. at: [www.ncbfaa.org](http://www.ncbfaa.org) publishes an annual membership directory. It lists the licensed customs brokers and international freight forwarders in numerous locations throughout the U.S. and other locations in the world. The directory explains what customs brokers and freight forwarders are and what they do. It also describes how to locate a customs broker or freight forwarder in a particular area in the U.S.. The NCBFAA membership directory is an excellent source of information on where and how to find a freight forwarder.

For more information on freight forwarder selection see DISAM publication *Foreign Purchaser Guide to Freight Forwarder Selection* located at [www.disam.dsca.mil/publications](http://www.disam.dsca.mil/publications).

## **TRANSPORTATION DISCREPANCIES**

Transportation discrepancies occur when there is loss or damage to an item that can be attributed to the carrier, e.g., loss of a crate or package, or a hole put through a container by a forklift during loading. These types of discrepancies are usually easy to detect by a visual inspection of the containers or by 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.

Supply discrepancy reports will not be accepted for damage caused by the carrier. The purchasing country, or its representative, is responsible for processing claims against the carrier for any damage that occurs during shipment. The freight forwarder will report these discrepancies to the DoD shipping activity with a letter or memorandum. The shipping activity will use these reports to initiate tracers or damage claims with the inland CONUS carrier using the DD 361, TDR, process described later in this chapter. A large number of supply discrepancy reports submitted by the purchaser for total non-receipts may indicate a potential problem at the freight forwarder's facility, and often the missing items have been found at the purchaser's freight forwarder awaiting shipment. If non-receipt is suspected, countries should initiate tracer actions in accordance with the SAMM, section C6.4.10.

Transportation discrepancy reporting procedures apply to any security assistance shipment made within the defense transportation system. This includes FMS shipments to overseas destinations and ports of debarkation (delivery term codes 7, 9, G, and J), to DoD CONUS ports of embarkation (DTCs 8, B, and C) and to DoD/USG CONUS-located activities and contractors (DTC 2). For overseas shipments, when the carrier is DTS, the FMS purchaser should contact the security assistance office, the defense attaché or the closest U.S. military representative. That individual then submits a TDR to the supporting Surface Deployment and Distribution Command office. If there is no U.S. military representative available in country at the time a DTS shipment is received, the FMS purchaser may

submit a supply discrepancy report using procedures described in Chapter 10, “Logistics Support of International Military Sales,” in this text. The TDR procedures do not usually apply to FMS materiel shipped to non-DoD consignees within the CONUS, e.g., FMS freight forwarders, customer country embassies or carrier facilities identified in notice of availability responses.

When the shipment is prepaid to the freight forwarder (DTC 5 or H) different procedures apply. Prepaid shipments to these destinations, regardless of the funding source, involve a contractual relationship between a DoD/USG shipping activity and the inland CONUS carrier. The FMS customer (the consignee) cannot submit claims or tracing requests directly to the carrier. As a non-DoD/USG entity, the FMS customer cannot submit TDRs. For these reasons, the freight forwarder or the country representative will report these discrepancies to the DoD shipping activity with a letter or memorandum. The shipping activity will use these reports to initiate tracers or damage claims with the inland CONUS carrier. The proceeds from claims will be forwarded to the customer country’s account held at the Defense Finance and Accounting Service-Indianapolis (DFAS-IN).

Non-prepaid shipments can either be picked up from a CONUS shipping activity by freight forwarder/customer country-arranged transportation, or they may be released by the shipper to the freight forwarder under a collect commercial bill of lading. In either case, all requests for tracing actions or claims for damages must be submitted to the carrier by the FMS customer (the consignee). The shipping activity will not involve itself with the carrier in these actions.

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

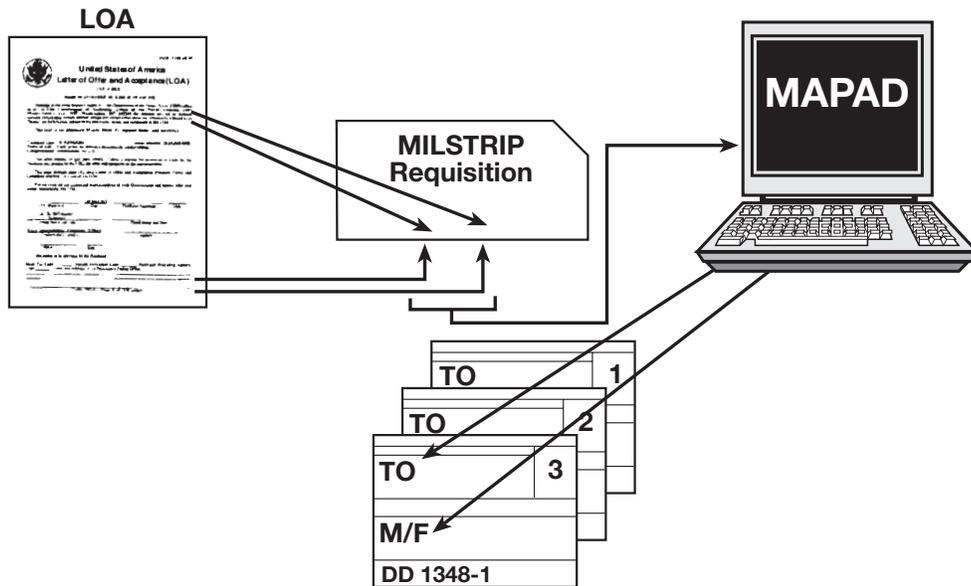
Submission of a TDR only serves to initiate a tracer for missing shipments and/or to report mishandling by the carrier. It does not provide financial compensation to the FMS customer. The customer must still submit a supply discrepancy report to request compensation for loss or damage of materiel shipped via DTS. Since Section 5.1 of the LOA standard terms and conditions indemnifies the USG of any liability or risk during shipment after passage of title, the TDR in conjunction with the SDR serves only as a means for the USG to file claims against the commercial carrier and collect damages for the FMS customer up to the value of the carrier’s insurance coverage. The FMS customer will receive neither replacement materiel nor credit for the full value of the loss. FMS customers who are unwilling to accept this risk should consider purchasing commercial insurance for their DTS shipments.

Further guidance on TDRs can be found in the DoD 4500.9-R, *Defense Transportation Regulation Volume II*, Chapter 210.

## THREE MAJOR DELIVERY ELEMENTS

There are three major elements involved in the delivery of FMS materiel to the proper purchasing country address, as illustrated in Figure 11-3. These elements are the FMS LOA, the MILSTRIP, and the MAPAD system.

Figure 11-3  
Document Relationships

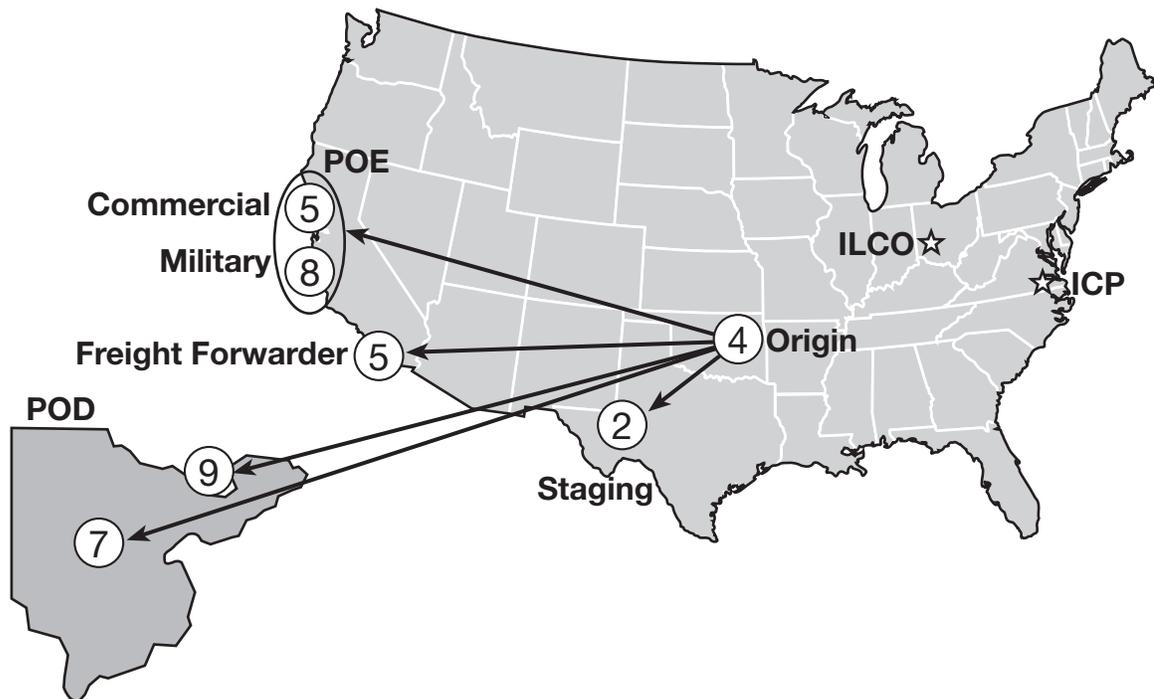


### Letter of Offer and Acceptance

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

**Delivery Term Code.** The DTC indicates the point in the transportation cycle where responsibility for physical movement of an FMS shipment passes from the U.S. DoD to the purchaser. The LOA normally specifies a delivery location for every item included in the case. The DTC specifies to what point the U.S. will provide transportation, and from that point onward the purchaser provides the transportation. The most commonly used DTC on LOAs is DTC 5, which indicates that the USG will sponsor transportation to the port of exit. This is normally the freight forwarder. DTC 8 is commonly used for DTS shipments and indicates pick up of items by DTS at the point of origin and movement to a CONUS port. The DTC appears in column (7) of the LOA. Table 11-1 shows the numeric DTCs for outbound materiel, as illustrated by Figure 11-4. Table 11-2 shows alphabetic DTCs for returning materiel.

**Figure 11-4**  
**Delivery Term Codes for Shipments from the U.S. (Outbound)**



**Table 11-1**  
**Delivery Term Codes for Shipments from the U.S. (Outbound)**

- |   |   |
|---|---|
| 2 | Movement from origin to destination within CONUS or within the same overseas geographical area. (normally shipment via DTS on CBL/GBL).                                 |
| 3 | Delivery alongside vessel/aircraft at port of exit (normally GBL/DTS). (No longer used).  |
| 4 | Delivery at origin (normally shipment to freight forwarder by commercial carrier on a CCBL).  |
| 5 | Delivery to port of exit (normally U.S. government sponsored transportation to the freight forwarder on a CBL/GBL via DTS).   |
| 6 | Delivery to overseas port of discharge (normally GBL/DTS). (No longer used).  |
| 7 | Delivery to final destination in recipient country (normally CBL/GBL via DTS).  |
| 8 | Delivery to vessel/aircraft (on board) at port of exit (normally GBL/DTS).  |
| 9 | Delivery to overseas port of discharge (landed) (normally CBL/GBL via DTS).   |
| 0 | DTC for service that do not involve transportation of materiel. Also used if transportation is funded by "above-the-line" case funds and not charged as an accessorial. |

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

**Table 11-2**  
**Delivery Term Codes for Shipments Returning to the U.S. (Inbound)**

- |   |  |
|---|--|
| A | U.S. DoD is responsible for transportation from an overseas POE to a CONUS destination, and return to an overseas POD. (No longer used.)   |
| B | U.S. DoD is responsible for transportation from an overseas POE to a CONUS destination, return to a CONUS POE, and all CONUS port handling.  |
| C | U.S. DoD is responsible for CONUS port unloading of country's carrier, inland transportation to a CONUS destination, return to a CONUS POE, and port loading of country's carrier. |
| D | U.S. DoD is responsible for CONUS port unloading of country's carrier, inland transportation to a CONUS destination, and return to an overseas POD. (No longer used.)              |
| E | Customer has total responsibility for all transportation to and from CONUS repair facility.  |
| F | U.S. DoD has total responsibility for all transportation to and from CONUS repair facility.  |
| G | U.S. DoD is responsible for all transportation except overseas inland transportation.  |
| H | U.S. DoD is responsible for transportation from a CONUS activity to a CONUS POE.   |
| J | U.S. DoD is responsible for transportation from a CONUS activity to an overseas destination.   |

**Freight Forwarder Code.** The freight forwarder code designates which freight forwarder will receive the shipment. This code is obtained from the military assistance program and address directory. The customer enters this information on the freight forwarder code line on Page 1 of the LOA.

**Offer/Release Code.** The offer/release code indicates when a shipment will be released. Code A indicates the shipping activity will automatically ship without any advance notice. Code Y is entered when the customer (usually the freight forwarder) wants advance notice of the shipment. Under Code Y, the shipper will send out a DD Form 1348-5, NOA, advising that shipment is planned to occur in fifteen days. The shipment will be released automatically at the end of fifteen days whether or not a response to the NOA has been received. (Offer/release option Y is generally no longer used.) Code Z is entered when advanced notice is required before release of shipment. If the shipping activity has not received instructions by the 15th day after the original NOA, it sends a follow-up NOA. If the second notice also fails to provide instructions, the shipper will take additional actions to obtain shipping instructions. Failure to respond to a Code Z NOA could result in the assessment of storage charges. Notices of availability are only applicable when the DTC is 4, 5, 8, B, C, E or H, and whenever the item being shipped is classified.

**Accessorial Costs.** Estimated packaging costs for non stock-funded items are entered in the packing, crating, and handling cost line (9), and transportation costs for non stock-funded items are shown on the transportation charge line (11) of the LOA. A dollar amount is entered. Percentage rates used to compute the dollar amount are not shown on the LOA. Chapter 12, "Foreign Military Sales Financial Management", of this text provides information on how these costs are calculated.

## **Military Standard Requisitioning and Issue Procedures**

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

## **Military Assistance Program Address Directory**

The MAPAD web site contains the addresses required for shipment of materiel and distribution of related documentation under FMS and MAP/Grant Aid. It is considered one of the most important single elements in the security assistance supply and transportation process. The MAPAD is available for use by DoD activities, the General Services Administration, commercial firms, foreign governments, and international organizations participating in FMS and MAP/Grant Aid Programs. The MAPAD is no longer published in printed format. The MAPAD database now resides on the internet at <https://www.daas.dla.mil/daasing/>.

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

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

The following are specific MAPAD policies.

- Administration. The MAPAD is administered by the Defense Logistics Management Standards Office, which coordinates all MAPAD entries with the MILSTRIP and DoD 4500.9-R, *Defense Transportation Regulation*, Part II, Cargo Movement.
- Custodian. The DAASC is responsible for the maintenance of the MAPAD automated file and directory. The DAASC serves as the focal point for the receipt of all file and directory changes. For example, DAASC will receive address changes from various country representatives, SAOs or U.S. embassies, and then will initiate appropriate file maintenance actions.
- Post Office Addresses. Military post office addresses (APO/FPO) will not be used for FMS shipments unless specified in the sales agreement (LOA). These addresses must also be approved by the applicable service prior to publication in the MAPAD.
- International Mail Addressees. International mail addresses and addresses of U.S. activities also require service approval and specification in the LOA.
- Classified Shipment Addresses. Some countries have freight forwarder and other addresses published in the MAPAD for the receipt of classified shipments. Once Defense Security Service (DSS) has cleared a facility/freight forwarder to handle classified materiel, DSS will send a letter of clearance to the Defense Logistics Management Standards Office that will enter the correct addresses into the MAPAD.

- **Special Instructions.** Clear text special instructions are listed at the beginning of each country section. This is a means by which customer countries place their unique requirements in the MAPAD regarding shipments/documentation.
- **MAPAD Changes.** Revisions, additions, revisions, and deletions to the MAPAD are made when such requests are received by DAASC from country representatives. However, requests for change may also be accepted from service focal points, if the request has the consent of the country representative. Freight forwarders must inform their country representatives immediately of an expected change of address, so that a request for change may be sent to DAASC for publication. Any requests by authorized country representatives for address additions, revisions, and deletions to the MAPAD should be forwarded to: Executive Director, Systems Support Office, Attn: MAPAD Custodian, DAASC, 5250 Pearson Road, Wright-Patterson Air Force Base, Dayton, Ohio 45433-5328. Customers should submit written changes to DAASC with an information copy to the ILCO country manager.

Figure 11-5 is an example of the on-line MAPAD.

**Figure 11-5  
Military Assistance Program Address Directory**

MAPAC Query for BBN	
MAPAC: BBN002	2 / 10
TAC: 2	
TSC:	<a href="#">Click here for Country Reps and/or Special Instructions for BBN002</a>
AFI: F	<ul style="list-style-type: none"> <li>• BANDARIAN FREIGHT FORWARDING CORP.</li> <li>• TEL 301-555-1234 FAX 301-555-3639</li> <li>• WAREHOUSE DOCKS</li> <li>• BALTIMORE MD 21224-0319</li> <li>•</li> <li>•</li> <li>•</li> </ul>
SII:	
WPOD:	
APOD:	
FFLC: 0	
CHG NO: 3160	
EFF DATE: 2003290	
DEL DATE:	
MAPAC: BBN002	3 / 10
TAC: 3	
TSC:	<a href="#">Click here for Country Reps and/or Special Instructions for BBN002</a>
AFI: F	<ul style="list-style-type: none"> <li>• BANDARIAN FREIGHT FORWARDING CORP.</li> <li>• ATTN: R. H. REYNOLDS</li> <li>• TEL 301-555-1234 FAX 301-555-3639</li> <li>• WAREHOUSE DOCKS</li> <li>• BALTIMORE MD 21224-0319</li> <li>•</li> <li>•</li> <li>•</li> </ul>
SII:	
WPOD:	
APOD:	
FFLC: 0	
CHG NO: 3160	
EFF DATE: 2003290	
DEL DATE:	
MAPAC: BBN002	4 / 10
TAC: 4	
TSC:	<a href="#">Click here for Country Reps and/or Special Instructions for BBN002</a>
AFI: F	<ul style="list-style-type: none"> <li>• EMBASSY OF BANDARIA</li> <li>• DEFENSE PROCUREMENT ARMY</li> <li>• 1234 PENNSYLVANIA AVENUE NW</li> <li>• WASHINGTON DC 20001-3599</li> <li>•</li> <li>•</li> <li>•</li> </ul>
SII:	
WPOD:	
APOD:	
FFLC: 0	

The column titles stand for the following:

- MAPAC - Military assistance program address code.
- TAC - Type of address code.
- TSC - TAC sequence code. When more than one MAPAC and TAC combination exists, the TSC distinguishes each address. Generally, shipments would be made to the nearest geographical location if more than one ship-to address and TAC exist.
- AFI - Address file indicator. An F in this field indicates an FMS customer. A G in this field indicates security assistance provided through MAP or Grant Aid.
- SII - Special instructions indicator. Codes reflect special instructions located on the country introduction page.
- WPOD - Water port of debarkation. A three-position code, located in DoD 4500.9-R, Defense Transportation Regulation, Part II, Cargo Movement, Appendix MM, that designates a specific water port as the overseas place of discharge.
- APOD - Aerial port of debarkation. A three-position identifier in DoD 4500.9-R, Defense Transportation Regulation, Part II, Cargo Movement, Appendix CC, that designates a specific air terminal as the overseas place of discharge.
- FFLC - Freight forwarder location code. A one-position code to designate which location will be used for consignment of shipments and mailing documentation, i.e., east, west, or Gulf coast location.
- CHGNO - The change number is a tracking number assigned by DAASC.
- EFF DATE - Date that the address noted becomes effective.
- DEL DATE - Date on which the MAPAC TAC 9 will be deleted.

### **Military Assistance Program Address Code**

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

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

Figure 11-6 is an illustration of two FMS MAPACs constructed from applicable entries in a MILSTRIP requisition. This is necessary when a shipment is made through the FMS customer's freight forwarder. The freight forwarder's address is represented by the ship-to MAPAC and the final destination address is represented by the mark-for MAPAC. The numbers 30-50 indicate MILSTRIP record positions. The row of alphanumeric characters represents the applicable codes inserted in each record position by the originator of the requisition.

**Figure 11-6**  
**Relationship of the MAPAC to the MILSTRIP Requisition**  
**(Except Canada and Grant Aid) when using a Freight Forwarder**

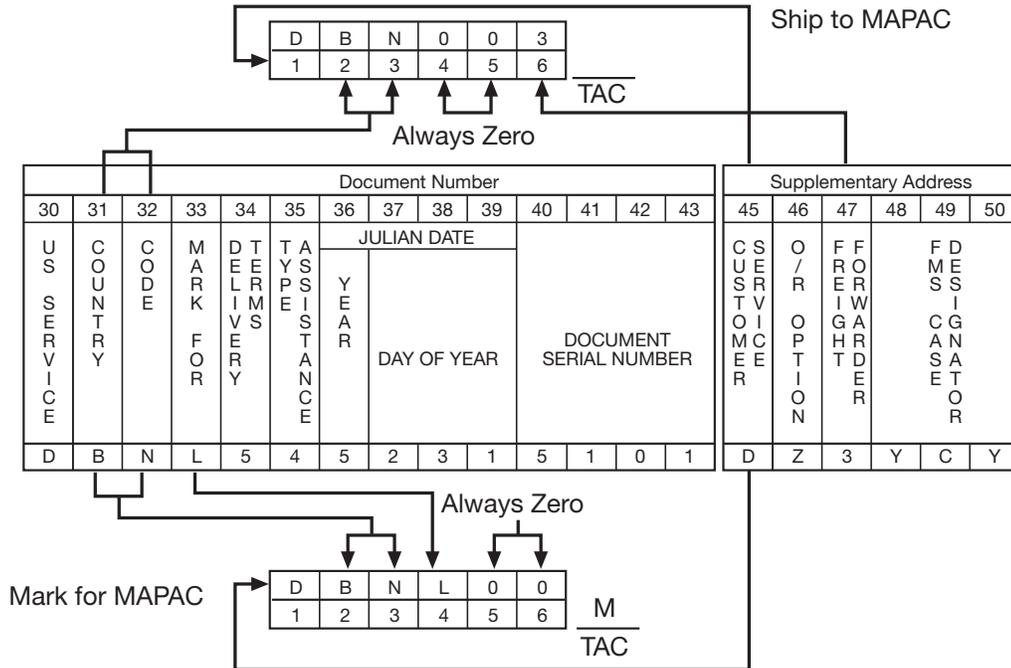
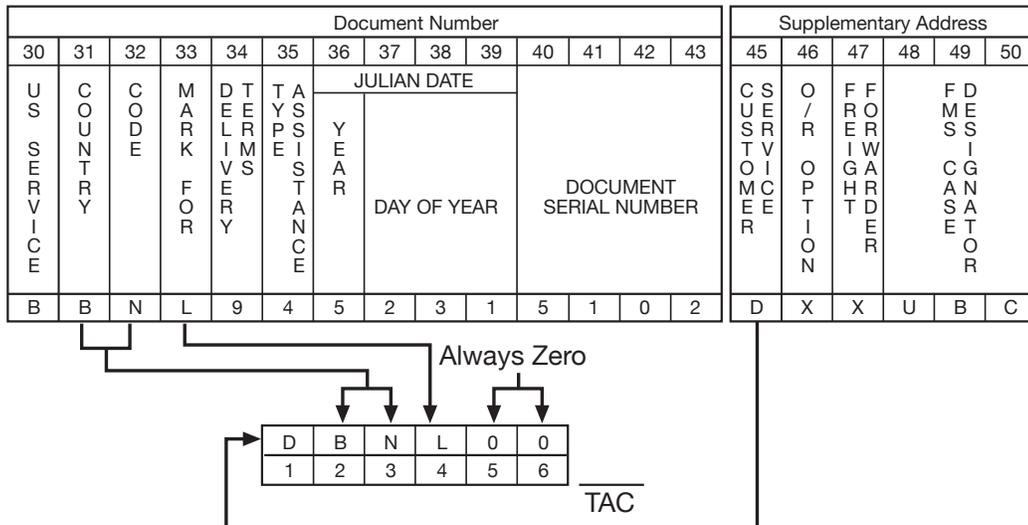


Figure 11-7 illustrates the MAPAC construction when shipment is made entirely through the defense transportation system, so there is no notice of availability, and no freight forwarder. In this case, the offer/release option and freight forwarder code are replaced in the supplementary address fields by “XX”. The mark-for address becomes the ship-to address.

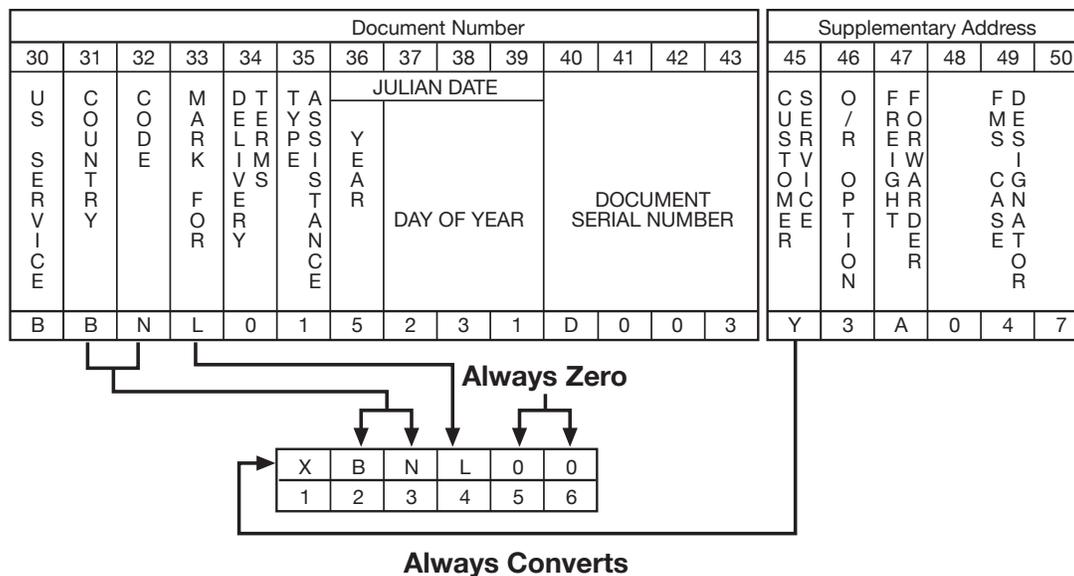
**Figure 11-7**  
**Relationship of the MAPAC to the MILSTRIP Requisition for DTS Shipments**



Grant aid shipments have different MAPAC construction rules from those shown in Figures 11-6 and 11-7. Grant aid materiel is usually shipped through the DTS, but the materiel is not designated for any specific foreign military service, and there is no letter of offer or acceptance. Consequently the

data in the supplementary address fields of a grant aid requisition are quite different from the data in an FMS requisition, as shown in Figure 11-8. In these shipments, the ship-to and mark-for MAPAC are usually the same.

**Figure 11-8**  
**Relationship of the MAPAC to the MILSTRIP Requisition for Grant Aid Shipments**



Shipments to Canada do not follow the MAPAC construction rules described in Figures 11-6, 11-7 or 11-8. In these shipments, there is no mark-For MAPAC. For information on how to construct MAPACs for Canadian shipments, see the DTR, Part II, Appendix E.

***Military Assistance Program Address Code Construction***

The first position of the MAPAC designates the country military service to which the address applies. Normally the code will be B (in-country Army), D (in-country Air Force), P (in-country Navy), K (in-country Marines) or T (in-country joint activity or nonspecific). This is illustrated in Figures 11-6 and 11-7. Grant aid shipments are not made to military services, but rather to foreign governments in general. For this reason the service identifier in position 45 on the MILSTRIP document is Y. The Y is converted to X in the MAPAC as shown in Figure 11-8 because DoD has designated the Y for other purposes in MILS coding for transportation.

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

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

For a mark-for MAPAC (an entry in MILSTRIP record position 33 indicates a requisitioner also wants an in-country destination mark-for address included in the documentation and on the shipping label) positions one, two and three remain the same, but position four will include the mark-for code and positions five and six will usually be zeros.

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

## **Type of Address Code**

Individual MAPACs may indicate numerous addresses. The question then is which address should be selected. The key to the selection of the correct address is the TAC, which appears in the second column of the country address page. Table 11-3 is a list of TACs that has been extracted from the MAPAD and briefly defines the types of addresses available in the MAPAD and explains their use.

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

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

Once a purchaser is known, a MAPAC is constructed from a requisition and the type of shipping action is determined, a mailing or shipping address may be easily obtained. The MAPAC and its corresponding clear-text address must appear on the materiel release document (DD 1348-1A, Issue Release/Receipt Document or the DD 250, Materiel Inspection and Receiving Report), and the shipping label, DD 1387. The TAC, however, never appears on any documentation.

### **SUMMARY**

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

The MAPAD is a web site that contains addresses and corresponding address codes to identify where FMS materiel and documentation are to be sent. At first glance, the MAPAC, with its required construction of various codes for determination of proper addresses, appears complex. However, after some familiarization, the use of the MAPAD becomes quite simple. It is imperative that the MAPAD be current in order that the delivery of materiel, documents, and reports is correct, and delays and misdirected shipments are avoided. Purchasers are responsible for the accuracy of address information.

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

**Table 11-3  
Type of Address Codes**

<b>Type of Address Code (TAC)</b>	<b>Explanation</b>
A	This address is used when material classified secret is moved by small parcel carrier. It must be shipped by a carrier that can provide evidence of shipment or proof of delivery in compliance with DoD 4500.9-R, Defense Transportation Regulation (DTR), Part II, Cargo Movement procedures.
B	This address is used when material classified secret is moved by surface or air freight carrier. It must be shipped by a carrier that can provide evidence of shipment or proof of delivery in compliance with DTR procedures.
C	This address is used when material classified confidential is moved by small parcel carrier. It must be shipped by a carrier that can provide evidence of shipment or proof of delivery in compliance with DTR procedures.
D	This address is used when material classified confidential is moved by surface or air freight carrier. It must be shipped by a carrier that can provide evidence of shipment or proof of delivery in compliance with DTR procedures.
1	This address is used when surface or air parcel post is selected as the mode of transportation for shipment of unclassified material.
2	This address is used when surface or air freight is selected as the mode of transportation for shipment of unclassified material. More than one TAC 2 address may be reflected for the same MAPAC. In this case, the MAPAD will contain a special indicator which requires manual look-up in the introduction of the appropriate country address listing.
3	This address is used when the option code (Y or Z in record position 46 of the requisition) requires a notice of availability prior to shipment. For option code Z, follow-ups on notices of availability are also sent to this address.
4	This address is used for distribution of supply and shipment status documents. Distribution is accomplished by mail or by electrical communications.
5	This address is used for mailing copies of release/receipt documents for parcel post shipments when the recipient has no electronic receipt capability. The TAC 5 address is only published when it is different from the TAC 1 address.
6	This address is used for mailing copies of release/receipt documents for automatic freight shipments when the recipient has no electronic receipt capability. The TAC 6 address is only published when it is different from the TAC 2 address.
7	This address identifies the activity responsible for payment of transportation charges for shipments made on collect commercial bills of lading or other types of collection delivery methods. This address is established only when TACs A, B, C, D, 1, and 2 addresses (ship-to) are not authorized to make such payments.
9	TAC 9 indicates that the addresses for this MAPAC have been deleted; however, the MAPAC will remain in the directory to provide a reference to another MAPAC, which will be used in processing documents that contain the deleted MAPAC, or provide a reference to special instructions for processing documents containing the deleted MAPAC. The deleted entry will remain in the MAPAD for a period of 5 years.
M	This address is used as a mark-for on shipments to freight forwarders. The fourth position of the MAPAC contains an alphanumeric code to designate an in-country destination. This code will be the same as the code in record position 33 of the MILSTRIP requisition.

Export documents must be prepared for all types and modes of shipment. Each shipment must be reported through the automated export system by the freight forwarder when one is used by the FMS customer, or by the DoD shipper when movement is entirely through the DTS. Additionally, a Department of State license DSP-94 must be filed at the primary commercial port of exit.

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

## **REFERENCES**

DoD Manual 4000.25-1-M, *Military Standard Requisition and Issue Procedures (MILSTRIP)*.

DoD Regulation 4500.9-R, *Defense Transportation Regulation (DTR), Part II, Cargo Movement*.

DoD Manual 5105.38-M, *Security Assistance Management Manual (SAMM)* <http://www.dsca.mil/samm/>.

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

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

DoD Regulation 5200.1-R, *Information Security Program*.

DoD Regulation 7000.14-R, *Financial Management Regulation, Volume 15, Security Assistance Policy and Procedures*.

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

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

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

NAVSUP Publication 526, *Foreign Military Sales Customer Supply System Guide*.

U.S. Government, Title 22, Code of Federal Regulations, Parts 120-130, *International Traffic in Arms Regulations (ITAR)*.

U.S. Government, Title 49, Code of Federal Regulations, Parts 170-179, *Hazardous Materiel Regulation*.

DLAI 4140.55/AFJMAN 23-215/NAVINST 4355.18A/AR 735-11-2, *Reporting of Supply Discrepancies*

## **USEFUL WEB SITES**

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

United States Customs and Border Protection (CBP): <http://www.cbp.gov/>

Defense Logistics Agency (DLA): <http://www.supply.dla.mil/>

U.S. Transportation Command (USTRANSCOM): <http://public.transcom.mil/>

Military Assistance Program Address Directory (MAPAD) System: <https://www.daas.dla.mil/daasing/>.

Surface Deployment and Distribution Command (SDDC): <http://www.sddc.army.mil/Public/Home>

Air Mobility Command (AMC): <http://public.amc.af.mil/index.html>

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

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

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