DoD Int’l Acquisition Transactions

Macro View

US Strategy & Policy

Foreign Strategy & Policy

Capabilities & Tech
Willing to Transfer

Desired Capabilities & Tech

Inquiry, Partnership Discussion or Request for Purchase

Early Phases of the Defense Acquisition System

ICP = Int’l Cooperative Programs
FMS = Foreign Military Sales
BPC = Building Partner Capacity
ACSA = Acquisition & Cross Servicing Agreements
DCS = Direct Commercial Sales
Forms of Int’l Acquisition

**Int’l Armaments Cooperation**
- International Cooperative Programs (ICPs)
- Acquisition & Cross Servicing Agmt (ACSAs)
- Hybrid Programs
  - FMS/DCS
  - ICP/FMS

**Sales and Transfers**
- Foreign Military Sales (FMS)
- Direct Commercial Sales (DCS)
- Building Partner Capacity (BPC)
# International Acquisition Forms Comparison

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Conducted under different laws & procedures with oversight by different organizations.
Int’l Cooperative Program (ICP)

- Any Defense Acquisition phase
- Partnering versus buyer-seller relationship
- Jointly funded and managed by U.S. and partner nation(s)
- Costs, benefits, risks shared equitably

Foreign Government(s) → International Agreement → U.S. and/or Foreign Government Activity → Gov’t Work → Contract(s) → U.S. and/or Foreign Industry → From Stock, New Production, Service and/or Information

U.S. Government → Gov’t Work → U.S. and/or Foreign Government Activity

Deliveries → U.S. Acceptance → Partner Acceptance

Partner Users → Deliveries → U.S. Users

U.S. - Partner Nation Joint Program Office
Foreign Military Sales (FMS)

- **USG Sale of U.S. defense articles/services**
- **Buyer-seller relationship**
- **Foreign nation funds (or U.S. grants/loans) are used to pay all costs**
- **DoD acts as “agent” to acquire defense articles/services for foreign nation**

**Key Terms**

- **Letter of Offer and Acceptance (LOA)**
- **Letter of Request (LOR)**
- **Requisition**
- **Contract**
- **Deliveries**
- **U.S. Government Contract Acceptance**
- **Foreign Government Inspection**
- **Foreign Users**

**Process Flow**

1. **Foreign Government**
2. **U.S. Government**
3. **New Production**
4. **Services, Information, or**
5. **From Stock**
7. **Foreign Government Inspection**
8. **Foreign Users**
9. **Deliveries**
Building Partner Capacity (BPC)

- Provision of U.S. defense equipment/services to selected foreign nations involved in coalition operations by U.S. Government
- Specific programs and funding for BPC is authorized in Title 10 as part of annual DoD budget
- DoD acts as “agent” to acquire defense articles and/or services for foreign nation
**ACSAs** are mutual agreements that allow the provision or exchange of logistics support, supplies or services to support operations in a U.S. Combatant Commander Area of Responsibility.

- Costs are borne by the ACSA partner requesting specific logistics support, supplies, or services through an ACSA Implementing Arrangement.
- ACSA Implementing Arrangement costs may be paid through transfer of funding from one ACSA partner to the other or barter between ACSA partners.
Direct Commercial Sales (DCS)

- Foreign entity purchases U.S. defense equipment/services from U.S. company
- U.S. Government control through licensing
  - Department of State for most military items
  - Department of Commerce for civil & dual use items and selected military items