



INTERNATIONAL
TRADE
ADMINISTRATION



2016-17 Defense Export Handbook

Export Strategy, Export Promotion and Resource Guidelines

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Executive Summary

The *Defense Export Handbook* serves as the second part of a tool-kit for defense exporters, particularly those who are new-to-market or new-to-export. This handbook is a follow-on to the *2016 Defense Market Report* issued by the International Trade Administration (ITA), U.S. Department of Commerce in June 2016. It is a targeted compilation of current policies, procedures, and resources to help guide U.S. exporters.

To support exporters of defense and dual use products, this handbook seeks to streamline research and help U.S. exporters navigate the rules, policy changes, and regulations that are inherent in the defense transfer process and export control laws. This handbook briefly summarizes the Foreign Military Sales (FMS) and Direct Commercial Sales (DCS) defense transfer processes, provides export promotion and market opportunity resources to guide U.S. defense companies targeting export markets, and also provides an overview of export control regulations – all in one place.

This handbook pulls together key U.S. government resources to help companies ensure that their defense exports fall within U.S. Government foreign policy and national security objectives. It also addresses the latest Export Control Reform (ECR) updates and directs exporters to contacts who can address licensing, compliance and other related export control questions.

Preface

Global national security trends confirm: 1) growing demand focused on defense modernization and 2) increased opportunities for U.S. aerospace and defense exporters. Notably, several countries throughout the Pacific region, and select countries in the Middle East and Europe, have announced defense budget increases, as discussed in the [2016 ITA Defense Market Report](#). Close partners and allies represent some of the best opportunities.

To take advantage of these opportunities, companies must devise export strategies that clearly address foreign defense requirements, demand, training needs and capabilities, as well as export control laws, procurement processes, and program options in both the United States and abroad. Exporters also need to understand the processes the United States uses to transfer defense articles and services to friendly foreign governments or to international organizations.

Guidance in this report only covers items that are unclassified. Nevertheless, the transfer of unclassified defense articles and services must comply with U.S. export licensing procedures. While classified defense articles are also subject to export licensing procedures, classified items must also comply with [U.S. National Disclosure Policy](#).

Overview of International Defense Sales Programs

The United States is the only major arms supplier that has two distinct systems for the export of weapons: the government-to-government Foreign Military Sales (FMS) program, and the licensed commercial export system, known as Direct Commercial Sale (DCS), in which foreign governments purchase items directly from the private sector.

1) The Foreign Military Sales (FMS) Program:

FMS is a form of security assistance authorized by the Arms Export Control Act (AECA) and is a

fundamental tool of U.S. foreign policy in support of U.S. national security and defense objectives. The [Defense Security Cooperation Agency \(DSCA\)](#) administers the FMS program for the United States' Department of Defense (DOD). Exporters should review the official [DSCA Customer Guide](#) for a more detailed summary of the FMS process.

FMS sales are concluded when the President formally determines that the sale will strengthen U.S. national security and promote world peace. In FMS sales, the foreign government purchaser does not deal directly with the manufacturer. Instead, the foreign purchaser contracts with DOD, who then handles procurement, logistics, delivery, and often provides product support, training, and other infrastructure or technical support. DOD provides a “total package” approach to ensure that foreign purchases include the full range of support and training required to operate and sustain the new capability. Sales are implemented through contract-like agreements called Letters of Offer and Acceptance (LOAs) between the U.S. Government and an eligible foreign government purchaser.

The AECA requires that FMS be administered by the DOD on a no-profit and no-loss basis, and at no cost to the U.S. Government. Therefore, the FMS program and supporting personnel are not supported by appropriated funds, but from a 3.5% administrative surcharge applied to every LOA.

Snapshot of the FMS Process

When a foreign government identifies a need for defense articles, services, or capabilities, it submits a Letter of Request (LOR) to the U.S. Government. The initial LORs generally come in one of two forms: either 1) a request for “information-only” Price & Availability (P&A) data, which is commonly used for future planning; or 2) a request for an LOA, which is the official sign of interest from a country and triggers the beginning of the process. LORs must include detailed and specific information in order for the U.S. Government to respond with a complete LOA. Each LOR will vary based on the complexity of the FMS purchase.

A strong LOR provides sufficient information to communicate the partner nation's requirements of a purchase to the U.S. Government, as well as information for U.S. manufacturers so that they can determine their ability to meet the purchaser's needs. LOR data elements range from general to very specific information, as follows¹:

- **Identification of requirements** (item, quantity, delivery time)
- **Initial support** (test equipment, power units)
- **Acquisition** (such as pre-negotiations, and other factors)
- **Financial** (funding source and availability, payment schedule, financial waivers)
- **Services** (site survey, quality assurance, transportation)
- **Training** (including both the type, level, logistics and contractor information)
- **Follow-on support** (such as operations, maintenance, supply, equipment, facilities, warranties, etc.)
- **Delivery** (freight forwarder, etc.)

FMS builds partnerships because it allows for interoperability between the United States and partner forces by providing equipment already in use by the United States. The DOD's involvement in the foreign purchaser's program leads to strong communication throughout the life of the LOA, as many day-to-day program issues are identified, evaluated, and resolved.

As a matter of policy, DOD is generally neutral on whether a foreign country purchases through FMS or DCS; however DSCA and the State Department can require an "FMS-Only" purchase in cases when technology is highly sensitive or complex, or a partner nation lacks the capability to independently sustain or maintain a platform without ongoing DOD

¹ Suggested checklist, Chapter 5, p. 5-4, part of the new ISCS website, *guide book* to the FMS process, which can be found in the "[The Management of Security Cooperation](#)" (or more

involvement. The AECA gives the President the authority to control the export of defense articles and services and guides the decisions over FMS-only sales. The President has delegated that authority to the Department of State and the resulting program is executed by DOD.

http://www.iscs.dsca.mil/documents/greenbook/15_Chapter.pdf

Under FMS, DOD contracts with U.S. suppliers on behalf of foreign customers using the same acquisition practices it uses for its own purchases. FMS sales also require coordination with and approval from the State Department.

Important Update: Effective 1 July, 2016, the DSCA's Defense Institute of Security Cooperation Studies (DISCS) replaces what formerly was called the Defense Institute of Security Assistance Management (DISAM). Exporters are encouraged to explore training courses offered by DISCS. DSCA's new vision and mandate for training has expanded from just Security Assistance to a broader spectrum of Security Cooperation topics.

<http://www.iscs.dsca.mil/>

DISCS' basic textbook, commonly referred to as the '[Green Book](#)', summarizes the key steps of the FMS process, including the common flow of the LOR to an LOA. A table highlighting this process can be found in Addendum 3 of this handbook. In addition to the DISCS and DSCA websites, private companies offer training services and educational resources on the specifics of participating in FMS and DCS export programs.

2) Direct Commercial Sales (DCS)/U.S. Commercial Arms Exports:

[commonly known as the "Green Book"](#), March 2016 (and updated annually).

When selling defense equipment via DCS, **a foreign customer negotiates directly with the U.S. Company providing the item.** Foreign customers often benefit from purchasing via DCS since contract prices can be lower without the additional 3.5 percent FMS program cost. DCS is typically used for less complex systems, and enables the purchaser and U.S. supplier to have increased direct interface during contract negotiation. DCS also allows the purchaser to acquire non-standard defense articles, which are items that demand tailoring for special requirements or needs that are no longer (or never were) in the DOD inventory.

DCS Preference

U.S. firms may prefer to export via DCS rather than FMS, when the technology is less sensitive, the schedule requires a quick response, or the purchasing government is well-qualified to make the purchase without DOD involvement. In such cases, when a company receives a request for proposal from a foreign government and would prefer a direct commercial sale, the company may request that DSCA issue a “DCS preference” for that particular sale. This means that in most cases, if the DCS preference request is granted, DOD would not accept LORs for the item for one year in order to allow the sale to occur on a commercial basis. For more information, refer to section C4.3.6 of the SAMM (Security Assistance Management manual).²

Things to understand and confirm prior to submitting a DCS bid to a foreign government:

- Confirm the type of export control license needed, based on jurisdiction: [Export Administration Regulations \(EAR\)](#), which are regulated by the Department of Commerce, or [International Traffic in Arms Regulations \(ITAR\)](#), which are regulated by DOS.
- Whether any sanctions would preclude a sale ([section 126.1 of the ITAR](#)).

- Identification of penalties that could be imposed if regulations are not upheld.³
- Know that with DCS, if the foreign entity withholds payment, a company has no direct recourse to payment collection from the U.S. government.

ITA primarily assists exporters implementing DCS projects; however the ITAs Advocacy Center provides advocacy for both DCS and FMS cases through the Advocacy Center⁴. A company can contact a [Commercial Services U.S. Export Assistance Centers \(USEACs\) in their local area for support also.](#)

Country Snapshot: DCS to the Republic of Korea (ROK). When exporting via DCS to the ROK, along with receiving potential assistance from the Department of Commerce, U.S. suppliers would deal directly with the ROK military through the Korean Defense Acquisition Program Administration (DAPA). This organization is the sole government agency responsible for conducting and executing the procurement of defense equipment in the ROK. Between 2009 and 2013, 44% of DAPA procurements were DCS.

Ultimately, the U.S. Government authorizes both FMS and DCS sales—but in different ways. For FMS, DSCA and the Department of State (DOS) review and initiate new FMS cases, based on national security and foreign policy priorities. The U.S. Government is exporting on behalf of the U.S. vendor under the authority of the LOA, so the items do not require an export license. **Under DCS**, USML and dual-use items require an export license. The contractor must apply to either the Department of State or the Department of Commerce, depending on jurisdiction, to obtain an export license. In either method (FMS or DCS), the U.S. Government makes a final decision to authorize a defense export.

² <https://www.samm.dsca.mil/chapter/chapter-4>

³ See the enforcement link on the BIS website: <https://www.bis.doc.gov/index.php/enforcement> and the

penalties link at the DOS website:

<https://www.pmdtc.state.gov/compliance/poa.html>

⁴ <http://www.export.gov/advocacy/>

Note that there is no single list of all FMS-only items. Instead, an exporter can work with the military departments and original manufacturer to identify whether an item must be sold via FMS in a particular case. If an exporter is not the original U.S. manufacturer and is unsure, the Defense Technology Security Administration (DTSA) website and/or staff should be consulted. A list of DTSA contacts is included on the right side of the [DTSA home page](#).

3) Hybrid Sales

Foreign governments are increasingly using a mix of FMS and DCS to purchase defense goods and services that constitute large, or multi-component defense systems such as aircraft or missile systems.⁵ A common example is the purchase of an airframe via DCS, with the related weapons, avionics, training or other sensitive technologies purchased via FMS. A U.S. exporter may initiate a DCS purchase with a company, but should contact the appropriate MILDEP or DSCA contact as early as possible if complicated add-ons or training will need to be included and sold via FMS. The delivery of the resulting hybrid solution likely will be dependent upon the integration of the FMS components.

DCS vs. FMS

In comparison, DCS is often more suitable for less complex systems or systems in which a country is proficient in all training phases and has a sophisticated procurement staff with experience in defense systems. It may likely be faster as well. *Unlike FMS, DCS allows the customer to know the final price at the time of contract signature.*

Even when the State Department or DSCA do not require FMS, due to the political or military relationship with the foreign purchaser, or the security risks related to sensitive technologies, U.S. companies may benefit from implementing a sale

through FMS. If a country desires a total package approach and prefers a consolidation of requirements, then FMS may be a better solution. Foreign customers often choose to purchase via FMS because of the benefits and certainty from using DOD's own procurement processes and regulations.⁶

Additional Reading to Fully Understand FMS

Due to the complexities of the FMS process, the SAMM and current DSCA policy and procedures are essential reading. [The Security Assistance Management Manual \(SAMM\)](#), or its electronic, ESAMM, version is the authoritative document on security cooperation policy and procedures. It provides extensive detail on all support agencies that assist in managing security assistance programs, the FMS process and procedures, and provides the latest updates and policy memoranda, which allows companies to access the most current policy guidance.

Who can I contact for additional help?

Key support agencies involved during the FMS process include the following:

Security Cooperation Office (SCO)

The Foreign Assistance Act (FAA) authorizes the President to station U.S. military personnel overseas to manage security assistance programs administered by the DOD. SCOs respond primarily to host government requests, and assist with development of LORs, but are available to provide some types of assistance to U.S. companies while remaining strictly neutral between U.S. competitors. Located in U.S. embassies overseas, they work cooperatively with U.S. Department of Commerce Foreign Commercial Service (FCS) representatives in country to assist U.S. suppliers.⁷ To identify the SCO located in a particular country of interest, contact the [U.S. Embassy](#).

⁵ "Foreign Customer Guide," published by DSCA

⁶ http://www.iscs.dcsa.mil/documents/greenbook/09_Chapter.pdf, 'FMS Procurement Rationale,' p 9-2.

⁷ <http://www.samm.dcsa.mil/chapter/chapter-2>; section C2.1 – Security Cooperation Organizations.

[Military Departments \(MILDEPS\) and Other Implementing Agencies \(IAs\)](#), take action on the LORs, respond by formulating contracts (LOAs), and complete the necessary paperwork to launch and sustain an FMS case. Many different IAs do this work, and various ‘MILDEPS’ have their own unique guidelines that supplement the SAMM; however they all function similarly to support the FMS process. A list of IAs, can be found here: <http://www.samm.dsca.mil/table/table-c5t2>.

Questions about FMS may also be directed using the [DSCA contact information on the website](#) or industry can call the DSCA Weapons division directly at 703-697-9096 (or 9098).

Identifying Opportunities, Understanding the Market, and Compliance

A company should explore solicitations found on **FedBizOpps.gov**: <https://www.fbo.gov> to get involved in the **FMS selection process**. This is the first “go to” to participate in any type of foreign government contract.

Requirements for Eligibility to Sell to DOD

There is a common misconception that FMS is somehow a separate process of its own. It is not. There is nothing exporters have to do to be eligible to have their products sold via FMS. All purchases for FMS customers are made through established DOD procurement channels. The exporter must only be eligible to sell to DOD. The best source for that information is the DOD Office of Small Business Programs. Their “Guide to Marketing to the DOD” can be found at:

<http://www.acq.osd.mil/osbp/sb/guide.shtml>

A company can study who has been successful in past awarded contracts awarded at a federal procurement website that shows the “[Top 100 Contractors Report](#).”

[FMS contract awards](#) valued at \$5-7 million or more are announced each business day at 5 p.m. EST on the DOD website and can be accessed via DSCA’s home page.

Companies can also research all [Major Arms Sales to which the United States DOD](#) is a party.

Understanding the Market

Understanding which countries have large defense budgets is not enough. Companies need to study the specific programs and upcoming contracts available in each country to address customer requirements and priorities, capabilities, objectives, the status of the local defense industry, and the customer’s relationships with other governments. Exporting companies should also investigate the ease of doing business, local content requirements, offset policies, and other requirements that may be necessary for acquiring foreign contracts. Understanding these capabilities is critical in determining the exportability of a product for a given country as well as the benefits of selling via FMS or DCS.

Export Management & Compliance Plan (EMCP)

Defense exporters must understand and comply with export control regulations and keep abreast of the latest Export Control Reform (ECR), EAR, and ITAR changes. It is strongly advised that registered exporters and manufacturers have a compliance program in place to assist in monitoring defense trade activities. [BIS’ website outlines the specific EMCP guidelines](#) and elements recommended for an effective compliance program. Companies should use this reference to analyze their procedures and manage risk. The Directorate of Defense Trade Controls (DDTC) at DOS also provides [Compliance Program Guidelines](#). If budgets allow, it is also prudent to hire a compliance specialist or legal official to ensure the organization is compliant with the most current regulations regarding national disclosure policy, the contract and bidding process, export control requirements, and internal record keeping requirements.

Additionally, training and webinars are available from the Department of Commerce and the Department of State, and the key USG agencies governing munitions, defense trade, and export controls. Companies need to have a **basic understanding of export controls** and can take advantage of **BIS's FREE on-line training**, which is available in a variety of electronic formats. For example, there is a webinar series of nine topics presented at a two-day ["Complying with US export Controls seminar"](#) that is also available on line, including a video and a PDF file.

In an era of global terrorism, "end-user verification" is increasingly important. The ["Consolidated Screening List"](#) (CSL) is a tool for screening parties. It is also discussed in the section ahead under "know your customer."⁸ If an exporter suspects that items may have been transferred elsewhere without appropriate authorizations, programs are in place that encourage companies to [voluntarily report inadvertent violations of rules and regulations](#) to help police the system and reduce risks to national security.

Understanding the Competition

The largest conglomerates in the aerospace and defense sector benefit from economies of scale and can more easily absorb sustained high investment costs. Numerous opportunities exist for medium and smaller companies to cooperate and/or partner with similarly sized operations in foreign countries to supply to these Original Equipment Manufacturers (OEMs).

One way to assess competition in foreign markets is to identify top competitors by country of interest, and research the foreign company websites as well the foreign government. A host of resources are available depending on which country is of interest. [Click here for a list of the top 100 global A&D companies.](#)

⁸ <https://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern>

The Department of Commerce's International Trade Administration's website, www.export.gov, is an excellent source to gain market research and country specific information, including step-by-step instructions on how to identify potential markets, how to obtain trade statistics that indicate which countries import a certain product and more. See the following 'Department of Commerce' resource section ahead for more guidance and information.

On the other hand, companies wishing to export should fully understand whether foreign countries are open to purchasing defense items from outside their own domestic supply chains. Particularly within the EU, countries may be less willing to seek U.S. suppliers over suppliers from European partner countries.

Country Tenders and Resources

Many countries also post useful content online. For example: [The UK Ministry of Defense \(MOD\)](#) hosts a contract website that provides market reports on 'How to Sell to the MOD' and 'The SME Market: Attitudes, Projections and Trends,' and provides direct links to webinars on 'Discover the World of Defence Procurement.'⁹

Australia's www.business.gov.au site highlights resources for suppliers and provides a central point to find publicly available procurements advertised by the Australian Government. To see a list of tenders in Australia, go to <https://www.tenders.gov.au/>. The Department of Commerce's U.S. Commercial Service helps companies navigate the tender systems and procurement laws of individual countries and can provide the contacts and resources.

Local Representation

Working in-country can also be an advantage for both U.S. companies and the U.S. Government, since relationship building is a key to partnering. Becoming a global defense exporter requires a global supply chain, local capabilities, local partnerships,

⁹ <https://www.contracts.mod.uk/resources/monthly-eguides/>

alliances, and potential joint ventures. Numerous countries, i.e., Germany and the UAE require foreign suppliers to partner with a local company to access the market, and requirements vary by country and size of the contract. The Department of Commerce has services available to help U.S. companies identify trusted local representatives (see below).

Export Promotion and Strategies

U.S. companies seeking to export or enter new markets have a wide variety of programs and services available from several government departments and agencies. The following information is a brief description of some of these programs. More information can be found from the resources portion of this report (Addendum 2) and on www.export.gov under “Federal Partners”.

Trade Shows

Business to business (B2B) activities like trade shows play a critical role in facilitating networking opportunities, marketing, and sales. Trade promotion efforts at these events frequently focus on B2B matchmaking for potential customers, distributors, licensing agents, and other stakeholders. Many government agencies participate in trade shows in order to assist companies and strengthen their own partnerships with industry and foreign counterparts. The Commerce Department and U.S. Pavilion organizers facilitate introductions to foreign buyers and often provide matchmaking services on the show floor. Major aerospace trade shows allow for unique opportunities that can save companies time and money in generating new business. Companies who are new to international markets can benefit by exhibiting in U.S. pavilions and/or aligning themselves with key exhibiting defense contractors with whom they have an existing relationship.

After identifying the best market and correlating trade show, companies must prepare marketing materials and promotions, and arrange meetings in advance, in order to get the most benefit from the show. Companies should also examine best sales

channels, on-going management, marketing and sales support for partners. Again, Commerce Department programs and resources are available to help with these activities, and are listed at the end of this report and in upcoming sections.

Coordinated Interagency Effort

As part of a synchronized effort, the Department of Commerce works closely with other departments and agencies at trade shows to better collaborate, coordinate, support, and facilitate responsible aerospace and defense opportunities for U.S. companies. Partnering organizations include numerous components of the Department of Defense, such as the Office of the Under Secretary for Acquisition, Technology & Logistics (AT&L), DSCA, DTSA, and the military branches, as well as the Department of State. DOC’s International Trade Administration often exhibits at many of the aerospace & defense trade shows. A representative list of some trade shows that U.S. Government officials will be attending is included in Addendum 1.

Webinars

Prior to trade shows, ITA frequently organizes a webinar or a series of webinars to educate companies on key growth markets, trends, opportunities, and other pertinent topics related to a given show. About 20-30 webinars are organized by ITA each year and many are free! Companies benefit by gaining additional market intelligence and better understanding of the market. More information about ITA webinar series can be found on the DOC country webpage of interest, such as <http://2016.export.gov/unitedkingdom/>. Webinars and other activities will be listed in the “What’s New” section or email laurie.hays@trade.gov for further assistance.

Trade Missions

Department of Commerce trade missions are overseas programs for U.S. firms that wish to explore and pursue export opportunities by meeting directly with potential clients in foreign markets. Trade missions often include: one-on-one meetings with foreign industry executives and government officials that are pre-screened to match specific business

objectives, whether for representation, direct sales or joint ventures in the local market. DOC also certifies trade missions that are organized by state and private sector organizations and hosted by DOC's Commercial Service overseas offices.

Associations

Becoming a member of an aerospace or defense trade association can bring a company closer to customers, potential customers, partners, suppliers and competitors. Numerous events, services, and other resources offered can allow companies to maximize networking opportunities for potential business development and gain technical know-how in a complex and highly regulated market. Associations can also be an excellent data source with in-house market research and newsletters, which are often published only for members.

Department of Commerce (DOC)

International Trade Administration (ITA)

Companies are strongly encouraged to use export development services provided by the U.S. Department of Commerce. ITA includes local experts, industry experts, and country experts to assist companies seeking to export.

Industry and Analysis (I&A)

To increase defense trade exports and promotion efforts, the Office of Transportation and Machinery (OTM) conducts defense industry outreach and trade promotion, and helps U.S. defense exporters address challenges and trade barriers.

In particular, [The Aerospace Team](#) (a part of OTM) is staffed by experts in various aerospace sectors, such as defense, space vehicles, unmanned systems, general aviation aircraft, military aircraft, large civil aircraft, helicopters, and aircraft parts. The team seeks to create or maintain access to markets overseas for U.S. aerospace and defense exporters. For additional information such as the [Defense Market Report, other aerospace reports, or further assistance, please click here.](#)

The U.S. Commercial Service

The [Commercial Services operates U.S. Export Assistance Centers \(USEACs\)](#) throughout the United States to help companies on a local level, as well as country desk officers who can guide companies seeking resources within a specific industry or country.

With a robust overseas network of Commercial Officers and Commercial Specialists who can assist with finding potential customers, agents, distributors, and other strategic overseas partners, the **U.S. Foreign Commercial Service** is available to all U.S. defense manufacturing companies wishing to take the next step in entering foreign markets. Specialists can also help U.S. companies with market research, aerospace trade leads and trade events.

Key services such as the [International Partner Search \(IPS\)](#) help exporters find potential agents, distributors or other companies without leaving the United States. A large group of potential partners in a given country of interest will be contacted using marketing materials provided by a company, and then DOC will identify the companies that are interested and capable of becoming a viable representative in the country of interest. The [Gold Key Service \(GKS\)](#) offers a variety of services, including customized market and industry briefings with trade specialists, and appointments with prospective trade partners in key industry sectors to help companies address critical market information needs and expand potential sales.

[The Aerospace and Defense home page, produced by the ITA Global Aerospace team](#), is an excellent launching pad for information on ITA's trade promotion resources for exporters of defense articles, aircraft parts and other aerospace products. [Click here for a list of International U.S. Commercial Service Offices.](#)

ITA's Market Development Cooperator Program (MDCP) provides technical and financial assistance to trade associations and other organizations to promote U.S. exports with the aim of creating jobs

for American workers. ITA's financial contribution is met on a two-to-one basis by the MDCP partner, including "in-kind" contributions. ITA has two current partnerships related to the promotion of aerospace and defense exports. [For more information on the MDCP program, click here.](#)

The Advocacy Center

If a U.S. company is selling to a foreign government or government controlled entity, official U.S. Government advocacy could help in the process. The Advocacy Center (AC) helps to ensure that U.S. products and services have the best possible chance of winning when competing abroad. The office's mission is to coordinate U.S. Government resources to level the playing field on behalf of U.S. business interests in order to help create and retain U.S. jobs through exports.

The AC works closely with the U.S. Commercial Service network of domestic Export Assistance Centers and Commercial Offices within U.S. diplomatic missions overseas, industry experts within ITA, and key offices at the Departments of Defense and State, among others.

For additional information about how to become eligible for advocacy, click the link below. <http://www.export.gov/advocacy/>

DOC's Bureau of Industry and Security (BIS)

All exporters must comply with U.S. export control regulations and have an understanding of which agency [DOC's BIS or the State Department's Directorate of Defense Trade Controls (DDTC)], has jurisdiction over the licensing for a given product or service. For more information, access to decision tree tools, guidance, and licensing regulations under *the Export Administration Regulation (EAR)*, go to the following link: <http://www.bis.doc.gov/>

All new exporters are strongly encouraged to attend training on export controls. **For more information on Export Controls/EAR training and a seminar schedule, go to the "Export Control Reform" icon in the main website listed above or go to the free [On-](#)**

[line Training Room](#) to learn the *Essentials of Export Controls*.

Export Controls and Interagency Roles

Export Controls and Export Control Reform (ECR)

The U.S. Government controls the export, re-export, and re-transfer of dual-use and defense articles through regulations administered by the Departments of Commerce and State Department. Commerce has responsibility for dual use items and defense items transferred over from State as part of the ECR effort under the 600-series. State licenses exports of all defense items that remain on the ITAR. Beginning October 15, 2013, thousands of items previously controlled on the United States Munitions List and subject to ITAR, which is administered by the U.S. Department of State, moved to the EAR, which are administered by the U.S. Department of Commerce. Most of the items that were moved were incorporated under the "600 series" on the [Commerce Control List \(CCL\)](#)—which is the heart of the EAR.

BIS regularly updates the exporting community, particularly through an annual "Update Conference on Export Controls and Policy". Most recently held in October 2016, these conferences give the exporting community the opportunity to learn first-hand from senior U.S. Government officials about current export control policies, regulations and practices. Exporters are encouraged to attend future events. The [slide presentations from Update 2016 are available online via the BIS website](#) and provide excellent resources that answer many licensing and export control questions.

EAR Highlights

All articles classified under the EAR are assigned an [Export Classification Control Number \(ECCN\)](#). An ECCN is an alphanumeric code assigned to articles, technology and software by the Bureau of Industry and Security. Some items transferred to the CCL are classified under a "dual-use" ECCN if they are not specially designed for military use or also have a dual commercial or civil application. Both the ITAR and

the EAR require that a company **self-determine or self-classify** where a product is categorized. If a company knows that its item is classified under the EAR, a company must determine its ECCN (see below). A company can self-classify or consult with an engineer or manufacturer of the item to properly classify the export. If the exporter is the manufacturer and is uncertain of the proper jurisdiction or classification, a company will want to consider filing for a commodity jurisdiction or a commodity classification, as described in the following sections.

Commodity Jurisdiction (CJ)

If a company is uncertain which organization has jurisdiction over an export (i.e. Commerce or State Department), the company should file for a **CJ under the authority of the Directorate of Defense Trade Controls (DDTC) at the State Department**. Only an appropriate export regulating authority can make “official determinations,” regarding jurisdiction. All CJ requests must be submitted electronically using the DS-4076 Commodity Jurisdiction (CJ) Request Form (at no cost). [For instructions and commonly asked questions regarding the CJ process click here.](#)

With the number of CJs increasing rapidly, the licensing agencies are working to make the regulations clearer so that the areas of uncertainty between the United States Munitions List (USML) and the CCL are reduced. The 2016 Update Conference addressed the issues during the “Mysteries of the CJ Process” panel. The CJ website page is being updated on an on-going basis to address changes, improve overall guidance on filing, expand the FAQs, fix precedent case snafus and add performance statistics. Additionally, a revised “go-live” CJ Form (DS-4076) was implemented in November 2016. Exporters are encouraged to read the Update Conference CJ presentation and follow updates on the CJ webpage.

Keep in mind that if an item is enumerated on the USML, there is no need to submit a CJ. However, if the item has or will have commercial application, then a CJ for review of the current controls would be appropriate.

Commodity Classification

If a company determines its product is classified under the EAR at Commerce but is still uncertain if it has been self-classified under the correct ECCN, a company can apply for a [Commodity Classification Request \(found under section 748.3 of the EAR\) at no cost or for further guidance click here.](#)

For additional information exporters should refer to the [www.bis.doc](#) website or can download [Chapter 732: Steps for using the EAR:](#)

- Supplement 1: Decision Trees
- Supplement 2: Am I subject to the EAR, and
- Supplement 3: BIS “Know your Customer” Guidance and Red Flags

Exporters are also encouraged to download chapter [736 – General Prohibitions](#) and check whether items 1-3 are applicable to each export sale.

How to Register/Submit a License at DOC

If an item is subject to the EAR (600-series, dual-use or commercial item) and requires a license, companies can register and submit an electronic application via **SNAP-R** (see main BIS website for training or instructions to open a new SNAP-R account) or contact the BIS Help desk at snapr@bis.doc.gov or by calling the Help Desk at 202.482.2777.

Know Your Customer

Supplement 3 of the EAR provides guidance on ‘knowing your customer,’ and identifying ‘red flags’; e.g. *potentially denied parties* and those who cannot legally obtain U.S. licenses due to a potential violation. A violation could involve an individual(s) who has failed to correctly follow the EAR or other legal authority and has been determined by the USG to be acting contrary to the national security or foreign policy interests of the United States.

[The “Consolidated Screening List” \(CSL\)](#) is a summary of parties upon which the U.S. Government maintains restrictions for certain exports, re-exports or transfers, due to previous violations. The list is

used as a tool to assist in **screening parties, and refers to a company, entity or a person**. The CSL search engine is a consolidation of screening lists updated by the *DOC, DOS, and the Treasury (under The Office of Foreign Assets (OFAC))*, all regulatory agencies involved in making rules on export controls and/or sanctions.

Depending on the sales cycle of an export, companies are strongly recommended to conduct a two-tier review to ensure no updates were missed. The list is updated continuously and should therefore be checked periodically. In addition to U.S. export control regulations, U.S. companies are strongly urged to remain current on restrictions impacting certain countries of destination and companies or individual entities of concern who are not authorized to export.

Embargoes and Other Export Restrictions

Companies should also be aware of which **countries** are under sanctions and/or export restrictions. Resources available include EAR country charts in supplement No. 1 to Part 738 and country groups found in Part 740. Countries subject to U.S. arms embargoes as identified through notices in the published Federal Register and drawn from [section 126.1 of the ITAR](#).

Key Goals of Export Control Reform (ECR)

President Obama's key goals for export control reform included continuing to protect the country's most sensitive technologies while improving the ease of doing business for less sensitive military goods, as well as increasing overall interoperability with NATO and other close partners and allies. Another goal was to reduce the incentives for foreign companies to "design-out" or avoid U.S.-origin content, and to allow the U.S. Government to focus its resources on transactions of greater national security concern.

ECR Updates

¹⁰ [70320 Federal Register/Vol. 81, No. 197/October 12, 2016/Rules and Regulations](#).

As ECR progresses, the overall licensing burden for less sensitive U.S. origin defense parts and components has been reduced. Additional language on Category XII and EAR Bookend Rules were published on October 12, 2016 and become effective December 31, 2016. Category XII covers Control of Fire Control, Laser, Imaging, and Guidance and Control Equipment the President determines no longer warrant control under the United States Munitions List (USML).¹⁰ In the June 3, 2016, edition of the Federal Register, The Department of Commerce published the final rule which included certain definitions that enhanced clarity and consistency with terms found in both the EAR and ITAR. Further questions about the rules can be addressed on the ["Reform" link at BIS.doc.gov](#).

Click below for links to the Commerce and State final rules:

Commerce final rule

<https://federalregister.gov/d/2016-27777>

State final rule

<https://federalregister.gov/d/2016-27775>

Many military aircraft parts, along with several other less sensitive defense articles, are now EAR controlled, thus enabling foreign customers to 'avoid the ITAR', as some prefer. In recent years, some countries have avoided using ITAR-controlled products if a viable alternative exists.

Anyone wishing to learn about the latest changes to ECR and the EAR were historically able to join a weekly conference call, typically conducted by the Assistant Secretary for Export Administration. On Wednesday, November 23, 2016, the Assistant Secretary of Commerce for Export Administration, hosted the last call-in session of the Bureau of Industry and Security's highly successful ECR teleconference series. A complete list of revised

USML-CCL categories and proposed and/or finalized rules can be found on the [ECR dashboard](#).

License Exceptions

Many 600 series items under the EAR have license exceptions available, unlike items controlled under the ITAR, that obviate the need for individual prior approvals from the U.S. Government for transactions that are eligible and meet certain requirements. A license exception is an authorization that allows a U.S. company to export or re-export, under stated conditions, items subject to the EAR that would otherwise require a license. The aerospace and defense industry benefits greatly from the *Strategic Trade Authorization (STA)* license exception, as a majority of aircraft parts and less significant military equipment exported to one of the NATO countries and other close allies may be eligible to *ship without a license*. For the list of the “36 STA” eligible countries under the 600-series, see Country Group [A: 5] in [Supplement No. 1 to Part 740](#) of the EAR. For more specific and detailed information on STA and other license exceptions and eligibility requirements, exporters should refer to Part 740 of the EAR.

For additional export control information and related resources, visit www.bis.doc.gov. To speak to an export counselor, call the Office of Exporter Services at (202)482-4811 in Washington, D.C.

Department of State (DOS)

The Directorate of Defense Trade Controls (**DDTC**) website offers extensive information and guidance on the licensing regulations under the ITAR at the following link:
<http://www.pmddtc.state.gov/index.html>.

How to Register/Submit a License at DOS

If a defense article or service is subject to the ITAR and requires a license, a company must submit an electronic application via DDTC’s DTrade system. For

instructions on how to register and submit a license at the DTrade Information Center, go to:
<http://www.pmddtc.state.gov/DTRADE/index.html>

The Office of Regional Security and Arms Transfers (PM/RSAT)

PM/RSAT is responsible for ensuring that all FMS cases are properly reviewed for foreign policy and national security objectives. PM/RSAT is also responsible for adjudicating requests from divesting governments to transfer FMS-acquired defense articles to another government or entity. These requests are known as third party transfer (TPT) requests. PM/RSAT undertakes a thorough review of proposed FMS and TPT cases, to include a legal review, foreign policy considerations, and technology transfer issues. Further, PM/RSAT also applies the [Conventional Arms Transfer Policy \(CAT\)](#), as laid out in [Presidential Policy Directive 27](#).

Department of Defense (DOD)

The Defense Security Cooperation Agency (DSCA)

DSCA is the lead agency for the execution of Security Cooperation programs. DSCA has many roles and responsibilities in Security Cooperation, the foremost being to administer the FMS program for the Department of State including handling the Letter of Acceptance processing (LOA), managing trust funds, budget allocation, training and education, and more. As a reminder, “DSCA’s new Institute of Security Cooperation Studies (ISCS), effective 1 July, 2016, replaces DISAM. [ISCS provides education, research, and support in security assistance and cooperation.](#)”¹¹

DSCA reported that FMS sales in fiscal year 2015 exceeded \$47 billion, making it the agency’s biggest year yet, and continuing a long-term growth trend. FMS sales have progressively increased each year as DSCA processed \$34.2 billion in sales in 2014, up from \$27.8 billion in 2013. Questions not answered in this report regarding the FMS and other

¹¹ For more information see <http://www.iscs.dsca.mil/>

government-to-government arms transfers can be found on the Defense Security Cooperation Agency's (DSCA) website: <http://www.dsca.mil>.

Future Mission of DSCA/Resources

DSCA has embarked upon an ambitious effort to improve the FMS system through its "[Vision 2020 initiative](#)", and has already made changes to how FMS can be used by NATO countries that want to purchase defense systems as a group. For more information on this and other related activities, visit the DSCA website.

Defense Technology Security Administration (DTSA)

This organization establishes Department of Defense security policies related to international transfers of defense-related goods, services, and technologies. DTSA reviews and provides expert recommendations on foreign access to U.S. military technology as well as foreign purchases of American companies.

Additionally, DTSA works closely with both DOC and the State Department, and serves as a reviewing agency for dual-use commodities and munitions items and provides overall technical and policy assessments on export license applications. In accordance with Executive Order 11958, the State Department, with the concurrence of the Department of Defense, determines what commodities are covered by the USML. DTSA is the lead for DOD and receives all CJs staffed from DoS/DDTC. DTSA also reviews CCAT requests submitted by DOC. For more information see <http://www.dtsa.mil>.

Other Licensing Agencies

U.S. Department of Justice (DOJ)

While not the focus of this report, DOJ controls permanent imports of articles and services covered by the United States Munitions Import List, (USMIL) from foreign countries by persons subject to U.S. jurisdiction. (The State Department holds jurisdiction over temporary imports of defense articles returned to the United States for repair). The DOJ's Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)

regulates the permanent import of weapons, ammunition and "implements" of war. For more information go to the following website: <http://www.atf.gov>.

Department of the Treasury

The Department of the Treasury's Office of Foreign Assets Control (OFAC) administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States. Some of the lists include the Foreign Sanctions Evaders (FSE) list, the Specially Designated Nationals List (SDN), and the Blocked Persons list. Go to [OFAC's Resource Center](#) to view a complete list.

Other Export Considerations

National Disclosure Policy (NDP) NDP generally applies to the release of classified technical data, intelligence or classified material, also referred to as Classified Military Information (CMI). CMI is information that originates by or for the U.S. Department of Defense, its departments or agencies, or departments or agencies under their jurisdiction or control that require protection in the interests of national security. This type of policy statement identifies specific countries that have been pre-approved to purchase or receive CMI on a particular system, such as the F-35 Joint Strike Fighter (JSF). Companies need to be aware of the differences when dealing with classified or unclassified data, however the transfer of any defense article; regardless if classified or unclassified, requires an export license prior to its transfer to a foreign entity.

If NDP applies, a determination MUST precede any activity in order to be able to determine if a country or international organization is even eligible to receive the CMI to be conveyed via a license or FMS case. The responsibility for control of the disclosure

of CMI is assigned jointly to the Secretaries of State and Defense.

The NDP process involves numerous decision criteria and is a necessary process to guard against unauthorized disclosure of classified military information to foreign countries and international organizations. It is a process that is critical for companies to understand if applicable to their business. Companies should maintain close liaison with key officials in DOD, State, and/or various military departments (MILDEPs), who either support or play an active role in the NDP process. To learn more about NDP, visit the DTSA website. Within [DTSA, the International Security Directorate](#) carries out a number of responsibilities relating to NDP and U.S. national policy.

Offsets

Offsets are requirements from foreign governments to add back to their economies (e.g. make an investment, form a joint venture, commit to local content sourcing) as a condition for a sale. Over 80 countries have offset requirements. Such requirements have become an increasingly important yet costly part of international armaments competitions. The U.S. Government, as a policy, does not encourage or assist companies to commit to or enter into offset agreements.

Offset arrangements are matters for the contractor and the companies involved to decide whether to engage in or not. Offsets have become increasingly challenging as a greater number of countries require them, and they can cause significant price increases, which reduces the overall competitiveness of the offer.

Foreign Corrupt Practices Act (FCPA)

The Foreign Corrupt Practices Act of 1977 (as amended), prohibits any payments to foreign officials to assist in obtaining or retaining business. It

also requires publicly traded U.S. companies to maintain accurate records and internal controls sufficient to provide assurance that transactions are executed and assets are appropriately accounted for. The FCPA is far reaching and can apply to prohibited conduct anywhere in the world. The SEC and the Department of Justice are jointly responsible for enforcing FCPA.

U.S. exporters must be familiar with this statute and compliant with its provisions, as the sanctions for FCPA violations can include large fines and/or imprisonment. [Click here for more information on FCPA](#). Exporters are also advised to consult with an attorney who specializes in securities law.

SAM Codes, Registration and More on Contracts

A company needs to be sure it has a current and active SAM code. A SAM code, (The System for Award Management) is required by the IRS and the DLA (Defense Logistics Agency) and is needed to manage all areas of federal procurement. As the government does not produce anything itself, it must purchase every part, supply and service that it needs to operate. To gain access to this sector, a company must properly complete the SAM Registration for proper industry and size classification of its organization. Once approved, it has access to view, bid on and be awarded Federal Contracts, Grants and other Government Contracts and Opportunities.¹²

It is also important to have an excellent past performance record with DOD. A company needs to be registered at [this U.S. Federal Contractor Registration link](#).

Conclusion

Companies should consider using all of the government resources available and provided in this report and as outlined in the ITA (and various DOD, DOS and other DOC) websites. The Department of

¹² To learn how to register/renew SAM codes, go to <https://www.unitedstatesbusinessregistration.us/?gclid=CM7vmtSX88wCFdFZhgod8k8FMQ>

Commerce is available to answer any questions you may have regarding the content of this report, or can direct you to the appropriate agency or point of contact who can further assist you. Due to the complexities of international defense sales, a defense company new to international markets is advised to consult an international attorney and understand the legal system and payment framework of both the DCS and FMS programs, as well as understand export control requirements.

Addendum 1: Major Aerospace and Defense Trade Shows

Following is a representative list of aerospace and defense shows. Most major tradeshow and airshows, such as Farnborough and the Paris Air Show, operate on a two-year cycle, although some variations occur.

PARIS AIR SHOW

Venue: Paris, France

<http://www.siae.fr/en/>

SINGAPORE AIR SHOW

Venue: Singapore

<https://www.singaporeairshow.com/>

EUROSATORY

Venue: Paris, France

<http://www.eurosatory.com/>

FARNBOROUGH INTERNATIONAL AIR SHOW

Venue: Farnborough, England

<http://www.farnborough.com>

DEFENSE EXPO KOREA (DX KOREA)

Venue: Seoul, Korea

http://www.export.gov/eac/show_detail_trade_events.asp

IDEX 2017

Venue: Abu Dhabi, UAE

<http://www.idexuae.ae/>

AVALON 2017 - The Australian International Airshow and Aerospace & Defense Exposition

Venue: Geelong, Australia

<http://www.airshow.com.au/airshow2017/TRADE/>

AERO INDIA 2017

Venue: Air Force Station Yelahanka, Bengaluru

<https://www.aeroindia.in/Default.aspx>

LATIN AMERICAN AEROSPACE & DEFENSE (LAAD) 2017

Venue: Rio de Janeiro, Brazil

<http://www.laadexpo.com.br/en/>

JAPAN AEROSPACE

Venue: Tokyo, Japan

<http://export.gov/california/losangelesdowntown/events/japan2016/index.asp>

MILIPOL

Venue: Doha, Qatar

<http://en.milipolqatar.com>

INDODEFENSE

Venue: Kemayoran, Jakarta, Indonesia

<http://www.indodefense.com>

Langkawi International Maritime Defense Exhibition (LIMA) 2017

Venue: Langkawi Island, Malaysia

<http://www.limaexhibition.com/aboutus-lima-facts.php>

Adriatic Sea Defense and Aerospace 2017

Venue: Split, Croatia

<http://adriaticseadefense.com/>

International Maritime Defense Exhibition - IMDEX ASIA 2017

Venue: Singapore

<http://www.imdexasia.com/>

International Defense Industry Fair

Venue: Istanbul Turkey

[Click here for details](#)

Defense Security Equipment International (DSEI)

Venue: London, England

<http://www.dsei.co.uk/>

MSPO International Defense Industry Exhibition

Venue: Kielce, Poland

[Click here for details](#)

Addendum 2: Resources for U.S. Exporters

The U.S. Government has numerous resources available to help U.S. exporters: from additional market research, to export financing guides, to overseas trade missions, to staff around the country and the world. A few key resources are highlighted below.

Department of Commerce (DOC)

International Trade Administration (ITA)

<http://www.trade.gov/topmarkets/>

- ✓ Go to the [Defense Products link](#) for information on defense markets.
- ✓ Go to the [Technical Textiles link](#) for information on **military protective outer wear**.
- ✓ Go to [The Aircraft Parts](#) to gather more information on commercial and civil aircraft parts.
- ✓ **For additional information about services from the International Trade Administration (ITA), please visit www.export.gov.**

[Country Commercial Guides](#)

Written by trade experts at U.S. Embassies worldwide, the *Country Commercial Guides* provide an excellent starting point for what you need to know about exporting and doing business in a foreign market. The reports include sections addressing market overview, challenges, opportunities and entry strategies; political environment; selling U.S. products and services; trade regulations, customs, and standards; and much more.

[Basic Guide to Exporting](#)

A *Basic Guide to Exporting* addresses virtually every issue a company looking to export might face. Numerous sections, charts, lists and definitions throughout the book's 19 chapters provide in-depth information and solid advice about the key activities and issues relevant to any prospective exporter.

[Trade Finance Guide: A Quick Reference for U.S. Exporters](#)

Trade Finance Guide: A Quick Reference for U.S. Exporters is designed to help U.S. companies, especially small and medium-sized enterprises, learn the basics of trade finance so that they can turn their export opportunities into actual sales and achieve the ultimate goal of getting paid on time for those sales. Concise, two-page chapters offer the basics of numerous financing techniques, from open accounts to forfaiting and government assisted foreign-buyer financing.

[Trade Missions](#)

Department of Commerce trade missions are overseas programs for U.S. firms that wish to explore and pursue export opportunities by meeting directly with potential clients in foreign markets. Trade missions often include: one-on-one meetings with foreign industry executives and government officials that are pre-screened to match specific business objectives, whether for representation, direct sales or joint ventures in the local market. DOC also certifies trade missions that are organized by state and private sector organizations and hosted by DOC's Commercial Service overseas offices.

[Certified Trade Fairs](#)

The Department of Commerce's trade fair certification program endorses overseas trade shows that are a reliable venue and a good market for U.S. firms to sell their products and services abroad. These shows serve as a vital access vehicle for a U.S. company to enter and expand to foreign markets. The certified show/U.S. pavilion ensures a high-quality, multi-faceted opportunity for American companies to successfully market overseas. Among other benefits, certified trade fairs provide U.S. exhibitors with help facilitating contacts, market information, counseling, and other services to enhance their marketing efforts.

[The Industry Trade Advisory Committee \(ITAC\)](#)

The Industry Trade Advisory Committee on Aerospace Equipment consists of representatives of U.S. aerospace and defense manufacturers and their trade associations, as well as labor organizations, who advise the Secretary of Commerce and the U.S. Trade Representative on international trade issues related to the aerospace and defense industry.

The Bureau of Industry and Security (BIS): <http://www.bis.doc.gov/>

For licensing regulations under the Export Control Administration (EAR)

BIS Help desk at snapr@bis.doc.gov or by calling the Help Desk at 202.482.2777

Regulatory Policy Division: 202-482-2440 / rpd2@bis.doc.gov

Exporter Counseling Services at DOC: (202) 482-4811 in Washington, D.C. or (949) 660-0144 in California

Bureau of Census, Department of Commerce:

Census provides trade data on exports and imports, and information on Schedule B numbers and the Shipper's Export Declaration.

International/Government Export Control Web sites

Wassenaar Arrangement:

Provides links and information on the export controls of the various participating countries.

U.S. Mission to the OSCE, Vienna, Austria:

Provides links to the history of the Wassenaar Arrangement, Questions and Answers, Documentation, and Reference Materials

Summary of Other Agencies and Resources

State Department

Department of State (DOS): <http://www.pmddtc.state.gov/index.html>

Directorate of Defense Trade Controls (DDTC) / link to licensing regulations under the International Traffic in Arms Regulations (ITAR)

Response Team may be reached at (202) 663-1282 or by email at DDTCResponseTeam@state.gov.

Department of State (DOS): <http://www.state.gov/t/pm/rsat/>

Office of Regional Security and Arms Transfers (PM/RSAT) / information on the FMS and TPT process

Department of the Treasury: <https://www.treasury.gov>

OFAC/Sanctions: <https://www.treasury.gov/resource-center/sanctions/Pages/default.aspx>

Or call the OFAC hotline at (800)540-6322

Entities List (Consolidated Screening List)

Department of Defense

DSCA: <http://www.dsca.mil>

Main: 703-697-9709; The Weapons Division: 703-697-9096 or 9098

The Security Assistance Management Manual (SAMM): <http://www.samm.dsca.mil/> is the fully-digital electronic version (E-SAMM). SAMM is the authoritative document on Security Cooperation policy and procedures.

DISCS also has a *helpful link on its website* <http://www.iscs.dsca.mil/> called *“Ask an instructor”*. As of July 2016, the most current and comprehensive guide to the FMS process, can be found in [The Management of Security Cooperation \(more commonly known as the “Green Book”\)](#).

DTSA: <http://www.dtsa.mil>

Office of Small Business Programs: Small Business and the DOD:

<http://www.acq.osd.mil/osbp/sb/index.shtml>

The Pentagon Office: 571-256-7791 or osd.pentagon.ousd-atl.mbx.osbp-info@mail.mil

The U.S. Small Business Administration (SBA): <https://www.sba.gov/>

SBA offers financial support for small to medium sized firms through the STEP Grant program to encourage international trade promotion.

[Bureau of Customs and Border Protection](#) and [Bureau of Immigration and Customs Enforcement:](#)

These two Bureaus, formerly the U.S. Customs, are responsible for ensuring that all goods entering and exiting the United States do so in accordance with all U.S. laws and regulations.

Department of Energy - <http://www.energy.gov/>

Department of Energy, Office of Arms Controls and Nonproliferation, Export Control Division:
Licenses nuclear technology and technical data for nuclear power and special nuclear materials.

U.S. Securities and Exchange Commission - The SEC enforces actions against FCPA violators

<https://www.sec.gov/spotlight/foreign-corrupt-practices-act.shtml>

Department of Justice - Alcohol Tobacco & Firearms: www.atf.gov

[Patent and Trademark Office, Licensing and Review:](#)

Oversees patent filing data sent abroad.

Addendum 3: Summary of FMS Sales Process

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

Source: Chapter 5, Table 5-1, “Foreign Military Sales Process,” the Green Book. Note the source materials change frequently and this is used as an academic document. http://www.iscs.dsca.mil/documents/greenbook/05_Chapter.pdf.