



DEFENSE **LOGISTICS** AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD, SUITE 2533
FORT BELVOIR, VIRGINIA 22060-6221

JAN 8 2001

IN REPLY
REFER TO J-336/J-381
PROCLTR 01-01

MEMORANDUM FOR PROCLTR DISTRIBUTION LIST

SUBJECT: Foreign Military Sales Support

The purpose of this PROCLTR is to provide revised Defense Logistics Acquisition Directive guidance on the use of fast payment procedures and direct vendor delivery for foreign military sales (FMS) requirements. These changes are a direct result of the Defense Security Cooperation Agency's approval of the use of these procedures.

This PROCLTR is effective immediately and expires upon incorporation into the DLAD. The points of contact for this PROCLTR are Frank Pane at (703) 767-1461 (DSN 427) or Stephanie Pennello at (703) 767-1355. They may also be reached via email at francis.pane@hq.dla.mil and Stephanie_pennello@hq.dla.mil, respectively.

A handwritten signature in cursive script that reads "William J. Kenny".

WILLIAM J. KENNY
Executive Director
Logistics Policy and Acquisition Management

Attachment



SI JRPART 13 4 FAST PAYMENT PROCEDURE

13.402 Conditions for use.

(90) The additional criteria set forth below shall be followed when determining the applicability of fast payment procedures.

(2) Direct Vendor Deliveries (DVDs). DVDs, including overseas shipments that go through a consolidation point and *Foreign Military Sales requirements*, are authorized to use fast payment procedures (see 25.7302-90). However, DVDs with source inspection **or DVDs** with subsistence **requirements** shipped through a consolidation point prior to shipment overseas are not authorized to use fast payment procedures.

SUBPART 25.73 • ACQUISITIONS FOR FOREIGN MILITARY SALES

25.7302-90 Foreign Military Sales (FMS) shipping instructions

(e) By memorandum dated August **10, 2000**, the Defense Security Cooperation Agency approved the use of **DVD** with fast payment procedures as a means to improve support to foreign military sales customers. This approval will allow the inclusion of FMS customer requirements in many contract arrangements and eliminate unnecessary Government source inspections. However, the **following considerations** may affect the **decision** to Include FMS requirements **in** DVD contracts:

(i) The ability to include FMS requirements in contracts may still be limited by preservation and packing requirements. Marking requirements must comply with MIL-STD-129 and the Security Assistance Management Manual for FMS requirements. Commercial marking practices do not generally contain all information required by those documents. It is particularly important to **clearly** mark the requisition number on the packaging.

(ii) Under the terms of the Letters of Offer and Acceptance (**LOA**) negotiated with foreign governments, title transfers to the foreign government at the contractor's loading dock. [Note: The **LOA** language pertaining to title transfer at the contractor's shipping dock does not require inspection and acceptance at origin or the use of f.o.b. origin shipping terms]. The **LOAs** also require repair and replacement of items for one year after shipment. Under fast payment procedures, the contractor is responsible for repair and replacement of items for a period of 180 days from the date title to the supplies vests in the Government. For FMS requirements, this would equate to 180 days from the date of shipment. In order to comply with the terms and conditions of the **LOA** when using fast payment procedures, problems not identified within 180 days of shipment must still be resolved by the Defense Supply Centers.

(iii) Material supplied to fulfill FMS requirements should receive the same level of inspection that is afforded to U.S. Military customers for the same material.

(iv) Direct Vendor Delivery of FMS shipments to freight forwarders may use fast payment procedures in accordance with **13.402(90)(2)**.