



**DEFENSE LOGISTICS AGENCY**  
**HEADQUARTERS**  
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IN REPLY  
REFER TO

DLSC-P  
PROCLTR 98-19

**AUG 14 1998**

MEMORANDUM FOR PROCLTR DISTRIBUTION

SUBJECT: Defense Transportation Code (DTC) 4

The purpose of this PROCLTR is to revise DLAD 4105.1 to incorporate the changes addressed in DLSC-CI memorandum dated May 22, 1997 entitled "Shipment Guidance for Direct Vendor Deliveries (DVDs) in Support of FMS Requisitions." Attachment 1 provides revisions to DLAD 25.7302-90(a) and (c), adds DLAD clause 52.225-9002 FMS Shipping Instructions (June 1998), and deletes DLAD 47.305(90) and DLAD clause 52.225-9001 "FMS Shipping Instructions."

Numerous complaints and requests for refunds have been received from Foreign Military Sales (FMS) customers for additional transportation costs when material is shipped via commercial collect bill of lading. The Defense Working Capital Fund includes Continental United States transportation costs in the standard unit price charged to the FMS customer. The use of DTC 4 incurs an additional transportation charge when used for other than DRMS issues and certain repair and return cases, as may be administered by DCMC.

Existing long term contracts that include FMS requirements should be reviewed and modified to remove any requirement to ship using commercial collect bills of lading on future shipments. The terms of the contract take precedence over the DTC and contracts must clearly require contractors to contact only the Transportation Officer (TO) that is most knowledgeable of the transportation terms included in the contract. For DLA contracts, this is generally the TO at the contracting activity, unless contract administration has been assigned. Transportation offices that do not have access to the terms and conditions of the contract are likely to provide shipping directions based solely on the DTC.

This PROCLTR is effective immediately and expires upon incorporation in DLAD 4105.1 or 1 year from the date of this PROCLTR, whichever is first. If additional information is required, please contact Stephanie Pennello at DSN 427-1355 or (703) 767-1355, or via E-mail at [stephanie\\_pennello@hq.dla.mil](mailto:stephanie_pennello@hq.dla.mil).

Attachment

GWILYM H JENKINS  
Captain, SC, USN  
Acting Executive Director  
(Procurement Management)

**SUBPART 25.73 - ACQUISITIONS FOR FOREIGN MILITARY SALES**

**25.7302-90 Foreign Military Sales (FMS) shipping instructions.**

(a) In order to reduce misdirected shipments of FMS materiel, do not place shipping addresses on FMS contracts except as provided in paragraphs (b) and (c) below. Instead, place a notice in the contract requiring the contractor to contact the transportation officer (TO) at the contracting activity that awarded the contract or that placed the order, unless contract administration responsibilities were assigned to an office other than the contracting activity that awarded the contract. Orders and contracts assigned to DCMC for administration shall include a notice to require the contractor to submit a DD Form 1659, Application for U.S. Government Shipping Documentation/Instructions, to the transportation officer at the contract administration office for shipping instructions. Use a clause substantially the same as that provided at 52.225-9002, FMS Shipping Instructions (June 1998).

(b) A shipping address may be placed in FMS contracts if complete shipment is anticipated within 120 days of award.

(c) Contracts contemplating using f.o.b. origin shipping terms may include a firm shipping address.

(d) Additional contract provisions may be appropriate to satisfy unique requirements for requisitions that contain a "Z" or "Y" in card column 46. However, do not list the freight forwarder or embassy addresses in the contract.

PART 47

TRANSPORTATION

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SUBPART 47.3 - TRANSPORTATION IN SUPPLY CONTRACTS

47.305 Solicitation provisions, contract clauses, and transportation factors.

47.305-3 F.O.B. Origin Solicitation.

(91) When the solicitation includes the requirement for minimum size of shipments or guaranteed maximum shipping weights (and dimensions, if applicable) and an award is made f.o.b. origin, insert the clause at 52.247-9000, Guaranteed maximum shipping weights or dimensions, in solicitations and contracts (*see 14.408-1(96)*).

(92) Solicitation Provision (Port handling and ocean costs in bid evaluation). Port handling and ocean charges available at time of issuance of solicitation shall be published in solicitations for the acquisition of supplies for overseas shipment. The provision set forth at 52.247-9001, advising that these charges are tentative and not necessarily those that will be used in the evaluation, shall also be included in the solicitation, just below any charges published. This provision will preclude the need for extension of opening dates or cancellation of solicitations and will still permit award to that bidder who is, in fact, low at time of bid opening as a result of any change in charges after issuance of the solicitation.

47.305-3 F.O.B. origin solicitations. (DEVIATION)

(a)(4)(ii) Defense Energy Supply Center (DESC) is authorized to use DESC provisions 5452.247-9F12, Offers of Multiple Crude Oils (NOV 89) (DEVIATION) and 5452.247-9F13, Evaluation of F.O.B. Origin and Destination offers (APR 90) (DEVIATION) in lieu of FAR provision 52.247-46 when purchasing crude oil for the Strategic Petroleum Reserve (SPR) program.

PART 52

SOLICITATION PROVISIONS AND CONTRACT CLAUSES

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52.225-9000 Reserved.

52.225-9001 Reserved

*52.225-9002 FMS Shipping Instructions*

As prescribed in 25.7302-90, insert a clause substantially as follows:

FMS SHIPPING INSTRUCTIONS (June 1998) - DLAD

The Contractor shall contact the transportation officer (TO) at the contracting activity that awarded this contract or placed the order against the contract, unless contract administration responsibilities were assigned to an office other than contracting activity that awarded the contract, for shipping instructions prior to shipment. For contracts administered by the Defense Contract Management Command (DCMC), the Contractor must submit a DD 1659, application for U.S. Government Shipping Documentation/Instructions, to the transportation office for shipping instructions 18 days prior to shipment.

(End of clause)