

C7. CHAPTER 7

TRANSPORTATION

C7.1. DEFINITION AND PURPOSE - TRANSPORTATION

Department of Defense (DoD) policy is that the purchaser is responsible for transportation and delivery of its purchased materiel. The Department of Defense can, on a reimbursable or collect basis, arrange shipment and delivery of FMS materiel to a purchaser's designated continental United States (CONUS) delivery point. Generally the delivery point is the purchaser's contracted freight forwarder or a designated Port of Debarkation (POD) (Aerial or Water) specified by the Delivery Term Code (DTC) assigned in the Letter of Offer and Acceptance (LOA). See Chapter 5, Figure C5.F4. for a complete list of DTCs and their assigned delivery points. Transportation Bill Codes (TBCs) may also be used to bill transportation costs. See DoD 7000.14-R (reference (o)), Volume 15 for information on these codes. See Chapter 3 for guidance on export or temporary import of defense articles, shipment of classified items, export licenses, customs clearance, and Transportation Plan development.

C7.2. TRANSPORTATION LEGAL PROVISIONS

Several laws govern the transportation of controlled substances and cargo acquired with U.S. appropriated or guaranteed funds. Table C7.T1. is a summary of this legislation.

Table C7.T1. Transportation Legislation Summary

Legislation	Subject and/or Overview
Merchant Marine Act of 1936, as amended, (Section 901(b)) (46 U.S.C. 1241) (reference (bd))	Requires at least 50 percent of certain United States Government (USG) cargo be shipped on privately-owned U.S. flag commercial vessels
Cargo Preference Act of 1954 (10 U.S.C. 2631) (reference (be))	Established the 50 percent requirement that certain USG cargo be shipped on privately-owned United States (U.S.) flag commercial vessels
Fly America Act (49 U.S.C. 40118) (reference (bf))	Requires first preference for airlift of DoD sponsored grant, credit, or guarantee-funded cargo be given to U.S. flag air carriers
Arms Export Control Act (AECA), Section 42(c) (reference (c))	Prohibits spending Foreign Military Financing (FMF) monies outside the United States without Offshore Procurement (OSP) waiver
Controlled Substances Import and Export Act (21 U.S.C. 951) (reference (bg))	Requires import documents from the purchaser and export permits

C7.3. TRANSPORTATION REGULATIONS AND PROCEDURES

Table C7.T2. is a summary of the DoD references for transportation of Foreign Military Sales (FMS) materiel.

Table C7.T2. Transportation-Related References

References	Subject
DoD 4000.25-8-M (reference (t))	Military Assistance Program Address Directory (MAPAD) System
DoD 4500.9-R (reference (bh))	Defense Transportation Regulation, Part II, Cargo Movement
DoD 5100.76-M (reference (ai))	Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives
DoD 5200.1-R (reference (x))	Information Security Program
DoD 5220.22-M (reference (m))	National Industrial Security Program Operating Manual
DoD 7000.14-R (reference (o))	DoD Financial Management Regulation, (DoDFMR), Volume 15
MIL-STD-2073-1 (reference (bi))	Packing Standards
MIL-STD 129 (reference (bj))	Standard Practice for Military Marking
AFI 24-201	Cargo Movement
AFI 31-401	Information Security Program Management
AFM 24-204	Preparing Hazardous Materials for Military Air Shipments
AFMAN 16-101	International Affairs and Security Assistance Management

C7.4. TRANSPORTATION RESPONSIBILITIES

There are usually two parties involved in the movement of FMS materiel: the USG and the purchaser. If the purchaser does its own exporting, it may contract with a commercial transportation agent to do the necessary customs and documentation work. If used, this agent, or “Freight Forwarder,” is a third party involved in the movement of FMS materiel. Table C7.T3. summarizes the responsibilities of each party.

C7.5. TITLE TRANSFER

Title to FMS materiel normally transfers from the USG to the purchaser immediately upon its release from a DoD supply activity (point of origin). However, USG security responsibility does not cease until the recipient Government’s or international organization’s Designated Government Representative (DGR) assumes final control of the consignment. A supply activity can be either a DoD storage depot or a commercial vendor that furnishes materiel under a DoD-administered contract.

C7.5.1. Procurement Items. If an item is procured for shipment directly from a vendor, the point of origin and/or title passage is normally at the vendor's loading dock. Since FMS transactions are Government-to-Government sales, the terms of any DoD-administered contract for FMS materiel should be free on board (FOB) origin (the materiel must be DoD property before it departs the vendor's facility).

C7.5.2. Stock Items. If items are supplied from a DoD storage depot, the point of origin and/or title passage is normally the depot's loading dock.

C7.5.3. Postal Service Deliveries. If the U.S. Postal Service (USPS) is used, the point of origin and/or title passage is either the depot's postal facility or the nearest post office if depot personnel take the materiel to the post office in depot-furnished transportation.

Table C7.T3. Transportation Responsibilities

Organization	Responsibility
USG	<p>Ensures proper packing and marking of shipments.</p> <p>Distributes release and shipment documentation according to current DoD regulations.</p> <p>Maintains evidence of shipment.</p> <p>Provides technical assistance and guidance as appropriate.</p> <p>Ensures that a valid Transportation Plan is in place.</p>
Assistant Deputy Under Secretary of Defense – Logistics and Materiel Readiness (Transportation Policy)	Sets policy for the movement of materiel.
Defense Security Cooperation Agency (DSCA)	<p>Issues FMS transportation policies.</p> <p>Reviews and/or approves purchaser country calendar year waivers (to 50 percent vice 100 percent of applicable cargoes) of compliance with Cargo Preference Act. Reviews and/or approves security waivers to Cargo Preference (Ocean).</p>
Military Department (MILDEP)	<p>FMS Transportation Coordinators act as points of contact for purchasers' representatives.</p> <p>Ensures that the supporting Security Office oversees the prescribed security arrangements in coordination with DSS when commercial entities are involved.</p> <p>Develops the Transportation Plan.</p>
Maritime Administration (MARAD)	<p>Monitors compliance with U.S. Cargo Preference Act.</p> <p>Reviews and/or approves purchaser country non-availability waivers to the U.S. Cargo Preference Act.</p> <p>Review and/or coordinate on purchaser country calendar year waivers to DSCA 100 percent compliance policy with the Cargo Preference Act.</p>
Purchaser	<p>Takes possession of materiel at point designated by LOA DTC.</p> <p>Performs all export functions and requirements if taking possession of purchases in CONUS or, contracts with a freight forwarder to perform these functions.</p> <p>Provides freight forwarder with copies of LOAs and other LOA-related documentation needed to export purchases.</p> <p>Keeps its own MAPAD addresses updated as changes occur (done through Implementing Agency focal points or MAPAD custodian).</p> <p>Determines financial arrangements with the freight forwarder, if any.</p> <p>Obtains insurance on shipments (if desired).</p> <p>Handles all import customs actions and pays all customs charges for entry or materiel into purchaser's country, regardless of DTC.</p> <p>Obtains export licenses from the DoS for non-FMS (i.e., DCS) and the Department of Commerce (DoC) for certain dual use items.</p> <p>Processes import and/or export U.S. Customs actions Repair and Return materiel.</p> <p>Participates in the preparation of a Transportation Plan, effects coordination with security and Customs authorities within its territory, and identifies points of contact.</p>

Organization	Responsibility
Freight Forwarder (If involved)	<p>Receives, consolidates, and stages materiel (other than sensitive arms, ammunition, and explosives) within the United States and arranges for its onward movement.</p> <p>Coordinates export of sensitive arms, ammunition, and explosives items according to DTC 8 procedures.</p> <p>Performs these and other functions needed to export FMS purchases only per the contract negotiated between the freight forwarder and the purchaser.</p> <p>When tasked to provide a Transportation Plan, ensures it is prepared prior to the shipment date, is in compliance with the NISPOM, and is coordinated with DSS.</p>

C7.5.4. Retention of Custody. Retention of custody does not imply retention of title. Designation of a point of title transfer other than the point of origin must be specified in the LOA. This title transfer policy generally applies to shipments regardless of the mode or type of transportation, documents utilized, delivery code, or method of funding.

C7.5.4.1. Custody of Aircraft. When the LOA specifies that the USG provide for movement of aircraft to the point of delivery, one of two conditions prevails with regard to title. In either case, the purchaser assumes all risk of loss or damage since this is a USG service being provided at no cost to the USG.

C7.5.4.1.1. Ferrying of Contractor-Owned Aircraft. Where ferrying is necessary and the aircraft are not purchaser-owned (title not passed), the USG accepts title to the aircraft from the contractor, and title remains with the USG until arrival at the point of delivery. The LOA contains prescribed indemnification clauses. See Chapter 5, Table C5.T5.

C7.5.4.1.2. Ferrying of Purchaser-Owned Aircraft. Where purchaser-owned aircraft are being ferried under terms of the LOA, the purchaser grants the USG possession of the aircraft. Under this condition, the title to the aircraft remains with the purchaser. The LOA contains prescribed indemnification clauses. See Chapter 5, Table C5.T5.

C7.5.4.2. Annotation of Transportation Documents When DoD Retains Custody. When DoD retains custody and transportation responsibility for an FMS shipment until its arrival at the overseas port of debarkation in the destination country, bills of lading for these DTS shipments are annotated as indicated in subparagraphs C7.5.4.2.1. and C7.5.4.2.2. The signature of the issuing officer on the bill of lading serves as certification of these statements. DoD and other USG CONUS shipping activities must enter one of these statements into bills of lading issued for shipment of FMS cargo. The statement used depends if cargo is routed to a CONUS Port of Embarkation (POE) where it is loaded into an overseas carrier for lift to a POD or is offered directly to an overocean carrier that takes the cargo to an overseas port. Neither of these statements is annotated on bills of lading for FMS materiel moved to a purchaser's CONUS-located facilities, commercial agent, or freight forwarder.

C7.5.4.2.1. If the Defense Transportation System (DTS) service furnished is directly owned or controlled by DoD (i.e., Air Mobility Command (AMC) Airlift, Military Sealift Command (MSC) Ocean Lift or (Military) Surface Deployment and Distribution Command (SDDC) Booked Ocean Lift), the following statement is used: “[Insert applicable Military

Department] Sponsored Foreign Military Sales Shipment -- No Export Declaration or License Required. 22 CFR 126.4(a) Applicable.”

C7.5.4.2.2. If the overocean DTS furnished is obtained by a shipping activity transportation officer through a bill of lading issued directly to an overocean carrier (usually commercial air), the following statement is used: “[Insert applicable Military Department] Sponsored Foreign Military Sales Shipment – No Export License Required. 22 CFR 126.4(a) Applicable.”

C7.6. DEFENSE TRANSPORTATION SYSTEM (DTS)

The DTS includes any transportation services provided by the Department of Defense using USG-owned or controlled resources or DoD-contracted carriers. Use of the DTS, to include related terms and conditions for movement, must be stated in the LOA. The USG has no financial responsibility for loss or damage that occurs to FMS materiel while in transit.

C7.6.1. Examples of DTS Shipments

C7.6.1.1. Bills of Lading. Shipments using USG Bills of Lading (GBLs) or pre-paid commercial bills of lading (CBLs) to common carriers to move materiel overland or overseas via truck, train, ship, plane, other modes of transportation or a mixture of any of them (multi-modal).

C7.6.1.2. Pre-Paid Small Parcel Carriers. Pre-paid small parcel carriers, such as the USPS or a commercial small parcel carrier, are DTS when DoD obtains their services.

C7.6.1.3. Pre-Paid Shipments. Pre-paid shipments to CONUS-located freight forwarders (DTC 5) or country representatives located at embassies are DTS until the consignee at either type of facility unloads the materiel from the inland carrier.

C7.6.1.4. DTC 8 Shipments. DTC 8 shipments are DTS until the materiel is loaded into a waiting purchaser ship or aircraft at a DoD-controlled POE. Purchaser obligations regarding export licenses, Shipper's Export Declarations (SEDs), and obtaining necessary paperwork from the U.S. Department of Transportation (DoT) for hazardous materials still apply. Either a purchaser's military ship and/or aircraft, or a commercial ship and/or aircraft chartered by the purchaser may perform a DTC 8 pickup.

C7.6.2. Examples of Non-DTS Shipments

C7.6.2.1. Shipments to CONUS-located purchaser freight forwarders via Collect Commercial Bills of Lading (CCBLs) are not DTS shipments. Although arranged for by DoD shipping activities, CCBL shipments are regarded legally as purchaser and/or freight forwarder-arranged pickup of materiel at the shipping activity. This applies even if third party billing is directed by entries in the MAPAD.

C7.6.2.2. Pickup at a shipping activity by purchaser and/or freight forwarder-arranged transportation normally happens only if directed in a Notice of Availability (NOA) response or if directed in special instructions in the MAPAD that apply to DTC 4 releases.

C7.6.3. Mandatory Use of DTS. DTS must be used for the following:

C7.6.3.1. Classified Items. See Chapter 3, subparagraph C3.7.4.5. if a purchaser proposes to take possession of classified articles within CONUS or at a CONUS POE.

C7.6.3.2. Working Capital Fund (WCF) Items. These items normally include inland CONUS transportation in the materiel cost and are therefore shipped prepaid to a POE, freight forwarder, or other CONUS address designated by the purchaser. If shipment is to a CONUS-located freight forwarder or other purchaser-designated location, DTC 5 applies but no below-the-line collection is made in the applicable LOA for inland-CONUS transportation. Shipping activities cite the applicable WCF for these items, not the FMS Trust Fund Transportation Cost Clearing Account.

C7.6.3.3. Conventional Arms, Ammunition and Explosives. See section C7.17.

C7.6.3.4. Certain Air Cargo Items. Air cargo items that exceed commercial capability must be transported via DTS if the purchaser does not have the transportation capability to lift these items. This condition is infrequent.

C7.6.4. Small Parcel Shipments. Small parcel releases may use traceable USPS methods (insured mail, certified mail or registered mail) or commercial small parcel carriers. Overseas movement via the Military Postal Service (Army Post Office (APO) or Fleet Post Office (FPO)) is used only if certain conditions are met. First, use of an APO and/or FPO must be specifically authorized in an LOA. Second, the APO and/or FPO addressees must give written approval that they accept responsibility for receiving security assistance shipments. An APO and/or FPO might be recommended if a shipment is classified and the purchaser does not have approved facilities to receive classified items in the United States. The purchaser must bear the cost of such shipments (normally by assigning DTC 7 to the applicable LOA). DoS's Diplomatic Pouch Services cannot be used for materiel shipments. Not all Military Postal Service addresses handle classified material. The Military Postal Service or Military Traffic Management Command must be consulted to obtain the appropriate addresses.

C7.6.5. U.S. Flag Carriers. 10 U.S.C. 2631 (reference (be)) and 46 U.S.C. 1241 (reference (bd)) require that security assistance cargo moving through DTS be assigned (subject to availability at reasonable rates) to non-chartered U.S. flag privately-owned vessels, DoD chartered U.S. flag privately-owned vessels, U.S. flag USG-owned vessels, and non-U.S. flag vessels. If the cargo is purchased under Credit Terms or is Grant Aid materiel, a waiver must be obtained from MARAD to transport it via ocean (for non-DTS shipments) on other than U.S. Flag Vessels.

C7.6.6. Movement of Materiel Overseas via the DTS. When FMS purchases are moved overseas via the DTS (i.e., DTC 9, 7, 6, A, D, F, G or J), one or all of the following conditions apply.

C7.6.6.1. Preparing for Purchaser Receipt. In-country U.S. military representatives (SCOs or DAOs) ensure successful transfer of DTS-routed shipments to the purchaser's DGR. The actual change of custody is from over-ocean carrier representatives to in-country mark-for and/or ultimate consignee representatives. The SCO or DAO must ensure that the purchaser is prepared to receive their materiel. Receiving procedures are the responsibility of the purchaser and include: checking the materiel against manifests and shipping documents; signing receipts for ocean or air carriers; and clearing the shipments through the purchaser's and third country

Customs. The purchaser pays all Customs' charges. U.S. military representatives should not involve themselves in overseas Customs matters.

C7.6.6.2. Transportation Discrepancy Reports (TDRs). When discrepancies occur, in-country U.S. military representatives must submit TDRs for DTS-routed FMS and grant aid deliveries. The purchaser cannot submit TDRs. TDR procedures are found in DoD 4500.9-R (reference (bh)). A TDR helps trace lost shipments and establishes an official record for future claims against a carrier for loss or damage. Limited liability prevents a purchaser from receiving full value from a carrier, but if the purchaser obtains commercial insurance for its FMS purchases, the official record may help the purchaser when submitting insurance claims.

C7.6.6.3. Ocean Delivery. To ensure successful transfer of cargo from ocean carriers to purchasers, in-country U.S. military representatives must receive several documents that are provided or controlled by the SDDC Documentation Division.

C7.6.6.3.1. Cargo Traffic Message. When a ship picks up cargo at a water port of embarkation (WPOE), a Cargo Traffic Message is addressed to all destinations or consignees who receive any of the cargo. For Security Assistance cargo, these addressees include U.S. military representatives in the purchaser or recipient countries. Although it does not contain a detailed listing of cargo, the Cargo Traffic Message advises of any special cargo (e.g., hazardous materiel (HAZMAT) or Sensitive Arms, Ammunition and Explosives (AA&E)), gives a general description of the cargo and its weight and cube, and notifies whether the ocean container will be transferred to another ship while en route to the POD.

C7.6.6.3.2. Cargo Manifests. A SDDC Cargo Manifest is a detailed listing of all Shipment Units picked up by a ship. A Transportation Control Number (TCN) identifies a Shipment Unit. A TCN does not identify all of the Military Standard Requisitioning and Issue Procedures (MILSTRIP) documents if more than one has been packed in the Shipment Unit by the point of origin shipping activity. Shipping activities attach packing lists to each Shipment Unit to identify the exact contents. For Security Assistance shipments, packing lists (normally in the format of Issue Release and Receipt Documents (IRRD) (DD Form 1348-1A) for Depot releases or Materiel Inspection and Receiving Report (MIRR) (DD Form 250) for vendor-supplied shipments) serve as certificates of origin.

C7.6.6.3.3. Government Bill of Lading (GBL). SDDC generates a GBL or equivalent CBL. This bill is a contract document between the USG and the carrier, and provides a means to pay the carrier for the service performed. Since the cargo being lifted does not belong to the USG, this bill is not used for Customs purposes in the purchaser's country. SDDC ensures copies are sent to the U.S. military representatives for the countries involved.

C7.6.6.3.4. Ocean Bill of Lading (OBL). For each Security Assistance shipment, an ocean carrier generates an OBL in response to the GBL. The OBL is used for destination Customs purposes. SDDC ensures that the carrier furnishes one original and at least one copy to the U.S. military representative in the purchaser's country.

C7.6.6.3.5. Addressing of Documentation. U.S. military representatives should receive ocean documentation as much in advance of a ship's arrival as possible. Unless the U.S. military representative communicates directly with the SDDC Documentation Division, SDDC uses the applicable MAPAD Type of Address Code (TAC) 4, 5, or 6 address as a default address for the manifest information and bills of lading. These addresses may be DoS Pouch or APO and/or FPO addresses that may not move documentation quickly enough for ship arrivals. Therefore, in-country U.S. military representatives should contact SDDC at Fort Eustis, Virginia, whenever DTC 9, 7, A, D, F, G, or J or grant aid ocean deliveries of Security Assistance cargo are anticipated. Plain text message or e-mail addresses should be furnished for Cargo Traffic Messages. If DoS Pouch or APO and/or FPO addresses do not effect fast delivery of ocean manifests and bills of lading, the U.S. military representative may request that they be forwarded by an expedited delivery carrier.

C7.6.6.4. Air Delivery. Air delivery is performed by AMC Channel, Special Assignment Airlift Mission (SAAM) flights, or commercial air carriers to commercial airports in purchaser countries.

C7.6.6.4.1. AMC Aircraft. For AMC Channel missions (i.e., scheduled flights to AMC Stations in or near purchaser countries), manifests are prepared for every item loaded. If communications facilities are available, the manifest data is transmitted from the aerial port of embarkation (APOE) to the aerial port of debarkation (APOD).

C7.6.6.4.2. SAAM Flights. A SAMM flight is a special flight by the AMC for pick-up and delivery normally at points other than established routes. It may be thought of as chartering the aircraft. Costs are computed by flying hours from the time the aircraft leaves its home station until it returns. For SAAM flights, manifests are prepared for each aircraft involved in a mission and include all materiel loaded in the aircraft. This document travels with the aircraft in the possession of the aircrew.

C7.6.6.4.3. Commercial Air Delivery. For commercial deliveries, an Air Waybill is prepared by the air carrier for shipments received from a DoD and/or USG shipping activity. The Air Waybill contains a listing of the shipment unit(s) received for delivery to an overseas commercial airport. Each shipment unit is identified in the Air Waybill by the TCN. The Air Waybill also describes the cargo. For tracer or tracking requests, the TCN should be referenced.

C7.6.6.5. Documentation. Commercial invoices and certificates of origin do not apply to FMS or grant aid shipments. If a shipment is released from a depot, an IRRD (DD Form 1348-1A) identifies materiel as DoD-supplied and provides the details (document number, case designator, National Stock Number (NSN), etc.) that link the materiel to a case. If shipment is released from a vendor under a DoD contract, a MIRR (DD Form 250) serves the same purposes and provides the same data. DoD MILSTRIP requires that shippers attach copies of these documents to the exterior of the shipment units in waterproof envelopes (one DD Form 1348-1A or DD Form 250 per requisition contained in the shipment unit).

C7.6.6.6. U.S. Military Terminal Units and/or Support Activities. If U.S. Military Forces are positioned or deployed in the area receiving the FMS materiel, these forces may be supported by U.S. Military Terminal Units or Support Activities. The U.S. military representative may request these units perform all or some of the transportation functions on a not-to-interfere basis normally performed by the U.S. military representative.

C7.6.7. Movement of Aircraft. The FMS purchaser must advise whether aircraft will be delivered by commercial ferry service (arranged by the purchaser), DoD ferry, or surface transportation. LOAs stipulate that delivery be made only under one of the following conditions:

C7.6.7.1. If the purchaser desires flight delivery of the aircraft, the aircraft must be placed in safe condition consistent with established standards of the military service of origin or Federal Aviation Administration. Required maintenance may be done through negotiation with the Implementing Agency or Federal Aviation Administration certified facility, and costs are borne by the purchaser. Aircraft are released for flight only after an inspection by the service or Federal Aviation Administration, as appropriate, has determined that standards have been met. Chapter 5, Table C5.T5. shows examples of terms and conditions for aircraft ferrying, that may be amplified to comply with specific requirements.

C7.6.7.2. Aircraft that are not restored to the criteria above are sold with the understanding that they shall be delivered to the requested destination by surface transportation.

C7.7. NOTICES OF AVAILABILITY AND OFFER RELEASE CODES

C7.7.1. **Notice of Availability (NOA).** An NOA is sent to notify a purchaser's representative or freight forwarder that an item is ready for shipment. The purpose of the NOA is to delay release of overweight, oversize, hazardous, or other materiel requiring special receipt and export processing. The NOA allows a freight forwarder or country representative to prepare for receipt of this cargo (e.g., rent approved HAZMAT storage space for hazardous items or to direct materiel to an ocean carrier's facility for immediate pickup). NOAs apply only to LOA line items that use DTC 4, 5, 8, B, C, E, or H. NOAs are always used for DTC 8 shipments of Sensitive AA&E items that must be routed through a DoD-controlled POE. Although DoD procures portions of the transportation for DTCs 5 and 8 (and their Repair and Return equivalents), NOA procedures also apply to shipments of materiel released using these codes. NOAs are not intended to allow freight forwarders to maximize profits by controlling the flow of general non-special cargo into their facilities. For this reason, LOAs should include a requirement for NOAs only when special materiel is involved. The purchaser may request NOA procedures in any LOA for the above DTCs; however, Implementing Agencies should concur only when the materiel is in the special categories described above or if special circumstances apply.

C7.7.1.1. **Classified Shipments.** Shipping activities send NOAs for unclassified shipments to the TAC 3 address found in the MAPAD for the applicable MAPAC. NOAs for classified material (e.g., Confidential or Secret) must be sent to the country representative listed in the MAPAD, not to a TAC 3 freight forwarder address. An NOA response for classified material must be received from the country representative. This responsibility cannot be delegated to a freight forwarder. A freight forwarder is a commercial agent and is not authorized to represent a foreign Government as a diplomatic entity.

C7.7.1.2. **Storage Charges.** Storage or staging charges may accrue when a NOA response (or failure to respond) requires the items to be held for an extended period of time. Any storage costs are charged to the FMS case.

C7.7.2. Offer Release Code (ORC). ORCs are included in LOAs in Block (6) and identify how materiel should be released and whether an NOA is required. These codes are transferred from LOAs into MILSTRIP release documents. The three ORCs and their use are shown in Table C7.T4.

Table C7.T4. Offer Release Codes

Code	Explanation
A	Release automatically without a NOA unless materiel is oversize, overweight, hazardous, perishable, pilferable, classified, or requires any special handling.
Y	Send a NOA before releasing shipment. If no response is received within 15 calendar days, release automatically unless materiel is oversize, overweight, hazardous, perishable, pilferable, classified, or requires any special handling.
Z	Send a NOA before releasing shipment. Shipment cannot be released until a response is received from the NOA addressee. ORC Z procedures must be followed if materiel is oversize, overweight, hazardous, perishable, pilferable, classified, or requires any special handling. If a shipment is coded with ORC Z, but it can be shipped as a small parcel with no special qualifications, it is released under ORC A procedures.

An X in the ORC record position (rp 46) of a MILSTRIP release document is not an ORC. If it is followed by another X (rp 47), DTS is involved and ship-to and mark for addresses are based on the In-Country Code (rp 33) of the MILSTRIP document. If it is followed by a W (rp 47), exception data is furnished with the MILSTRIP release document. When XW applies, all ship-to, mark-for and NOA information should be furnished under separate cover.

C7.8. MILITARY ASSISTANCE PROGRAMS ADDRESS DIRECTORY (MAPAD)

DoD 4000.25-8-M (reference (t)) contains addresses required for shipment of materiel and distribution of related documentation under FMS and MAP and/or Grant Aid. It includes addresses of freight forwarders, country representatives, and purchasers within country. 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 and/or Grant Aid Programs. The MAPAD database is on the Internet. Non-DoD and/or USG users must coordinate with the MAPAD custodian before they can be authorized to access the website.

C7.8.1. MAPAD Contents. The MAPAD information includes: ship-to addresses for materiel, usually for small parcels and for freight; addresses (including fax numbers) for receipt of NOAs; addresses for supply and shipment status; and mark-for addresses for in-country destinations and/or ultimate consignees.

C7.8.2. Freight Forwarder Address Changes. The purchaser ensures the MAPAD addresses are current. Current MAPAD addresses are essential to correct routing of cargo and documentation. The purchaser pre-plans freight forwarder changes, including contractual arrangements with former freight forwarders to assure delivery of any shipments received after a change has taken place. The purchaser ensures that its listing in the MAPAD includes the new freight forwarder information. The USG is not responsible for rerouting shipments received by former freight forwarders.

C7.8.3. MAPAD Payment Addresses. The purchaser establishes a MAPAD address (TAC 7) for payment of transportation charges when CCBLs apply. These are used for DTC 4 - shipments of non-Defense Working Capital Fund (DWCF) materiel and DTC E - Repair and Return shipments.

C7.9. TRANSPORTATION OF OFFSHORE PROCUREMENT MATERIEL

If DTS is not used, the Implementing Agency notifies the purchaser of articles to be supplied from offshore sources within 3 weeks after source identification. The purchaser may, for logistics reasons, request that the procurement be made from a CONUS source. If procurement is from an offshore vendor, the DoD Contract Administrator must send an NOA to either the Offshore NOA address identified for the purchaser in the MAPAD (Special Instructions, Part II) or, if none is listed, to the appropriate NOA address listed for the applicable MAPAC. Based on the NOA, the purchaser or its freight forwarder may direct movement of the materiel to an offshore facility in the same region as the materiel's origin or to the freight forwarder's facility in CONUS. The purchaser is responsible for the cost of movement to the CONUS freight forwarder and for all export and/or import license and Customs clearance requirements imposed by the materiel's country of origin and the USG. Regardless of what procedure is followed, title (except for special circumstances) passes to the purchaser at the shipment's point of origin.

C7.10. PACKING AND MARKING

C7.10.1. Packaging. Packaging includes packing, preservation, and other procedures designed to protect materiel from damage or deterioration while in transit or storage. FMS shipments are packed to not less than Military Level B as defined in MIL-STD-2073-1 (reference (bi)). Level B packing provides protection needed to meet moderate worldwide shipment handling and storage conditions.

C7.10.2. Marking. Marking identifies the contents along with the shipper and consignee. FMS shipments are marked and labeled in accordance with MIL-STD-129 (reference (bj)). As a minimum, these publications require the data shown in Table C7.T5. on an FMS shipment.

Table C7.T5. FMS Shipment Marking

FMS Shipment Marking Requirements	
1	FMS case identifier
2	Transportation Control Number (TCN)
3	Transportation priority
4	Project code, if applicable
5	Ship from address
6	Ship to address
7	Ultimate consignee/mark for address (MAPAD address code and clear text address if applicable)

C7.11. INSURANCE

See section C7.19 for information regarding insurance for FMS materiel in transit.

C7.12. CARGO PREFERENCE

C7.12.1. Cargo Preference (Ocean). Section 901(b) of the Merchant Marine Act of 1936 (reference (bd)), as amended by the Cargo Preference Act of 1954 (46 U.S.C. 1241 (reference (be))), requires at least 50 percent of the gross tonnage (computed separately for dry bulk carriers, dry cargo liners, and tankers) of grant, credit, or guarantee-funded cargo be transported in privately-owned U.S. flag vessels to the extent such vessels are available at fair and reasonable rates (as determined by MARAD). This is in addition to AECA, section 42(c) (reference (c)) requirements. DSCA policy, in support of the U.S. maritime industry, requires 100 percent of applicable cargoes to be carried by U.S. flag vessels unless a general or security waiver is granted by DSCA or a non-availability waiver is granted by MARAD. FMF agreements require that items financed with these funds and transported by ocean vessel, shall use privately owned vessels of U.S. registry unless a waiver has been granted. These rules apply to the Foreign Assistance Act (FAA) shipments and loan or lease shipments discussed in Chapter 11. The purchaser and its freight forwarder must comply with agreements based on U.S. cargo preference rules and DSCA policy.

C7.12.1.1. Exceptions

C7.12.1.1.1. DSCA Cargo Preference (Ocean) Policy. DSCA requires 100 percent U.S. flag shipping for the FMF and/or MAP Merger program unless a waiver has been granted. In accordance with standard FMF terms, FMF proceeds may not be used to pay ocean or air freight costs of carriage of defense items on vessels or aircraft of non-U.S. registry.

C7.12.1.1.2. Space Available Cargo. Space available cargo under FAA, section 516 (reference (b)) is not subject to cargo preference rules.

C7.12.1.2. Cargo Preference (Ocean) Waivers. General, non-availability, or security waiver requests must be submitted at least 21 days before the shipping date.

C7.12.1.2.1. General Waivers. A general waiver allows up to 50 percent of dry cargo liner, 50 percent dry bulk carrier, and 50 percent tanker cargo to be carried on vessels flagged in the waiver recipient country. General waiver applications are considered if the recipient country does not discriminate against U.S. flag vessels. Approvals normally cover 1 full calendar year (1 January - 31 December). Processing includes verification of the treatment accorded vessels of U.S. registry. The waiver application is submitted to Director, DSCA, Attention: DSCA (Strategy Directorate) with a copy to MARAD (Administrator, Maritime Administration, Attn: Office of Cargo Preference (MAR591), Washington, DC 20590-0001). It is important to maintain a positive U.S. flag balance during the general waiver period. If non-availability or security waivers recognize requirements for specific use of non-U.S. vessels that create an imbalance in the general waiver, U.S. vessels are given preference in cargo assignment during the waiver period until the balance is corrected.

C7.12.1.2.2. Non-Availability Waivers. Waiver applications on the basis of non-availability of vessels of U.S. registry must show that the recipient nation has made a reasonable, timely, and bona fide effort to arrange shipment on vessels of U.S. registry and that such vessels are not available. Applications on the basis of non-availability of vessels of U.S. registry at reasonable rates must show all applicable comparative rates. Applications should be submitted to MARAD with a copy to DSCA. Waiver applications, submitted on a shipment-by-shipment basis, should include the information shown in Table C7.T6. Countries with general waivers may count cargo weight shipped when U.S. flag privately owned vessels are not available or not available at reasonable rates against the general waiver, avoiding the need for individual non-availability waivers.

Table C7.T6. Non-Availability Waiver Application Contents

Non-Availability Waiver Application Contents	
1	FMS LOA identifier if FMF (including lease) or FAA program name (e.g., FAA, Section 516 (reference (b)))
2	Description of commodities to be shipped
3	Port of loading and port of unloading
4	Estimated shipping date
5	Name of proposed vessel and flag of registry
6	Weight of shipment in pounds
7	Estimated ocean freight cost

C7.12.1.2.3. Security Waivers. A security waiver may be requested for shipments where a state of emergency exists or to avoid unsafe conditions. Applications must provide specific requirements and show how the waiver meets the requirements. Processing includes requirements verification. The waiver request should be forwarded to DSCA with a copy to MARAD. Countries with general waivers normally count shipments against their non-U.S. tonnage when security dictates a non-U.S. vessel, superseding the need for security waivers for those recipients.

C7.12.1.3. Report to MARAD. The recipient country is responsible for maintaining a positive U.S. flag weight shipping posture for FMF, lease, or FAA programs, by vessel type. Recipients forward the required information to MARAD within 20 working days following the date of loading within the United States or within 30 working days following the date of loading for shipments originating outside the United States. The exporting activity (normally the Implementing Agency for DTS or the freight forwarder for non-DTS shipments) must report the information in Table C7.T7.

Table C7.T7. MARAD Report Information

MARAD Report Information	
1	FMS LOA identifier if FMF; lease identifier; program name if FAA
2	Commodity description
3	Port of loading and port of unloading
4	Recipient country
5	Date of loading
6	Type of vessel (dry cargo, dry bulk, or tanker)
7	Name of vessel and flag of registry
8	Reference to any document granting a non-U.S. flag vessel waiver for the shipment
9	Freight forwarder (not required for DTS)
10	Weight of shipment in pounds
11	Ocean freight cost

C7.12.2. Cargo Preference (Air). The Fly America Act (reference (bf)) requires first preference for airlift of DoD-sponsored grant, credit, or guarantee-funded cargo be given to U.S. flag air carriers. Before using a foreign-flag carrier, a shipper or exporter must provide a written explanation to the Implementing Agency on why a U.S. carrier should not be used. If a U.S. Carrier inter-lines with a foreign carrier to deliver a shipment to an overseas airport, it is still considered carriage by a U.S. flagged carrier. Guidance in Chapter 9, subparagraph C9.7.2.6.3. applies to these offshore procurements.

C7.13. TRANSPORTATION OF RETURNED ITEMS

Items returned to the Department of Defense for servicing should be moved by a purchaser or a purchaser's freight forwarder under DTC E or H. The details of the transfer are included in a Transportation Plan and, if commercial entities are involved, DSS is provided a copy in advance. Sensitive AA&E is normally returned through a DoD-controlled ocean or aerial port (DTC B or C). The purchaser and freight forwarder are responsible for clearance through U.S. Customs. Onward movement to the designated CONUS repair facility depends on the DTC used. The purchaser and freight forwarder should assure that these shipments are accompanied by appropriate shipping documents and that import and/or export documents are done correctly when the items enter and exit CONUS. Under special circumstances, the DTS can be used to return items to CONUS for service and return. For DTS movement, DTC F or G is usually assigned to the LOA.

C7.14. TRANSPORTATION OF PURCHASED ITEMS

The USG may repurchase FMS-purchased materiel to satisfy U.S. requirements. The DoD Component may also solicit return of a defense item needed to satisfy U.S. requirements. The DoD Component must fund the repurchase with its own funds. Repurchased sensitive AA&E and classified items are normally returned via the DTS.

C7.15. TRANSPORTATION OF CONTROLLED SUBSTANCES

Transportation of controlled substances is in accordance with the Controlled Substances Import and Export Act (21 U.S.C. 951) (reference (bg)) and the applicable 21 Code of Federal Regulations (CFR) 1312 (reference (bk)) procedures. Prior to export, the Implementing Agency obtains the required import documents from the purchaser (21 U.S.C. 953(a)(3) and (e)(1)) (reference (bl)). The Implementing Agency submits the import documents to the Administrator of the Drug Enforcement Administration (DEA), Department of Justice, and requests export permits for the controlled substance. The Implementing Agency furnishes the export permit number, the expiration date, and the port of export to the Defense Personnel Support Center. This information accompanies the requisition.

C7.16. TRANSPORTATION OF CLASSIFIED ITEMS

C7.16.1. Classified information or materiel approved for release to a foreign Government or international organization shall be executed as a Government-to-Government transfer. The transfer is effected through official Government channels (i.e., military postal channels, DTS, etc.) between authorized representatives of each Government or pursuant to other methods agreed to in writing by the Designated Security Authorities (the Office of the Deputy Under Secretary of Defense for Technology Security Policy and National Disclosure Policy (DUSD(TSP&NDP))) for the Department of Defense) of the sending and receiving Governments.

C7.16.2. Classified material is normally routed to an authorized purchaser via the DTS; i.e., DTC 7, 9, F, G or J. Since DoD security regulations require a Transportation Plan covering movement of classified material from point of origin to final destination, the Implementing Agency that prepares the LOA for this materiel ensures that it addresses the DTS security procedures that are followed while the materiel is within the DTS (DoD and/or USG custody).

C7.16.3. The Implementing Agency that prepares the LOA develops a Transportation Plan for the movement of classified materiel in coordination with the purchasing Government. The plan covers all movement (CONUS and/or OCONUS) that occurs after custody passes, including final receipt at the classified material's ultimate destination in the purchaser's country. CONUS includes DTC 4 and DTC 5 movement through a purchaser's freight forwarder or embassy facility (if properly cleared and listed as such in the MAPAD), and it includes DTC 8 pickup of classified material at a DoD-controlled POE. If Repair and Return LOAs are involved (DTC B, C, E and H) the Transportation Plan must be expanded accordingly.

C7.16.4. Regardless of where custody transfers (in CONUS or OCONUS), the Implementing Agency ensures that its own component security officials review and approve/disapprove the Transportation Plan. If a freight forwarder or commercial carrier is involved in the transfer, the DSS is provided a copy of the Transportation Plan, and is requested to verify the security clearances of the freight forwarder and/or the commercial carrier, as well as any courier or escort that is provided by the freight forwarder or carrier.

C7.16.5. Once approved, a Transportation Plan becomes an integral part of all official copies of the LOA. This package is available for review by U.S. Customs and security officials when classified material is exported. Purchasers are responsible for insuring that their freight forwarders have copies when they are involved with the exports. For CONUS custody transfers

of classified material (DTC 4, 5, 8, B, C, E or H), DoD and/or USG shipping activities send NOAs to designated country representatives (not to freight forwarder MAPAD TAC 3 addresses). A shipping activity shall not release classified cargo to even a cleared address until the designated country representative responds directly to the shipping activity with a NOA response. This is part of a purchaser's commitment to complying with the Transportation Plan that was submitted and approved. For further information about release, shipment and export of classified items see Chapter 3.

C7.17. TRANSPORTATION OF SENSITIVE ARMS, AMMUNITION, AND EXPLOSIVES (AA&E)

DoD 5100.76-M (reference (ai)) defines Sensitive AA&E and outlines mandatory procedures for handling, storing, protecting, securing, and transporting it. These procedures also apply to FMS transfers. DoD 4500.9-R (reference (bh)) also includes procedures that apply to movement of Sensitive AA&E. Sensitive AA&E are items such as small arms weapons, various types of ammunition, explosives, and special items, such as night vision sights and goggles that pose a special danger to the public if they fall into the wrong hands. Sensitive AA&E is broken down into four categories - Category I is the most sensitive or dangerous and Category IV the least. The different categories are outlined below along with the transportation procedures that apply to them. Sensitive AA&E items may NOT be shipped to a purchaser's freight forwarder or to a purchaser's facility (e.g., an embassy). Any exceptions to this policy are noted below.

C7.17.1. Category I. This category is primarily man portable missiles, rockets and their ammunition in a ready to fire configuration and sometimes their components. These items must be moved in the DTS to at least the overseas POD (DTC 9 or 7). If a purchaser wants to pick them up at a DoD-controlled port for overseas movement under its own control (DTC 8 procedures), the purchaser must request a waiver from the Under Secretary of Defense for Intelligence (USD(I)), through DSCA (Operations and Strategy Directorates). The waiver request (DoD 5100.76-M (reference (ai)), Chapter 7) must demonstrate that the purchaser shall provide security for movement of the items that is at least equal to DoD standards. DSCA coordinates the review of the waiver request with USD(I), and returns the Director of Security's final determination to the purchaser when the review is complete. Purchasers may forward waiver requests to DSCA through their respective Implementing Agency Program Managers if desired. If the waiver is granted, the waiver information must be included as a note on the applicable LOA.

C7.17.2. Category II through IV. Collectively, these categories include everything from light automatic weapons and their ammunition (Category II) through non-automatic weapons and their ammunition (Category IV). These items must be exported and moved under no less than DTC 8 procedures through a DoD-controlled WPOE or APOE. This requirement cannot be waived.

C7.17.3. Non-Sensitive AA&E. Not all ammunition and weapons-related items are Sensitive AA&E. Only items identified by DoD item managers as Sensitive in accordance with DoD 5100.76-M (reference (ai)) require Sensitive AA&E release and movement processing.

C7.17.4. Sensitive AA&E to Canada. The Government of Canada may have shipments of all categories of Sensitive AA&E items moved directly to locations within Canada. These movements may be either under CCBLs as DTC 4 shipments or under GBLs or pre-paid CBLs as DTC 5 shipments. These movements must follow DoD 5100.76-M (reference (ai)) procedures and use SDDC approved carriers.

C7.18. TRANSPORTATION COSTS

C7.18.1. DTS Transportation Costs. When writing an LOA, standard transportation percentages (DoD 7000.14-R (reference (o)), Volume 15, Chapter 7) are normally applied based on the DTC. Estimated actual transportation costs are used when known. The Transportation Cost Look-up Table (Appendix 2) is used to compute estimated actual transportation costs for the items listed. When estimated actual costs are used, a note is included in the LOA that identifies the amount, by line item, for each DTS transportation element; (e.g., CONUS inland, port loading, ocean transportation). Estimated actual costs are, like standard percentages, placed below-the-line (vice as a separate line item) in an LOA, and the funds are placed in the FMS Trust Fund Transportation Cost Clearing Account. Expenditures made from this account for actual transportation shall not result in readjustments of LOA transportation collections. When a Special Assignment Airlift Mission (SAAM) or some other form of dedicated premium transportation must be used to move materiel purchased under an LOA, a separate transportation service line is included in the LOA. When expenditures are made for actual transportation, this line is adjusted to meet the full cost of the special transportation.

C7.18.2. Non-DTS Transportation Costs

C7.18.2.1. Collect Commercial Bill of Lading (CCBL). When a shipment is assigned a DTC 4 or E and the materiel being shipped is non-WCF materiel, the shipment is normally made using a CCBL. Purchasers and their freight forwarders must accept these shipments and pay the inland carrier. If a purchaser does not want to accept this responsibility, the LOA must use DTC 5. A purchaser or its freight forwarder can be involved in the carrier selection process only if a collect shipment requires an NOA or if special instructions in the MAPAD apply. Since most FMS shipments to freight forwarders are WCF pre-paid shipments, Special Instructions in the MAPAD are inadvisable since they do not apply to pre-paid shipments and would delay their release.

C7.18.2.2. Pre-Paid Arrangements. Small parcel shipments, even if they are DTC 4 or E and involve non-WCF materiel, are shipped prepaid via a small parcel carrier to reduce costs. The shipping activity follows pre-pay and add procedures so that the materiel manager may recover transportation charges from a purchaser's account. The shipping transportation office may guarantee payment of charges on CCBLs only when authorized in the LOA.

C7.18.3. Additional Transportation Services. Unanticipated carrier services associated with delays in shipment caused by others will be charged to the FMS case line associated with the shipment. If multiple FMS cases/lines are involved, the charges must be pro-rated to the applicable lines according to the purchase costs of the individual shipments. Cases may need to be modified to identify the additional costs. These additional transportation costs must not be paid from the FMS Transportation Surcharge Account. Case managers must notify and obtain the approval of DSCA (Business Operations Directorate) before processing billings in excess of \$50,000 or 10 percent of the case value. An email message, facsimile or hard copy request, from the service provider, is sufficient for the notification to the designated POC at the International Logistics Control Office (ILCO)(DTR 4500.9-R Part II, Attachment V7, Table V7-2 TAC Points of Contact.), in order to identify the case manager responsible for processing the bill. The carrier is responsible for providing sufficient documentation to the case manager to process the bill.

C7.18.3.1. Detention. A charge made on a carrier conveyance held by or for a consignor or consignee beyond the allowable free time for loading or unloading, for forwarding directions, or for any other purpose authorized and documented by the consignor or consignee. Charges for detention are in addition to all other lawful transportation charges

C7.18.3.2. Demurrage. A charge against a consignor or consignee for holding carrier equipment beyond the allowable free time for loading and unloading, for forwarding directions, or for any other purpose authorized and documented by the consignor or consignee. It may also be a charge to shippers accruing from the time the container is discharged from the vessel. Charges for demurrage are in addition to all other transportation charges. Demurrage charges typically are associated with rail and water port operations.

C7.19. TRANSPORTATION DISCREPANCIES

Since title of FMS shipments passes to the purchaser at shipment point of origin, DoD is not financially responsible for any loss or damage that occurs in transit regardless of the DTC used. Even when FMS materiel moves totally within the DTS (e.g. DTC 9), DoD is not financially responsible for loss or damage en route (see Chapter 5, Figure C5.F3., LOA Standard Terms and Conditions, paragraph 5.1). Whether shipments move via the DTS under collect or third-party billing terms to freight forwarders (DTC 4 or E) or are shipped prepaid to freight forwarders (DTC 5 or H) (e.g., GBL, pre-paid CBL or prepaid small parcel carrier shipments), the most that the purchaser might collect for loss or damage is the limited liability applicable to the commercial ocean, air or inland carrier. If purchasers want additional coverage, they may obtain their own commercial insurance or request additional insurance on their LOA to cover purchases while in transit (see Chapter 5, Figure C5.F3., LOA Standard Terms and Conditions, paragraph 5.3).

C7.19.1. Claims That CANNOT Be Submitted By the USG. Claims against carriers of collect or third-party billing shipments and freight forwarder-contracted carriers must be filed by purchasers or their freight forwarders directly with the carriers.

C7.19.2. Claims That CAN Be Submitted By the USG. For DoD-furnished or contracted transportation, DoD is responsible for submitting claims against carriers. SDDC processes claims against ocean carriers, and DoD shipping activities submit claims against inland CONUS carriers. SDDC initiates its claims in response to TDR packages submitted by U.S. military representatives in the purchaser's country (see subparagraph C7.6.6.2.). CONUS shipping activities submit claims against inland CONUS carriers in response to requests from purchaser representatives or freight forwarders. Any proceeds from these claims are forwarded by the Implementing Agency to purchaser accounts held by DFAS Indianapolis.

C7.19.3. Tracers. When an Implementing Agency has furnished shipment status showing item pickup by an inland carrier but materiel has not been received, the purchaser is responsible for initiating a tracer action. Whether the materiel moved prepaid or collect or is a small parcel or a freight shipment, DoD shipping activities assist with the tracer action by providing evidence of shipment (constructive proof of delivery for SDR purposes) or pertinent information obtained from shipping documents or directly from carriers.

C7.19.3.1. For all shipments processed through freight forwarders, purchasers should direct tracer requests to their freight forwarders before addressing any inquiries to the Department of Defense.

C7.19.3.2. If a freight forwarder claims non-receipt, it may contact the shipping activity directly for assistance, especially if the shipment is less than 30 days old. Alternately, upon request from purchaser country representatives, the Implementing Agency may obtain shipping documents and data from the shipping activity. If evidence of shipment (constructive proof of delivery) is provided, the purchaser must follow-up with the freight forwarder to determine if the item has been received.

C7.19.3.3. If the freight forwarder's records still show non-receipt, the purchaser directs the freight forwarder to start a formal tracer action with the inland carrier if the shipment was released under a CCBL or third-party billing procedures (DTC 4 or E). The carrier should provide proof of delivery, or the freight forwarder must make a claim against the carrier on behalf of the purchaser. If the shipment was released to the inland carrier under some method of pre-paid transportation (DTC 5 or H), the freight forwarder should submit a formal request to the shipping activity so that the shipping activity can obtain proof of delivery from the carrier or submit a claim against the carrier for lost or damaged goods. The proceeds from a DoD-submitted claim are placed in the purchaser's account at DFAS Indianapolis. If materiel has been misdirected, the Implementing Agency may be contacted for assistance with redirecting materiel to its correct destination.

C7.19.4. Documentation. To resolve claims of non-receipt, the USG provides evidence of shipment. This constitutes "constructive proof of delivery" since title passes at origin regardless of who furnishes the transportation. Any movement document, bill of lading, or receipt (signed by a carrier representative) that shows that a DoD or USG shipping activity (including vendors filling DoD contracts for the FMS program) has released materiel to a carrier for shipment constitutes evidence of shipment. This evidence applies equally to shipments released to a purchaser's freight forwarder or country representative, or for movement overseas via the DTS. Examples of these documents are GBLs, CBLs, CCBLs, USPS receipts (insured, certified or registered mail), or small parcel carrier pickup documents.

C7.20. SHIPMENT DOCUMENTATION REQUIREMENTS

The ITAR (reference (n)) provides guidance regarding what types of documentation are required for security assistance-related shipments. There are many security assistance-related shipment scenarios. Table C7.T8. provides information relating to 4 of these shipment scenarios and the documentation requirements for each. Table C7.T9. shows the unique DSP-94 Form completion requirements for these scenarios and Table C7.T10. provides an explanation for how this form's instructions should be interpreted for security assistance-related shipments. These tables will be expanded as guidance is developed for additional scenarios. Questions regarding these tables should be directed to DSCA (Strategy Directorate).

Table C7.T8. Export Documentation Requirements (Scenario 1)

Scenario 1				
Exporter	Type of Transfer	Classification of Items	Document that Authorizes the Transfer	Transportation Method
USG	Foreign Military Sale (FMS)	Unclassified	LOA and subsequent LOA Amendments and LOA Modifications	Defense Transportation System (DTS) for all shipments under the LOA using USG-owned (organic) assets only

Scenario 1		
LOA/Case-Level Rqmts for Export	Individual Shipment-Level Rqmts for Export	ITAR Reference
<p>1. Implementing Agency lodges the complete LOA at primary port. Customs cannot clear shipments if LOA is not furnished so the LOA should be lodged as soon as possible after implementation.</p> <p>2. Implementing Agency prepares a DSP-94 at the LOA level and sends it to the primary port (same place where it sent the LOA). This should be done at the same time as the LOA is lodged. See SAMM Table C7.T9 for instructions on completing this form.</p> <p>3. The DSP-94 is valid for 2 years or until the stated value is shipped, whichever comes first.</p> <p>3.a. Prior to expiration of the DSP-94, the Implementing Agency must determine if additional shipments will be made. If so, a new DSP-94 must be prepared and lodged to replace the expiring DSP-94. This should be done in advance of the DSP-94 expiration date to avoid export problems.</p> <p>3.b. If the estimated export values change prior to the DSP-94 expiration, even if the LOA has not been amended or modified, a new DSP-94 must be prepared and submitted to replace the outdated version at the primary port.</p> <p>4. Implementing Agency lodges a copy of any LOA Amendment or LOA Modification at the primary port (same place where it sent the basic LOA). This should be done as soon as possible after implementation of each document.</p> <p>5. Implementing Agency prepares a new (revised) DSP-94 for any LOA</p>	<p>1. The DoD entity that is arranging DTS transportation must report export information on each shipment of hardware to Customs Bureau of Border Protection (CBP) using the Automated Export System (AES). After completing the AES entries, the DoD entity must send this data electronically to the U.S. port before the export can be made (in accordance with Section 123.22 of the ITAR). Shipments of technical data or services must comply with ITAR Section 123.22(b)(3).</p> <p>Note 1: All shipments must use AES. These transactions take the place of the hardcopy Shipper's Export Declaration (SED) form, which is no longer accepted.</p> <p>Note 2: Section "g" of the "Instructions for DSP-94" form regarding copies of the SED no longer applies.</p> <p>Note 3: If items from multiple FMS cases are included in the same shipment, the DoD entity must file a separate AES entry for each individual FMS case being used.</p> <p>2. The DoD entity prints out the AES "SED" page and annotates as follows. This annotated printout must accompany the shipment.</p> <p>2.a. "This shipment for Organic DTS is being exported pursuant to an LOA authorizing such transfer which meets the criteria of 22 CFR 126.6(a). It covers FMS Case [insert case identification]. The U.S. Government point of contact is [insert name], commercial telephone number [insert commercial telephone number]."</p> <p>2.b. "The Letter of Offer and Acceptance (LOA) authorizing this transfer is lodged at [insert name of primary port where LOA was lodged]."</p> <p>Note: If multiple AES "SED" pages accompany the shipment (because multiple FMS cases are</p>	<p>126.6(a) Note: FMS shipments by DTS Organic do not require a license when all conditions of 126.6(a) can be met.</p>

Scenario 1		
LOA/Case-Level Rqmts for Export	Individual Shipment-Level Rqmts for Export	ITAR Reference
<p>Amendment or LOA Modification that changes the value and/or quantity of defense articles (including technical data). This should be done at the same time the LOA Amendment or LOA Modification is lodged.</p> <p>6. Upon completion of all authorized shipments or upon expiration of the DSP-94, whichever occurs first, Customs authorities will contact the Case Manager identified in Block 4 of the DSP-94 form to confirm that there will be no more shipments against this case. Upon confirmation, Customs authorities will forward the LOA, any LOA Amendments and LOA Modifications, and the DSP-94 to DoS/DDTC for archival. If the Case Manager indicates additional shipments will be made, a new DSP-94 will be prepared and lodged as indicated in paragraph 3.</p>	<p>being cited), these statements must appear on each AES "SED" page citing the applicable FMS case and port.</p> <p>3. Customs will only decrement a shipment after export information has been filed correctly using AES. As part of the AES filing the DoD entity must provide the XTN (external control number) to Customs.</p> <p>4. An export may be made through a port other than the primary port where the LOA was lodged. The AES "SED" page MUST clearly indicate the name of the primary port where the LOA was lodged.</p> <p>5. All shipments must meet established minimum timeframe requirements for these shipments in accordance with 22 CFR 123.22(b).</p> <p>5.a. By air and truck, at least 8 hours prior to departure from the U.S.</p> <p>5.b. By sea and rail, at least 24 hours prior to loading aboard ship at the port of exit.</p>	

Table C7.T8. Export Documentation Requirements (Scenario 2)

Scenario 2				
Exporter	Type of Transfer	Classification of Items	Document that Authorizes the Transfer	Transportation Method
USG	Foreign Military Sale (FMS)	Unclassified	LOA and subsequent LOA Amendments and LOA Modifications	Defense Transportation System (DTS) for all shipments under the LOA using commercial resources only

Scenario 2		
LOA/Case-Level Rqmts for Export	Individual Shipment-Level Rqmts for Export	ITAR Reference
<p>1. Implementing Agency lodges the complete LOA at primary port. Customs cannot clear shipments if LOA is not furnished so the LOA should be lodged as soon as possible after implementation.</p> <p>2. Implementing Agency prepares a DSP-94 at the LOA level and sends it to the primary port (same place where it sent the LOA). This should be done at the same time as the LOA is lodged. See SAMM Table C7.T9 for</p>	<p>1. The DoD entity that is arranging DTS transportation must report export information on each shipment of hardware to Customs Bureau of Border Protection (CBP) using the Automated Export System (AES). After completing the AES entries, the DoD entity must send this data electronically to the U.S. port before the export can be made (in accordance with Section 123.22 of the ITAR). Shipments of technical data or services must comply with ITAR Section 123.22(b)(3).</p> <p>Note 1: All shipments must use the AES</p>	<p>126.6(a)</p> <p>Note: FMS DTS commercial-contracted shipments do not require a license when all conditions of 126.6(a) can be met.</p>

Scenario 2		
LOA/Case-Level Rqmts for Export	Individual Shipment-Level Rqmts for Export	ITAR Reference
<p>instructions on completing this form.</p> <p>3. The DSP-94 is valid for 2 years or until the stated value is shipped, whichever comes first.</p> <p>3.a. Prior to expiration of the DSP-94, the Implementing Agency must determine if additional shipments will be made. If so, a new DSP-94 must be prepared and lodged to replace the expiring DSP-94. This should be done in advance of the DSP-94 expiration date to avoid export problems.</p> <p>3.b. If the estimated export values change prior to the DSP-94 expiration, even if the LOA has not been amended or modified, a new DSP-94 must be prepared and submitted to replace the outdated version at the primary port.</p> <p>4. Implementing Agency lodges a copy of any LOA Amendment or LOA Modification at the primary port (same place where it sent the basic LOA). This should be done as soon as possible after implementation of each document.</p> <p>5. Implementing Agency prepares a new (revised) DSP-94 for any LOA Amendment or LOA Modification that changes the value and/or quantity of defense articles (including technical data). This should be done at the same time the LOA Amendment or LOA Modification is lodged.</p> <p>6. Upon completion of all authorized shipments or upon expiration of the DSP-94, whichever occurs first, Customs authorities will contact the Case Manager identified in Block 4 of the DSP-94 form to confirm that there will be no more shipments against this case. Upon confirmation, Customs authorities will forward the LOA, any LOA Amendments and LOA Modifications, and the DSP-94 to DoS/DDTC for archival. If the Case Manager indicates additional shipments will be made, a new DSP-94 will be prepared and lodged as indicated in paragraph 3.</p>	<p>transactions. These transactions take the place of the hardcopy Shipper's Export Declaration (SED) form, which is no longer accepted.</p> <p>Note 2: Section "g" of the "Instructions for DSP-94" form regarding copies of the SED no longer applies.</p> <p>Note 3: If items from multiple FMS cases are included in the same shipment, the DoD entity must file a separate AES entry for each individual FMS case being used.</p> <p>2. The DoD entity prints out the AES "SED" page and annotates as follows. This annotated printout must accompany the shipment.</p> <p>2.a. "This shipment for Commercial DTS is being exported pursuant to an LOA authorizing such transfer which meets the criteria of 22 CFR 126.6(a). It covers FMS Case [insert case identification]. The U.S. Government point of contact is [insert name], commercial telephone number [insert commercial telephone number]."</p> <p>2.b. "The Letter of Offer and Acceptance (LOA) authorizing this transfer is lodged at [insert name of primary port where LOA was lodged]."</p> <p>Note: If multiple AES "SED" pages accompany the shipment (because multiple FMS cases are being cited), these statements must appear on each AES "SED" citing the applicable FMS case and port.</p> <p>3. Customs will only decrement a shipment after export information has been filed correctly using AES. As part of the AES filing the DoD entity must provide the XTN (external control number) to Customs.</p> <p>4. An export may be made through a port other than the primary port where the LOA was lodged. The AES "SED" page MUST clearly indicate the name of the primary port where the LOA was lodged.</p> <p>5. All shipments must meet established minimum timeframe requirements for these shipments in accordance with 22 CFR 123.22(b).</p> <p>5.a. By air and truck, at least 8 hours prior to departure from the U.S.</p> <p>5.b. By sea and rail, at least 24 hours prior to loading aboard ship at the port of exit.</p>	

Table C7.T8. Export Documentation Requirements (Scenario 3)

Scenario 3				
Exporter	Type of Transfer	Classification of Items	Document that Authorizes the Transfer	Transportation Method
Freight Forwarder	Foreign Military Sale (FMS)	Unclassified	LOA and subsequent LOA Amendments and LOA Modifications	Freight Forwarder*

*A Freight Forwarder is an entity under contract / agreement with the foreign government to handle the movement of the foreign government's USG-provided materiel. Freight Forwarders are generally contracted to handle receipt, consolidation, and staging within the United States and arrangement for onward movement from the United States to the foreign country. Freight Forwarders must be registered with the Department of State (Directorate of Defense Trade Controls) and are responsible for compliance with all International Traffic in Arms Regulation (ITAR) and Bureau of Customs and Border Protection (BCP) requirements. A foreign government's embassy must send a letter to DoS/DDTC designating a company as its Freight Forwarder before that company will be permitted to export security assistance-related materiel on that government's behalf.

Scenario 3		
LOA/Case-Level Rqmts for Export	Individual Shipment-Level Rqmts for Export	ITAR Reference
<p>1. Implementing Agency lodges the complete LOA at primary port. Customs cannot clear shipments if the LOA is not furnished so the LOA should be lodged as soon as possible after implementation.</p> <p>2. Foreign customer provides a copy of the LOA to its designated Freight Forwarder(s).</p> <p>3. Freight Forwarder prepares a DSP-94 at the LOA level and submits it to the Implementing Agency (through the Purchasing country, as required) for review. This should be done as soon as possible after the Freight Forwarder receives a copy of the LOA. See SAMM Table C7.T9 for instructions on completing this form.</p> <p>4. The DSP-94 is valid for 2 years or until the stated value is shipped, whichever comes first.</p> <p>4.a. Prior to expiration of the DSP-94, the Freight Forwarder must determine if additional shipments will be made. If so, a new DSP-94 must be prepared by the Freight Forwarder, reviewed by the Implementing Agency, and lodged by the Freight Forwarder to replace the expiring DSP-94. This should be done in advance of the DSP-94 expiration to avoid export problems.</p> <p>4.b. If the estimated export values change prior to the DSP-94 expiration, even if the LOA has not been amended or modified, a new DSP-94 must be prepared by the Freight Forwarder, reviewed by</p>	<p>1. The Freight Forwarder must report export information on each shipment of hardware to Customs Bureau of Border Protection (CBP) using the Automated Export System (AES). After completing the AES entries, the Freight Forwarder must send this data electronically to the U.S. port before the export can be made (in accordance with Section 123.22 of the ITAR). Shipments of technical data or services must comply with ITAR Section 123.22(b)(3).</p> <p>Note 1: All shipments must use the AES transactions. These transactions take the place of the hardcopy Shipper's Export Declaration (SED) form, which is no longer accepted.</p> <p>Note 2: Section "g" of the "Instructions for DSP-94" form regarding copies of the SED no longer applies.</p> <p>Note 3: If items from multiple FMS cases are included in the same shipment, the Freight Forwarder must file a separate AES entry for each individual FMS case being used.</p> <p>2. Prior to AES filing and after the Freight Forwarder prints out the AES "SED" page, the Freight Forwarder must</p>	<p>126.6(c) Note: FMS shipments do not require a license when all conditions of 126.6(c) can be met.</p>

Scenario 3		
LOA/Case-Level Rqmts for Export	Individual Shipment-Level Rqmts for Export	ITAR Reference
<p>the Implementing Agency, and lodged by the Freight Forwarder to replace the outdated version at the primary port.</p> <p>5. Implementing Agency reviews the DSP-94 and any subsequent revisions/updates/ amendments to the DSP-94.</p> <p>5.a. If the DSP-94 appears accurate, the Implementing Agency sends the DSP-94 to the primary port (same place where it sent the LOA) and sends an information copy back to the Freight Forwarder.</p> <p>5.b. If the DSP-94 appears to contain errors, the Implementing Agency sends the DSP-94 back to the Freight Forwarder with necessary changes annotated and sends an information copy to the Department of State (DDTC).</p> <p>6. Implementing Agency lodges a copy of any LOA Amendment or Modification at the primary port (same place where it sent the basic LOA). This should be done as soon as possible after implementation of each document.</p> <p>7. Foreign customer provides a copy of implemented LOA Amendments and Modifications to its designated Freight Forwarder(s).</p> <p>8. Freight Forwarder prepares a new (revised) DSP-94 for any LOA Amendment or Modification that changes the value and/or quantity of defense articles (including technical data) and submits the new (revised) form to the Implementing Agency for review. This should be done as soon as possible after the Freight Forwarder receives a copy of the Amendment or Modification.</p> <p>9. The Implementing Agency reviews the revised DSP-94 forms in accordance with procedures in paragraph 5 above.</p> <p>10. Upon completion of all authorized shipments or upon expiration of the DSP-94, whichever occurs first, Customs authorities will contact the Freight Forwarder identified in Block 4 of the DSP-94 form to confirm that there will be no more shipments against this case. Upon confirmation, Customs authorities will forward the LOA, any LOA Amendments and LOA Modifications, and the DSP-94 to DoS/DDTC for archival. If the Freight Forwarder indicates additional shipments will be made, a new DSP-94 will be prepared, reviewed, and lodged as indicated in paragraph 5.</p>	<p>obtain an Implementing Agency certifying signature prior to submission to AES. Copies of all related documents must be presented to CBP at the time of shipment and maintained in the Freight Forwarder's records in accordance with 22 CFR 123.26 and annotates it on, if authorized, the outbound manifest as follows.</p> <p>2.a. "This shipment is being exported pursuant to an LOA authorizing such transfer which meets the criteria of 22 CFR 126.6(c). It covers FMS Case [insert case identification]. The U.S. Government point of contact is [insert name], commercial telephone number [insert commercial telephone number]."</p> <p>2.b. "The Letter of Offer and Acceptance (LOA) authorizing this transfer is lodged at [insert name of primary port where LOA was lodged]."</p> <p>Note: If multiple AES "SED" pages or outbound manifests accompany the shipment (because multiple FMS cases are being cited), these statements must appear on each AES "SED" or outbound manifest citing the applicable FMS case and port.</p> <p>3. Customs will only decrement a shipment after export information has been filed correctly using AES. As part of the AES filing the Freight Forwarder must provide the XTN (external control number) to Customs.</p> <p>4. An export may be made through a port other than the primary port where the LOA was lodged. The AES "SED" page MUST clearly indicate the name of the primary port where the LOA was lodged.</p> <p>5. All shipments must meet established minimum timeframe requirements for these shipments in accordance with 22 CFR 123.22(b).</p> <p>5.a. By air and truck, at least 8 hours prior to departure from the U.S.</p> <p>5.b. By sea and rail, at least 24 hours prior to loading aboard ship at the port of exit.</p>	

Table C7.T8. Export Documentation Requirements (Scenario 4)

Scenario 4				
Exporter	Type of Transfer	Classification of Items	Document that Authorizes the Transfer	Transportation Method
USG for some shipments Freight Forwarder for some shipments	Foreign Military Sale (FMS)	Unclassified Items	LOA and subsequent LOA Amendments and LOA Modifications	Defense Transportation System (DTS) for some shipments under the LOA using USG-owned (organic) resources DTS for some shipments under the LOA using commercial resources Freight Forwarder* for some shipments *See Scenario 3 for a definition of Freight Forwarder

Scenario 4		
LOA/Case-Level Rqmts for Export	Individual Shipment-Level Rqmts for Export	ITAR Reference
<ol style="list-style-type: none"> Implementing Agency lodges the complete LOA at primary port. Customs cannot clear shipments if LOA is not furnished so the LOA should be lodged as soon as possible after implementation. Foreign customer provides a copy of the LOA to its designated Freight Forwarder(s). Implementing Agency prepares a DSP-94 at the LOA level and sends it to the primary port (same place where it sent the LOA). This should be done at the same time as the LOA is lodged. The Implementing Agency will send a copy to the Purchaser to provide to the Freight Forwarder. See SAMM Table C7.T9 for instructions on completing this form. The DSP-94 is valid for 2 years or until the stated value is shipped, whichever comes first. <ol style="list-style-type: none"> Prior to expiration of the DSP-94, the Implementing Agency must determine if additional shipments will be made. If so, a new DSP-94 must be prepared and lodged to replace the expiring DSP-94. The Implementing Agency will send a copy of the DSP-94 to the Purchaser to provide to the Freight Forwarder. This should be done in advance of the DSP-94 expiration date to avoid export problems. If the estimated export values change prior to the DSP-94 expiration, even if the LOA has not been amended or modified, a new DSP-94 must be prepared and submitted to replace the outdated version at the primary port. Implementing Agency lodges a copy of any LOA Amendment or LOA Modification at the primary port (same place where it sent the basic LOA). This should be done as soon as possible after implementation of each document. Foreign customer provides a copy of implemented LOA 	<ol style="list-style-type: none"> For the DTS shipments using USG-owned (organic) resources follow procedures detailed in Scenario Number 1. For the DTS shipments using commercial resources follow procedures detailed in Scenario Number 2. For Freight Forwarder shipments, follow procedures detailed in Scenario Number 3. 	126.6(a) (DTS Organic) 126.6(a) (DTS Commercial) 126.6(c) Freight Forwarder

Scenario 4		
LOA/Case-Level Rqmts for Export	Individual Shipment-Level Rqmts for Export	ITAR Reference
<p>Amendments and LOA Modifications to its designated Freight Forwarder(s).</p> <p>7. Implementing Agency prepares a new (revised) DSP-94 for any LOA Amendment or LOA Modification that changes the value and/or quantity of defense articles (including technical data). The Implementing Agency will send a copy to the Purchaser to provide to the Freight Forwarder. This should be done at the same time the LOA Amendment or LOA Modification is lodged.</p> <p>8. Upon completion of all authorized shipments or upon expiration of the DSP-94, whichever occurs first, Customs authorities will contact the Case Manager identified in Block 4 of the DSP-94 form to confirm that there will be no more shipments against this case. Upon confirmation, Customs authorities will forward the LOA, any LOA Amendments and LOA Modifications, and the DSP-94 to DoS/DDTC for archival. If the Case Manager indicates additional shipments will be made, a new DSP-94 will be prepared and lodged as indicated in paragraph 4.</p>		

Table C7.T9. DSP-94 Form Preparation Instructions (Block 1)

Block 1: PM/DDTC Applicant Code			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
State/DDTC has issued a registration to facilitate FMS DTS shipments. This constitutes registration with DDTC as an exporter (as required by Section 122 of the ITAR). Enter G-7010 in this block to indicate that shipments will be made under DTS using USG-owned (organic) resources.	State/DDTC has issued a registration to facilitate FMS DTS shipments. This constitutes registration with DDTC as an exporter (as required by Section 122 of the ITAR). Enter G-7011 in this block to indicate that shipments will be made under DTS using DOD contracted commercial resources.	Enter DDTC registration code provided by U.S. Department of State. Shipment by DSP-94 may only be made by a DDTC registered exporter and who has been designated by the foreign government to act as their agent for FMS exports (by letter from the foreign government on file at DDTC).	Enter "Multiple Sources."

Table C7.T9. DSP-94 Form Preparation Instructions (Block 2)

Block 2: Country of Ultimate Destination/Purchaser			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
Enter country name.	Enter country name.	Enter country name.	Enter country name.

Table C7.T9. DSP-94 Form Preparation Instructions (Block 3)

Block 3: Port of Exit from U.S.			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
Enter the name of the port most likely to be used for exports under this LOA. This should be the port where the LOA is lodged. You may enter more than one port name in this block if you know that multiple ports will be used to export items from this LOA.	Enter the name of the port most likely to be used for exports under this LOA. This should be the port where the LOA is lodged. You may enter more than one port name in this block if you know that multiple ports will be used to export items from this LOA.	Enter the name of the port most likely to be used for exports under this LOA. This should be the port where the LOA is lodged. You may enter more than one port name in this block if you know that multiple ports will be used to export items from this LOA.	Enter the name of the port most likely to be used for exports under this LOA. This should be the port where the LOA is lodged. You may enter more than one port name in this block if you know that multiple ports will be used to export items from this LOA.

Table C7.T9. DSP-94 Form Preparation Instructions (Block 4)

Block 4: Applicant (Name, Address, Zip Code, Tel No.)			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
Enter the Implementing Agency's name, address, zip code, and the commercial telephone number of the Case Manager.	Enter the Implementing Agency's name, address, zip code, and the commercial telephone number of the Case Manager. Also enter the name, address, zip code, and telephone number of the DoD-contracted commercial resource, if known.	Enter the Freight Forwarder's name, address, zip code, and commercial telephone number.	Enter the Implementing Agency's name, address, zip code, and the commercial telephone number of the Case Manager. Enter the Freight Forwarder's name, address, zip code, and commercial telephone number.

Table C7.T9. DSP-94 Form Preparation Instructions (Block 5)

Block 5: Foreign Military Sales Case Identifier			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
Enter the Foreign Military Sales (FMS) case identifier (e.g., BN-D-ABC). Also enter the latest implemented document (e.g., LOA Amendment 1, LOA Modification 5, etc.)	Enter the Foreign Military Sales (FMS) case identifier (e.g., BN-D-ABC). Also enter the latest implemented document (e.g., Amendment 1, Modification 5, etc.)	Enter the Foreign Military Sales (FMS) case identifier (e.g., BN-D-ABC). Also enter the latest implemented document (e.g., Amendment 1, Modification 5, etc.)	Enter the Foreign Military Sales (FMS) case identifier (e.g., BN-D-ABC).

Table C7.T9. DSP-94 Form Preparation Instructions (Block 6)

Block 6: Date of FMS Case Implementation (MM-DD-YYYY)			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
Enter the date the basic FMS LOA listed in Block (5) was implemented. Implementation date from the Defense Security Assistance Management System (DSAMS) should be used.	Enter the date the basic FMS LOA listed in Block (5) was implemented. Implementation date from the Defense Security Assistance Management System (DSAMS) should be used.	Enter the date the basic FMS LOA listed in Block (5) was implemented. Implementation date from the Defense Security Assistance Management System (DSAMS) should be used.	Enter the date the basic FMS LOA listed in Block (5) was implemented. Implementation date from the Defense Security Assistance Management System (DSAMS) should be used.

Table C7.T9. DSP-94 Form Preparation Instructions (Block 7)

Block 7: Total Value of Defense Articles of Original FMS Case			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
Enter the total “exportable” value of defense articles. This is the value that Customs will decrement against as they clear each shipment. This may not be the total case value since not all of the FMS case value is for export. When preparing amended DSP-94s (either because the FMS case exportable value has changed or because the DSP-94 has expired and needs to be renewed for an additional 2 years), enter the current exportable value on the FMS case.	Enter the total “exportable” value of defense articles. This is the value that Customs will decrement against as they clear each shipment. This may not be the total case value since not all of the FMS case value is for export. When preparing amended DSP-94s (either because the FMS case exportable value has changed or because the DSP-94 has expired and needs to be renewed for an additional 2 years), enter the current exportable value on the FMS case.	Enter the total “exportable” value of defense articles. This is the value that Customs will decrement against as they clear each shipment. This may not be the total case value since not all of the FMS case value is for export. When preparing amended DSP-94s (either because the FMS case exportable value has changed or because the DSP-94 has expired and needs to be renewed for an additional 2 years), enter the current exportable value on the FMS case.	Enter the total “exportable” value of defense articles separated as follows: (a) DTS (using USG-owned [organic] resources): (b) DTS (using commercial resources): (c) Freight Forwarder: These values when added together must equal the total exportable value of the case. This is the value that Customs will decrement as they review/approve each shipment.

Table C7.T9. DSP-94 Form Preparation Instructions (Block 8)

Block 8: Only the unshipped balance, valued at _____, of this FMS case is covered by this DSP-94. Previous shipments of this FMS case were covered by a form DSP-94 dated _____ and/or U.S. Department of State License No. _____.			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
For initial DSP-94, enter “Not applicable.” When amending the DSP-94, enter only the remaining “exportable” value per the latest implemented LOA document.	For initial DSP-94, enter “Not applicable.” When amending the DSP-94, enter only the remaining “exportable” value per the latest implemented LOA document.	For initial DSP-94, enter “Not applicable.” When amending the DSP-94 enter only the remaining “exportable” value per the latest implemented LOA document.	Enter remaining “exportable” values of defense articles separated as follows: (a) DTS (using USG-owned [organic] resources): (b) DTS (using commercial resources): (c) Freight Forwarder: These values when added together must equal the total exportable value of the case. This is the value that Customs will decrement as they review/approve each shipment.

Table C7.T9. DSP-94 Form Preparation Instructions (Block 9)

Block 9: Form DSP-94 constitutes an amendment to the value and/or quantity of defense articles authorized under this FMS case as shown in the attached amended Letter of Offer and Acceptance. Yes No			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
Enter "Yes" or "No" as appropriate. (Amended LOA need not be attached as CBP has been furnished a copy of the amended LOA already.)	Enter "Yes" or "No" as appropriate (Amended LOA need not be attached as CBP has been furnished a copy of the amended LOA already.)	Enter "Yes" or "No" as appropriate. (Amended LOA must be attached/furnished to CBP at time of export.)	Enter "Yes" or "No" as appropriate

Table C7.T9. DSP-94 Form Preparation Instructions (Block 10)

Block 10: If exporter is a Freight Forwarder acting on behalf of a foreign government or diplomatic mission, provide the name, address, and telephone number of the foreign official in the U.S. familiar with the FMS case.			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
Enter "Not applicable."	Enter "Not applicable."	Freight Forwarder fills in foreign government official knowledgeable about the details of the FMS transaction.	Enter US Military Department (Case Manager) & Service Transportation Office Points of Contact (Include Name, Title, Commercial Phone and Fax Number and unclassified email for each POC) Fill in Freight Forwarder portion name as provided by the FMS customer. Fill in foreign government official knowledgeable about the details of the FMS transaction (provided by the FMS customer).

Table C7.T9. DSP-94 Form Preparation Instructions (Block 11)

Block 11: U.S. Munitions List Categories (see Section 121.1 of the ITAR). Please check the appropriate categories to indicate the types of defense articles included on this FMS case.			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
Check one or more USML Categories to be shipped via the listed LOA.	Check one or more USML Categories to be shipped via the listed LOA.	Check one or more USML Categories to be shipped via the listed LOA.	Check one or more USML Categories to be shipped via the listed LOA.

Table C7.T9. DSP-94 Form Preparation Instructions (Block 12)

<p>Block 12: Exporter’s Statement: I, _____, hereby exercise the authority to effect the export described above; warrant the truth of all statements made herein; and acknowledge, understand, and will comply with the provisions of Title 22 CFR parts 120-130 and any conditions and limitations imposed. Signature _____ (Authority valid for 24 months from above date) Date (MM-DD-YYYY) _____</p>			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
<p>Includes name and signature of the empowered USG individual occupying an Implementing Agency position, which has been designated by the IA as authorized to sign FMS cases on behalf of the USG and date signed.</p>	<p>Includes name and signature of the empowered USG individual occupying an Implementing Agency position, which has been designated by the IA, as authorized to sign FMS cases on behalf of the USG and date signed.</p>	<p>Enter name and signature of empowered Freight Forwarder official and date signed.</p> <p>Implementing Agency review and sign DSP-94 in the comments section.</p>	<p>Enter the Implementing Agency’s name, address, zip code, and the commercial telephone number of the Case Manager. Includes signature of listed USG individual and date signed (MM-DD-YYYY)</p> <p>Also enter the Freight Forwarder’s name and POC for this DSP-94.</p> <p>The Implementing Agency and the Freight Forwarder must provide an original signed and dated DSP-94 to CBP prior to the first shipment.</p>
<p>*For use when an LOA includes more than one transportation/shipment method.</p> <p>DEFINITIONS</p> <p>Implementing Agency: The Military Department or Defense Agency responsible for preparing and executing security assistance programs. The implementing agency is responsible for the overall management of the actions, which will result in delivery of the materials or services set forth in the Letter of Offer and Acceptance which was accepted by a foreign country or international organization. The Implementing Agencies are: Army, Navy, Air Force, Defense Contract Management Agency (DCMA), Defense Information Service Agency (DISA) Defense Logistics Agency (DLA), Defense Security Cooperation Agency (DSCA), Defense Threat Reduction Agency (DTRA), National Geospatial-Intelligence Agency (NGA) and the National Security Agency (NSA)</p> <p>Exportable Value of Defense Articles: Equals Net LOA case value (Block 8 of the current implemented version of the FMS case) minus any FMS case value that is not for export (e.g., training, services, etc.).</p> <p>FMS LOA Amendment: A change to an FMS case documented by an LOA Amendment that constitutes a scope change to an existing FMS case. FMS case Amendments require customer acceptance. Requires revised DSP-94 to be lodged before items can be shipped.</p> <p>FMS LOA Modification: A change to an FMS case documented by an LOA Modification that constitutes an administrative or minor change to an existing FMS case, without revising the scope or the FMS case. FMS case Modifications do not require customer acceptance. Requires revised DSP-94 to be lodged before items can be shipped.</p> <p>Defense Transportation System (DTS): That portion of the Nation’s transportation infrastructure that supports Department of Defense (DoD) common-user transportation needs across the range of military operations. It consists of those common-user military and commercial assets, services, and systems organic to, contracted for, or controlled by the DoD, except for those that are Service-unique or theater-assigned. DTS Organic includes not only USG-owned assets but also those instances where DoD charters the entire transportation asset. DTS Commercial-contracted covers those instances where DoD only has some of the cargo on the asset and has not chartered the entire transportation asset.</p> <p>Empowered USG Official: Person within DoD authorized to sign Letters of Offer and Acceptance documents, DSP-94 and other related documents.</p>			

Table C7.T10. Instructions for DSP-94 – Explanation for FMS-related Shipments

Instructions on the DSP-94 Form	Explanation for FMS-related Shipments
LEGAL AUTHORITY AND USE OF THIS FORM	
<p>a. Pursuant to 22 CFR 126.6(c), District Directors of Customs are authorized to permit the export of unclassified defense articles, and technical data without a license if they were sold by the Department of Defense directly to foreign governments or international organizations under the Foreign Military Sales (FMS) program of the Arms Export Control Act. This procedure may be used only if a proposed export is (1) pursuant to an executed Letter of Offer and Acceptance, and (2) accompanied by a properly executed DSP-94 and Shipper's Export Declaration (Form 7525-V).</p>	<p>Form 7525-V (SED) has been replaced by the Automated Export System (AES) Shipper's Export Declaration (SED). All shipments must use the AES to prepare the SED. These transactions take the place of the hardcopy SED form, which is no longer accepted by Customs.</p>
<p>b. Only foreign diplomatic missions or their authorized agents or freight forwarders who are registered with the Directorate of Defense Trade Controls, U.S. Department of State, may export FMS material under this authority.</p>	<p>For FMS-related shipments made through the Defense Transportation System (DTS), the Department of State, Directorate of Defense Trade Controls (DDTC) has issued two registration codes to facilitate FMS DTS shipments when using a DSP-94. This constitutes registration with DDTC as an exporter (as required by the International Traffic in Arms Regulation - ITAR - 22 CFR 122). See SAMM Table C7.T9. for instructions on using these codes.</p>
<p>c. Freight forwarders must for reasons of legal accountability:</p> <ol style="list-style-type: none"> (1) Register with the Directorate of Defense Trade Controls pursuant to 22 CFR 122; (2) Have on file at the Directorate of Defense Trade Controls a letter from the foreign embassy or government appointing them as forwarding agent; and (3) Have on file at the Directorate of Defense Trade Controls a statement signed by a responsible representative of the firm, certifying that the articles shown on all Forms DSP-94 they submit are, from their personal knowledge, in fact the articles by quantity, type, and value to be exported, and assuming full responsibility for compliance with the International Traffic in Arms Regulation (22 CFR 120-130). 	<p>FMS-related shipments using the Defense Transportation System (DTS) will not have a Freight Forwarder. The DSP-94 form is used for DTS shipments. State/DDTC has issued registration codes for use on DTS shipments. See SAMM Table C7.T9. for instructions on using these codes.</p>
GENERAL INSTRUCTIONS	
<ol style="list-style-type: none"> a. A separate Form DSP-94 must be completed for each FMS case for which defense articles are to be exported under this authority. b. Form DSP-94 should be typewritten. All copies must be legible. Complete all items. Sign and date all three copies. c. Form DSP-94 shall be valid for 2 years from the date on which it is executed (see item 12). The DSP-94 	<p>Form 7525-V (SED) has been replaced by the Automated Export System (AES) Shipper's Export Declaration (SED). All shipments must use AES to prepare the SED. These transactions take the place of the hardcopy SED form, which is no longer accepted by Customs.</p> <p>Automated Export System (AES) printout of the SED page is prepared for each shipment made against the DSP-94.</p>

Instructions on the DSP-94 Form	Explanation for FMS-related Shipments
<p>must be completed and filed with the District Director of Customs along with a copy of the Letter of Offer and Acceptance, and annotated Shipper's Export Declaration. Item 8 must be completed to reflect all FMS cases for which a DSP-94 has previously been filed with the District Director of Customs for shipments under the same FMS case (If Block 8 is not applicable, insert "N/A").</p>	<p>If all shipments have not been made during the 2 year validity period, a new DSP-94 form must be completed and filed with the District Director of Customs. See SAMM Table C7.T8. for instructions on who completes the DSP-94 form, timeframes for completion, and submission channels.</p> <p>SAMM Table C7.T9. provides block-by-block instructions for completing the DSP-94 form including information on how to compute the values in Block 8.</p>
<p>d. Copy 1 of completed Form DSP-94, together with one copy of the corresponding authenticated Letter of Offer and Acceptance, and three copies of the annotated Form No.7525-V (Shipper's Export Declaration), must be filed with the District Director of Customs at the port of export prior to actual shipment.</p>	<p>Form 7525-V (SED) has been replaced by the Automated Export System (AES) Shipper's Export Declaration (SED). All shipments must use AES to prepare the SED. These transactions take the place of the hardcopy SED form, which is no longer accepted by Customs.</p> <p>The DSP-94 form is lodged at the LOA level and is not provided with each individual shipment. Instead, information on where the DSP-94 form is lodged must be annotated on the AES SED page printout submitted with each shipment. See SAMM Table C7.T8. for complete instructions on what documents must be submitted at the LOA-level and what documents must be submitted with each individual shipment.</p>
<p>e. An authenticated Letter of Offer and Acceptance is one on which:</p> <p>(1) The offer is signed by an authorized Department of Defense representative and countersigned by the Comptroller, Defense Security Assistance Agency (DSAA);</p>	<p>Comptroller, Defense Security Assistance Agency (DSAA) is the old name for the Business Operations Directorate, Defense Security Cooperation Agency (DSCA).</p> <p>Not all LOAs and LOA Amendments require DSCA countersignature. Documents which do not require countersignature include a statement on the signature line indicating the SAMM exception.</p>
<p>(2) The acceptance is signed by an authorized representative of the foreign government.</p> <p>Only copies of the first page of the Letter of Offer and Acceptance and those pages listing defense articles to be exported need to be provided to Customs.</p>	<p>The LOA (and any subsequent LOA Amendments or LOA Modifications) are lodged at the primary port and are not provided with each individual shipment. The complete LOA must be lodged---not just those pages listing articles/services to be provided.</p> <p>Pseudo LOAs may not require the signature of a foreign government representative---so the signature block on the LOA document will be blank in those instances.</p>
<p>f. Form No. 7525-V (Shipper's Export Declaration) must be annotated by the exporter as follows:</p>	<p>Form 7525-V (SED) has been replaced by the Automated Export System (AES) Shipper's Export Declaration (SED). All shipments must use AES to prepare the SED. These transactions take the place of</p>

Instructions on the DSP-94 Form	Explanation for FMS-related Shipments
<p>“This shipment is being exported under the authority of U.S. Department of State Form DSP-94. It covers FMS case (insert FMS case identification), 22 CFR 126.6 applicable.”</p>	<p>the hardcopy SED form, which is no longer accepted by Customs.</p> <p>See SAMM Table C7.T8. for instructions on what must be annotated on the AES SED page that is printed and included with each shipment.</p>
<p>g. Customs authorities will authenticate the Shipper’s Export Declaration and forward it to the Directorate of Defense Trade Controls. Three copies of an annotated Shipper’s Export Declaration must be filed for each subsequent shipment. Customs authorities will annotate the back of Copy 1 of DSP-94 to show the shipments made. Upon completion of all authorized shipments or upon expiration of the Form DSP-94, whichever occurs first, Custom (sic) authorities will forward it with the attached Letter of Offer and Acceptance to the Directorate of Defense Trade Controls.</p>	<p>Form 7525-V (SED) has been replaced by the Automated Export System (AES) Shipper’s Export Declaration (SED). All shipments must use AES to prepare the SED. These transactions take the place of the hardcopy SED form, which is no longer accepted by Customs.</p> <p>Only one (1) copy of the annotated AES SED page is required to accompany the shipment.</p>
<p>h. Copy 2 of the completed DSP-94 should be removed by the exporter and sent at the time of the first shipment, together with a copy of the applicable authenticated Letter of Offer and Acceptance to: Directorate of Defense Trade Controls, PM/DDTC, Suite H1200, SA-1, U.S. Department of State, Washington, DC 20522-0112</p> <p>i. Copy 3 of DSP-94 is for the shipper’s files and should be removed before submission. A copy of applicable Letter of Offer and Acceptance should also be retained by the shipper for reference and record keeping purposes (22 CFR 122.5).</p> <p>j. A new DSP-94 must be completed and filed with the District Director of Customs if the applicable FMS case is amended to increase the total estimated exportable value by more than 10 percent. (Note: 22 CFR 123.23 authorized District Directors of Customs to permit the shipment of defense articles when the total value of the export does not exceed the aggregate monetary value stated on a license by more than 10 percent). Amendments which decrease the quantity or value of an FMS case do not require a new Form DSP-94.</p>	<p>If the applicable FMS case is amended to increase (or decrease) either the quantity of defense articles sold or to increase (or decrease) the total estimated exportable value, a new DSP-94 must be completed and filed with the District Director of Customs at the same primary port where the initial DSP-94 was sent.</p> <p>If the estimated export values change, even if the LOA has not been amended or modified, a new DSP-94 must be prepared (by the appropriate party) and submitted to the District Director of Customs at same primary port where the initial DSP-94 was sent.</p> <p>See SAMM Table C7.T8. for guidance on DSP-94 revisions.</p>
<p>k. Additional copies of this form may be obtained by mail or telephone request to the Directorate of Defense Trade Controls.</p>	<p>The DSP-94 form is not available in electronic format. Implementing Agencies must contact State/DDTC to obtain hard copies for completion.</p> <p>DDTC General Information Office Hours: 8:15 AM - 5:00 PM Receptionist: (202) 663-2980 Response Team (for general inquiries about and guidance on licensing and compliance matters): (202) 663-1282 or e-mail: DDTCResponseTeam@state.gov.</p>

Instructions on the DSP-94 Form	Explanation for FMS-related Shipments
	Case Status: (202) 663-2700 Additional information may be found at: http://pmdtc.org/index.htm