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United States Department of Defense

Foreign Military Sales

Frequently Asked Questions



**Defense Security
Cooperation Agency**

Defense Solutions for America's Global Partners

Defense Security Cooperation Agency

What Is FMS?

Foreign Military Sales (FMS) is the U.S. Government's program for transferring defense articles, services, and training to our international partners and international organizations. The FMS program is funded by administrative charges to foreign purchasers and is operated at no cost to taxpayers. The Defense Security Cooperation Agency (DSCA) administers the FMS program for the Department of Defense (DoD).

Under FMS, the U.S. government uses DoD's acquisition system to procure defense articles and services on behalf of its partners. Eligible countries may purchase defense articles and services with their own funds or with funds provided through U.S. government-sponsored assistance programs.

In certain cases, defense articles may be obtained through grants or leases.

Who can participate in the FMS program?

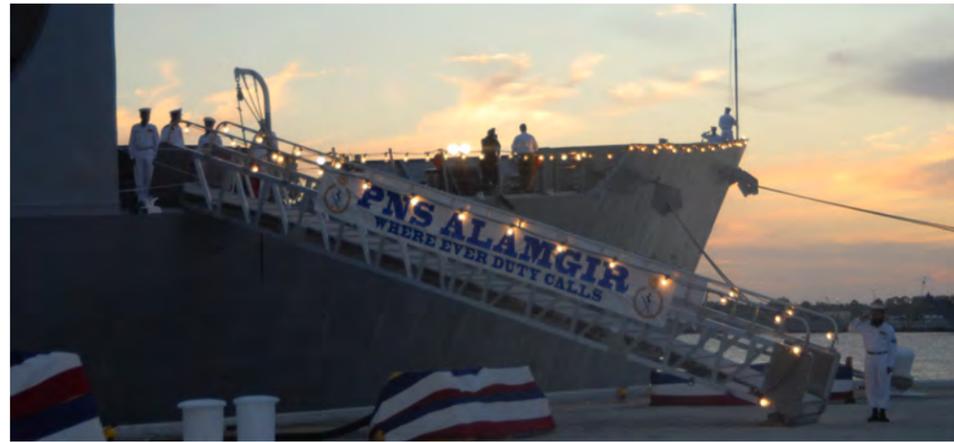
The President designates countries and international organizations eligible to participate in FMS. The Department of State approves individual programs on a case-by-case basis. Currently, some 223 countries and international organizations participate in FMS.

Are there other ways to obtain U.S. defense articles and services?

Yes. International partners may obtain U.S. defense articles and services through direct commercial sales (DCS).

Under DCS rules, U.S. companies obtain commercial export licenses from the Department of State, allowing them to negotiate with, and sell directly to, our partners.

As with FMS, DCS are subject to applicable U.S. exports laws and regulations and the approval of the Department of State.



Does FMS Compete with DCS?

FMS and DCS are not in competition. Unless an item has been designated as "FMS only," DoD is generally neutral as to whether countries purchase U.S. defense articles or services commercially or through FMS. If a purchaser requests FMS data after soliciting bids from contractors, the purchaser must demonstrate that commercial acquisition efforts have ceased before any FMS data will be provided. If the purchaser obtains FMS data and later determines to request a commercial price quote, the FMS offer may be withdrawn.

What are the advantages of FMS and DCS?

All sales of defense articles and services are subject to similar technology release approvals, retransfer assurances, and congressional review. In general, FMS purchase

agreements offer standardization with U.S. forces; provide contract administrative services that may not be available through the private sector; and may help lower unit costs by consolidating purchases for FMS customers with those of DoD.

Major FMS programs also nurture long-term relationships with the U.S. military, including access to joint training and doctrine and increased opportunities for interoperability with U.S. forces.

Under FMS, the customer is assured that the acquisition process will be subject to DoD's standards through every step of the process.

Under DCS, our international partners work directly with U.S. companies. This allows our partners more direct involvement during contract negotiation and may allow firm-fixed pricing. It may also be better

suited to fulfilling requirements for non-standard items that are not, or are no longer, in DoD's inventory.

How can I compare costs between FMS and DCS?

Cost comparisons between FMS and DCS are often not possible, as the contracts are not identical. FMS uses the total package approach to its contracts. This means that an FMS buy for a major system includes training, spare parts, and other support needed to sustain a system through its first few years. DCS contracts may or may not include this in the initial pricing. Although it includes administrative charges, the FMS sale will always benefit from the economies of scale and experience the U.S. government has with a system.

Do FMS Sales require Congressional Notification?

The U.S. Arms Export Control Act, Sec 36 requires Congressional notification for FMS or DCS sales expected to meet or exceed:

For North Atlantic Treaty Organization member countries, South Korea, Australia, Japan, Israel, and New Zealand: major defense equipment (MDE) of \$25M or more; any defense articles or services of \$100M or more; or design and construction services of \$300M or more.

For all other countries: MDE of \$14M or more; any defense articles and services of \$50M or more; or design and construction services of \$200M or more.

For North Atlantic Treaty Organization member countries and organizations, South Korea, Australia, Japan, Israel, and New Zealand there is a 15-day statutory notification period. For all other countries there is a 30-day statutory notification period.

Where can I find more Information about FMS?

Defense Security Cooperation Agency website: www.dsca.mil

The Security Assistance Management Manual (DOD 5105.38-M) www.dsca.mil/samm

