



NAVAIR

International Programs

29 October 2008

Mike Dougherty
NAVAIR International Programs

301-757-6779
michael.dougherty@navy.mil

NAVAIR Public Release 08-933

Distribution Statement A – "Approved for Public Release; distribution is unlimited."

Topics for Today

- **NAVAIR International Programs**
- **General Information about International Programs and Export Controls**
- **Things to Remember**

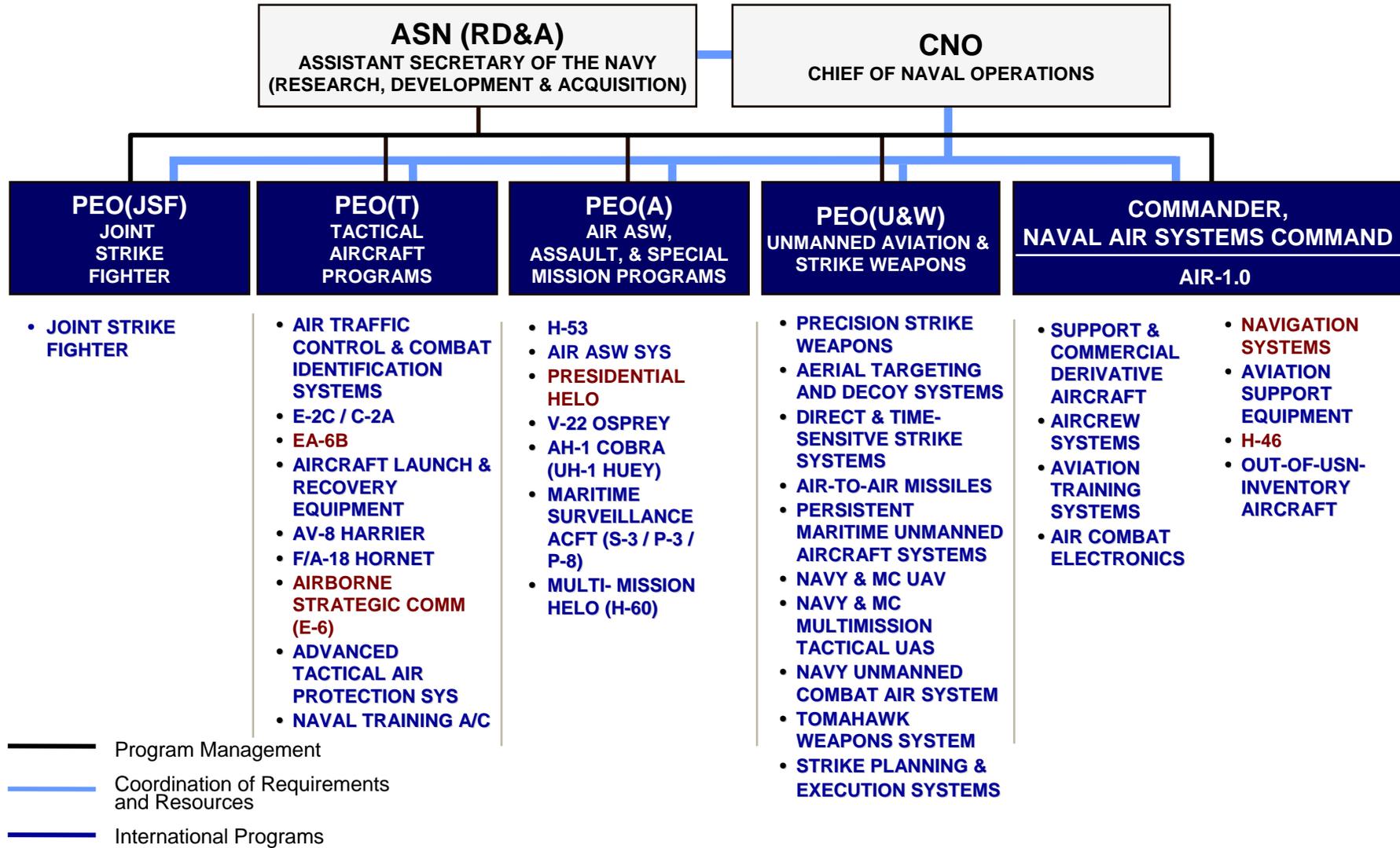
NAVAIR International Programs: Why?

- **Implement U.S. National Policies**
- **Build Relationships with Friends, Allies, and Coalition Partners**
- **Meet the requirements of U. S. Combatant Commanders**
- **Add program value to USN/USMC acquisition programs**

NAVAIR International Programs: Scope

- **Foreign Military Sales (FMS):**
 - 1116 Active Cases
 - 65 Countries
 - 43 Product Areas: Aircraft, Weapons, Systems, Components, Training, Services
- **Cooperative Programs:**
 - Foreign Comparative Testing (FCT)
 - Domestic Counterpart – Defense Acquisition Challenge (DAC)
 - Data Exchange Agreements (DEAs)
 - International Memoranda of Agreement

NAVAIR Acquisition Program Alignment



OSD FY10 FCT & DAC Focus Areas

- **Warfighter Enhancement (Tactical Level)**
 - Improved warfighter effectiveness (lethality, accuracy, endurance, et al)
 - Improved warfighter survivability (protection, agility, stealth, medical, et al)
 - Improved warfighter force protection (defensive systems, detection, armoring, chemical-biological defense, et al)
 - Improved warfighter sustainability (lighter/combined equipment, longer missions, better batteries, et al)
- **Direct Warfighter Support (Operational Level)**
 - Logistics (supply chain management in the field, equipment reliability, et al)
 - Teaming (Net/Information Centric Operations at the tactical/operational level, et al)
 - Tracking (e.g., blue and hostile forces tracking, friendly identification, et al)
- **Warfighter Employment (Strategic Level)**
 - Planning capabilities (e.g., large unit employment)
 - Coordinating capabilities (e.g., Network/Information Centric Operations at the strategic level, et al)
 - Transport capabilities (e.g., getting to/from the fight, et al)
 - Operational readiness (e.g., equipment availability, maintainability, training, et al)

Foreign Comparative Testing (FCT): Purpose

- **Office of Secretary of Defense (OSD) Program established in 1980 to fund the test and evaluation of Foreign Non-Developmental Equipment that demonstrates potential to satisfy program requirements**
 - **Leverages mature foreign technologies to meet U.S. Warfighter needs**

Foreign Comparative Testing (FCT): Process

- **November**
 - Proposal call by military services
- **April – Preliminary OSD review**
 - Valid Requirement/Capability
 - Warfighter/User Endorsement
 - Procurement Potential
 - Production Validation
 - Market Investigation
 - Cost & Schedule Realism
 - Benefits Assessment
 - Logistics & Support Considerations
- **June - Final submittals**
- **September - Final Approvals by OSD**
- **January/February - Projects begin**

Foreign Comparative Testing (FCT): Payoff

- **FCT History**
 - **Investment: \$1.1B**
 - **Cost Avoidance: \$7B**
 - **Projects Procured: 184**
 - **Procurement Value: \$7.98B**
- **Past 5 years --- Transition Rate (Testing to Procurement) Exceeds 80%**
- **Accelerated Fielding Time: Average 5-7 Yrs**
- **Vendor Partnerships: 33 Domestic States**

Defense Acquisition Challenge (DAC): Purpose

- **Office of Secretary of Defense (OSD) Program established in 2003 to fund the test and evaluation of proposed technologies / products that demonstrate potential to satisfy requirements of established Programs**
 - **Provide the opportunity to introduce innovative and cost-saving technologies to the warfighter**
 - **Allow non-traditional defense industries to “challenge” existing technologies or methods**
 - **Provide companies an “on-ramp” into the defense acquisition system.**

Defense Acquisition Challenge (DAC): Process

- **December**
 - Announcement posted: www.fedbizopps.gov
 - Proposal Submittal:
<https://cto.acqcenter.com/osd/portal.nsf>
- **April - Initial Reviews Complete**
 - Overall Merit; Achieve capability improvements; Technologically ready
 - Program Office: Key performance parameters, Preliminary test plan, Cost analysis, Funding required for test, Length of evaluation period; endorsement & intent to procure
- **June - Final submittals**
- **September - Final Approvals by OSD**
- **January/February - Projects begin**

Defense Acquisition Challenge (DAC): Payoff

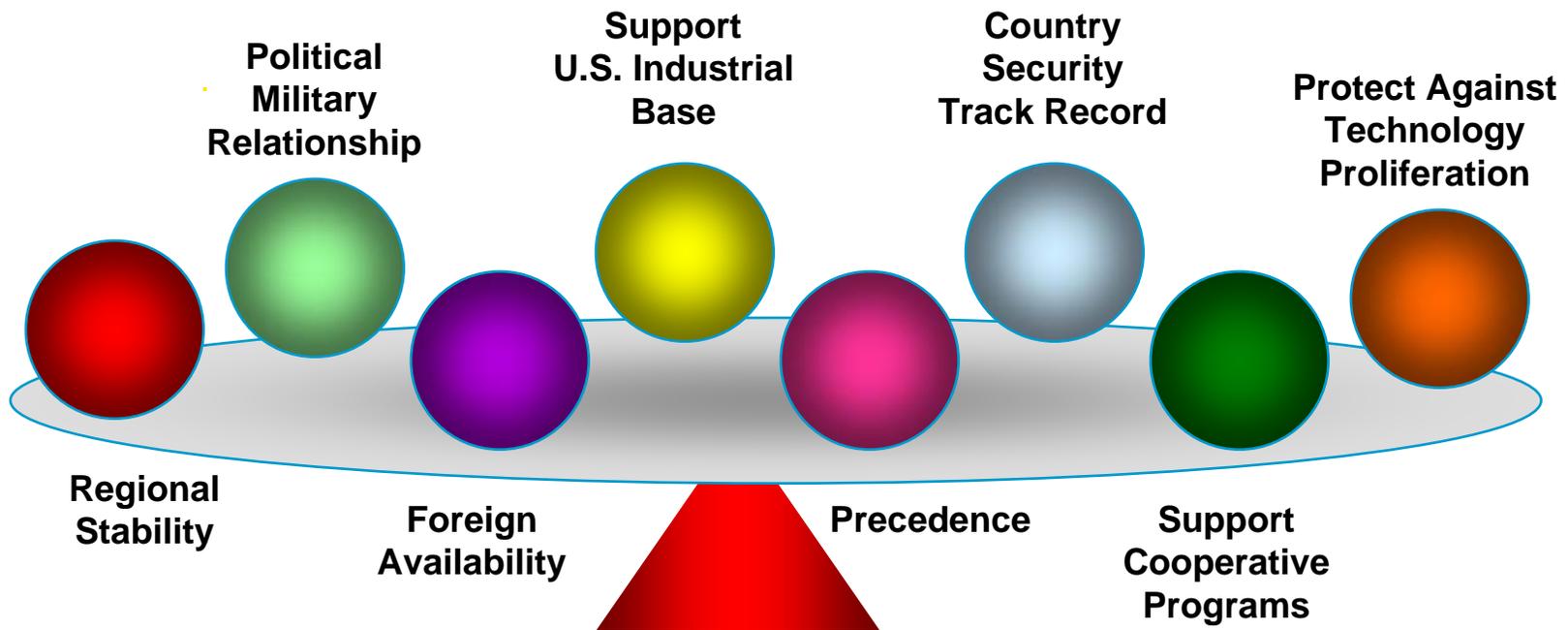
- **FY 03 – FY 06**
 - Over 1300 Proposals submitted to OSD
 - 250 Proposals endorsed by Program Managers
 - 68 Selected for funding, totaling \$88M
 - 70% of the projects selected for funding were small or mid-sized businesses.
- **FY 07**
 - 266 Proposals submitted to OSD
 - 18 New projects selected + 16 On-going projects...total funding \$27.3M



**General Information
about
International Programs
and
Export Controls**



A Complicated Situation



Technology Transfer and Export Control Process: The Basic Truths

- **It is complicated.**
- **It is frustrating.**
- **It will take longer than you expect.**
- **Never ignore it.**
- **Get started as early as possible.**
- **Stay actively involved throughout the process.**

Arms Export Control Act (AECA) (22 USC 2778)

- **Governs the sale and export of defense articles, services, and related technical data and is the legal basis for most international programs**
- **Covers both government and commercial sales programs, as well as certain government cooperative research and development programs**
- **The AECA requires exports to support U.S. national security interests**

International Traffic in Arms Regulations (ITAR)

- Governs the commercial exports of defense articles and related technical data to foreign governments
 - The State Department and the Director of the Office of Defense Trade Controls (ODTC) administers the ITAR
- Contains the U.S. Munitions List (USML) Part 121 which identifies the defense articles that are subject to export control
- Covers procedures for requesting an export authorization

The U.S. Munitions List

CATEGORY

- I** **Firearms, Close Assault Weapons and Combat Shotguns**
- II** **Guns and Armament**
- III** **Ammunition/Ordnance**
- IV** **Launch vehicles, Guided Missiles, Ballistic Missiles, Rockets, Torpedoes, Bombs and Mines**
- V** **Explosives and Energetic Materials, Propellants, Incendiary Agents and Their Constituents**
- VI** **Vessels of war and Special Naval Equipment**
- VII** **Tanks and Military Vehicles**
- VIII** **Aircraft and Associated Equipment**
- :**
- XX** **Submersible Vessels, Oceanographic and Associated Equipment**
- XXI** **Miscellaneous Articles**

What Is an Export*?

- Sending/taking defense articles out of U.S. in any way
- Transferring registration, control, or ownership to a foreign person of any aircraft, vessel, or satellite covered by U.S. Munitions List in U.S. or abroad
- **Disclosing (including orally and visually) or transferring any defense article or technical data:**
 - To embassy, agency or subdivision of a **foreign government** in U.S.
 - To a **foreign person** in U.S. or abroad

* ITAR, 22 CFR §
120.17

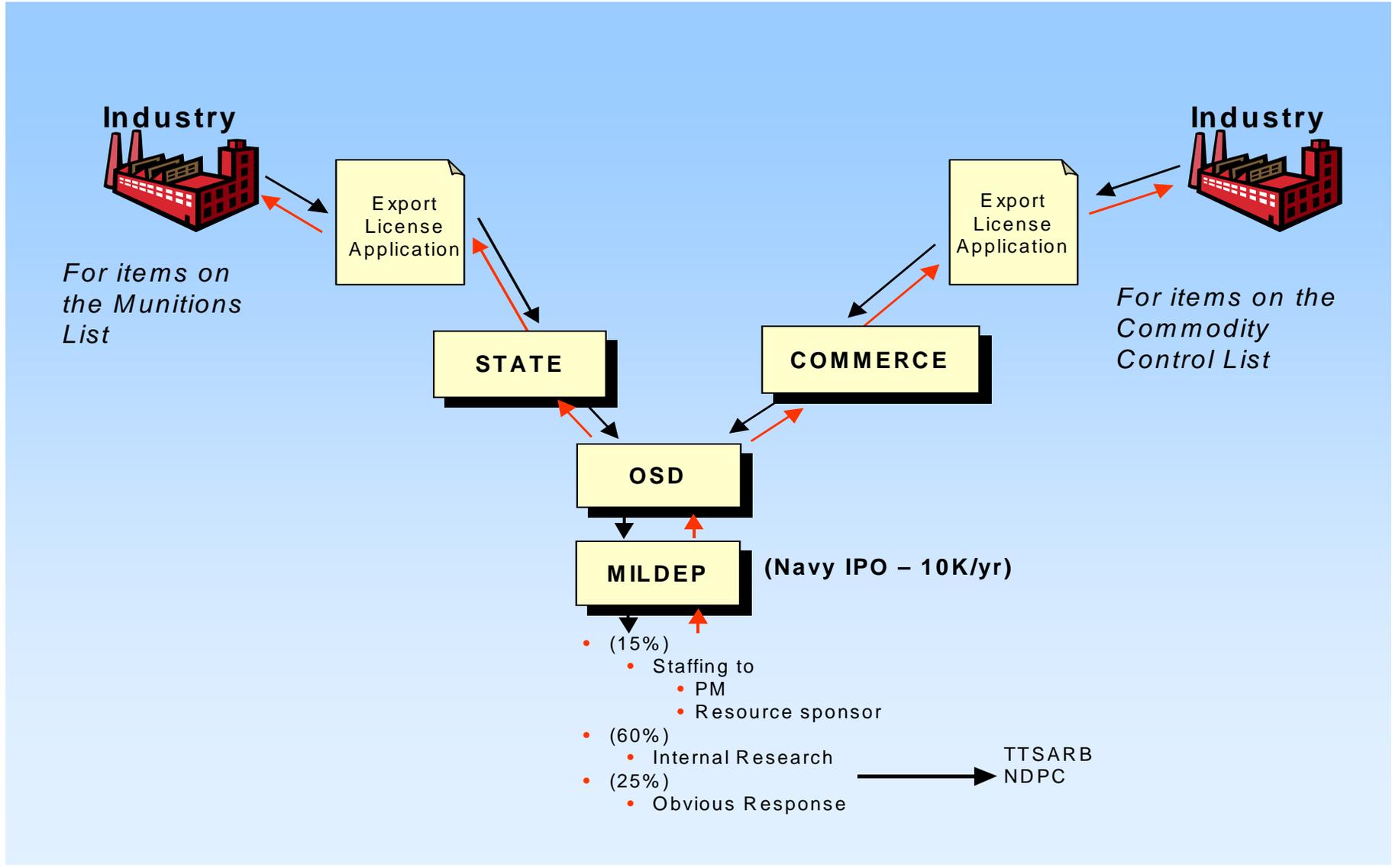
Export Examples

- **Foreign customer attending meetings where technical data are discussed**
- **Delivery of technical data to the U.S. representatives of a foreign country**
- **Can take many forms - oral, visual, written**
- **Can occur via discussion, fax, telephone call, plant tour, other ways**

How Do Violations Occur?

- **Marketing presentations** containing defense technical data made to foreign governments or foreign companies without proper license/authorization
- **Foreign national employees** in the U.S. working on defense programs and given access to defense technical data without proper license/authorization
- International **trade show displays** not properly licensed
- **Shipping errors**

Export License Review Process



NAVAIR's Role - Export Licenses

- **IPO staffs applications to Air 7.4.1 who coordinates with PMAs and / or Competencies; 10 Day deadline**
- **Options: Approve, Approve w/ Conditions, Deny, Return Without Action**
- **Issues: Existing disclosure decisions might not support the request**
 - **Examples: DCS vs. FMS, System Not Approved for Country, Co-Production, Depot Capability, Classified Info/Systems**
 - **TTSARB or ENDP Can't be Processed in Time**
- **Smart Move: Recommend Industry Provide an Advance Copy of the License for PMA Review**
 - **PMA Reviews License Request and Provides Comments to Industry Prior to Formal License Submission, Policy Issues Can be Coordinated**

Things to Remember

- **“It’s all about relationships”**
- **“It depends”**
- **Act early and often when it comes to Foreign Disclosure/Export Licensing**
- **Call Air 1.4 for assistance...(301) 757-6779/80**

NAV  AIR



Back Up



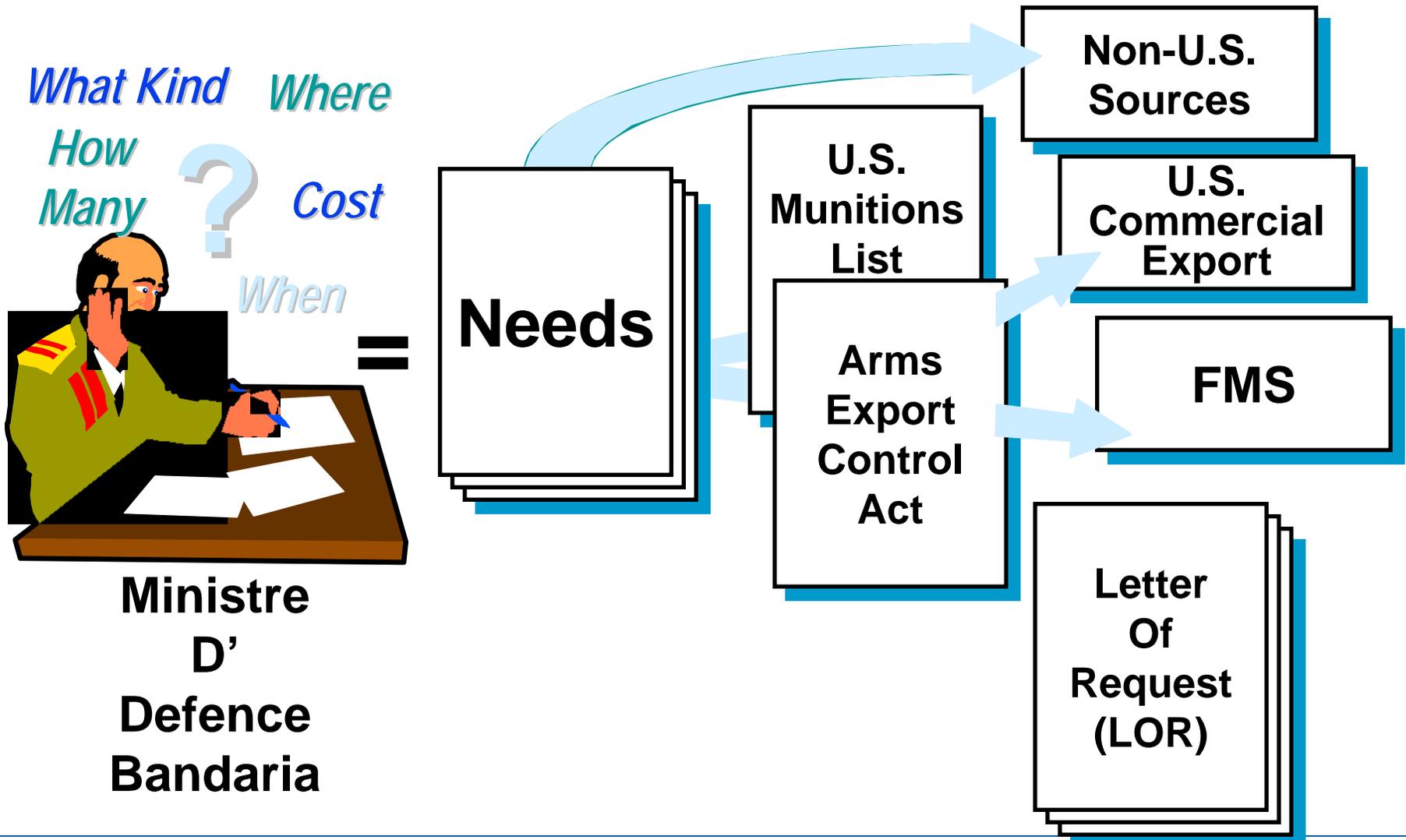
Supporting U.S. Transfers

- **Decisions will be made on a case-by-case basis**
- **Country team may support U.S. overseas marketing efforts**
- **Active involvement by senior USG officials in promoting sales of particular importance to the U.S.**
- **Support of international air and trade shows when determined to be in the best interest of the U.S.**

What's a FMS Case?

- **FMS Case = A Gov't to Gov't Agreement to transfer defense articles & services**
- **Also Known As**
 - Letter of Offer & Acceptance
 - or
 - LOA
 - or
 - Case BN-P-GCY
 - or
 - Case GCY

Customer Decisions



Foreign Purchaser's Option - DCS or FMS

The purchaser has the option to buy commercially or through FMS channels. (SAMM, C2.5.7.1.5)

In some instances, where certain items of government furnished material are required or where a system has been specifically designated, FMS is the only option.

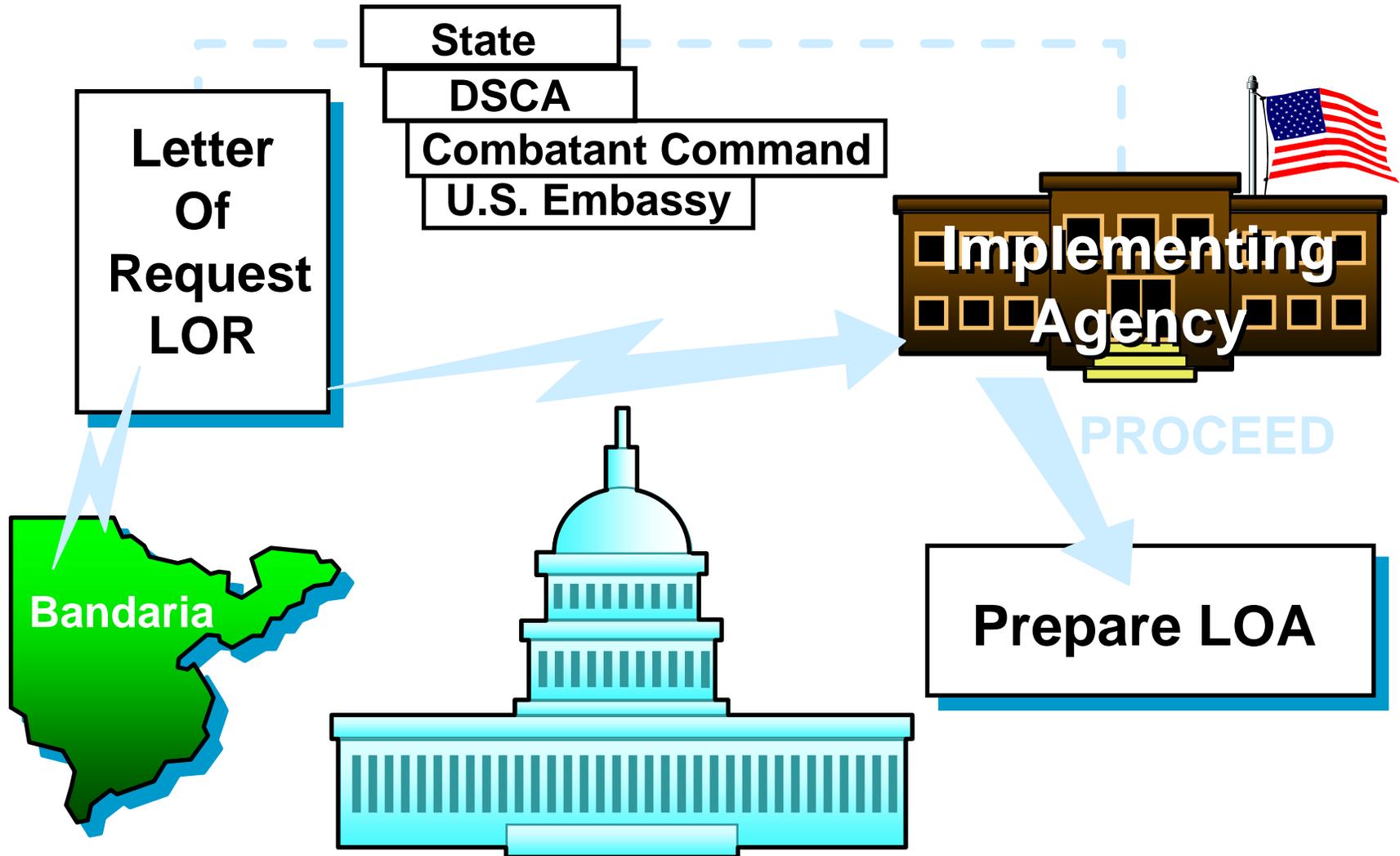
DOD Neutrality

DOD is generally neutral as to whether a foreign country satisfies its requirements through FMS or on a direct commercial basis. (SAMM, C4.5.8)

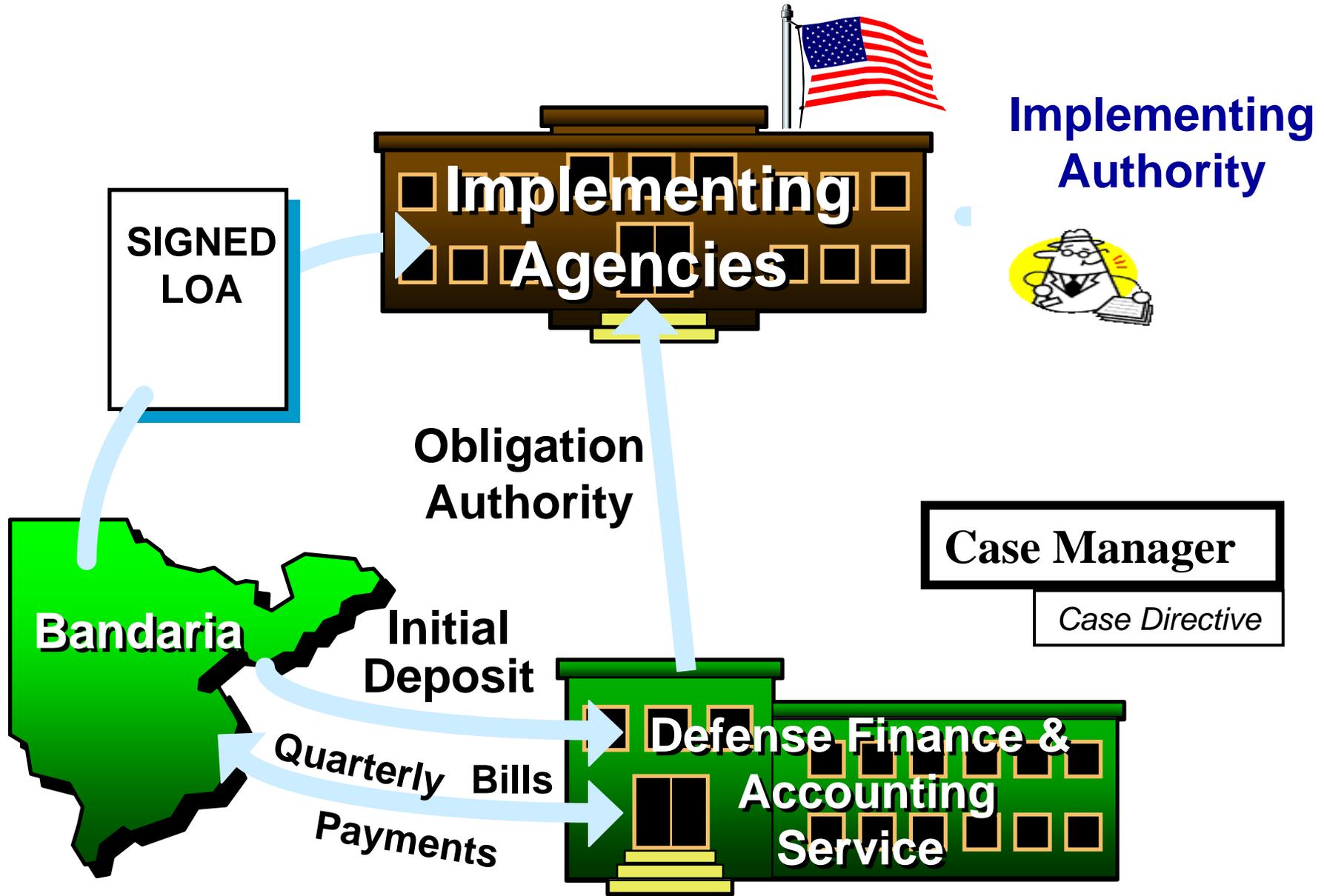


**Foreign
Purchaser**

Channels of Request



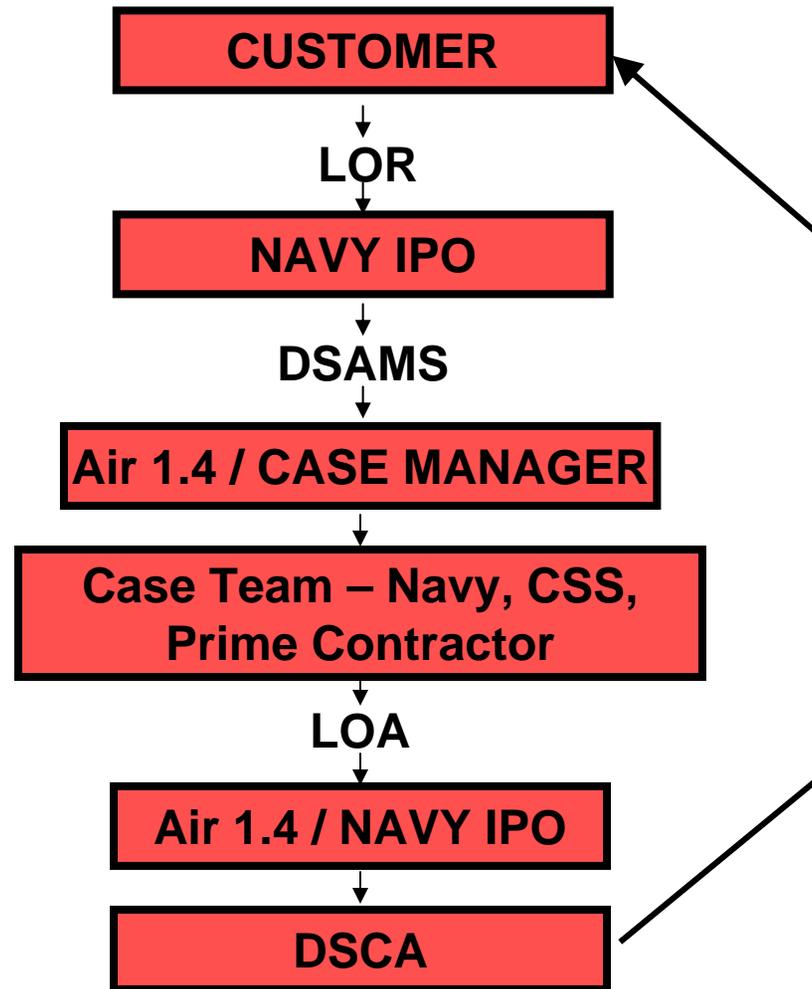
Acceptance and Implementation



NAVAIR International Programs: Goals

- **Expanding and Sustaining International Programs Business**
- **Leading the International Programs Community**
- **Optimizing Use of International Programs Personnel and Funding**
- **Optimizing International Processes**

Case Development Process



FMS Case: Common Terms

- **Letter Of Request (LOR)**
- **Price and Availability (P & A)**
 - Rough Order of Magnitude (ROM) data
- **Letter of Offer and Acceptance (LOA)**
 - Contract Quality data
- **Case (or LOA) Identifier**
 - 2 letters: Country/Activity Code
 - 1 letter: Implementing Agency
("P": Navy, "B": Army, "D": Air Force)
 - 1 letter, 2 letters/numbers: Case Type
Designator, Sequential

FMS Case: Common Terms (cont)

- **Case Amendment**
 - Customer acceptance required
 - Change in scope
- **Case Modification**
 - US unilateral change
 - Customer has agreed under LOA Standard Terms and Conditions
 - Pricing/delivery/payment schedule changes
 - Administrative corrections
- **Total Package Approach (TPA)**
 - System....Plus Support Items, Training, and Services to Introduce and Operationally Sustain that System