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ISOA Foreign Military Sales

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Outline

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What is Foreign Military Sales?

- **Government Program:** FMS is a U.S. government program that facilitates the sale of defense articles, services, and training to foreign governments and international organizations.
- **Security Assistance:** It is part of the broader U.S. security assistance program, which aims to support allied nations' security and economic well-being.
- **Intermediary Role:** The U.S. government acts as an intermediary, managing the procurement and transfer of defense items on behalf of foreign buyers.
- **Standardized Process:** FMS provides a standardized and regulated process for international defense sales, ensuring compliance with U.S. laws and regulations.
- **Funding Options:** Foreign governments can purchase defense items using their funds, U.S. government-sponsored assistance programs, or through grants and leases.
- **Global Reach:** Around 189 countries and international organizations currently participate in the FMS program.
- **Enhanced Interoperability:** FMS helps ensure foreign military forces use equipment compatible with U.S. systems, promoting joint operations and strategic alliances.

Advantages for Industry's Support of Foreign Military Sales

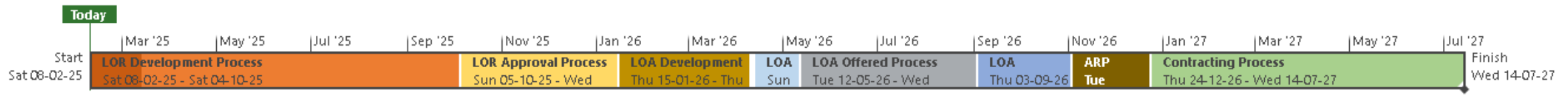
- **Government Support:** The U.S. government backs FMS, providing credibility and assurance to foreign buyers.
- **Streamlined Process:** The FMS program offers a standardized and efficient process for selling defense articles and services, reducing company administrative burdens.
- **Interoperability:** Selling through FMS ensures that foreign military forces use equipment compatible with U.S. systems, enhancing joint operations and strategic alliances.
 - This ensures that companies can depend on standardization as managed by the US Government when providing hardware and services to a foreign partner
- **Market Access:** FMS opens doors to markets that might be difficult to enter through direct commercial sales, especially in regions with complex regulatory environments.
- **Security and Stability:** By participating in FMS, companies contribute to global security and stability, which can lead to long-term business relationships and opportunities.
- **Financial Benefits:** FMS can help lower unit costs for the U.S. military by increasing production volumes and maintaining critical production lines.
- **Risk Mitigation:** The U.S. government assumes many of the financial and political risks associated with international sales, providing a safer environment for companies to operate.
- **US Government-Provided Funding:** The US government provides different types of foreign aid to support foreign military sales, enabling partner nations to purchase hardware and services they might not otherwise have the budget to buy.

Challenges with Foreign Military Sales

- **Complexity:** The FMS process involves multiple stakeholders, including the U.S. Department of Defense, the Department of State, and foreign governments, making it complex and bureaucratic.
- **Lengthy Timelines:** The process can be time-consuming, often taking several months to years to complete major weapon system sales.
- **Regulatory Compliance:** Companies must comply with a myriad of U.S. laws and regulations, including the Arms Export Control Act (AECA) and the International Traffic in Arms Regulations (ITAR).
- **Coordination:** Effective coordination with various U.S. government agencies and foreign partners is essential but can be challenging.
- **Financial Risks:** Delays and changes in foreign government requirements can lead to financial risks and uncertainties for companies.

Expectation Management and Timelines with Foreign Military Sales

- Expectation Management:
 - Clear Communication: Maintain clear and consistent communication with all stakeholders to manage expectations and avoid misunderstandings.
 - Documentation: Ensure all documentation, including the LOR, is complete and accurate to prevent delays.
 - Flexibility: Be prepared for potential changes in requirements and timelines and build flexibility into project plans.
- Estimated Timelines:
 - Letter of Request (LOR): The LOR is the initial step in the FMS process. Depending on the complexity of the request and the level of detail required, it can take several weeks to months to prepare and submit.
 - Letter of Offer and Acceptance (LOA): The U.S. government will prepare the LOA once the LOR is submitted. This process typically takes 4 to 6 months for standard cases but can extend to 12 months or more for complex cases.
 - Contracting: Contracting and implementation can begin after the LOA is signed. The timeline for this phase varies widely based on the scope and nature of the sale.
 - Contracting can take anywhere from 30 to 60 days to 12 to 18 months, depending on the acquisition strategy.



Industry Influence Points

- Pre-LOR:
 - Industries support the preparation phase by identifying and analyzing the foreign country's needs.
 - Supports the foreign country or the Security Cooperation's Office at the US Embassy with the development of a Total Package Solution
 - Industry can provide a Rough Order of Magnitude to support an official request
 - It may enable the partner nation to request sole source from the specific contractor per FAR 6.302 – 4 (International Agreements).
- LOA Development:
 - Industry provides official pricing for hardware, software, and services
 - Industry helps in developing a Total Package Solution
 - Industry can be requested to provide pricing and availability to support an official request
- Industry's Role in Recommending Further Actions for Residuals:
 - Industry plays a vital role in recommending further actions for FMS residuals
 - Foreign nation beneficiaries and the Security Cooperation's Office must be involved in these recommendations
 - Industry should work with these parties to ensure a mutually beneficial outcome

Questions