

What Is FMS?

The Foreign Military Sales (FMS) program is the U.S. Government's program for transferring defense articles, services, and training to other sovereign nations and international organizations. Under FMS, the U.S. government procures defense articles and services on behalf of the foreign customer. Countries approved to participate in this program may obtain defense articles and services by paying with their own national funds or with funds provided through U.S. government-sponsored assistance programs. In certain cases, defense articles, services and training may be obtained on a grant basis. The Defense Security Cooperation Agency (DSCA) administers the FMS program for the Department of Defense (DoD).

Who can participate in the FMS program?

The President designates countries and international organizations eligible to participate in FMS. The Department of State makes those recommendations and approves individual programs on a case-by-case basis. Currently some 160 countries are eligible to participate in FMS.

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

Yes. Foreign customers 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 directly with foreign customers. As with FMS, all DCS are subject to the approval of the Department of State, the U.S. Congress, and applicable U.S. exports laws and regulations.

What are some other differences between FMS and DCS?

Under FMS, the DoD procures defense articles and services for the foreign customer using the same acquisition process used to procure for its own military needs. Recent policy changes in defense Federal Acquisition Regulations have opened the door to allow foreign governments to participate as appropriate in FMS contract negotiations. In general, these government-to-government purchase agreements tend to ensure standardization with U.S. forces; provide contract administrative services that may not be available through the private sector; and help lower unit costs by consolidating purchases for FMS customers with those of DoD. DCS allows the foreign customer more direct involvement during contract negotiation, may allow firm-fixed pricing, and may be better suited to fulfilling non-standard requirements.

Are DCS purchases simpler than FMS purchases?

No. All sales of defense articles and services are subject to similar technology release approvals, end-use monitoring and retransfer agreements, and congressional review and approval. Under FMS, the U.S. government completes every step of the acquisition process from customer request through final delivery.

Is FMS more expensive than DCS?

In most cases it is not possible to compare FMS and DCS costs directly. While the U.S. government charges an administrative fee on FMS, private contractors must also recoup their costs within their contract. Under FMS, the customer is assured that the acquisition process will be subject to DoD's standards.

How can I compare costs between FMS and DCS?

It may not be possible to do a direct cost comparison between FMS and DCS. In most cases, the contracts will not be constructed in an identical manner. The U.S. government stresses the total package approach to its contracts. This means that a normal FMS buy for a major system includes training, spare parts, and other support needed to sustain a system through the first few

years of operation. DCS contracts may or may not include this in the initial pricing. Further, the FMS sale will always benefit from the economies of scale and experience the U.S. government has with a system. On the other hand, non-standard items or items that are no longer part of the U.S. inventory may not be available through FMS.

What are the advantages of FMS?

The foreign customer benefits from U.S. government procurement practices, the total package approach, and economies of scale achieved through combining FMS purchases with DoD's. Entering into a major FMS program also represents the beginning of a long-term relationship with the U.S. military. This includes access to joint training and doctrine and increased opportunity for interoperability should U.S. and foreign forces need to operate together in military operations.

How can I find out more about the FMS program?

Check our website at www.dsca.mil, call us at 703-601-3670, or send us an e-mail at LPA-Web@dsca.mil.

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The FMS Advantage: Frequently Asked Questions About Foreign Military Sales

Strength Through Cooperation

*United States of America
Department of Defense*

