SUBJECT: Cooperative Logistics Supply Support Arrangements

(c) DoD 4000.25-1-M, "Military Standard Requisitioning and Issue Procedures (MILSTRIP),” November 2000
(e) through (g), see Enclosure 1

1. PURPOSE

This Instruction provides procedures to implement reference (a) for Cooperative Logistics Supply Support Arrangements (CLSSAs) between the Department of Defense and the defense establishments of foreign Governments or international organizations, including, but not limited to members of the North Atlantic Treaty Organization.

2. APPLICABILITY AND SCOPE

The provisions of this Instruction:

  2.1. Apply to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities in the Department of Defense (hereafter referred to as the "DoD Components").

  2.2. Govern arrangements, agreements, guidance, and supplemental documents that support, define, or implement a cooperative logistics understanding between the Department of Defense and defense establishments of a foreign Government or international organization (included hereafter in the term "Purchaser").
3. **DEFINITIONS**

Terms used in this Instruction are defined in enclosure 1.

4. **POLICY**

Pursuant to reference (a), it is DoD policy that procedures shall be promulgated by the Director, Defense Security Cooperation Agency (DSCA) for use by the Heads of the DoD Components for the implementation and administration of CLSSAs.

5. **RESPONSIBILITIES**

5.1. The Director, Defense Security Cooperation Agency, under the Under Secretary of Defense for Policy, shall oversee the implementation and administration of CLSSAs in coordination with the Heads of the DoD Components.

5.2. The Heads of DoD Components shall adhere to the procedures for implementation and administration of CLSSAs established herein when negotiating, processing, or implementing CLSSAs.

6. **PROCEDURES**

6.1. The CLSSA program supports Purchaser orders for centrally stocked or centrally managed spare and repair parts of the defense systems common to the forces of a Purchaser and U.S. forces. Sales of equipment being phased out of the active inventory normally shall be conditional upon explicit understanding with the Purchaser that such support shall be limited and may be terminated. Purchasers shall not be authorized to order defense articles under the CLSSA program the Department of Defense does not centrally stock or centrally manage. The CLSSA program provides deeper access into the Defense Logistics Agency stock.

6.2. Budget authority for CLSSAs shall be executed according to DoD 7000.14-R, Volume 15 (reference (b)), Chapter 2. Records for reimbursement shall be maintained according to the guidance in Volume 11B, Annex 1, reference (b). Charges associated with CLSSAs shall be assessed according to instructions contained in Volume 15 and Volume 11B of reference (b). Financial records shall be maintained to determine the financial status for supplies under the CLSSAs. Status shall be recorded with the Defense Finance and Accounting Service-Denver.
6.3. The quality of support provided under CLSSAs to Purchasers shall be the same as that provided to U.S. forces within assigned Force Activity Designators (FADs). The goal of the Department of Defense is to provide uniform support for all military forces participating in the DoD Supply System. To prevent any detrimental effect on support of U.S. forces for authorized CLSSA items, Purchaser’s orders received prior to the end of the augmentation period for each item shall not be satisfied from U.S. serviceable on-hand stocks that are below the reorder point. Instead, such orders shall be processed as a non-programmed order against the CLSSA case.

6.4. Item eligibility. CLSSA item eligibility is based on the Acquisition Advice Codes (AACs), which identify an item as centrally managed or centrally stocked. A listing of eligible AACs is provided at enclosure 2. Those categories of items not eligible under CLSSA must be processed by means other than on a Foreign Military Sales Order (FMSO) II.

6.5. Noncompliance with CLSSA policies by a Purchaser shall result in the suspension of support under a CLSSA, until the noncompliance issue is resolved. Accordingly, Purchasers shall be encouraged to establish the necessary resources and infrastructure to support their CLSSA program.

6.6. Under normal circumstances, either party may terminate a CLSSA by giving a minimum of 6 months written notice. Additional information on terminating CLSSA programs is provided in paragraph 6.15.

6.7. Negotiations involving the sale of U.S. defense articles shall include full consideration of the Purchaser’s operational use of such defense articles and include provisions for effective concurrent and follow-on logistics support. Effectiveness of follow-on spare and repair parts support can be increased through the use of CLSSA for many weapon system programs.

6.8. DoD business practices, including those issued by DSCA, shall be used unless modifying these practices will significantly increase logistical readiness. Modifications must be approved by DSCA, in advance. Modifications may not be made if increased operating costs or adverse impact on support of U.S. forces will result. To be consistent with procedures by U.S. forces, Purchasers shall submit orders based on negotiated parameters.

6.9. DoD 4000.25-1-M and Part II of DoD 4500.9-R (references (c) and (d)) shall be used to prioritize and systemize the issue and movement of CLSSA materiel.

6.10. Item records of supply transactions shall be maintained by Inventory Control Points, or other Military Department activities to allow the current status of the transactions to be available for determining equity negotiation and termination requirements. Records shall also be able to enable the determination of the share of excess items applicable to weapons systems being supported for which the Purchaser shall be held responsible. Demand records shall be reviewed before excess materiel is transferred to Property Disposal Activities, or sold at reduced prices. If stockage of excess items results from CLSSA demands, the Purchaser shall be notified in accordance with paragraph 6.16.
6.11. Forecasts of requirements and stock control of Working Capital Fund (WCF) centrally stocked, or centrally managed items, shall be based upon the following planning considerations:

6.11.1. Programmed CLSSA demands for centrally stocked, or centrally managed items, whose requirements are computed by demand-related methods shall be included in the demand database of the computational system in forecasting CLSSA requirements. For centrally stocked or centrally managed items whose requirements computation relates failures, repairs, and condemnations to past and future activity programs, CLSSA requirements shall be computed with the Purchaser’s program information included in the computational system's database or other appropriate data sources. Initially, new CLSSA programs shall be based on Military Department and Purchaser estimates and adjusted according to meet actual demand trends.

6.11.2. All CLSSAs shall involve the Purchaser’s investment into the U.S. inventory. The initial investment is based on a defined list of items (also known as the equity list or initial support list) for system(s) identified by the Purchaser. Items that are not included on this list are not part of the CLSSA program and should not be ordered on the CLSSA case, unless the list is modified to include those items, or the Military Department provides prior approval for the item to be purchased in the CLSSA program.

6.11.3. The Secretaries of the Military Departments shall fill FMSO II and U.S. forces’ orders to ensure no party is unfairly supported at the expense of other claimants of the materiel.

6.11.4. FMSO I cases provide for an investment composed of a fixed percentage of the total estimated programmed requirement applicable for all Purchasers, as determined by DSCA in coordination with the Secretaries of the Military Departments. Increases to the FMSO I and FMSO II case values are necessary when the Purchasers requires a higher level of supply effectiveness, or have longer procurement lead-times, or represent a significant increase in complexity for the Purchasers. In these instances, the FMSO I investment shall be synchronized with the FMSO II projected materiel requirements of the item(s) or system(s) being supported.

6.11.5. All non-programmed CLSSA orders shall be excluded from the demand base of the respective computational systems. If the issue of an item to meet these FMS demands results in the inventory being at or below the reorder point, the requisition shall be placed on backorder. The requisition shall be filled when on-hand serviceable stocks are above the reorder point, or filled through procurement.

6.11.6. If the Purchaser’s actual orders are below the estimated programmed demand, excess stock may result. This excess stock is the responsibility of and chargeable to the Purchaser. CLSSA drawdown of excess stocks shall be reviewed annually, or when any established funding thresholds are met. Purchaser liability exists to the extent that stock levels exceed demand levels. The Secretaries of the Military Departments shall exercise either a cash or materiel settlement upon executing a CLSSA drawdown.
6.12. CLSSAs are negotiated and implemented by the U.S. Implementing Agencies using Foreign Military Sales (FMS) Letters of Offer and Acceptance (LOAs). CLSSA terms, conditions and procedures applicable to each FMSO I or FMSO II case will be attached to the LOA document, or incorporated by reference. CLSSAs are not international agreements within the scope of DoD Directive 5530.3 (reference (e)).

6.13. When a FMSO I case is accepted and implemented, the Secretary of the Military Department concerned establishes a financial equity for the country in the Military Department's WCF for centrally stocked or centrally managed items in the U.S. logistics system. The Secretary of the Military Department shall use this equity investment for procurement to provide appropriate augmentation of DoD stocks of centrally stocked or centrally managed items, in preparation for Purchaser orders. These items are used to sustain Purchaser stocks supporting the defense systems identified in the FMSO I. CLSSAs are system-specific; items for those systems are typically ordered from the appropriate Military Department. In those rare instances where a small number of items are managed by a different Military Department and the preparing Military Department does not have an inventory interest, those items may be processed as non-programmed CLSSA orders. The financial equity required for DLA stocks shall be collected, maintained, and managed by the respective Military Departments.

6.14. A procurement lead-time period shall elapse between the time the FMSO I is implemented and DoD stock augmentation is completed. A FMSO II case is usually established concurrently with the FMSO I. FMSO II orders from the Purchaser shall not be processed as a programmed CLSSA order until DoD stock augmentation for that item is complete.

6.15. CLSSA cases provide support from the U.S. logistics system. Under unusual and compelling circumstances when the national interest of the United States so requires, the Department of Defense reserves the right to cancel or suspend all or part of any CLSSA-related LOA at any time prior to the delivery of the defense articles or performance of service connected with such arrangement. In such cases, paragraph 1.4. of the LOA Standard Terms and Conditions applies. Pursuant to Section 42 of the Arms Export Control Act (AECA) (reference (f)), each contract for sales entered into under sections 21 and 22 of the AECA in support of a CLSSA shall provide that such contract may be canceled in whole or in part, or its execution suspended, by the Department of Defense at any time under unusual or compelling circumstances if the national interest so requires. The Purchaser may cancel a CLSSA-related LOA with respect to any or all of the items provided there under at any time prior to the delivery of defense articles or performance of services provided in connection with such arrangement. As appropriate, the Department of Defense or the Purchaser shall be responsible for termination costs or other costs related to cancellation or suspension according to paragraph 1.4. or 2.1. of the Standard Terms and Conditions of the LOA. Unless a party invokes paragraph 1.4. or 2.1. of the LOA, either party to a CLSSA may terminate by giving the other party a minimum of 6 months written notice.
6.16. When a notice of a request to terminate CLSSA support is issued or received, the FMSO I case shall be renegotiated to adjust the dollar level of investment to the most recent dollar level of demand. After all termination issues are resolved, the Secretary of the Military Department involved shall prepare and forward a termination register to the Purchaser. The register shall list by line item the Purchaser's pro rata share of all quantities above the level of the Military Department requirements that are applicable to the weapons system being supported. The Purchaser shall be given the opportunity to purchase these stocks during the period between notification of termination and the termination date by submitting an order coded to show non-recurring demand. On the termination date, the Purchaser shall be held liable for all remaining materiel that may not be absorbed by the Military Departments. The Purchaser shall be charged for any remaining quantities and shall have the option of liquidating by withdrawing the items or by requesting the Secretaries of the Military Departments to dispose of them on the Purchaser’s behalf. For materiel that may be absorbed, the Secretaries of the Military Departments shall refund the materiel value. The Purchaser shall be provided with the proceeds of any disposal action less the administrative cost of the disposal. No refund shall be made on the administrative charge.

7. EFFECTIVE DATE

This Instruction is effective immediately.

Peter W. Rodman
Assistant Secretary of Defense for International Security Affairs

Enclosures –
E2. Definitions
E2. List of CLSSA-Eligible AACs
E2. ENCLOSURE 1

REFERENCES, continued

(f) Sections 2752-2797 of title 22, United States Code
E2. ENCLOSURE 2

DEFINITIONS

E2.1.1. Augmentation Period. The period of time required to establish or re-establish the prerequisite inventories within the U.S. DoD supply system. This period is tied to the procurement lead time for each individual item.

E2.1.2. Centrally Stocked Or Centrally Managed. An item of materiel subject to DoD inventory control point (wholesale level) management.

E2.1.3. Cooperative Logistics Supply Support Arrangement (CLSSA). An agreement between a DoD Component and a Purchaser setting the terms and conditions under which the Department of Defense shall provide supply support of common weapons systems on an equal basis with U.S. forces in accordance with a country's FAD, assigned pursuant to DoD 4140.1-R (reference (g)) and the Uniform Materiel Movement and Issue Priority System. Such agreements are established through FMS LOAs, consisting of two FMSOs: FMSO I and FMSO II.

E2.1.4. CLSSA Programmed. Programmed requirements are forecasted on a FMSO I case initially or after the augmentation period elapsed and ordered on a FMSO II case at a quantity below the forecasted level.

E2.1.5. CLSSA Non-Programmed. Quantities beyond the programmed quantity are non-programmed. Requirements not forecasted or ordered erratically by the Purchaser that are issued up to or below the Inventory Control Point reorder point if U.S. forces are not impacted. It may also be supported through contract or procurement action, Direct-Vendor-Delivery, or backordered and supplied through a future contract delivery. If none of these options are available, the requirement may be passed to a commercial buying service. Also includes items not centrally stocked or centrally managed.

E2.1.6. Foreign Military Sales Order (FMSO) I. An FMS case that provides an equity investment for defense articles to support a Purchaser’s anticipated requirement in the DoD inventory. The Military Department uses this equity investment to procure additional levels of centrally stocked or centrally managed items, in preparation for Purchaser orders.

E2.1.7. FMSO II. An FMS case that provides for a Purchaser's orders procured under the CLSSA program.
### E3. ENCLOSURE 3

**LIST OF CLSSA-ELIGIBLE AACs**

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<th>Description</th>
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