



PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE

3015 DEFENSE PENTAGON
WASHINGTON, DC 20301-3015

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

AUG 30 2010

The Honorable Joseph R. Biden, Jr.
President of the Senate
United States Senate
Washington, DC 20510

Dear Mr. President:

Section 8030(b) of the Department of Defense Appropriations Act, 2008 (Public Law 110-329), requests the Secretary of Defense to submit a report to Congress on the amount of Department of Defense (DoD) purchases from foreign entities in Fiscal Year 2009.

I am enclosing the required report for Department of Defense Purchases from foreign entities in Fiscal Year 2009. The report separately identifies the dollar value of items for which the Buy American Act was waived pursuant to any memorandum of understanding, the Trade Agreements Act of 1979, or any other international agreement to which the United States is a party.

I am sending a copy of the report to the Speaker of the House, and the chairmen and ranking members of the congressional defense committees.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank Kendall", written in a cursive style.

Frank Kendall

Enclosure:
As stated

**REPORT TO CONGRESS ON
DEPARTMENT OF DEFENSE
FISCAL YEAR 2009 PURCHASES
FROM FOREIGN ENTITIES**



**Under Secretary of Defense
(Acquisition, Technology & Logistics)**

August 2010

REPORT TO CONGRESS
DEPARTMENT OF DEFENSE FISCAL YEAR 2009
PURCHASES FROM FOREIGN ENTITIES
AUGUST 2010

Under Secretary of Defense (Acquisition, Technology & Logistics)

Background

Section 8030(b) of the Department of Defense Appropriations Act, 2009 (Public Law 110-329), required the Secretary of Defense to submit a report to Congress on the amount of Department of Defense (DoD) purchases from foreign entities in Fiscal Year 2009. The report is to separately indicate the dollar value of items for which the Buy American Act (BAA) was waived pursuant to any reciprocal defense procurement memorandum of understanding (MOU), the Trade Agreement Act (TAA) or any international agreement to which the United States is a party.

Discussion

The information presented in this report addresses Fiscal Year (FY) 2009 and is based on data from the Federal Procurement Data System – New Generation (FPDS-NG), data compiled and distributed by DoD’s Defense Manpower Data Center, Statistical Analysis Information Division, and data published by the Defense Security Cooperation Agency (DSCA). The FPDS-NG data addresses contracting procedures, competition, financing, statutory requirements, socioeconomic programs and other information relating to DoD acquisitions.

Section 1 - All procurements from foreign entities

DoD procurement actions recorded in FPDS-NG during FY 2009 totaled approximately \$369.9 billion. Of that amount, approximately \$25 billion or 6.8 percent was expended on purchases from foreign entities. A detailed breakout of the dollars by country is contained in Table 1.

The \$25 billion covers military hardware, subsistence, fuel, construction, services, and other miscellaneous items that are for use outside the U.S. Defense equipment constitutes approximately 10 percent of the purchases from foreign entities. Fuel, services, construction, and subsistence account for approximately 28 percent, 15 percent, 17.4 percent, and 12.4 percent, respectively, or approximately 72 percent of the total purchases from foreign entities. Table 2 provides a breakout of the \$25 billion by category and percentage of total.

Based on DSCA data, foreign purchases of U.S. defense articles and services in FY 2009 totaled approximately \$31.6 billion in Foreign Military Sales (FMS) and \$6.5 billion in non-FMS for a combined total of \$38.1 billion in Security Assistance Sales (SAS). We are currently unable to provide any information on direct commercial sales from the State Department. On June 21, 2010, the Principle Deputy Under Secretary of Defense (Acquisition, Technology & Logistics) requested the Managing Director of Defense Trade Controls' assistance on this matter. We will forward the data he provides us.

Section 2 - Dollar value of items for which the BAA was waived pursuant to any MOUs, the TAA or other international agreements

The FPDS-NG data reflect that 44,054 waivers of the BAA were granted for articles manufactured outside the U.S. during FY 2009. The value of these waivers total approximately \$13.9 billion. These exceptions utilized included: (1) manufactured outside the U.S. for use outside the U.S.; (2) manufactured outside the U.S.–Resale; (3) manufactured outside the U.S.–Trade Agreements; (4) manufactured outside the U.S.–Commercial IT; (5) manufactured outside the U.S.–Public Interest Determinations; (6) manufactured outside the U.S.–Unreasonable Cost of Domestic End Product; and (7) manufactured outside the U.S.–Qualifying Country.

Table 3 provides a detailed breakout of the actions and dollars by waiver category and an explanation of the authority for each of the waiver categories.

TABLE 1

DEPARTMENT OF DEFENSE PURCHASES FROM FOREIGN ENTITIES - FY 2009					
The following list includes ALL DoD purchases with foreign entities for supplies, services, fuel and construction					
Country Name	Actions	Dollars	Country Name	Actions	Dollars
AFGHANISTAN	17652	\$ 3,471,805,736	CHINA	5	\$ 1,622,811
ALBANIA	9	\$ 1,515,667	COLOMBIA	1937	\$ 42,599,558
ANGUILLA [UK]	3	\$ 239,444	COMOROS	26	\$ 1,175,796
ANTIGUA AND BARBUDA	10	\$ 339,192	CONGO, DEMOCRATIC REPUBLIC OF	1	\$ 66,394
ARGENTINA	60	\$ 1,203,652	CORAL ISLANDS [AUSTRALIA]	2	\$ 45,041
ARMENIA	5	\$ (61,452)	COSTA RICA	9	\$ 198,527
ARUBA [NETHERLANDS]	8	\$ 18,366	CROATIA	21	\$ 14,663,837
AUSTRALIA	80	\$ 57,392,831	CUBA	10	\$ 7,513,025
AUSTRIA	29	\$ 772,890	CYPRUS	3	\$ 25,149
AZERBAIJAN	6	\$ 985,459	CZECH REPUBLIC	2	\$ 6,354
BAHAMAS, THE	3	\$ 721,185	DENMARK	12243	\$ 15,472,182
BAHRAIN	3462	\$ 1,863,256,794	DJIBOUTI	214	\$ 16,325,148
BANLADESH	14	\$ 1,037,792	DOMINICA	1	\$ -
BARBADOS	5	\$ 301,455	DOMINICAN REPUBLIC	113	\$ 3,978,364
BELGIUM	1025	\$ 66,783,623	EAST TIMOR	5	\$ 1,234,710
BELIZE	23	\$ 1,513,977	ECUADOR	26	\$ 2,995,496
BENIN	23	\$ 1,650,036	EGYPT	357	\$ 22,885,309
BOLIVIA	15	\$ 238,204	EL SALVADOR	31	\$ 1,515,539
BOSNIA AND HERZEGOVINA	17	\$ 716,492	ESTONIA	4	\$ 439,516
BOTSWANA	1	\$ -	ETHIOPIA	104	\$ 874,280
BRAZIL	11	\$ 13,916,503	FINLAND	16	\$ 7,587,279
BRITISH INDIAN OCEAN TERRITORY	23	\$ 4,668,843	FRANCE	3633	\$ 242,345,497
BRITISH VIRGIN ISLANDS	2	\$ 28,955	FRENCH GUIANA	1	\$ 19,633
BRUNEI	18	\$ 856,377	GABON	23	\$ 2,286,098
BULGARIA	86	\$ 12,620,386	GAMBIA	3	\$ 134,311
BURUNDI	2	\$ 283,330	GEORGIA	15	\$ 1,345,285
CAMBODIA	61	\$ 3,483,640	GERMANY	50210	\$ 1,937,813,003
CAMEROON	40	\$ 5,678,223	GHANA	8	\$ 250,158
CANADA	14118	\$ 621,300,348	GIBRALTAR [UK]	1	\$ 15,971
CAPE VERDE	1	\$ 100,000	GREECE	391	\$ 342,836,272
CENTRAL AFRICAN REPUBLIC	2	\$ -	GREENLAND [DENMARK]	86	\$ 64,335,860
CHAD	1	\$ 3,473	GRENADA	3	\$ 19,016
CHILE	16	\$ 994,808	GUAM [UNITED STATES]	1	\$ -
Subtotal	36831	\$ 6,134,366,229	Subtotal	69505	\$ 2,732,625,419

TABLE 1

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The following list includes ALL DoD purchases with foreign entities for supplies, services, fuel and construction						
Country Name	Actions	Dollars		Country Name	Actions	Dollars
GUATEMALA	55	\$ 1,302,352		MALAWI	1	\$ -
GUINEA	1	\$ -		MALAYSIA	54	\$ 934,817
GUINEA-BISSAU	1	\$ 101,024		MALDIVES	1	\$ (20,000)
GUYANA	6	\$ (391,252)		MALI	18	\$ 1,674,920
HAITI	8	\$ 76,898		MARSHALL ISLANDS	6	\$ 37,400
HONDURAS	373	\$ 13,367,853		MAURITANIA	1	\$ 16,000
HONG KONG	86	\$ 660,973		MAURITIUS	2	\$ 24,000
HUNGARY	12	\$ 139,041		MEXICO	1	\$ 5,500
ICELAND	4	\$ (183,145)		MOLDOVA	2	\$ 392,803
INDIA	59	\$ 1,807,051		MONGOLIA	9	\$ 607,716
INDONESIA	189	\$ 3,568,616		MONTENEGRO	2	\$ 31,078
IRAQ	12457	\$ 2,399,869,674		MONTSERRAT [UNITED KINGDOM]	4	\$ 87,391
IRELAND	5	\$ 986,687		MOROCCO	1	\$ 133,586
ISRAEL	262	\$ 47,242,971		NETHERLANDS	2777	\$ 17,187,622
ITALY	8303	\$ 254,473,348		NETHERLANDS ANTILLES	10	\$ 881,570
JAMAICA	100	\$ 1,495,027		NEW ZEALAND	12	\$ 7,515,972
JAPAN	14679	\$ 1,302,063,983		NICARAGUA	12	\$ 1,971,941
JORDAN	54	\$ 7,775,118		NIGER	2	\$ 272,899
KAZAKHSTAN	15	\$ 14,004,382		NIGERIA	4	\$ 530,864
KENYA	120	\$ 8,175,644		NIUE [NEW ZEALAND]	1	\$ 10,271
KIRIBATI	25	\$ 951,657,234		NORTHERN MARIANA IS [US]	1	\$ 57,140
KOSOVO	218	\$ 4,408,019		NORWAY	115	\$ 48,956,442
KUWAIT	26057	\$ 2,540,846,712		OMAN	16	\$ 5,633,614
KYRGYZSTAN	5	\$ 307,228,418		PAKISTAN	9	\$ 1,469,029
LAOS	100	\$ 4,691,258		PALAU	23	\$ 185,704
LEBANON	5	\$ -		PANAMA	67	\$ 1,889,361
LESOTHO	4	\$ 36,220		PAPA NEW GUINEA	14	\$ 391,444
LIBERIA	4	\$ 928,250		PARAGUAY	25	\$ 642,480
LITHUANIA	2	\$ -		PERU	17	\$ 4,687,007
LUXEMBOURG	2	\$ 16,441		PHILIPPINES	893	\$ 41,056,394
MACEDONIA	30	\$ 509,976		POLAND	10	\$ 10,788,422
MADAGASCAR	1	\$ (8,322)		PORTUGAL	645	\$ 16,435,706
Subtotal	63242	\$ 7,866,850,451		Subtotal	4755	\$ 164,489,093

TABLE 1

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The following list includes ALL DoD purchases with foreign entities for supplies, services, fuel and construction					
Country Name	Actions	Dollars	Country Name	Actions	Dollars
QATAR	543	\$ 47,158,959	UGANDA	133	\$ 3,283,228
ROMANIA	135	\$ 2,945,005	UKRAINE	19	\$ 5,844,274
RUSSIA	36	\$ 11,639,340	UNITED ARAB EMIRATES	3189	\$ 118,949,249
RWANDA	5	\$ 449,746	UNITED KINGDOM	7011	\$ 2,233,185,208
SAINT KITTS AND NEVIS	21	\$ 224,984	UNITED STATES	2237	\$ 1,227,350,838
SAINT LUCIA	3	\$ 654,911	URUGUAY	23	\$ 954,438
SAINT PIERRE AND MIQUELON [FR]	1	\$ 8,186	UZBEKISTAN	2	\$ 4,877
SAMOA	4	\$ 215,799	VANUATU	1	\$ 51,000
SAO TOME AND PRINCIPE	2	\$ 492,920	VIETNAM	171	\$ 437,344
SAUDI ARABIA	772	\$ 692,807,433	YEMEN	1	\$ -
SENEGAL	15	\$ 1,222,680	ZAMBIA	1	\$ 231,681
SERBIA	10	\$ 165,959			
SEYCHELLES	12	\$ 1,871,136	Subtotal	12788	\$ 3,590,292,137
SIERRA LEONE	9	\$ 111,005			
SINGAPORE	1275	\$ 81,194,014			
SLOVAKIA	10	\$ 88,220,000			
SOLOMON ISLANDS	5	\$ 308,100			
SOUTH AFRICA	22	\$ 4,610,545			
SOUTH KOREA	7181	\$ 2,055,002,074	TOTAL	218723	\$ 25,075,835,398
SPAIN	2235	\$ 158,678,033			
SPRATLY ISLANDS [UNDETERMINED]	3	\$ 127,438			
SURINAME	13	\$ 11,893			
SVALBARD [NORWAY]	1	\$ 47,976			
SWAZILAND	1	\$ 67,279			
SWEDEN	44	\$ 59,431,812			
SWITZERLAND	15856	\$ 1,164,204,417			
TANZANIA	23	\$ 749,514			
THAILAND	2124	\$ 12,804,552			
TOGO	1	\$ -			
TONGA	10	\$ 560,825			
TRINIDAD AND TOBAGO	55	\$ 744,754			
TURKEY	1175	\$ 200,480,785			
Subtotal	31602	\$ 4,587,212,074			

TABLE 2

DoD PURCHASES FROM FOREIGN ENTITIES BY CLAIMANT CODE - FY 2009

DoD Claimant Program	Dollars	Percent
Air Frames and Spares	\$ 321,730,410	1.283%
Aircraft Engines and Spares	\$ 147,816,018	0.589%
Other Aircraft Equipment	\$ 260,673,117	1.040%
Missile and Space Systems	\$ 23,297,645	0.093%
Ships	\$ 363,874,784	1.451%
Combat Vehicles	\$ 368,981,380	1.471%
Non-Combat Vehicles	\$ 112,139,170	0.447%
Weapons	\$ 382,359,634	1.525%
Ammunition	\$ 126,093,691	0.503%
Electronics & Communication Equipment	\$ 253,527,192	1.011%
Petroleum	\$ 7,027,651,071	28.026%
Other Fuels & Lubricants	\$ 1,449,306	0.006%
Containers & Handling Equipment	\$ 359,147	0.001%
Textiles, Clothing, & Equipage	\$ 51,232,008	0.204%
Building Supplies	\$ 13,676,352	0.055%
Subsistence	\$ 3,120,561,747	12.444%
Transportation Equipment (Railway)	\$ 29,022	0.000%
Production Equipment	\$ 57,376,254	0.229%
Construction	\$ 4,361,724,123	17.394%
Construction Equipment	\$ 21,917,841	0.087%
Medical & Dental Supplies/Equipment	\$ 30,060,519	0.120%
Photographic Supplies/Equipment	\$ 497,271	0.002%
Materials Handling Equipment	\$ 9,829,021	0.039%
All Other Supplies/Equipment	\$ 4,368,331,890	17.420%
Services	\$ 3,645,985,562	14.540%
Not Coded	\$ 4,661,223	0.019%
Overall Total	\$ 25,075,835,398	100.000%

TABLE 3

WAIVERS OF THE BUY AMERICAN ACT FOR DoD PURCHASES
OF MANUFACTURED ARTICLES IN FISCAL YEAR 2009

Waiver Authority	Number	Dollars
Use outside the U.S.	30,837	\$ 10,546,060,501
Resale	1,777	\$ 274,349,660
WTO GPA and Free Trade Agreements	1,016	\$ 634,378,494
Commercial IT	2,877	\$ 405,636,090
Public Interest Exception	211	\$ 27,717,982
Domestic Non-availability Determinations	2,202	\$ 980,488,398
Unreasonable Cost	202	\$ 29,964,096
Qualifying Countries	4,932	\$ 988,154,639
Total	44,054	\$ 13,886,749,860