



DEPUTY UNDER SECRETARY OF DEFENSE

3015 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3015

ACQUISITION AND  
TECHNOLOGY

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

JUN 24 2009

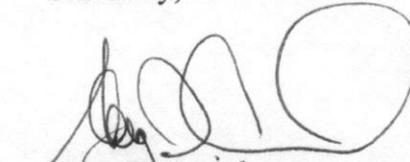
Dear Mr. President:

Section 827 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201), as amended by Section 812 of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105-261), requires the Secretary of Defense to submit to Congress, not later than 60 days after the end of the fiscal year, a report on the amount of Department of Defense purchases from foreign entities in that fiscal year.

I am enclosing the required report for Department of Defense purchases from foreign entities in Fiscal Year 2008. 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,



Shay D. Assad  
Acting

Enclosure:  
As stated



**REPORT TO CONGRESS ON  
DEPARTMENT OF DEFENSE  
FISCAL YEAR 2008 PURCHASES  
FROM FOREIGN ENTITIES**



**Deputy Under Secretary of Defense  
(Acquisition and Technology)**

**June 2009**

**REPORT TO CONGRESS**  
**DEPARTMENT OF DEFENSE FISCAL YEAR 2008**  
**PURCHASES FROM FOREIGN ENTITIES**  
**JUNE 2009**

**Deputy Under Secretary of Defense (Acquisition & Technology)**

**Background**

Section 827 of the National Defense Authorization Act for Fiscal 1997 (Public Law 104-201), as amended by section 812 of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105-261), requires 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 2008. 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 Agreements 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) 2008 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 2008 totaled approximately \$396 billion. Of that amount, approximately \$23.7 billion or 6 percent was expended on purchases from foreign entities. A detailed breakout of the dollars by country is contained in Table 1.

The \$23.7 billion covers military hardware, subsistence, fuel, construction, services, and other miscellaneous items that are for use outside the U.S. Defense equipment constitutes approximately 13 percent of the purchases from foreign entities. Fuel, services, construction, and subsistence account for approximately 22 percent, 31.5 percent, 8.28 percent, and .3 percent, respectively, or approximately 62 percent of the

total purchases from foreign entities. Table 2 provides a breakout of the \$23.7 billion by category and percentage of total.

Based on DSCA data, foreign purchases of U.S. defense articles and services in FY 2008 totaled approximately \$29.2 billion in FMS and \$7.2 billion in non-FMS for a combined total of \$36.4 billion in Security Assistance Sales (SAS). We have been unable at this time to obtain any information on direct commercial sales from the State Department.

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

FPDS-NG data reflect that 65,000 waivers of the BAA were granted for articles manufactured outside the U.S. during FY 2008. The value of these waivers total approximately \$18 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 2008

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	12230	\$ 3,267,573,479	COMOROS	6	\$ 195,514
ALBANIA	7	\$ 719,706	COSTA RICA	6	\$ 122,331
ALGERIA	2	\$ -	CROATIA	20	\$ 4,246,370
ANGUILLA [UK]	9	\$ 1,269,379	CUBA	17	\$ 13,124,071
ANTIGUA AND BARBUDA	2	\$ 4,103	CYPRUS	5	\$ 8,144
ARGENTINA	1	\$ (10,000)	CZECH REPUBLIC	2	\$ 155,794
ARMENIA	4	\$ 467,261	DENMARK	8932	\$ 16,289,230
ARUBA [NETHERLANDS]	13	\$ 1,843,660	DJIBOUTI	111	\$ 58,779,262
AUSTRALIA	127	\$ 19,708,735	DOMINICA	4	\$ 33,631
AUSTRIA	306	\$ 3,308,207	DOMINICAN REPUBLIC	4	\$ 270,284
AZERBAIJAN	1	\$ 160,380	EAST TIMOR	1	\$ 16,500
BAHAMAS, THE	9	\$ 669,117	ECUADOR	71	\$ 2,488,789
BAHRAIN	2979	\$ 903,640,955	EGYPT	299	\$ 34,737,035
BANLADESH	9	\$ 154,857	EL SALVADOR	8	\$ 89,475
BARBADOS	2	\$ 73,424	ESTONIA	1	\$ -
BELGIUM	527	\$ 66,325,888	ETHIOPIA	15	\$ 414,033
BELIZE	5	\$ 221,584	FINLAND	11	\$ 707,366
BENIN	1	\$ 80,529	FRANCE	631	\$ 141,486,619
BERMUDA [UK]	4	\$ 30,597	GABON	11	\$ 403,613
BOLIVIA	26	\$ 2,120,545	GAMBIA	1	\$ -
BOSNIA AND HERZEGOVINA	251	\$ 1,135,743	GEORGIA	9	\$ 845,000
BRITISH INDIAN OCEAN TERRITORY	4	\$ 22,102	GERMANY	47727	\$ 1,300,796,890
BRITISH VIRGIN ISLANDS	5	\$ 23,299	GHANA	23	\$ 1,227,178
BULGARIA	56	\$ 55,568,855	GIBALTAR [UK]	5	\$ 122,303
CAMBODIA	18	\$ 2,128,144	GREECE	167	\$ 767,199,403
CAMEROON	7	\$ 131,972	GREENLAND [DENMARK]	58	\$ 87,099,531
CANADA	15689	\$ 1,728,550,077	GUATEMALA	13	\$ 10,660,323
CAPE VERDE	1	\$ -	GUINEA	7	\$ 138,652
CENTRAL AFRICAN REPUBLIC	5	\$ 466,000	GUYANA	1	\$ -
CHAD	4	\$ 7,722	HEARD & MCDONALD IS [AUS]	6	\$ 5,794,333
CHILE	2	\$ 80,000	HONDURAS	68	\$ 7,797,820
CHINA	5	\$ 1,669,000	HONG KONG	78	\$ 179,176
COLOMBIA	1371	\$ 52,495,687	HUNGARY	18	\$ 227,887
<b>Subtotal</b>	<b>33682</b>	<b>\$ 6,110,641,007</b>	<b>Subtotal</b>	<b>58336</b>	<b>\$ 2,455,656,557</b>

**DEPARTMENT OF DEFENSE PURCHASES FROM FOREIGN ENTITIES - FY 2008**

The following list includes ALL DoD purchases with foreign entities for supplies, services, fuel and construction

Country Name	Actions	Dollars	Country Name	Actions	Dollars
ICELAND	1	\$ 9,179	NICARAGUA	29	\$ 574,742
INDIA	15	\$ 653,138	NIGER	2	\$ 287,405
INDONESIA	666	\$ 6,119,593	NIGERIA	9	\$ 45,596
IRAQ	23914	\$ 6,168,830,523	NORTH KOREA	2	\$ 234,450
IRELAND	4	\$ 1,540,228	NORWAY	129	\$ 534,218,966
ISRAEL	188	\$ 108,736,873	OMAN	8	\$ 2,229,821
ITALY	6961	\$ 200,584,250	PAKISTAN	24	\$ 160,695,202
JAMAICA	4	\$ 279,664	PALAU	5	\$ (490,591)
JAN MAYEN [NORWAY]	1	\$ 5,663	PANAMA	5	\$ 2,070,502
JAPAN	11403	\$ 538,471,696	PAPA NEW GUINEA	9	\$ 284,221
JORDAN	24	\$ 29,331,813	PERU	9	\$ 2,856,202
KAZAKHSTAN	12	\$ 9,570,657	PHILIPPINES	271	\$ 17,129,008
KENYA	62	\$ 1,536,586	PORTUGAL	388	\$ 13,771,095
KUWAIT	11559	\$ 2,427,381,652	QATAR	366	\$ 21,485,026
LAOS	93	\$ 4,204,128	ROMANIA	83	\$ 23,455,676
LATVIA	2	\$ 259,432	RUSSIA	41	\$ 37,514,925
LEBANON	5	\$ 1,366,792	RWANDA	2	\$ 440,019
LIBERIA	1	\$ 4,400	SAINT KITTS AND NEVIS	1	\$ 33,398
LITHUANIA	1	\$ 8,586	SAO TOME AND PRINCIPE	4	\$ 5,584
LUXEMBOURG	5	\$ 64,267	SAUDI ARABIA	478	\$ 224,149,184
MACEDONIA	20	\$ 324,065	SENEGAL	18	\$ 974,044
MALAYSIA	27	\$ 98,706	SERBIA	190	\$ 3,219,502
MALDIVES	2	\$ 40,965,470	SEYCHELLES	1	\$ 950
MALI	1	\$ 884	SIERRA LEONE	2	\$ 7,920
MALTA	12	\$ 62,321	SINGAPORE	1258	\$ 22,003,251
MAURITANIA	1	\$ 8,500	SLOVENIA	3	\$ (14,289)
MEXICO	6	\$ 23,222,521	SOUTH AFRICA	14	\$ 1,801,816
MICRONESIA, FEDERATED STATES C	2	\$ 8,928	SOUTH KOREA	6697	\$ 999,301,528
MOLDOVA	2	\$ 6,148	SPAIN	1803	\$ 144,291,107
MONGOLIA	2	\$ 181,063	SWEDEN	37	\$ 109,960,549
MOROCCO	2	\$ -	SWITZERLAND	5532	\$ 634,242,462
NETHERLANDS	2274	\$ 17,219,248	TANZANIA	17	\$ 1,406,344
NETHERLANDS ANTILLES	10	\$ 399,671	THAILAND	343	\$ 11,312,950
NEW ZEALAND	7	\$ 6,940,335	TOGO	1	\$ 60,027
<b>Subtotal</b>	<b>57289</b>	<b>\$ 9,588,396,980</b>	<b>Subtotal</b>	<b>17781</b>	<b>\$ 2,969,558,592</b>

**DEPARTMENT OF DEFENSE PURCHASES FROM FOREIGN ENTITIES - FY 2008**

The following list includes ALL DoD purchases with foreign entities for supplies, services, fuel and construction

Country Name	Actions	Dollars
TUNISIA	1	\$ -
TURKEY	603	\$ 78,100,200
UGANDA	46	\$ 1,632,548
UKRAINE	11	\$ 681,019
UNITED ARAB EMIRATES	1732	\$ 1,057,094,280
UNITED KINGDOM	4750	\$ 1,388,525,746
URUGUAY	2	\$ 101,564
VIETNAM	134	\$ 3,509,880
<b>Subtotal</b>	<b>7279</b>	<b>\$ 2,529,645,237</b>
<b>TOTAL</b>	<b>174367</b>	<b>\$ 23,653,898,373</b>

TABLE 2

## DoD PURCHASES FROM FOREIGN ENTITIES BY CLAIMANT CODE - FY 2008

DoD Claimant Program	Dollars	Percent
Air Frames and Spares	\$ 210,469,948	0.890%
Aircraft Engines and Spares	\$ 80,301,481	0.339%
Other Aircraft Equipment	\$ 209,111,883	0.884%
Missile and Space Systems	\$ 25,724,558	0.109%
Ships	\$ 213,153,340	0.901%
Combat Vehicles	\$ 1,004,217,922	4.245%
Non-Combat Vehicles	\$ 172,252,186	0.728%
Weapons	\$ 413,919,764	1.750%
Ammunition	\$ 348,377,165	1.473%
Electronics & Communication Equipment	\$ 316,097,253	1.336%
Petroleum	\$ 5,199,752,088	21.983%
Other Fuels & Lubricants	\$ 16,862,329	0.071%
Containers & Handling Equipment	\$ 386,164	0.002%
Textiles, Clothing, & Equipage	\$ 10,207,296	0.043%
Building Supplies	\$ 1,692,815	0.007%
Subsistence	\$ 73,586,393	0.311%
Transportation Equipment (Railway)	\$ 86,916	0.000%
Production Equipment	\$ 6,130,699	0.026%
Construction	\$ 1,958,793,219	8.281%
Construction Equipment	\$ 19,273,281	0.081%
Medical & Dental Supplies/Equipment	\$ 24,237,148	0.102%
Photographic Supplies/Equipment	\$ 1,625,743	0.007%
Materials Handling Equipment	\$ 2,764,438	0.012%
All Other Supplies/Equipment	\$ 5,895,489,025	24.924%
Services	\$ 7,449,452,493	31.494%
Not Coded	\$ (67,175)	0.000%
Null Value*	\$ 16,567	0.000%
<b>Overall Total</b>	<b>\$ 23,653,898,372</b>	<b>100.000%</b>

\*Please note that in addition to the foregoing, \$706,153,492 cannot be identified whether the vendor was a U.S. or foreign vendor because the data was not input adequately into FPDS.

TABLE 3

**WAIVERS OF THE BUY AMERICAN ACT FOR DoD PURCHASES  
OF MANUFACTURED ARTICLES IN FISCAL YEAR 2008**

<b>Waiver Authority</b>	<b>Number</b>	<b>Dollars</b>
Use outside the U.S.	18,456	\$ 7,962,042,285
Resale	1,544	\$ 45,333,461
WTO GPA and Free Trade Agreements	1,063	\$ 639,880,383
Commercial IT	2,752	\$ 512,079,079
Public Interest Exception	110	\$ 7,845,389
Domestic Non-availability Determinations	2,224	\$ 410,006,167
Unreasonable Cost	173	\$ 9,501,870
Qualifying Countries	38,678	\$ 8,436,935,948
<b>Total</b>	<b>65,000</b>	<b>\$ 18,023,624,581</b>