THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

ACQUISITION,
TECHNOLOGY,
AND LOGISTICS

JUN 20 2016

The Honorable John McCain
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Pursuant to section 8305 of title 41, U.S.C., and section 8028 of the Consolidated and Further Continuing Appropriations Act, 2015, Public Law 113-235, enclosed is the required report on the total dollar value of Department of Defense purchases from foreign entities during FY 2015. The Secretary of Defense is also required to identify the dollar value of items for which the Buy American Act was waived pursuant to any Reciprocal Defense Procurement Memorandum of Understanding, the Trade Agreements Act of 1979, or any international agreement to which the United States is a party. Of the $273 billion in total obligations in FY 2015, $11.3 billion were expended on purchases from foreign entities. The total dollar value of items for which the Buy American Act was waived is $5.4 billion. As an efficiency effort, the Department is submitting a combined report to fulfill the two report requirements since both contain the same reporting elements.

An identical letter has been sent to the President of the Senate, the Speaker of the House, and the other congressional defense committees.

Sincerely,

Frank Kendall

cc:
The Honorable Jack Reed
Ranking Member

Enclosure:
As stated

THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

ACQUISITION,
TECHNOLOGY,
AND LOGISTICS

JUN 20 2016

The Honorable Thad Cochran
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Pursuant to section 8305 of title 41, U.S.C., and section 8028 of the Consolidated and Further Continuing Appropriations Act, 2015, Public Law 113-235, enclosed is the required report on the total dollar value of Department of Defense purchases from foreign entities during FY 2015. The Secretary of Defense is also required to identify the dollar value of items for which the Buy American Act was waived pursuant to any Reciprocal Defense Procurement Memorandum of Understanding, the Trade Agreements Act of 1979, or any international agreement to which the United States is a party. Of the $273 billion in total obligations in FY 2015, $11.3 billion were expended on purchases from foreign entities. The total dollar value of items for which the Buy American Act was waived is $5.4 billion. As an efficiency effort, the Department is submitting a combined report to fulfill the two report requirements since both contain the same reporting elements.

An identical letter has been sent to the President of the Senate, the Speaker of the House, and the other congressional defense committees.

Sincerely,

Frank Kendall

cc:
The Honorable Barbara A. Mikulski
Vice Chairwoman

Enclosure:
As stated

THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

ACQUISITION,
TECHNOLOGY,
AND LOGISTICS

JUN 20 2016

The Honorable Harold Rogers
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Pursuant to section 8305 of title 41, U.S.C., and section 8028 of the Consolidated and Further Continuing Appropriations Act, 2015, Public Law 113-235, enclosed is the required report on the total dollar value of Department of Defense purchases from foreign entities during FY 2015. The Secretary of Defense is also required to identify the dollar value of items for which the Buy American Act was waived pursuant to any Reciprocal Defense Procurement Memorandum of Understanding, the Trade Agreements Act of 1979, or any international agreement to which the United States is a party. Of the $273 billion in total obligations in FY 2015, $11.3 billion were expended on purchases from foreign entities. The total dollar value of items for which the Buy American Act was waived is $5.4 billion. As an efficiency effort, the Department is submitting a combined report to fulfill the two report requirements since both contain the same reporting elements.

An identical letter has been sent to the President of the Senate, the Speaker of the House, and the other congressional defense committees.

Sincerely,

Frank Kendall

cc:
The Honorable Nita M. Lowey
Ranking Member

Enclosure:
As stated

THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

ACQUISITION,
TECHNOLOGY,
AND LOGISTICS

JUN 20 2016

The Honorable William M. "Mac" Thornberry
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Pursuant to section 8305 of title 41, U.S.C., and section 8028 of the Consolidated and Further Continuing Appropriations Act, 2015, Public Law 113-235, enclosed is the required report on the total dollar value of Department of Defense purchases from foreign entities during FY 2015. The Secretary of Defense is also required to identify the dollar value of items for which the Buy American Act was waived pursuant to any Reciprocal Defense Procurement Memorandum of Understanding, the Trade Agreements Act of 1979, or any international agreement to which the United States is a party. Of the $273 billion in total obligations in FY 2015, $11.3 billion were expended on purchases from foreign entities. The total dollar value of items for which the Buy American Act was waived is $5.4 billion. As an efficiency effort, the Department is submitting a combined report to fulfill the two report requirements since both contain the same reporting elements.

An identical letter has been sent to the President of the Senate, the Speaker of the House, and the other congressional defense committees.

Sincerely,

Frank Kendall

cc:
The Honorable Adam Smith
Ranking Member

Enclosure:
As stated

THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

ACQUISITION,
TECHNOLOGY,
AND LOGISTICS

JUN 20 2016

The Honorable Paul D. Ryan
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

Pursuant to section 8305 of title 41, U.S.C., and section 8028 of the Consolidated and Further Continuing Appropriations Act, 2015, Public Law 113-235, enclosed is the required report on the total dollar value of Department of Defense purchases from foreign entities during FY 2015. The Secretary of Defense is also required to identify the dollar value of items for which the Buy American Act was waived pursuant to any Reciprocal Defense Procurement Memorandum of Understanding, the Trade Agreements Act of 1979, or any international agreement to which the United States is a party. Of the $273 billion in total obligations in FY 2015, $11.3 billion were expended on purchases from foreign entities. The total dollar value of items for which the Buy American Act was waived is $5.4 billion. As an efficiency effort, the Department is submitting a combined report to fulfill the two report requirements since both contain the same reporting elements.

An identical letter has been sent to the President of the Senate and the congressional defense committees.

Sincerely,

Frank Kendall

Enclosure:
As stated

THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

ACQUISITION,
TECHNOLOGY,
AND LOGISTICS

JUN 20 2016

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

Dear Mr. President:

Pursuant to section 8305 of title 41, U.S.C., and section 8028 of the Consolidated and Further Continuing Appropriations Act, 2015, Public Law 113-235, enclosed is the required report on the total dollar value of Department of Defense purchases from foreign entities during FY 2015. The Secretary of Defense is also required to identify the dollar value of items for which the Buy American Act was waived pursuant to any Reciprocal Defense Procurement Memorandum of Understanding, the Trade Agreements Act of 1979, or any international agreement to which the United States is a party. Of the $273 billion in total obligations in FY 2015, $11.3 billion were expended on purchases from foreign entities. The total dollar value of items for which the Buy American Act was waived is $5.4 billion. As an efficiency effort, the Department is submitting a combined report to fulfill the two report requirements since both contain the same reporting elements.

An identical letter has been sent to the Speaker of the House and the congressional defense committees.

Sincerely,

Frank Kendall

Enclosure:
As stated

REPORT TO CONGRESS ON DEPARTMENT OF DEFENSE FISCAL YEAR 2015 PURCHASES FROM FOREIGN ENTITIES

Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics

June 2016

The estimated cost of report or study for the Department of Defense is approximately $5,000 for the 2015 Fiscal Year. This includes $0 in expenses and $5,000 in DoD labor. Cost estimate generated on May, 18 2016. RefID: 3-3277A4F

Background

Pursuant to both section 8305 of title 41, U.S.C., and section 8028 of the Consolidated and Further Continuing Appropriations Act, 2015 (Public Law 113-235), this is the required report for Department of Defense (DoD) purchases from foreign entities in fiscal year (FY) 2015. Both sections require the Secretary of Defense to submit a report to Congress on the total dollar value of DoD purchases from foreign entities during FY 2015. The Secretary is also required to identify the dollar value of items for which the Buy American Act (BAA) was waived pursuant to any reciprocal defense procurement memorandum of understanding (MOU), between the United States and a foreign country pursuant to which the Secretary of Defense has prospectively waived the Buy American Act for certain products in that country, the Trade Agreement Act (TAA) of 1979 (19 U.S.C. 2501 et seq.), or any international agreement to which the United States is a party.

Discussion

The information contained in this report is based on FY 2015 contract data from the Federal Procurement Data System – Next Generation (FPDS-NG) and data compiled and distributed by the DoD Defense Manpower Data Center, Statistical Analysis Information Division. The FPDS-NG data addresses contracting procedures, competition, financing, statutory requirements, socioeconomic programs, and other information relating to DoD contracting activity with prime contractors. The data was then certified by the Military Departments and Defense Agencies.

All procurements from foreign entities

DoD procurement actions recorded and certified in FPDS-NG during FY 2015 totaled approximately $273 billion. Of that amount, approximately $11.3 billion, or 4.1 percent, of total DoD obligations were expended on purchases from foreign entities. Table 1 highlights the twelve (12) countries with the highest amount of contract obligation. These countries accounted for approximately 84 percent of the total DoD foreign obligations during FY 2015. A detailed breakout of obligated dollars by country in the alphabetic order is contained in Table 2.

TABLE 1: Top twelve countries with the highest contract obligations during FY 2015

ENTITY OF ORIGIN	ACTIONS	OBLIGATED AMOUNT	% OF TOTAL OBLIGATION
UNITED ARAB EMIRATES	30,737	$1,688,033,958	14.94%
GERMANY	28,696	$1,291,206,681	11.43%
SAUDI ARABIA	1,318	$1,201,759,797	10.64%
KOREA, SOUTH	7,338	$1,195,896,178	10.59%
JAPAN	14,220	$1,137,626,003	10.07%
BAHRAIN	2,610	$920,091,312	8.14%
KUWAIT	1,627	$437,319,919	3.87%
CANADA	4,074	$406,228,908	3.60%
FRANCE	3,051	$333,481,215	2.95%
SPAIN	1,647	$296,354,057	2.62%
UNITED KINGDOM	5,036	$295,972,774	2.62%
AFGHANISTAN	2,436	$280,986,840	2.49%

TABLE 2: All DoD procurement actions with foreign entities during FY 2015

ENTITY OF ORIGIN	ACTIONS	OBLIGATED AMOUNT	% OF TOTAL
TOTAL:	131,209	$11,296,945,955	OBLIGATION
AFGHANISTAN	2,436	$280,986,840	2.49%
ANTIGUA AND BARBUDA	48	$1,653,109	0.01%
ARGENTINA	1	$50,000	0.00%
ARMENIA	6	$1,005,291	0.01%
AUSTRALIA	573	$12,794,272	0.11%
AUSTRIA	10	$472,456	0.00%
AZERBAIJAN	1	$805,634	0.01%
BAHAMAS, THE	18	$534,151	0.00%
BAHRAIN	2,610	$920,091,312	8.14%
BANGLADESH	122	$4,981,477	0.04%
BARBADOS	91	$9,473,135	0.08%
BELGIUM	1,549	$44,908,438	0.40%
BELIZE	88	$720,331	0.01%
BENIN	4	$78,879	0.00%
BERMUDA	32	$45,481,771	0.40%
BHUTAN	1	$10,000	0.00%
BOSNIA AND HERZEGOVINA	24	$75,478	0.00%
BOTSWANA	4	($11,870)	0.00%
BRUNEI	4	$7,353	0.00%
BULGARIA	45	$3,512,448	0.03%
BURKINA FASO	20	$311,878	0.00%
BURUNDI	14	$49,546	0.00%
CAMBODIA	164	$6,029,825	0.05%
CAMEROON	29	$590,370	0.01%
CANADA	4,074	$406,228,908	3.60%
CHAD	62	$1,664,735	0.01%
CHILE	11	$14,164	0.00%
CHINA	7	$787,636	0.01%
COLOMBIA	608	$488,832	0.00%
CONGO (KINSHASA)	1	($0)	0.00%
COSTA RICA	4	$76,607	0.00%
COTE D'IVOIRE	4	$68,900	0.00%
CROATIA	37	$30,844,352	0.27%
CYPRUS	3	$374,221	0.00%
CZECH REPUBLIC	4	$2,344,046	0.02%
DENMARK	3,602	$132,781,390	1.18%
DJIBOUTI	345	$22,948,120	0.20%
DOMINICAN REPUBLIC	23	$517,488	0.00%
ECUADOR	1	$15,050	0.00%
EGYPT	78	$1,753,624	0.02%
EL SALVADOR	71	$1,216,032	0.01%
ESTONIA	46	$9,203,479	0.08%
ETHIOPIA	58	$3,739,111	0.03%

ENTITY OF ORIGIN	ACTIONS	OBLIGATED AMOUNT	% OF TOTAL
FIJI	22	$912,190	0.01%
FINLAND	4	$81,178	0.00%
FRANCE	3,051	$333,481,215	2.95%
GABON	24	$325,608	0.00%
GAMBIA, THE	4	$36,280	0.00%
GEORGIA	17	$1,778,879	0.02%
GERMANY	28,696	$1,291,206,681	11.43%
GHANA	38	$515,894	0.00%
GIBRALTAR	84	$180,371,408	1.60%
GREECE	339	$166,279,520	1.47%
GREENLAND	4	($18,333)	0.00%
GUATEMALA	140	$6,279,499	0.06%
GUINEA-BISSAU	1	$2,132	0.00%
HAITI	4	($19,150)	0.00%
HEARD ISLAND AND MCDONALD ISLANDS	1	$28,728	0.00%
HONDURAS	447	$29,496,895	0.26%
HONG KONG	126	$819,911	0.01%
HUNGARY	7	$376,832	0.00%
ICELAND	3	$2,280,980	0.02%
INDIA	100	$567,184	0.01%
INDONESIA	92	$1,771,584	0.02%
IRAQ	304	($16,496,239)	-0.15%
IRELAND	16	$3,809,955	0.03%
ISRAEL	227	$103,268,345	0.91%
ITALY	5,060	$265,263,106	2.35%
JAMAICA	11	$87,731	0.00%
JAPAN	14,220	$1,137,626,003	10.07%
JORDAN	456	$148,513,976	1.31%
KAZAKHSTAN	9	$2,228,152	0.02%
KENYA	76	$1,664,673	0.01%
KIRIBATI	10	$166,119	0.00%
KOREA, SOUTH	7,338	$1,195,896,178	10.59%
KOSOVO	27	$57,380	0.00%
KUWAIT	1,627	$437,319,919	3.87%
KYRGYZSTAN	5	($218,769)	0.00%
LAOS	61	$8,118,240	0.07%
LATVIA	42	$4,838,051	0.04%
LIBERIA	270	$8,858,089	0.08%
LITHUANIA	47	$9,391,203	0.08%
LUXEMBOURG	86	$35,675,433	0.32%
MACEDONIA	13	$1,334,780	0.01%
MALAYSIA	71	$1,269,983	0.01%
MALDIVES	3	$175,524	0.00%
MALTA	480	$23,345,317	0.21%
MARSHALL ISLANDS	4	$2,839,621	0.03%
MAURITANIA	23	$772,259	0.01%

ENTITY OF ORIGIN	ACTIONS	OBLIGATED AMOUNT	% OF TOTAL
MAURITIUS	8	$26,703	0.00%
MEXICO	1	$6,889	0.00%
MICRONESIA, FEDERATED STATES OF	25	$539,143	0.00%
MOLDOVA	6	$482,101	0.00%
MONGOLIA	40	$1,158,657	0.01%
MONTENEGRO	1	$216,756	0.00%
MOROCCO	92	$1,362,505	0.01%
NEPAL	34	$1,032,624	0.01%
NETHERLANDS	283	$23,256,943	0.21%
NETHERLANDS ANTILLES [NETHERLANDS]	8	$65,341	0.00%
NEW ZEALAND	31	$842,942	0.01%
NIGER	48	$2,137,144	0.02%
NIGERIA	4	$51,000	0.00%
NORWAY	200	$38,469,466	0.34%
OMAN	133	$3,100,931	0.03%
PAKISTAN	22	$2,453,980	0.02%
PALAU	4	$15,902	0.00%
PANAMA	54	$983,191	0.01%
PAPUA NEW GUINEA	13	$899,977	0.01%
PARAGUAY	3	$102,099	0.00%
PERU	193	$3,893,816	0.03%
PHILIPPINES	1,291	$20,455,287	0.18%
POLAND	72	$3,921,041	0.03%
PORTUGAL	174	$7,481,357	0.07%
QATAR	663	$33,404,472	0.30%
ROMANIA	236	$4,340,082	0.04%
RUSSIA	4	($13,274,514)	-0.12%
SAINT KITTS AND NEVIS	10	$51,831,915	0.46%
SAMOA	1	$576,817	0.01%
SAUDI ARABIA	1,318	$1,201,759,797	10.64%
SENEGAL	61	$943,324	0.01%
SERBIA	20	$978,247	0.01%
SERBIA AND MONTENEGRO	1	$185,216	0.00%
SIERRA LEONE	1	$15,000	0.00%
SINGAPORE	1,184	$84,394,664	0.75%
SLOVENIA	12	$284,674	0.00%
SOLOMON ISLANDS	37	$1,230,935	0.01%
SOMALIA	25	$191,242	0.00%
SOUTH AFRICA	3	$463,623	0.00%
SPAIN	1,647	$296,354,057	2.62%
SRI LANKA	25	$3,392,352	0.03%
SUDAN	1	($122,082)	0.00%
SWAZILAND	2	($2,939)	0.00%
SWEDEN	35	$17,294,527	0.15%
SWITZERLAND	587	$36,149,998	0.32%
TAIWAN	7	$251,839	0.00%

ENTITY OF ORIGIN	ACTIONS	OBLIGATED AMOUNT	% OF TOTAL
TAJIKISTAN	2	$2,116	0.00%
TANZANIA	8	$36,422	0.00%
THAILAND	648	$27,929,848	0.25%
TOGO	4	$360,791	0.00%
TONGA	1	($5,760)	0.00%
TUNISIA	2	($15,000)	0.00%
TURKEY	3,155	$63,123,038	0.56%
UGANDA	94	$3,231,966	0.03%
UKRAINE	38	$7,090,016	0.06%
UNITED ARAB EMIRATES	30,737	$1,688,033,958	14.94%
UNITED KINGDOM	5,036	$295,972,774	2.62%
UNITED STATES	2,116	$23,649,302	0.21%
URUGUAY	1	$70,708	0.00%
VIETNAM	96	$10,509,389	0.09%
VIRGIN ISLANDS, BRITISH	4	$320,773	0.00%
YEMEN	2	$44,000	0.00%
ZAMBIA	22	$933,608	0.01%

The $11.3 billion of obligations cover military hardware, subsistence, fuel, construction, services, and other miscellaneous items. Chart 1 provides a breakout of procurement categories from the foreign entities. Fuel, services, construction, and subsistence account for approximately 79 percent of the total purchases from foreign entities. Defense equipment constitutes approximately 13 percent of the purchases from foreign entities. The remaining 8 percent of the purchases cover a variety of categories.

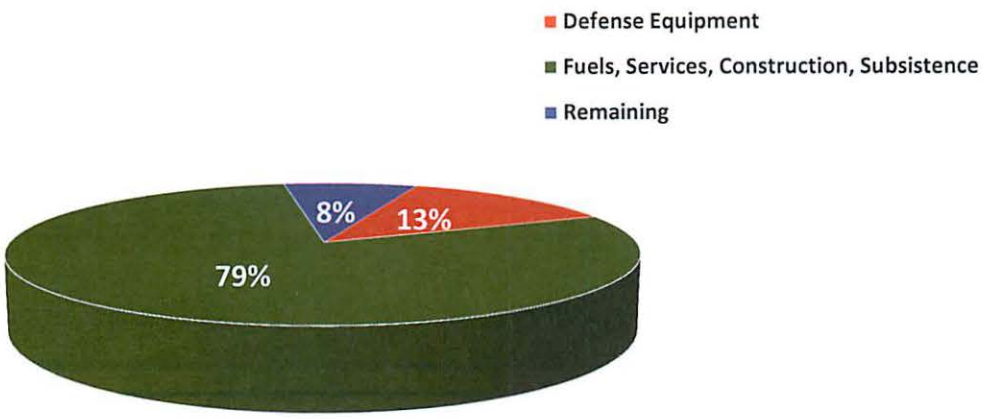

CHART 1: Percentage of Procurement Category from the Foreign Entities

Table 3 provides a breakout of the $11.3 billion by purchase category and the percentage of the total obligation.

TABLE 3: DoD foreign purchases by category and the total obligation

DOD PURCHASE CATEGORY	ACTIONS	DOLLARS	% OF TOTAL
TOTAL:	**131,209**	**$11,296,945,955**	**100.00%**
SERVICES	28,281	$3,168,681,412	28.05%
PETROLEUM	11,930	$3,094,882,967	27.40%
CONSTRUCTION	8,736	$1,909,153,767	16.90%
ALL OTHERS NOT IDENTIFIABLE TO ANY OTHER PROCUREMENT	22,046	$797,379,750	7.06%
SUBSISTENCE	47,216	$724,423,727	6.41%
AIRFRAMES AND SPARES	2,002	$285,752,601	2.53%
NON-COMBAT VEHICLES	302	$277,124,140	2.45%
OTHER AIRCRAFT EQUIPMENT	997	$252,959,557	2.24%
SHIPS	5,373	$234,358,795	2.07%
ELECTRONICS AND COMMUNICATION EQUIPMENT	785	$153,825,440	1.36%
WEAPONS	572	$79,117,278	0.70%
COMBAT VEHICLES	336	$69,222,549	0.61%
AMMUNITION	223	$64,108,595	0.57%
MEDICAL AND DENTAL SUPPLIES AND EQUIPMENT	798	$53,560,582	0.47%
AIRCRAFT ENGINES AND SPARES	607	$49,350,404	0.44%
TEXTILES, CLOTHING AND EQUIPAGE	38	$32,200,358	0.29%
MISSILE AND SPACE SYSTEMS	111	$28,893,810	0.26%
CONSTRUCTION EQUIPMENT	146	$8,510,438	0.08%
OTHER FUELS AND LUBRICANTS	375	$5,314,757	0.05%
MATERIALS HANDLING EQUIPMENT	75	$3,378,215	0.03%
BUILDING SUPPLIES	232	$3,288,082	0.03%
PRODUCTION EQUIPMENT	11	$1,013,623	0.01%
SEPARATELY PROCURED CONTAINERS AND HANDLING EQUIP	6	$224,720	0.00%
PHOTOGRAPHIC EQUIPMENT AND SUPPLIES	6	$212,683	0.00%
TRANSPORTATION EQUIPMENT (RAILWAY)	5	$7,707	0.00%

Dollar value of manufactured articles for which the restrictions of the BAA were not applied pursuant to MOUs, the TAA, or other international agreements

The restrictions of the BAA were not applied to 43,459 DoD purchases totaling approximately $5.4 billion due to waivers, authorized exceptions, and inapplicability. The breakout of these purchases is as follows:

- About 81 percent of purchases, or 30,432 actions totaling approximately $4.3 billion, represent those contract actions for which the restrictions of the BAA ***are not applicable*** because they are for items manufactured and used outside the United States.

- The total authorized ***waivers*** pursuant to MOUs, the TAA, or other international agreements represented 9,686 purchases totaling approximately $653.4 million.

- The total authorized ***exceptions*** to the BAA represented 3,341 purchases for approximately $373 million. These exceptions provided in the law include: (1) manufactured outside the United States – Resale; (2) manufactured outside the United States – Commercial Information Technology; (3) manufactured outside the United States – Public Interest Determinations; (4) manufactured outside the United States – Determination made based on Domestic Non-Availability; and (5) manufactured outside the United States – Unreasonable Cost of Domestic End Product.

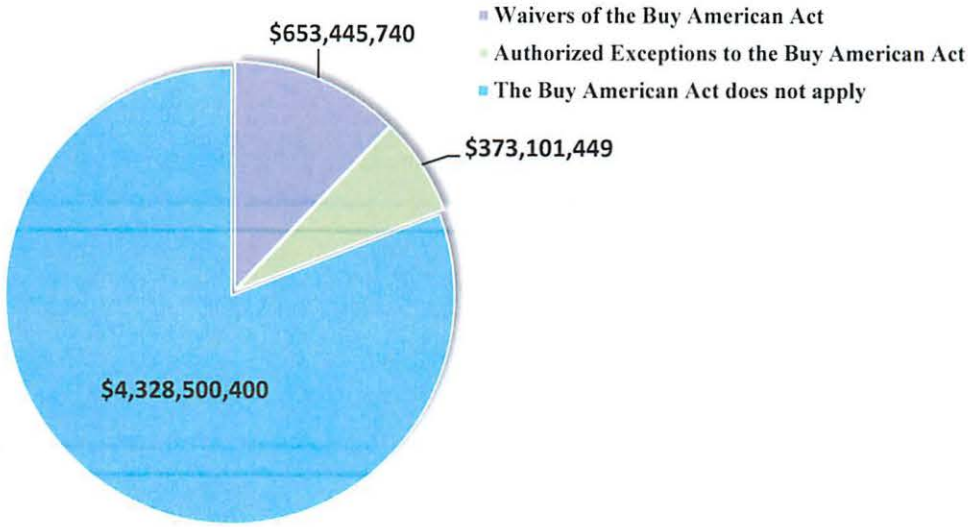

CHART 2: Obligations for which the restrictions of the Buy America Act were not applied in FY 2015

Table 4 provides a detailed breakout of the actions and dollars by category and an explanation of the authority for each of the categories.

TABLE 4: NUMBER OF PURCHASES AND DOLLAR VALUE OF MANUFACTURED ARTICLES FOR WHICH THE RESTRCTIONS OF THE BAA WERE NOT APPLIED IN FY 2015

Authority	Actions	Dollars	% of Total
Waivers of the Buy American Act			
Qualifying Countries	7,867	$504,065,022	9.41%
WTO GPA and Free Trade Agreements	1,819	$149,380,718	2.79%
	9,686	**$653,445,740**	**12.20%**
Authorized Exceptions to the Buy American Act			
Domestic Non-availability Determinations	1,813	$233,335,022	4.36%
Commercial IT	1,063	$116,110,020	2.17%
Resale	294	$18,911,954	0.35%
Unreasonable Cost	140	$4,121,287	0.08%
Public Interest Exception	31	$623,165	0.01%
	3,341	**$373,101,449**	**6.97%**
The Buy American Act does not apply			
Use outside the U.S.	**30,432**	**$4,328,500,400**	**80.83%**
Total:	**43,459**	**$5,355,047,589**	**100.00%**