



THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

MAY 18 2015

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 Appropriations Act, 2014, Public Law 113-76, enclosed is the required report on the total dollar value of Department of Defense purchases from foreign entities during FY 2014, or \$13.4 billion. 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. **The total dollar value of items for which the Buy American Act was waived is \$6.4 billion.** As an efficiency effort, the Department is submitting a combined report to fulfill both report requirements since the data for each report is identical.

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

**REPORT TO CONGRESS ON
DEPARTMENT OF DEFENSE
FISCAL YEAR 2014 PURCHASES
FROM FOREIGN ENTITIES**



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

May 2015

The estimated cost of report or study for the Department of Defense is approximately \$1,590 for the 2014 Fiscal Year. This includes \$0 in expenses and \$1,590 in DoD labor.
Cost estimate generated on May, 5 2015 RefID: 6-6255731

Background.

Pursuant to both section 8305 of title 41, U.S.C., and section 8028 of the Consolidated Appropriations Act, 2014, Public Law 113-76, this is the required report for Department of Defense (DoD) purchases from foreign entities in FY 2014. 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 2014. 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), the Trade Agreements Act (TAA) of 1979, or any international agreement to which the United States is a party.

Discussion.

The information contained in this report is based on FY 2014 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 acquisitions. The data was then certified by the Military Departments and Defense Agencies. Beginning with the Department's FY 2013 Foreign Entities Report, the data in Table 1 is presented by the foreign entities' country of origin rather than the country where the place of performance occurred. This change is intended to provide a clear picture of purchases by those entities in terms of actions and dollars.

Section 1 – All procurements from foreign entities

DoD procurement actions recorded and certified in FPDS-NG during FY 2014 totaled approximately \$285 billion. Of that amount, approximately \$13.4 billion or 4.7 percent was expended on purchases from foreign entities. A detailed breakout of the dollars by country is contained in Table 1.

The \$13.4 billion covers military hardware, subsistence, fuel, construction, services, and other miscellaneous items. Defense equipment constitutes approximately 12 percent of the purchases from foreign entities. Fuel, services, construction, and subsistence account for approximately 77 percent of the total purchases from foreign entities. The remaining 11 percent of the purchases cover a variety of categories. Table 2 provides a breakout of the \$13.4 billion by category and percentage of the total.

Section 2 – 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 32,937 DoD purchases totaling \$6.4 billion due to waivers, authorized exceptions, and inapplicability. The breakout of these purchases is as follows:

- The total authorized *waivers* pursuant to MOUs, the TAA, or other international agreements represented 7,014 purchases totaling approximately \$718.3 million.
- The total authorized *exceptions* to the BAA represented 3,058 purchases for approximately \$363 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.
- The remaining 22,865 purchases totaling approximately \$5.4 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.

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

DEPARTMENT OF DEFENSE PURCHASES FROM FOREIGN ENTITIES - FY 2014

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

Country	Actions	Dollars
AFGHANISTAN	6,693	\$611,117,771.30
ANGUILLA [UNITED KINGDOM]	2	\$25,512.96
ANTIGUA AND BARBUDA	38	\$2,031,522.76
ARMENIA	7	\$1,178,773.00
AUSTRALIA	169	\$9,854,924.06
AUSTRIA	13	\$1,778,568.18
AZERBAIJAN	14	\$23,821.00
BAHAMAS,THE	4	\$112,398.00
BAHRAIN	3,641	\$778,367,916.30
BANGLADESH	148	\$16,029,445.57
BARBADOS	39	\$8,485,011.13
BELGIUM	1,887	\$45,414,920.76
BELIZE	55	\$1,451,229.97
BENIN	1	\$186,640.00
BERMUDA [UNITED KINGDOM]	36	\$61,796,404.60
BHUTAN	1	\$80,000.00
BOLIVIA	1	-\$5,943.50
BOSNIA AND HERZEGOVINA	27	\$485,327.73
BOTSWANA	2	\$90,611.72
BRAZIL	7	\$119,854.80
BRITISH INDIAN OCEAN TERRITORY [UNITED KINGDOM]	2	-\$462.00
BRITISH VIRGIN ISLANDS [UNITED KINGDOM]	12	-\$548,382.41
BRUNEI	2	\$283,297.50
BULGARIA	43	\$2,840,968.03
BURKINA FASO	31	\$768,936.04
BURUNDI	15	\$228,196.00
CAMBODIA	174	\$7,613,975.24
CAMEROON	36	\$1,336,162.53
CANADA	4,532	\$651,311,768.80
CAYMAN ISLANDS [UNITED KINGDOM]	2	\$1,050.00
CHAD	17	\$524,916.76
CHILE	26	\$400,479.97
CHINA	5	\$352,557.40
COLOMBIA	699	\$80,821,464.74
COSTA RICA	5	\$219,602.63
COTE D'IVOIRE	7	-\$162,543.26
CROATIA	25	\$23,731,146.86
CYPRUS	2	\$1,611.79
CZECH REPUBLIC	2	\$114,732.54
DENMARK	4,236	\$200,397,153.59
DJIBOUTI	164	\$4,066,947.90
DOMINICAN REPUBLIC	132	\$1,465,177.51
EAST TIMOR (TIMOR-LESTE)	9	\$77,032.45
ECUADOR	9	\$1,154,610.25
EGYPT	94	\$2,445,061.19
EL SALVADOR	39	\$1,765,236.76
ESTONIA	18	\$2,813,488.17
ETHIOPIA	66	\$3,595,253.46
FINLAND	11	\$322,191.98
FRANCE	6,164	\$249,031,311.75
GABON	11	\$345,119.19
GEORGIA	20	\$2,355,613.51
GERMANY	24,270	\$1,248,382,123.99
GHANA	22	\$504,010.92
GIBRALTAR [UNITED KINGDOM]	43	\$593,373,433.13
GREECE	241	\$105,816,363.03
GREENLAND [DENMARK]	4	\$430,414.01
GUATEMALA	196	\$9,074,706.76
GUINEA	3	\$28,592.00
HAITI	1	\$6,005.00
HONDURAS	293	\$17,269,098.92
HONG KONG	80	\$2,188,721.51
HUNGARY	7	\$80,289.79
ICELAND	4	\$3,190,472.00
INDIA	13	\$1,299,638.21

Table 1

INDONESIA	103	\$3,490,092.58
IRAQ	40	\$233,475.41
IRELAND	18	\$9,238,685.67
ISRAEL	256	\$34,673,623.34
ITALY	2,668	\$231,018,807.14
JAPAN	13,671	\$1,474,483,056.80
JORDAN	269	\$76,378,230.37
KAZAKHSTAN	15	\$10,409,239.26
KENYA	131	\$2,311,152.25
KOREA, REPUBLIC OF	1,065	\$458,914,161.16
KOSOVO	48	\$364,722.49
KUWAIT	1,155	\$342,490,136.24
KYRGYZSTAN	24	\$15,029,112.11
LAOS	39	\$5,998,743.28
LATVIA	41	\$980,129.96
LEBANON	3	-\$7,418.00
LIBERIA	8	\$692,629.24
LITHUANIA	23	\$1,280,873.35
LUXEMBOURG	65	\$21,120,312.49
MACEDONIA	10	\$732,030.02
MALAYSIA	78	\$1,857,864.56
MALDIVES	3	\$95,940.87
MALI	1	\$3,900.00
MALTA	297	\$13,667,851.45
MARSHALL ISLANDS	9	\$5,140,884.12
MAURITANIA	25	\$554,093.13
MAURITIUS	2	\$48,235.14
MEXICO	1	\$21,709.02
MICRONESIA, FEDERATED STATES OF	9	\$185,990.32
MOLDOVA	5	\$1,685,368.00
MONGOLIA	39	\$5,140,880.55
MOROCCO	44	\$399,138.26
NAMIBIA	1	\$21,031.00
NEPAL	25	\$5,862,854.06
NETHERLANDS	1,654	\$20,396,202.57
NETHERLANDS ANTILLES [NETHERLANDS]	1	\$6,955.00
NEW ZEALAND	29	\$4,039,780.98
NICARAGUA	1	\$404,150.00
NIGER	46	\$7,327,963.17
NIGERIA	9	\$285,366.64
NORWAY	191	\$302,054,614.70
OMAN	114	\$2,510,946.73
PAKISTAN	32	-\$40,020.12
PANAMA	39	\$508,626.58
PAPUA NEW GUINEA	14	\$1,660,522.74
PARAGUAY	2	\$57,777.78
PERU	502	\$10,559,001.10
PHILIPPINES	656	\$26,132,964.80
POLAND	65	\$5,419,783.22
PORTUGAL	201	\$7,830,448.83
QATAR	567	\$45,762,535.58
ROMANIA	253	\$4,224,683.93
RUSSIA	18	-\$1,383,722.27
RWANDA	2	\$375,371.00
SAINT KITTS AND NEVIS	7	\$28,666,645.00
SAINT LUCIA	1	\$3,110.05
SAO TOME AND PRINCIPE	1	-\$3,734.19
SAUDI ARABIA	1,048	\$1,077,963,728.90
SENEGAL	6	\$44,344.84
SERBIA	26	\$630,474.63
SERBIA AND MONTENEGRO	2	-\$204,707.40
SEYCHELLES	1	\$2,507.89
SIERRA LEONE	2	\$43,825.02
SINGAPORE	1,443	\$139,426,748.68
SLOVENIA	9	\$1,088,254.27
SOLOMON ISLANDS	2	\$86,220.00
SOMALIA	14	\$541,893.28
SOUTH AFRICA	1	\$0.00
SOUTH KOREA	5,288	\$948,492,783.47

Table 1

SPAIN	1,079	\$173,555,520.55
SRI LANKA	11	\$1,418,317.20
SWEDEN	33	\$17,361,769.75
SWITZERLAND	2,949	\$335,638,545.51
TAIWAN, PROVINCE OF CHINA	3	\$50,000.00
TAJKISTAN	2	\$178,983.02
TANZANIA	4	\$1,299,863.48
THAILAND	244	\$7,658,982.32
TOGO	4	\$46,590.81
TONGA	12	-\$14,433.15
TRINIDAD AND TOBAGO	1	-\$967,250.28
TUNISIA	2	\$57,099.59
TURKEY	1,390	\$57,745,134.25
UGANDA	65	\$3,135,409.88
UKRAINE	26	\$1,210,219.19
UNITED ARAB EMIRATES	20,507	\$1,767,278,644.04
UNITED KINGDOM	4,194	\$866,958,150.84
UNITED STATES	1,497	\$14,137,490.19
URUGUAY	2	-\$238.44
VIETNAM	125	\$10,760,866.62
YEMEN	4	-\$224,700.00

Total**119,164****\$13,376,660,804.89**

Table 2

DoD FOREIGN PURCHASES BY CLAIMANT CODE - FY 2014			
DOD Claimant Program	Actions	Dollars	Percentage
AIRFRAMES AND SPARES	1,340	\$468,251,736.06	3.50%
AIRCRAFT ENGINES AND SPARES	517	\$69,154,147.58	0.52%
OTHER AIRCRAFT EQUIPMENT	693	\$248,298,594.12	1.86%
MISSILE AND SPACE SYSTEMS	134	\$22,844,330.80	0.17%
SHIPS	5,546	\$248,448,877.82	1.86%
COMBAT VEHICLES	482	\$205,062,840.40	1.53%
NON-COMBAT VEHICLES	325	\$43,617,668.16	0.33%
WEAPONS	425	\$78,923,657.38	0.59%
AMMUNITION	150	\$107,725,498.46	0.81%
ELECTRONICS AND COMMUNICATION EQUIPMENT	705	\$139,788,621.78	1.05%
PETROLEUM	4,155	\$3,941,583,049.68	29.47%
OTHER FUELS AND LUBRICANTS	491	\$6,404,571.43	0.05%
SEPARATELY PROCURED CONTAINERS AND HANDLING EQUIPMENT	10	\$77,111.68	0.00%
TEXTILES, CLOTHING AND EQUIPAGE	36	\$24,297,873.05	0.18%
BUILDING SUPPLIES	215	\$4,460,585.01	0.03%
SUBSISTENCE	40,169	\$1,534,346,283.38	11.47%
TRANSPORTATION EQUIPMENT (RAILWAY)	16	\$277,108.68	0.00%
PRODUCTION EQUIPMENT	34	\$3,546,428.84	0.03%
CONSTRUCTION	9,789	\$2,174,402,206.03	16.26%
CONSTRUCTION EQUIPMENT	110	\$6,518,642.69	0.05%
MEDICAL AND DENTAL SUPPLIES AND EQUIPMENT	575	\$36,941,579.19	0.28%
PHOTOGRAPHIC EQUIPMENT AND SUPPLIES	15	\$247,213.80	0.00%
MATERIALS HANDLING EQUIPMENT	71	\$12,052,859.35	0.09%
ALL OTHERS NOT IDENTIFIABLE TO ANY OTHER PROCUREMENT PROGRAM	24,897	\$1,324,965,114.82	9.91%
SERVICES	28,264	\$2,674,424,204.70	19.99%

Total**119,164 \$13,376,660,804.89 100.00%**

Table 3

**NUMBER OF PURCHASES AND DOLLAR VALUE OF MANUFACTURED ARTICLES
FOR WHICH THE RESTRICTIONS OF THE BAA WERE NOT APPLIED IN FISCAL YEAR 2014**

Authority	Number	Dollars
Waivers of the Buy American Act		
Qualifying Countries	5,664	\$560,388,410.99
WTO GPA and Free Trade Agreements	1,350	\$157,895,586.84
Authorized Exceptions to the Buy American Act		
Resale	260	\$25,708,324.20
Commercial IT	1,041	\$87,244,938.46
Public Interest Exception	49	\$3,285,636.48
Domestic Non-availability Determinations	1,606	\$238,064,820.64
Unreasonable Cost	102	\$8,964,716.37
The Buy American Act does not apply		
Use outside the U.S.	22,865	\$5,351,155,844.04
Total	32,937	\$6,432,708,278.02