



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

ACQUISITION,
AND SUSTAINMENT

JUL 02 2020

The Honorable James M. Inhofe
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Title 41, U.S.C., section 8305, requires the Secretary of Defense to submit, no later than 60 days after the end of the fiscal year, a report on the amount of Department of Defense (DoD) purchases from foreign entities in that fiscal year. In addition, section 8028(b) of the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 (Division A of Public Law 115-245), also requires the Secretary of Defense 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 Agreement Act of 1979 (title 19, U.S.C., section 2501 et seq.), or any international agreement to which the United States is a party.

Of the \$381 billion in total DoD contract obligations in FY 2019, the enclosed report identifies \$11.9 billion was expended on purchases from foreign entities. The total dollar value of items for which the Buy American Act was not applied, due to inapplicability, waivers, and authorized exceptions, was \$6.7 billion.

I have sent identical letters to the President of the Senate, Speaker of the House, and the other congressional defense committees.

Sincerely,

A handwritten signature in blue ink that reads "Ellen M. Lord".

Ellen M. Lord

Enclosure:
As stated

cc:
The Honorable Jack Reed
Ranking Member



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

ACQUISITION,
AND SUSTAINMENT

JUL 02 2020

The Honorable Richard C. Shelby
Chairman
Subcommittee on Defense
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

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cc:
The Honorable Richard J. Durbin
Vice Chairman



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WASHINGTON, DC 20301-3010

ACQUISITION,
AND SUSTAINMENT

JUL 02 2020

The Honorable Adam Smith
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

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Enclosure:
As stated

cc:
The Honorable William M. "Mac" Thornberry
Ranking Member



ACQUISITION,
AND SUSTAINMENT

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

JUL 02 2020

The Honorable Peter J. Visclosky
Chairman
Subcommittee on Defense
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

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Enclosure:
As stated

cc:
The Honorable Ken Calvert
Ranking Member



THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

JUL 02 2020

ACQUISITION,
AND SUSTAINMENT

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-209, The Capitol
Washington, DC 20515

Dear Madam Speaker:

Title 41, U.S.C., section 8305, requires the Secretary of Defense to submit, no later than 60 days after the end of the fiscal year, a report on the amount of Department of Defense (DoD) purchases from foreign entities in that fiscal year. In addition, section 8028(b) of the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 (Division A of Public Law 115-245), also requires the Secretary of Defense 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 Agreement Act of 1979 (title 19, U.S.C., section 2501 et seq.), or any international agreement to which the United States is a party.

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JUL 02 2020

ACQUISITION,
AND SUSTAINMENT

The Honorable Michael R. Pence
President of the Senate
United States Senate
Washington, DC 20510

Dear Mr. President:

Title 41, U.S.C., section 8305, requires the Secretary of Defense to submit, no later than 60 days after the end of the fiscal year, a report on the amount of Department of Defense (DoD) purchases from foreign entities in that fiscal year. In addition, section 8028(b) of the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 (Division A of Public Law 115-245), also requires the Secretary of Defense 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 Agreement Act of 1979 (title 19, U.S.C., section 2501 et seq.), or any international agreement to which the United States is a party.

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**REPORT TO CONGRESS ON
DEPARTMENT OF DEFENSE
FISCAL YEAR 2019 PURCHASES FROM
FOREIGN ENTITIES**



Office of the Under Secretary of Defense for
Acquisition and Sustainment

June 2020

The estimated cost of this report for the Department of Defense is
approximately \$4,000 for the 2020 Fiscal Year.
Generated on 2020May26 RefID: 1-DAE4AB4

Background

Title 41, United States Code (U.S.C.), sections 8305 and 8028(b) of Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 (Division A of Public Law 115-245), requests the Secretary of Defense to submit to Congress a report on the amount of Department of Defense (DoD) purchases from foreign entities in that fiscal year (FY). 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 BAA for certain products in that country; the Trade Agreement Act (TAA) of 1979 (title 19, U.S.C., section 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 2019 contract data from the Federal Procurement Data System – Next Generation (FPDS-NG), which includes obligations from multiple fiscal years of available funds. 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. Subsequently, on February 10, 2020, the Department certified to the Administrator of the Office of Federal Procurement Policy, that as of January 27, 2020, the department executed approximately 70.8 million contract actions with total obligations valued at approximately \$381.2 billion in FY 2019.

All procurements from foreign entities

DoD procurement actions recorded and certified in FPDS-NG during FY 2019 totaled approximately \$381 billion. Of that amount, approximately \$11.9 billion or 3.1 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 obligations. These countries accounted for approximately 80 percent of the total DoD foreign obligations during FY 2019. A detailed breakout of obligated dollars by country in alphabetic order is contained in Table 2.

TABLE 1: Top twelve countries with the highest contract obligations under contract with DoD during FY 2019 (Source: FPDS-NG)

ENTITY OF ORIGIN	ACTIONS	OBLIGATED AMOUNT	% OF TOTAL OBLIGATION
JAPAN	16,820	\$1,487,745,353.61	12.41%
GERMANY	24,144	\$1,441,496,513.57	12.02%
SOUTH KOREA	20,773	\$1,058,789,669.15	8.83%
UNITED ARAB EMIRATES	23,629	\$1,005,493,419.26	8.38%
AFGHANISTAN	2,069	\$833,341,375.84	6.95%
UNITED KINGDOM	8,426	\$803,361,344.40	6.70%
SAUDI ARABIA	639	\$788,512,081.34	6.58%
CANADA	7,084	\$730,519,420.15	6.09%
KUWAIT	1,583	\$497,488,712.69	4.15%
BAHRAIN	2,539	\$330,674,491.94	2.76%
NORWAY	315	\$321,958,738.28	2.68%
HONG KONG	92	\$309,455,892.50	2.58%

TABLE 2: All DoD procurement actions with foreign entities during FY 2019 (Source: FPDS-NG)

ENTITY OF ORIGIN	ACTIONS	OBLIGATED AMOUNT	% OF TOTAL
TOTAL:	146,705	\$11,992,297,109.63	100%
AFGHANISTAN	2,069	\$833,341,375.84	6.95%
ALBANIA	4	\$543,277.50	0.00%
ARGENTINA	43	\$496,920.37	0.00%
ARMENIA	6	\$802,176.79	0.01%
ARUBA [NETHERLANDS]	16	\$1,323,028.27	0.01%
AUSTRALIA	585	\$86,015,656.14	0.72%
AUSTRIA	2	\$186,885.10	0.00%
AZERBAIJAN	2	\$357,940.00	0.00%
BAHRAIN	2,539	\$330,674,491.94	2.76%
BANGLADESH	30	\$1,301,046.47	0.01%
BARBADOS	63	\$7,903,318.27	0.07%
BELGIUM	1,436	\$34,293,893.67	0.29%
BELIZE	15	\$10,034.25	0.00%
BERMUDA [UNITED KINGDOM]	67	\$7,782,420.70	0.06%
BHUTAN	2	\$48,698.00	0.00%
BOSNIA AND HERZEGOVINA	37	\$1,449,119.44	0.01%
BOTSWANA	13	\$856,858.06	0.01%
BRAZIL	4	\$56,188.00	0.00%
BRITISH VIRGIN ISLANDS [UNITED KINGDOM]	18	\$1,048,674.67	0.01%
BRUNEI	1	\$179,564.46	0.00%
BULGARIA	88	\$6,726,383.17	0.06%
BURKINA FASO	3	\$394,021.00	0.00%
BURMA (MYANMAR)	1	(\$77,881.50)*	0.00%
CAMBODIA	45	\$4,487,802.47	0.04%
CAMEROON	23	\$766,519.70	0.01%

CANADA	7,084	\$730,519,420.15	6.09%
CAPE VERDE	1	(\$8,184.00)*	0.00%
CHAD	3	(\$35,060.00)*	0.00%
CHILE	1	\$111,985.25	0.00%
CHINA	4	\$5,701,604.00	0.05%
COLOMBIA	577	\$2,338,672.47	0.02%
CONGO,DEMOCRATIC REPUBLIC OF THE (KINSHASA)	1	(\$2,400.00)*	0.00%
COSTA RICA	304	\$2,939,105.02	0.02%
CROATIA	111	\$25,012,376.34	0.21%
CURACAO	12	\$19,191.49	0.00%
CYPRUS	15	\$5,252,609.42	0.04%
CZECH REPUBLIC	3	\$9,600.00	0.00%
DENMARK	5,336	\$67,920,841.58	0.57%
DJIBOUTI	123	\$52,574,866.77	0.44%
DOMINICAN REPUBLIC	18	\$498,153.82	0.00%
EAST TIMOR (TIMOR-LESTE)	11	\$230,043.67	0.00%
ECUADOR	16	\$467,181.43	0.00%
EGYPT	9	\$47,764.16	0.00%
EL SALVADOR	32	(\$85,317.77)*	0.00%
ESTONIA	22	\$1,292,559.62	0.01%
ETHIOPIA	20	\$2,726,536.50	0.02%
FIJI	21	\$770,444.96	0.01%
FINLAND	7	\$798,057.84	0.01%
FRANCE	611	\$131,169,616.49	1.09%
GABON	2	\$102,394.42	0.00%
GEORGIA	22	\$1,700,144.07	0.01%
GERMANY	24,144	\$1,441,496,513.57	12.02%
GHANA	10	\$2,196,036.64	0.02%
GIBRALTAR [UNITED KINGDOM]	29	\$35,405,751.75	0.30%
GREECE	221	\$218,473,894.67	1.82%
GREENLAND [DENMARK]	1	\$658,665.89	0.01%
GUATEMALA	89	\$14,707,016.66	0.12%
GUINEA	1	\$0.00**	0.00%
GUYANA	11	\$429,750.33	0.00%
HONDURAS	311	\$38,233,089.38	0.32%
HONG KONG	92	\$309,455,892.50	2.58%
HUNGARY	9	\$153,360.35	0.00%
ICELAND	4	\$16,709,035.82	0.14%
INDIA	14	\$794,608.17	0.01%
INDONESIA	37	\$689,612.00	0.01%
IRAQ	597	\$99,297,305.94	0.83%
IRELAND	5	\$1,320,668.16	0.01%
ISRAEL	149	\$49,805,053.84	0.42%
ITALY	4,181	\$255,751,933.02	2.13%
JAMAICA	2	\$6,986.00	0.00%
JAPAN	16,820	\$1,487,745,353.61	12.41%
JORDAN	747	\$84,428,221.90	0.70%
KAZAKHSTAN	11	\$8,527,401.36	0.07%

KENYA	47	\$2,798,236.66	0.02%
KOSOVO	228	\$2,032,827.00	0.02%
KUWAIT	1,583	\$497,488,712.69	4.15%
KYRGYZSTAN	1	\$673,063.03	0.01%
LAOS	44	\$6,523,730.27	0.05%
LATVIA	16	\$1,238,710.56	0.01%
LEBANON	8	\$2,638,174.96	0.02%
LIBYA	1	\$14,400.00	0.00%
LITHUANIA	18	\$313,873.80	0.00%
LUXEMBOURG	2	\$8,148,926.24	0.07%
MACEDONIA	19	\$3,950,539.78	0.03%
MALAWI	4	\$83,030.80	0.00%
MALAYSIA	57	\$958,983.28	0.01%
MALI	3	\$30,912.00	0.00%
MALTA	1,930	\$71,278,727.28	0.59%
MAN, ISLE OF	56	\$434,667.19	0.00%
MARSHALL ISLANDS	22	\$3,715,234.56	0.03%
MAURITANIA	13	\$3,469,226.27	0.03%
MAURITIUS	7	\$83,547.00	0.00%
MEXICO	6	\$962,464.06	0.01%
MICRONESIA, FEDERATED STATES OF	3	\$25,803.04	0.00%
MOLDOVA	13	\$2,486,455.18	0.02%
MONGOLIA	17	\$4,425,288.00	0.04%
MOROCCO	12	\$679,220.20	0.01%
MOZAMBIQUE	7	\$221,360.41	0.00%
NEPAL	32	\$3,611,450.61	0.03%
NETHERLANDS	682	\$34,171,937.86	0.28%
NEW ZEALAND	89	\$44,462,238.88	0.37%
NICARAGUA	1	(\$13,700.00)*	0.00%
NIGER	154	\$4,390,420.54	0.04%
NIGERIA	5	\$112,186.69	0.00%
NORWAY	315	\$321,958,738.28	2.68%
OMAN	32	\$3,564,166.82	0.03%
PAKISTAN	79	\$805,588.47	0.01%
PALAU	33	\$662,574.22	0.01%
PANAMA	188	\$148,000.90	0.00%
PAPUA NEW GUINEA	19	\$1,257,714.46	0.01%
PARAGUAY	1	(\$4,268.00)*	0.00%
PERU	515	\$2,344,336.74	0.02%
PHILIPPINES	1,328	\$17,489,578.98	0.15%
POLAND	215	\$34,755,969.36	0.29%
PORTUGAL	111	\$11,991,445.63	0.10%
QATAR	799	\$115,579,202.73	0.96%
ROMANIA	713	\$15,076,871.77	0.13%
RWANDA	6	\$731,907.00	0.01%
SAINT KITTS AND NEVIS	1	(\$69,670.00)*	0.00%
SAINT VINCENT AND THE GRENADINES	5	\$68,678.51	0.00%
SAMOA	2	\$6,656.00	0.00%

SAUDI ARABIA	639	\$788,512,081.34	6.58%
SENEGAL	25	\$259,829.11	0.00%
SERBIA	36	\$1,525,326.76	0.01%
SEYCHELLES	1	\$25,200.00	0.00%
SIERRA LEONE	2	\$209,389.54	0.00%
SINGAPORE	1,403	\$82,335,807.21	0.69%
SLOVAKIA	5	\$1,000,589.31	0.01%
SOLOMON ISLANDS	1	\$87,382.50	0.00%
SOMALIA	74	\$5,449,292.06	0.05%
SOUTH AFRICA	7	\$2,168,317.86	0.02%
SOUTH KOREA	20,773	\$1,058,789,669.15	8.83%
SPAIN	1,660	\$281,611,619.15	2.35%
SRI LANKA	28	\$252,735.35	0.00%
SWEDEN	112	\$120,725,667.90	1.01%
SWITZERLAND	3,378	\$59,164,505.38	0.49%
SYRIA	13	\$1,295,380.00	0.01%
TAIWAN, PROVINCE OF CHINA	3	\$35,000.00	0.00%
TANZANIA	11	\$475,425.11	0.00%
THAILAND	2,063	\$44,644,628.86	0.37%
TRINIDAD AND TOBAGO	7	\$165,086.39	0.00%
TUNISIA	4	\$192,362.70	0.00%
TURKEY	5,794	\$67,700,022.75	0.56%
UGANDA	43	\$1,802,762.61	0.02%
UKRAINE	73	\$4,588,881.54	0.04%
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URUGUAY	1	(\$3,320.06)*	0.00%
VIETNAM	85	\$13,265,923.58	0.11%
ZAMBIA	4	\$57,867.12	0.00%

* Net contract de-obligations exceed obligations during the fiscal year.

** Zero net contract obligations or de-obligations associated with contract actions during the fiscal year.

The \$11.9 billion of obligations cover services, petroleum, construction, subsistence, defense equipment, and other miscellaneous items. Chart 1 provides a breakout of procurement categories from the foreign entities. Petroleum, services, construction, and subsistence account for approximately 68 percent of the total purchases from foreign entities. Defense equipment constitutes approximately 17 percent of the purchases from foreign entities. The remaining 15 percent of the purchases cover a variety of categories.

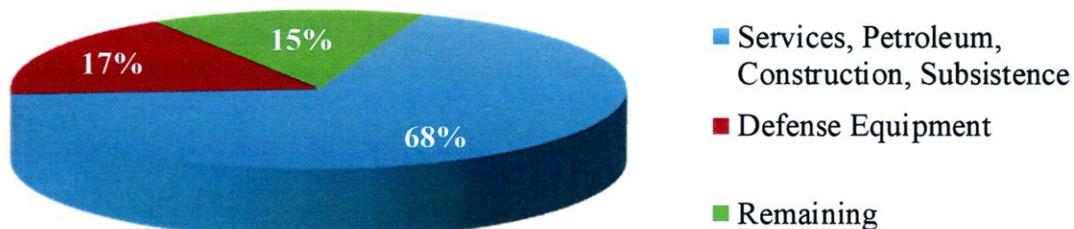


CHART 1: Percentage of DoD Procurement Category from Foreign Entities
(Source: FPDS-NG)

Table 3 provides a breakout of the \$11.9 billion by purchase category and the percentage of the total obligation.

TABLE 3: DoD foreign purchases by category and the total obligation during FY 2019
(Source: FPDS-NG)

DOD PURCHASE CATEGORY	ACTIONS	DOLLARS	% OF TOTAL
TOTAL:	146,705	\$11,992,297,109.63	100.00%
SERVICES	40,973	\$2,907,807,070.79	24.25%
PETROLEUM	23,063	\$2,828,532,009.18	23.59%
CONSTRUCTION	7,686	\$2,454,618,792.37	20.47%
ALL OTHERS NOT IDENTIFIABLE TO ANY OTHER PROCUREMENT PROGRAM	58,820	\$1,548,934,083.72	12.92%
OTHER AIRCRAFT EQUIPMENT	1,327	\$491,025,799.92	4.09%
ELECTRONICS AND COMMUNICATION EQUIPMENT	662	\$301,758,619.29	2.52%
SHIPS	5,619	\$275,937,727.35	2.30%
AMMUNITION	178	\$237,580,181.58	1.98%
AIRFRAMES AND SPARES	1,639	\$213,004,284.33	1.78%
AIRCRAFT ENGINES AND SPARES	1,541	\$156,104,420.70	1.30%
WEAPONS	516	\$150,540,705.11	1.26%
COMBAT VEHICLES	734	\$142,793,670.88	1.19%
MISSILE AND SPACE SYSTEMS	45	\$78,557,625.21	0.66%
NON-COMBAT VEHICLES	1,498	\$55,079,838.44	0.46%
MEDICAL AND DENTAL SUPPLIES AND EQUIPMENT	1,018	\$34,243,928.50	0.29%
TEXTILES, CLOTHING AND EQUIPAGE	47	\$33,789,414.74	0.28%
CONSTRUCTION EQUIPMENT	333	\$24,500,056.32	0.20%
BUILDING SUPPLIES	155	\$21,070,214.57	0.18%
OTHER FUELS AND LUBRICANTS	662	\$17,454,674.22	0.15%
MATERIALS HANDLING EQUIPMENT	75	\$13,308,131.03	0.11%
PRODUCTION EQUIPMENT	28	\$4,325,772.70	0.04%
SUBSISTENCE	63	\$622,420.86	0.01%
MISCELLANEOUS	13	\$387,028.44	0.00%
PHOTOGRAPHIC EQUIPMENT AND SUPPLIES	3	\$280,423.82	0.00%
SEPARATELY PROCURED CONTAINERS AND HANDLING EQUIPMENT	3	\$46,133.10	0.00%
TRANSPORTATION EQUIPMENT (RAILWAY)	4	(\$5,917.54)*	0.00%

* Net contract de-obligations exceed obligations during the fiscal year.

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 69,732 DoD purchases totaling approximately \$6.7 billion due to inapplicability, waivers, and authorized exceptions. The breakout of these purchases is as follows:

- About 43 percent of dollars, or 18,407 actions totaling approximately \$2.9 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* of the BAA pursuant to MOUs, the TAA or other international agreements represented about 55 percent of dollars, or 43,644 actions totaling approximately \$3.7 billion.
- The total authorized *exceptions* to the BAA represented about 2 percent of dollars, or 7,681 actions for approximately \$158 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 provides a breakout of the approximately \$6.7 billion of manufactured articles for which the restrictions of the BAA were not applied due to waivers, authorized exceptions, and inapplicability.

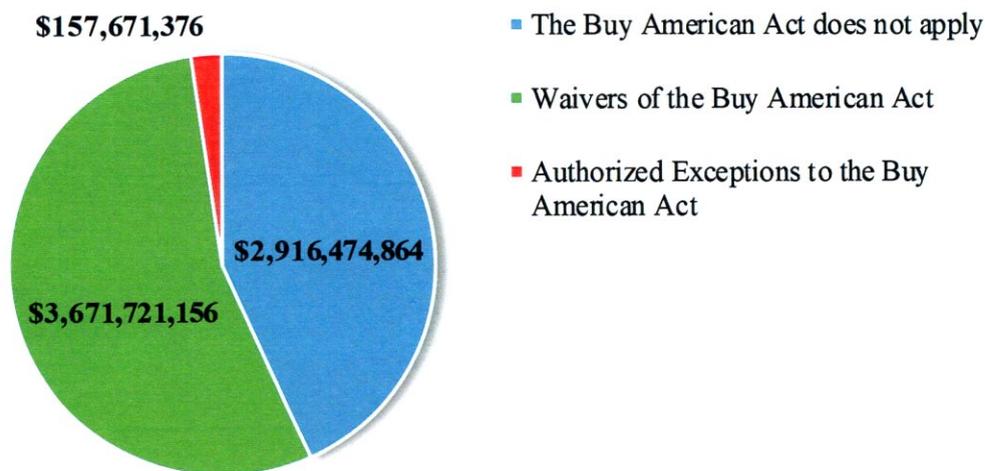


CHART 2: Obligations for which the restrictions of the Buy American Act were not applied in FY 2019 (Source: FPDS-NG)

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 restrictions of the BAA were not applied in FY 2019 (Source: FPDS-NG)

Authority	Actions	Dollars	% of Total
The Buy American Act does not apply			
Use outside the U.S.	18,407	\$2,916,474,864	43.23%
Waivers of the Buy American Act			
Qualifying Countries	41,824	\$3,592,770,303	53.26%
WTO GPA and Free Trade Agreements	1,820	\$78,950,853	1.17%
	43,644	\$3,671,721,156	54.43%
Authorized Exceptions to the Buy American Act			
Domestic Non-availability Determinations	2,717	\$72,145,898	1.07%
Commercial IT	455	\$67,963,462	1.01%
Resale	78	\$2,936,754	0.04%
Unreasonable Cost	4,405	\$14,253,823	0.21%
Public Interest Exception	26	\$371,439	0.01%
	7,681	\$157,671,376	2.34%
Total:	69,732	\$6,745,867,396	100.00%