



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

APR 06 2006

In reply refer to:  
I-05/015459-POL

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Implementing Guidance for Cooperative Logistics Supply Support  
Arrangement (CLSSA) Policy (DSCA 06-11) [SAMM E-Change #47]

REFERENCE: Memorandum, I-05/010919, 20 Sep 05, subject: Revised Cooperative  
Logistics Supply Support Arrangement (CLSSA) Policy (DSCA 05-23)

The purpose of this memorandum is to provide implementing guidance in relation to above reference memorandum that issued overall direction regarding the revised CLSSA policies. This memorandum updates Chapter 5 of the Security Assistance Management Manual (SAMM) with the mandatory CLSSA-unique Letter of Offer and Acceptance (LOA) notes, guidance on the new CLSSA business rules, and other information pertinent to the CLSSA program.

The mandatory CLSSA-unique LOA notes (attached) will be included in Table C5.T5. of the SAMM. For standardization purposes, the Points of Contact LOA note cited in the referenced memorandum will not be used.

The business rules in the referenced memorandum identified December 31, 2004 as the effective date for the new Foreign Military Sales Order (FMSO) I investment deposit calculation. This memorandum revises the effective date to September 20, 2005, which is the effective date of the referenced policy memorandum. The revised investment deposit calculation must be used for any existing FMSO I LOAs accepted on or after September 20, 2005. The revised investment deposit calculation is 30 percent/70 percent for the on-hand and on-order amounts respectively vice the previous calculation ratio of 5/17 for the on-hand and on-order amounts. Defense Security Assistance Management System (DSAMS) users should over-ride the default DSAMS calculations for the on-hand and on-order amounts until the system is changed to reflect the new percentages.

Additionally, DoD Instruction 2000.20, "Cooperative Logistics Supply Support Arrangements," dated 29 August 2005, has recently been revised for administrative purposes only. The revised DoD Instruction can be located at <http://www.dtic.mil/whs/directives/corres/html/200020.htm>.

This change will be included in the automated version of the SAMM found on the DSCA Web Page as SAMM E-Change #47.

The CLSSA policy will be revisited within eight months to ensure its continued effectiveness and to gauge the timing of future improvements identified in Attachment 5 of the referenced memorandum.

If you have any questions concerning this policy, please contact Mr. Kent Bell, DSCA/STR/POL, at (703) 604-6612 or e-mail: [kent.bell@dscs.mil](mailto:kent.bell@dscs.mil).



**Richard J. Millies**  
**Deputy Director**

Attachment:  
As stated

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**MANDATORY CLSSA-UNIQUE LOA NOTES – SAMME-CHANGE #47**

Note: MILDEPs are responsible for adding these notes into DSAMS.

**Table C5.T5. Letter of Offer and Acceptance (LOA) Notes**

<b>Note Name</b>	<b>Note Usage*</b>	<b>Note Text</b>																
CLSSA – Supply Support Arrangement Surcharge	Mandatory for FMSO I LOAs.  Mandatory for Amendments and Modifications when adjustments result in an increase to the current year materiel value.	A one-time nonrefundable Supply Support Arrangement surcharge of 5% is assessed on the on-hand portion (Part A) of this LOA. When any adjustment results in an increase to the current year materiel value of the LOA, an additional charge shall be computed on the difference between the current year materiel value and the new higher materiel value. This charge is applied even though a higher Part A value may have existed in a prior year.																
CLSSA - Associated FMSO II LOA	Mandatory for FMSO I LOAs, Amendments and Modifications when the FMSO II LOA is known.	This LOA is issued in conjunction with FMSO II, [insert case designator]. The LOA Standard Terms and Conditions of this LOA apply, as do the terms and procedures established by the CLSSA attached with this LOA. In the event of inconsistencies between the LOA, including the Standard Terms and Conditions, and the additional terms and conditions set forth in the CLSSA, the LOA shall govern.																
CLSSA - Financial Summary	Mandatory for FMSO I LOAs.  Mandatory for Amendments and Modifications to FMSO I LOAs.	<table> <tr> <td>Value of Part A</td> <td>\$(insert amount)</td> </tr> <tr> <td>Supply Support Arrangement Surcharge</td> <td>\$(insert amount)</td> </tr> <tr> <td>Current Financial Requirement</td> <td>\$(insert amount)</td> </tr> <tr> <td>Previous Financial Requirement</td> <td>\$(insert amount)</td> </tr> <tr> <td colspan="2">(Applies to Amendments only)</td> </tr> <tr> <td>Balance Due from Purchaser</td> <td>\$(insert amount)</td> </tr> <tr> <td colspan="2">(Current Financial Requirement minus Previous Financial Requirement)</td> </tr> <tr> <td colspan="2">(Applies to Amendments only)</td> </tr> </table>	Value of Part A	\$(insert amount)	Supply Support Arrangement Surcharge	\$(insert amount)	Current Financial Requirement	\$(insert amount)	Previous Financial Requirement	\$(insert amount)	(Applies to Amendments only)		Balance Due from Purchaser	\$(insert amount)	(Current Financial Requirement minus Previous Financial Requirement)		(Applies to Amendments only)	
Value of Part A	\$(insert amount)																	
Supply Support Arrangement Surcharge	\$(insert amount)																	
Current Financial Requirement	\$(insert amount)																	
Previous Financial Requirement	\$(insert amount)																	
(Applies to Amendments only)																		
Balance Due from Purchaser	\$(insert amount)																	
(Current Financial Requirement minus Previous Financial Requirement)																		
(Applies to Amendments only)																		
CLSSA - FMSO I Purpose	Mandatory for FMSO I LOAs.  Mandatory for Amendments and Modifications to FMSO I LOAs.	CLSSA is an agreement between a Military Department and a purchaser, setting forth the terms and conditions under which the Department of Defense shall provide supply support of common weapons systems on an equal basis with U.S. Forces in accordance with the purchaser’s Force Activity Designator (FAD) and the Uniform Materiel Movement and Issue Priority System (UMMIPS). This FMSO I case provides an equity investment for defense articles to support a purchaser’s anticipated requirement in the DoD inventory. The Military Department uses this equity investment to procure additional levels of centrally stocked or centrally managed items, in preparation for purchase order.																
CLSSA - Stock Augmentation	Mandatory for FMSO I LOAs.  Mandatory for Amendments and Modifications to FMSO I LOAs.	A stock augmentation period is required to establish or re-establish the prerequisite inventories within the U.S. DoD supply system. This period is tied to the procurement lead time for each individual item. As the specific augmentation period for an individual item lapses, orders received from the purchaser for each item under the corresponding FMSO II case(s) can be filled from stock. An augmentation period does not apply for Defense Logistics Agency (DLA) items.																

**Table C5.T5. Letter of Offer and Acceptance (LOA) Notes (continued)**

Note Name	Note Usage*	Note Text
CLSSA - Associated FMSO I LOA	Mandatory for FMSO II LOAs.  Mandatory for Amendments and Modifications to FMSO II LOAs.	The associated FMSO I LOA is [insert case designator]. The LOA Standard Terms and Conditions of this LOA apply, as do the terms and procedures established by the Cooperative Logistics Supply Support Arrangement in the associated FMSO I case. In the event of inconsistencies between the LOA and the CLSSA, the LOA governs.
CLSSA - Force Activity Designator (FAD)	Mandatory for FMSO II LOAs.  Mandatory for Amendments and Modifications to FMSO II LOAs.	Force Activity Designator (FAD) [insert FAD] is assigned to this LOA. FAD [insert FAD] priorities will be assigned to requisitions in accordance with Uniform Materiel Movement and Issue Priority System (UMMIPS) procedures. Requisitions will be for centrally stocked or centrally managed items (identified by National Stock Numbers) required to replenish (not augment) Purchaser's in-country stock levels.
CLSSA - Replacement FMSO II LOA	Mandatory for FMSO II LOAs that replace the previous FMSO II LOA.	This FMSO II LOA supersedes the previous FMSO II LOA, [insert case designator].
CLSSA - Supply Exclusions	Mandatory for FMSO II LOAs.  Mandatory for Amendments and Modifications to FMSO II LOAs.	Categories of items that cannot be requisitioned under this LOA are: major defense equipment, significant military equipment, excess defense articles, parachutes, explosive ordnance items, commercial items of materiel more readily provided from in-country, controlled medical items, modification kits, ozone depleting substances, technical data packages or other similar documentation that conveys manufacturing process information, publications, tool sets, cryptographic equipment, classified materiel or equipment, or initial spares.
CLSSA - Support Availability	Mandatory for FMSO II LOAs.  Mandatory for Amendments and Modifications to FMSO II LOAs.	Requirements authorized for requisitioning under this LOA will be accepted as long as funds are available to process them.
CLSSA - Requisitioning	Mandatory for FMSO II LOAs.  Mandatory for Amendments and Modifications to FMSO II LOAs.	All items requisitioned under this CLSSA should be for stock replenishment, as the requirement occurs, and not for initial provisioning, depot rebuild support programs, or the purpose of a one-time stock level increase. Requisitions shall be restricted to those items specifically in support of the weapon systems and major end items identified in the FMSO I. Nonrecurring demands and non-programmed requirements can be submitted and/or projected for inclusion in the subsequent renegotiation effort, subject to stock availability.