



DEFENSE SECURITY COOPERATION AGENCY
WASHINGTON, DC 20301-2800

NOV 16 2006

In reply refer to:
I-06/009358-POL

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Department of Defense (DoD) Support to Direct Commercial Sales (DCS), (DSCA Policy 06-41) [SAMM E-Change 62]

This memorandum updates the Security Assistance Management Manual (SAMM) to address Department of Defense (DoD) support to U.S. Defense Industry for Direct Commercial Sales (DCS). In the previous months, DSCA has received several inquiries from the Military Departments seeking guidance on how to accommodate U.S. Defense Industry's requests for DoD support to DCS. The attached guidance specifies the appropriate mechanisms that need to be in place to help facilitate DoD support to DCS.

This change is effective immediately and will be included in the automated version of the SAMM found on the DSCA Web Page as SAMM E-Change 62. If you have any questions concerning this policy, please contact Ms. Anita Eggleston, DSCA/STR-POL, at 703-601-3843 or e-mail: anita.eggleston@dsca.mil.

A handwritten signature in cursive script that reads "Richard J. Millies".

Attachment:
As stated

Richard J. Millies
Deputy Director

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Chapter 4, is updated to include the following section:

C4.5.17. Department of Defense (DoD) Support to Direct Commercial Sales (DCS). U.S. industry may request defense articles and services from the DoD to support a DCS to a foreign country or international organization. Defense articles and/or services provided to U.S. industry must be accomplished pursuant to applicable statutory authority including Section 30 of the AECA (reference (c)). Section 30 of the AECA (reference (c)) authorizes the sale of defense articles or defense services to U.S. companies at not less than their estimated replacement cost (or actual cost in the case of services) for incorporation into end items to be sold by such company on a direct commercial basis to a friendly foreign country or international organization pursuant to Section 38, AECA (reference (c)). SAMM Chapter 11, section C11.8. further clarifies authorized DoD support (articles or services) under this section. In addition, it is important that defense industry representatives identify early in the DCS planning process if support from the DoD will be required. If DoD support is deemed necessary, then meetings with DoD representatives should be arranged to discuss the level of support required and the method for funding the associated costs.