



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

18 JAN 2002

In reply refer to:

I-02/000885-P3

MEMORANDUM FOR DIRECTOR, NAVY INTERNATIONAL PROGRAMS OFFICE
DEPARTMENT OF THE NAVY

SUBJECT: Foreign Military Sales (FMS) Dual Track Initiative (DSCA 02-04)

REFERENCE: Director, Navy International Programs Office Letter, 27 December 2001,
Subject: "Foreign Military Sales (FMS) Dual Track Case Reinvention
Initiative"

Your referenced letter requests that we approve the revised Terms of Reference for the FMS Dual Track Initiative and extend the original test period for this program. My staff has reviewed the revised Terms of Reference and will provide detailed comments under separate cover. The following key points will be included in those comments and should be noted immediately:

- a. We agree with continuing the FMS Dual Track concept on a test basis. Recognizing that programming changes and other issues have delayed implementation, I authorize an extension to the test period. The revised period should begin once the Letters of Offer and Acceptance (LOAs) and all necessary contractual documents are signed and should end after one year.
- b. The test may be conducted using any commercial banking option as long as the DSCA Comptroller has provided written approval.
- c. The original Terms of Reference required that 80 percent of the case value be allocated to Foreign Military Sales (FMS) purchases on line 001 of the case. The remaining 20 percent was to be allocated on line 002 to the Commercial Buying Service (CBS). These percentages should be maintained for the initial test period. After the test is completed, we will evaluate whether these percentages should be adjusted. I understand that two purchasers already have cases in process for this test. These cases should be restated or amended as appropriate to ensure the 80 percent FMS /20 percent CBS ratio is included. Any LOA documents relating to this test must be coordinated and countersigned by DSCA.

Please make sure that you keep my staff informed about the progress of the test---including data regarding the resources (manpower, automation requirements, other costs) associated with running this program. My point of contact for this issue is Steve Harris, DSCA/P3-P2, (703) 604-6611.

TOME H. WALTERS, JR.
LIEUTENANT GENERAL, USAF
DIRECTOR