



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

JAN 22 2008

In reply refer to:
I-08/000256-DBO

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Additional Transportation Charges for Foreign Military Sales (FMS)
Shipments (DSCA Policy 08-04) [SAMM E-Change 100]

This memorandum provides guidance for billing and paying additional transportation charges related to delays in FMS shipments caused by freight forwarders. It also provides updates to the Security Assistance Management Manual (SAMM) to add information on such additional transportation charges that are permissible as part of FMS shipments.

Payments for allowable detention and demurrage costs (see definitions below) charged by carriers of FMS shipments are to be charged at the actual cost to the applicable FMS case and line. The Defense Logistics Agency and the Military Services will direct billings to the appropriate MILDEP International Logistics Control Office (ILCO) for distribution to the case manager for processing the payment. If a delayed shipment relates to more than one FMS shipment, the costs will be pro-rated among the shipments according to total purchase costs. Case managers must obtain the approval of DSCA (Business Operations Directorate), before processing billings in excess of \$50,000, or 10 percent of the case value. If a billing for additional transportation results in an increase in cost for the line, the case must be modified to include the additional charges.

The attached changes will be included in the automated version of the SAMM found on the DSCA Web Page as SAMM E-Change 100. If you have any questions concerning this policy, please contact Ms. Rita Chico, DSCA DBO/FPA, at (703) 602-3632, e-mail rita.chico@dscamil

A handwritten signature in black ink that reads "Ann Cataldo".

Ann Cataldo
Principal Director
Business Operations

Attachment: as stated

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SAMM E-Change 100

Effective immediately, the SAMM, Chapters 7 and 9 are updated as follows:

1. Add a new section. C7.18.3, and subparagraphs:

C7.18.3. Additional Transportation Services. Unanticipated carrier services associated with delays in shipment caused by others will be charged to the FMS case line associated with the shipment. If multiple FMS cases/lines are involved, the charges must be pro-rated to the applicable lines according to the purchase costs of the individual shipments. Cases may need to be modified to identify the additional costs. These additional transportation costs must not be paid from the FMS Transportation Surcharge Account. Case managers must notify and obtain the approval of DSCA (Business Operations Directorate) before processing billings in excess of \$50,000 or 10 percent of the case value. An email message, facsimile or hard copy request, from the service provider, is sufficient for the notification to the designated POC at the International Logistics Control Office (ILCO)(DTR 4500.9-R Part II, Attachment V7, Table V7-2 TAC Points of Contact.), in order to identify the case manager responsible for processing the bill. The carrier is responsible for providing sufficient documentation to the case manager to process the bill.

C7.18.3.1. Detention. A charge made on a carrier conveyance held by or for a consignor or consignee beyond the allowable free time for loading or unloading, for forwarding directions, or for any other purpose authorized and documented by the consignor or consignee. Charges for detention are in addition to all other lawful transportation charges.

C7.18.3.2. Demurrage. A charge against a consignor or consignee for holding carrier equipment beyond the allowable free time for loading and unloading, for forwarding directions, or for any other purpose authorized and documented by the consignor or consignee. It may also be a charge to shippers accruing from the time the container is discharged from the vessel. Charges for demurrage are in addition to all other transportation charges. Demurrage charges typically are associated with rail and water port operations.

