



DEFENSE SECURITY COOPERATION AGENCY

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MAR 22 2017

**MEMORANDUM FOR DEPUTY UNDER SECRETARY OF THE AIR FORCE FOR
INTERNATIONAL AFFAIRS
DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR
DEFENSE EXPORTS AND COOPERATION
DEPUTY ASSISTANT SECRETARY OF THE NAVY FOR
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DIRECTOR, DEFENSE THREAT REDUCTION AGENCY
DIRECTOR, MISSILE DEFENSE AGENCY
DIRECTOR, NATIONAL GEOSPATIAL – INTELLIGENCE
AGENCY
DEPUTY DIRECTOR FOR INFORMATION ASSURANCE,
NATIONAL SECURITY AGENCY
DIRECTOR, DEFENSE TECHNOLOGY SECURITY
ADMINISTRATION**

**SUBJECT: Extension of the Lead-Nation Procurement Initiative Test Period, DSCA
Policy 17-11**

**REFERENCE: Lead-Nation Procurement Letters of Offer and Acceptance (LOA), DSCA Policy
14-24, January 30, 2015**

The referenced memorandum announced a determination by the Departments of State and Defense to consider proposals for Lead-Nation procurements involving NATO organizations and NATO member countries on a case-by-case basis during a two-year test period. These Lead-Nation procurements would be supported by retransfer arrangements designed to permit flexible sharing among an identified group of participants, while maintaining accountability and adhering to statutory reporting requirements.

In the two years since issuance of this policy, two small cases and a larger one for Precision-Guided Munitions have been implemented successfully. The development of these cases has helped to identify and resolve unanticipated issues associated with this type of procurement, and we expect it to continue to be a useful tool to support certain types of sales. Lead-Nation procurements are most useful for sales of expendable end-items of relatively low



value, such as munitions. They are less useful for high-value defense articles and the provision of services, while NATO Weapons Support Partnerships offer a simpler and more flexible means of multinational procurement for spare and repair parts.

Given the small number of sales to date and, more importantly, that there has not yet been an opportunity to test the blanket retransfer authorization that is a central feature of this type of sale, the Departments of State and Defense will extend the test period for an additional two years under the terms described in DSCA Policy 14-24. During this extension, State and DoD will selectively consider proposals that include, or consist exclusively of, non-NATO European partners with the understanding that the requirement for a lowest common denominator configuration that can be shared by all participants is fundamental to this type of sale.

Expressions of interest in potential cases of this type should be referred through Security Cooperation Offices to DSCA (Security Assistance and Strategy) prior to submittal of a Letter of Request. Proposals will be reviewed within State and DoD for acceptance on a case-by-case basis.

If you have questions regarding this policy or the Security Assistance Management Manual, please contact Mr. Mike Slack, Strategic Planning and Integration Division, at (703) 601-3842 or e-mail: micheal.d.slack.civ@mail.mil. Implementing Agencies should disseminate this policy to supporting activities.



J. W. Rixey
Vice Admiral, USN
Director

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