



**DEFENSE SECURITY COOPERATION AGENCY**  
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**23 DEC 2020**

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF THE ARMY DEFENSE  
EXPORTS AND COOPERATION (DASA-DEC) DEPARTMENT  
OF THE ARMY

DEPUTY ASSISTANT SECRETARY OF THE NAVY  
INTERNATIONAL PROGRAMS (NAVIPO) DEPARTMENT OF  
THE NAVY

DEPUTY UNDER SECRETARY OF THE AIR FORCE  
INTERNATIONAL AFFAIRS (SAF/IA) DEPARTMENT OF THE  
AIR FORCE

DEPUTY DIRECTOR FOR SECURITY ASSISTANCE, DEFENSE  
FINANCE AND ACCOUNTING SERVICE - INDIANAPOLIS  
CENTER

SUBJECT: Updates to Transportation Policy (DSCA 20-88) (SAMM E-Change 516)

DSCA in conjunction with the Military Departments (MILDEPs) have identified changes and new policies that will result in more accurate Transportation Cost Lookup Table estimation and better defined processes to calculate and submit updates to the FMS Transportation Cost Lookup Table each year.

This memorandum revises the Appendix A2.1 procedures to formally include USTRANSCOM in the rate setting process, provide additional guidance to clarify and standardize the methodology used to set rates, and provides for DSCA to request documentation to verify use of these procedures.

The DSCA point of contact is Stuart Taylor who can be reached at (571) 274-9538 or e-mail: [stuart.h.taylor2.civ@mail.mil](mailto:stuart.h.taylor2.civ@mail.mil).

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J. Aaron Harding  
Chief Financial Officer

Attachment:  
As stated

## Security Assistance Management Manual (SAMM), E-Change 516

### Updates to Transportation Policy

1) A2.1. is updated to read as follows.

#### **AP 2.1. Procedures**

**AP 2.1.1.** The Defense Security Cooperation Agency (DSCA) is responsible for approving items for inclusion in the transportation cost look-up table. Annually, the Department of Defense (DoD) Components reviews the existing table entries in Appendix 2. The Defense Finance and Accounting Services (DFAS) Indianapolis is responsible for application of the look-up table rates, when applicable, to billings by the DoD Components for specific items on the look-up table. The DoD Components are responsible for:

**AP 2.1.1.1.** Making recommendations to DSCA relative to items and rates to be included in the table.

**AP 2.1.1.1.1.** The DoD Component should select any item where any of the following conditions apply:

**AP 2.1.1.1.1.1.** The amount indicated for transportation using DTC percentages results in an amount that would not cover transportation costs.

**AP 2.1.1.1.1.2.** The amount indicated for transportation using DTC percentages results in an amount significantly in excess of transportation costs.

**AP 2.1.1.1.2.** The DoD Component should avoid listing items where cost of item is less than \$25,000.

**AP 2.1.1.1.3.** Where applicable, the DoD Component should calculate cost for a quantity unit pack in addition to a single unit pack to encourage customers to order economically.

**AP 2.1.1.1.4.** The DoD Component should define DTC 8 & 9 destinations and cover both zones A & B when developing estimates.

**AP 2.1.1.1.5.** The DoD Component should use most frequent destinations or destinations that would provide an average or median cost.

**AP 2.1.1.1.6.** The DoD Component should take into account current and forecasted shipping conditions and events when developing estimates.

**AP 2.1.1.1.7.** The DoD Component will submit the estimated requests to USTRANSCOM via standard USTRANSCOM request methods no later than the 1 November each year. USTRANSCOM will return estimates no later than 1 December each year.

**AP 2.1.1.2.** Using approved rates in Letters of Offer and Acceptance (LOAs) prepared for items cited on the look-up table.

**AP 2.1.1.3.** Updating look-up table rates to assure estimated actual DoD costs are reflected.

**AP 2.1.1.4.** Providing information to DFAS Indianapolis relative to the applicable delivery term code (DTC) for each delivery transaction billing processed to DFAS Indianapolis for items on the look-up table. If the priority changes and the actual delivery of materiel does not

correspond with the DTC designated in the LOA, a Transportation Bill Code (TBC) indicating the actual method of shipment is entered on the delivery report.

**AP 2.1.2.** Annually (no later than December 10th), the DoD Components provide recommended rates for subsequent fiscal year (effective January 1st) to the DSCA (Business Operations Directorate). The formats in the calendar year tables in Appendix A2 – Transportation Cost Look-Up Tables – CY XX shall be used to forward recommendations to the DSCA (Business Operations Directorate). The DoD Components must include the cost elements prescribed in DoD 7000.14-R, Volume 15, Chapter 8. DSCA evaluates the data and staffs the revised rates and addition of items to the look-up table. DSCA disseminates the updated table to DFAS Indianapolis and to the applicable DoD Components by January 15th of each year. When a DoD Component determines that an established transportation charge requires adjustment, the recommended revised rate is forwarded to the DSCA (Business Operations Directorate) immediately. The DoD Components use the rates from the look-up table in the development of LOAs that identify transportation costs in item (11) of the LOA. Definition of each Code required follows:

**AP 2.1.2.1.** DTC 6 - Free on board (FOB) overseas port of discharge. The DoD is responsible for transportation from the continental U.S. (CONUS) point of origin to and including ocean transportation to the overseas port of discharge. The recipient country is responsible for vessel discharge, port handling, and subsequent arrangements and costs. Due to security concerns and ease/simplification of management, DTC 6 is not used by the Air Mobility Command (AMC) or Military Sealift Command (MSC) for shipments.

**AP 2.1.2.2.** DTC 8 - FOB aircraft or vessel - CONUS port of exit. The DoD is responsible for transportation from CONUS point of origin to and including unloading, handling, and storage aboard aircraft or vessel at port of embarkation. The recipient country is responsible for over ocean transportation and subsequent arrangements and costs. Effective 1 October 2020, the Department of Defense has discontinued use of any below the line transportation including the FMS Trust Fund Transportation Cost Clearing Account and Transportation Cost Lookup Table Rates for any new BPC cases.

**AP 2.1.2.3.** DTC 9 - FOB port of discharge (landed). The DoD is responsible for transportation from CONUS point of origin to and including aircraft or vessel discharge and port handling at overseas port of discharge. The recipient country is responsible for loading on inland overseas carrier equipment and for subsequent arrangements and costs. Effective 1 October 2020, the Department of Defense has discontinued use of any below the line transportation including the FMS Trust Fund Transportation Cost Clearing Account and Transportation Cost Lookup Table Rates for any new BPC cases.

**AP 2.1.2.4.** Special transportation requirements (e.g., Special Assignment Airlift Mission flights) continue to be identified in a line item on the LOA and applicable actual charges billed to the customer.