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A DESCRIPTIVE STUDY OF THE DOD-MANAGED FREIGHT
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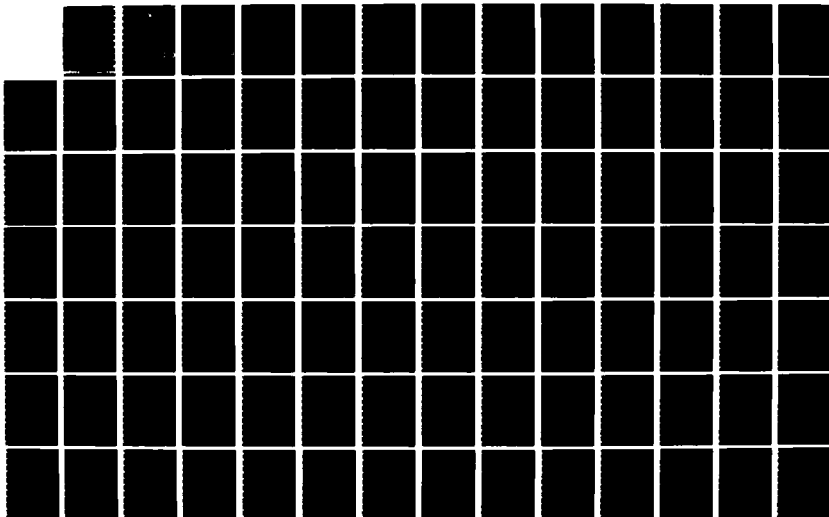
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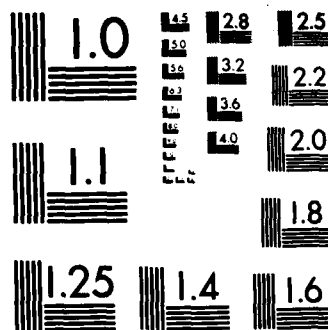
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FREIGHT FORWARDER CONCEPT

THESIS

Kimberly M. Allen
Captain, USAF

AFIT/GLM/LSM/86S-1

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A DESCRIPTIVE STUDY OF THE DOD-MANAGED
FREIGHT FORWARDER CONCEPT

THESIS

Presented to the Faculty of the School of Systems and Logistics
of the Air Force Institute of Technology

Air University

In Partial Fulfillment of the
Requirements for the Degree of
Master of Science in Logistics Management

Kimberly M. Allen, B.S.

Captain, USAF

September 1986

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— Kimberly M. Allen

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Abstract

The primary purpose of this investigation was to evaluate the feasibility of the DOD-managed freight forwarder concept. The study used personal interviews, and electronic message correspondence to obtain the perceptions and interest in the program. Data collection was concentrated in three major areas: (1) the feasibility of a tri-service effort for the test program, (2) the implementation process of the program, and (3) alternatives to the program in the event it was not approved.

The conclusion and recommendations of the study were based on both the results of the interviews and an extensive review of the current literature related to the area of FMS transportation. These results indicated that a test of the merit of the concept was warranted. The Air Force transportation agency, the Military Airlift Command, was deemed the most likely candidate. In the event the test case proved to be unsuccessful, changes to DTS could be made to accommodate the needs of the customer country as well as the United States Government.

A DESCRIPTIVE STUDY OF THE DOD-MANAGED
FREIGHT FORWARDER CONCEPT

I. Introduction

The transportation of Foreign Military Sales (FMS) materials has traditionally been the responsibility of the customer/procuring government involved in the transaction. The country was responsible for contracting their own freight forwarder, who would in turn, accept responsibility for the transportation of the materials from the United States Government (USG) to its intended destination.

Background

It is important to note that this method satisfies the requirements of the majority of the countries involved in the FMS program. Exceptions to the rule have surfaced with a group of twenty-six (26) countries who find it impossible to function under this system, either due to inadequate funding systems or an inability to secure the necessary services for successful commercial freight forwarding operations (Appendix A). These countries have come to rely on the services of the Defense Transportation System (DTS) for the shipment of their FMS materials. DTS is comprised of the U.S. Army's Military Traffic Management

Command (MTMC), the U.S. Navy's Military Sealift Command (MSC), and the U.S. Air Force's Military Airlift Command (MAC) (33:20-2). Their respective areas of responsibility are as follows (33:17-3):

1. MTMC is the Army's manager for land transportation, military traffic and common-user ocean terminals within the U.S. and predetermined overseas locations.

2. MSC is the Navy's manager for sea transportation.

3. MAC is the Air Force's manager for air transportation within the U.S. and to overseas locations.

The shift to DTS was necessary to facilitate continued shipment of FMS materiel to those countries whose only source of funding was the Military Assistance Program (MAP). MAP funds cannot be used to finance direct commercial contracts for freight forwarding services (6:1).

By taking on the additional workload of freight forwarder for the FMS program, DTS has encountered a considerable amount of concerns and complaints from various customer countries regarding the service received. Customer countries have expressed concern regarding the loss of shipment tracking capability and other logistics functions which are normally performed by commercial freight forwarders for their customers.

An alternative solution to the freight forwarding of FMS materials by DTS is the establishment of a DOD

contracted freight forwarder. The advantage of this concept is that the Military Airlift Command (MAC) and the Military Transportation Management Command (MTMC), commands that fall under DTS, would be relieved of the requirement to provide transoceanic carriage of FMS general cargo for the countries listed in Appendix A. This concept was designed to provide an alternative to the current system of operation (DTS) that will still be under the U.S. Government control and replicate, to the closest extent possible, the commercial freight forwarder environment.

The second major consideration was to allow for increased asset visibility during the transportation phase, providing billings that are as close to actual as possible (38:2). In summary, those countries listed on Appendix A are not satisfied with the present system of transportation under DTS, thereby initiating the tasking of the three services to investigate alternatives to the present system operated by DTS.

Statement of the Problem

The problem with the present system of transportation is that it does not provide the tailored services that the countries desire such as asset visibility, advanced notice of the arrivals of shipments, and accurate, competitive billing. Therefore, the DOD has initiated a study to determine the feasibility of a DOD-managed freight forwarder

that will mirror the commercial freight forwarding system, while remaining under the management and control of the United States Government.

Purpose of the Study

The purpose of the study was to examine the proposed DOD-managed freight forwarder concept in terms of: strengths/weaknesses, support, possible suggestions on its improvement, and in the event it is not approved, offer alternative actions.

Research Objectives

The research objectives will be achieved through an investigation of the present system, research into the ability of the concept to operate initially as a tri-service effort, and an evaluation of the proposed program and its effects on the SA program.

Research Question Number One. Is it feasible to attempt a tri-service effort for the initial test of the DOD-managed freight forwarding for the twenty-six test countries?

Research Question Number Two. If approved, how will the implementation of the contractor-owned, contractor-operated freight forwarder concept take place?

Research Question Number Three. What alternatives will be considered, in the event the DOD-manager freight forwarder concept is not approved?

Scope and Limitations
of the Study

This study has one very important limitation that has to be taken into consideration: the concentration of the study on the twenty-six designated countries presently utilizing DTS. This is not to say that there are not problems between other countries and their freight forwarders, but for the purpose of this research effort, the restriction will remain with these countries.

Definition of Terms

Due to the unique nature of the Security Assistance program, there are terms the reader needs to become familiar with during the course of this research. The terms deemed most important are the following:

1. Freight Forwarder--a freight forwarder is usually a private firm under contract to the FMS customer to receive, consolidate, and stage materiel within the U.S. and arrange for its onward movement. The freight forwarder's responsibilities are all contractually derived from the purchasing country and must be specified in the contract (33:20-8).

2. Logistics Pipeline--in logistics, a sufficient quantity of assets, on hand and/or on order, to meet

forecasted demands. That portion of (a) approved and funded MAP articles and services, and (b) accepted FMS orders for defense articles and services, for which delivery, either constructive or actual, has not occurred or services have not been rendered (13:522).

3. Statement of Work (SOW)--that portion of a contract which describes the actual work to be done by means of specifications or other minimum requirements, quantities, performance dates, and a statement of the requisite quality (29:73).

4. Security Assistance (SA)--the group of programs authorized by the Foreign Assistance Act of 1961, as amended, and the Arms Export Control Act, as amended, or other related statutes by which the United States provides defense articles, military training, and other defense-related services, by grant, credit or cash sales to non-United States countries or agencies (52:6).

5. Asset Visibility--this is of paramount importance to the customer in FMS transactions. Asset visibility provides information on the assets' requisition status, the assets that have been received by the freight forwarder, what assets have been transshipped to his country, and why assets in the freight forwarder's possession have not been shipped. The customer's freight forwarder needs a means of rapid identification of the

contents of shipments received in the event accompanying documentation is not available (8:5).

6. In-Transit Visibility System--the ability of the freight forwarder to match the shipping documents received with the actual materiel receipts. The freight forwarder should be able to track all incoming status, document and shipment information and perpetuate the necessary data. This system should enable the tracking of any non-receipt or damaged item from the purchasing country back to the point of origin. The freight forwarder should establish a system which will include, as a minimum, due-in information, advance shipping documents, shipping manifests, bills of lading, customs clearance documents, tracer/claims actions, container listing, invoices and other documents or correspondence on the shipment (33:20-8).

7. Defense Security Assistance Agency (DSAA)--DSAA falls directly under the direction, authority and control of the Assistant Secretary of Defense. Their functions include: the administration and supervision of security assistance planning and programs, conducting international logistics and sales negotiations with foreign countries, serve as the DOD focal point for liaison with U.S. industry with regard to security assistance activities, developing and promulgating security assistance procedures (33:14-2).

8. Security Assistance Accounting Center (SAAC)-- SAAC has a DOD-wide mission and is listed under the heading of Defense Agencies, although the Air Force is responsible for its administration. Some of the key functions are as follows: operate central system for DOD-wide FMS delivery reporting, collecting, forecasting and billing, account for the DOD FMS trust fund, perform continuing cash analysis to assure sufficient cash is available to pay DOD suppliers and U.S. military departments (MILDEPS), perform final accounting actions and render final accounting statements (33:14-3).

9. DSAA 1200 System--known as the 1200 System, it is used for program control, case status and summary information for the FMS portion of Security Assistance. It receives data from a variety of sources. The 1200 System is designed to record the status of FMS cases from the initial request through completion (33:8-13).

10. Transfer of Title--the title to equipment and materiel passes at the point of origin for the transaction unless specified otherwise in the DD Form 1513 Letter of Offer and Acceptance. Items purchased from DOD stock will transfer from a depot facility under normal conditions. Items purchased from a contractor will transfer title at the contractor's loading facility.

Title to defense articles transported via parcel post passes to the purchaser on date of parcel post shipment. USG transportation responsibility normally

terminates when shipment is delivered to the carrier or placed in the U.S. parcel service. (33:20-3)

11. Foreign Military Sales (FMS)--this is the aspect of Security Assistance authorized by the Foreign Assistance Act of 1961, and the Arms Export Control Act. This differs from the Military Assistance Program and the International Military Education and Training Program due to the fact that countries purchase military equipment, hardware, and services from the United States (33:B-12).

Overview

Chapter I provided an introduction to the problems faced within the area of FMS transportation, while offering the possible solution of the DOD-managed freight forwarder concept. Chapter II will be a review of the literature available on DTS and the current FMS transportation system, to include the proposed freight forwarder concept. Chapter III will present the methodology for the research effort and provide the procedures for gathering and analyzing the information. Chapter IV will contain the analysis of the DOD-managed freight forwarder concept. Chapter V will present the conclusion concerning the research and provide recommendations for further study.

II. Literature Review

Introduction

The purpose of this chapter is to provide the reader with an ample background of information on the topic of the DOD-managed freight forwarder concept and to show how the current problem is being addressed. In order to do this, it is important to review existing information on transportation within the Security Assistance Program (SAP). This review will include the role of DTS within the transportation system, the proposed DOD-managed freight forwarder concept (support/rejection), interviews with experts in the field, and message correspondence. This will enable the reader to become familiar with the concept, and the reasons which brought the need for a new system within the SAP.

Background Information on Transportation within the Security Assistance Program (SAP)

The responsibility for the transportation of FMS purchased materiels lies with the customer/procuring government or agency.

In application of this policy each customer utilizes its own resources or a contract agent, such as a freight forwarder, to manage transportation and delivery from origin to the final in-country destination. (33:20-1)

This policy of "self-sufficiency" involves many areas such as insurance costs, customs arrangements, and inland CONUS transportation (33:20-1)

There are areas that find exception to the policy of self-sufficiency and these are taken "on a case-by-case basis and approved by DSAA with the concurrence of the Assistant Secretary of Defense for Manpower, Installations and Logistics (MI&L)" (33:20-2). The transportation of firearms, explosives, lethal chemicals, hazardous materiel and certain classified materiel is the responsibility of the USG; therefore, DTS handles the transportation to the CONUS port of exit (33:20-2). From this point, movement is conducted by the purchasing government to its destination.

It is important to note that in instances where DTS is the designated freight forwarder, the USG, "maintains control and custody of the material (but not the title) until delivery to the purchaser is effected" (33:20-1). The customer country's responsibility for the cargo is assumed at the initial point of shipment, thereby becoming liable for loss or damage to the cargo during its delivery (33:20-3). While the materiel is in the purchasing country the USG provides FMS representatives to ensure the proper passage of the materiel throughout the country's infrastructure system. The representatives are responsible for (33:20-5):

1. Making arrangements for reception of the cargo.
2. Assuring establishment by the purchaser of adequate procedures for checking the equipment and materiel against manifests and shipping documents.
3. Providing technical advice regarding proper discharge of cargo.
4. Responding to transportation correspondence and initiating various transportation receipt documents and discrepancy reports.

The shipment of FMS cargo that must be transported by ocean, in accordance with the Merchant Marine Act of 1936, will be transported by ships under the United States registry (33:20-6). This requirement, especially for several of the twenty-six DTS-supported countries, proves to be a barrier since there are no regular passages of U.S. Registry ships to those countries (51). A waiver to the Merchant Marine Act of 1936 can be granted under certain circumstances, but the amount of cargo carried in the non-U.S. registered ship cannot be more than fifty (50) percent of the cargo (33:20-6). For reasons of time, scheduling and in-transit visibility, a more dependable and standardized method of transportation needs to be developed.

There are three main participants in the FMS transportation process: the United States Government, the purchasing country, and the freight forwarder (33:20-7). Each party provides an instrumental role in the success or

failure of the transaction as described by The Management of Security Assistance Manual.

U.S. Government. The USG has the responsibility of the initial preparation of the materiel purchased through the FMS Program. When the freight forwarder is contracted by the purchasing country, responsibility for the materiel transfers from the USG to the purchasing country (21). In the event the USG has been designated as the freight forwarder for the purchasing country, DTS will be responsible for the materiel until in-country delivery has been made (19). The USG also has the responsibility to provide supporting documentation for the shipped cargo, allowing FMS country representatives as well as freight forwarders to properly process materiel through the country (33:20-7).

Purchasing Country. It is the responsibility of the purchasing country to contract a freight forwarder for the transportation of cargo. Financial arrangements must also be made in order to compensate the freight forwarder for services rendered and to ensure all desired services are included in the contract (33:20-8). The materiel, after it has passed through the "initial point of shipment (point of origin)," is the responsibility of the purchasing country (33:20-3). The point of origin may be a depot facility, a designated port or a contractor's facility,

but responsibility and the transfer of title will pass at this time, unless stated to the contrary on the DD Form 1513 Letter of Acceptance (LOA) (33:20-3). Liability for the materiel also rests with the purchasing country (33:20-3). As stated in Annex A of DD Form 1513,

The purchaser therefore undertakes . . . to indemnify and hold the USG, its agents, officers, and employees harmless from any and all loss or liability . . . which arise in connection with this Offer and Acceptance. (33:20-3)

Freight Forwarder.

A freight forwarder is normally a private firm under contract to the FMS customer to receive, consolidate, and stage materiel within the U.S. and arrange for its onward movement. (33:20-8)

Therefore, all services provided by the freight forwarder are found within the contract agreed upon between the purchasing country and the contracted freight forwarder.

Since the freight forwarder is contracted by the purchasing country, they deal directly with each other in terms of discrepancies that occur in transit (losses, damages).

Though there are no concrete characteristics that will ensure the success of the relationship between a freight forwarder and a customer, there are certain areas which are vital to the operation within SA transportation. These include (33:20-8,20-9):

1. Storage facilities and MHE
2. In-transit visibility system
3. Payment of CCBL

4. NOA
5. Shipment damage assessment
6. Repack, recrate, reinforce
7. Marking, labeling, documentation
8. Shipments of materiel in credit cases
9. U.S. customs
10. Reparable return

Role of DTS within the Security Assistance Program

The decision to use the DTS as a "fallback" freight forwarder, for those twenty-six countries lacking the necessary capital and expertise to contract their own, emerged from the Office of the Secretary of Defense (OSD) (39). A waiver was given by the Defense Security Assistance Agency (DSAA) to allow those countries to enlist the services of the DTS (Appendix B). The move to DTS was imperative to facilitate the continued shipment of FMS materiels to those countries whose only source of funding is Military Assistance Program (MAP) funds (5:1). MAP funds are not available for direct use in the contracting of commercial freight forwarders (5:1).

While the service DTS performs is of acceptable quality in many instances, there is concern for their performance in other areas. One area is information management. There is a desire by FMS customers to have increased availability of information concerning their shipments; a

service that the DTS does not provide (41:1). But it is important to remember that information management in the FMS program evolved from a time when there was no requirement for it: the Grant Aid program. Grant Aid provided nations friendly to the U.S. with military equipment with which to restore or build their forces, free of charge (8:1). This type of operation did not involve recipient resources since the equipment dispersed under this program was given as a grant and did not require any payment. It was for this reason the USG did not know what special management information needs were required by the recipients (8:1). This inspired the development of the HO-51 International Logistics Information System (8:1). The need for increased information management became apparent once recipients became paying customers, especially in the area of visibility over the financial position of programs (8:1). Recipients differ from customers due to the exchange of money: recipients receive materials with no expectation of repayment, customers are expected to make arrangements for repayment. Congressional attention over financial management of the FMS program also ignited the desire for increased information availability. The development of the Security Assistance Accounting Center (SAAC) and the DSAA 1200 System were efforts to improve upon a system that had deficiencies (8:1). In 1975, the Air Force Logistics Center (AFLC) initiated the design of a

replacement for the HO-51. This system, named the Security Assistance Management Information System (SAMIS), establishes programs and cases, validates and passes requisitions, accounts for obligation/expenditure authority, records supply status, interfaces with service accounting and supply data systems, and produces program reports and statistics (33:17-12). SAMIS was designed to protect the USG while also providing as many customer needs as possible. But the need for a more comprehensive system that provides on-line access to the data, for the customer as well as the USG management is paramount (21).

The second area of concern is the financial management of the FMS Program. The FMS Program is a 150 billion dollar program involving over 15,000 individual cases with eighty customer countries (21). Overall management of the program for the DOD is vested in DSAA with financial management policy provided by the Assistant Secretary of Defense (Comptroller) (19:1). SAAC was developed, with the Air Force as the executive agency, to be a centralized office to account for the FMS trust fund and to bill and collect payments from customers (19:1). To support SAAC in this task, the Defense Integrated Financial System (DIFS) and the Automated Information System (AIS) were developed and implemented (19:1).

The problems with the present transportation are not insurmountable. But the issues addressed in the

research conclude that specific attention must be given to the problems and their solutions. The customer, the freight forwarder and the USG have the right to expect maximum efficiency at minimum cost. The intent of the DOD-managed freight forwarder concept was to provide the necessary customized services to the customer country, while allowing the USG to maintain control over the entire process.

Review of the Proposed DOD-Managed Freight Forwarder Concept

The DOD-managed freight forwarder concept calls for a USG contract with one or more freight forwarders to provide specific handling, staging, and transportation of materiel for participating FMS countries, primarily the twenty-six countries currently using the DTS for all their transportation requirements (6). The intent of the concept is to provide FMS countries a transportation service which would replicate, to the closest extent possible, the commercial freight forwarding environment, yet still remain under USG control.

The facility operation of the freight forwarder, under the management of the DOD, will have to be decided among three options. Option 1 would be to have a government owned-contractor operated (GOCO) facility. Option 2 would be to have a contractor owned-contractor operated (COCO) facility. Option 3 involved the use of government

leased-contractor operated (GLCO) facilities. Option 1 would allow for more government involvement in the operation since the government would own the facility. Options 2 and 3 would minimize the involvement of the government, yet would pose a lesser threat to private sector freight forwarders in terms of competition. Option 2, the contractor owned-contractor operated method, was the method chosen as the best alternative at the DOD Freight Forwarder Concept Meeting.

There are definite advantages and disadvantages associated with the implementation of a DOD-managed freight forwarder program (Appendix B). The first advantage addressed was the replication of the concept to the commercial side of the industry (Appendix B). In keeping a comparable method of operation with the commercial side of the industry, the DOD can allow for a smooth transition into the Program while affording the maximum amount of control over the shipment of FMS cargo (31). This method aids the DOD as well as the customer country by providing "an FMS specific alternative to a direct commercial contract, without necessitating major system changes to DTS" (Appendix B).

A second advantage cited was the provision of a state-of-the-art computer system that would allow for timely in-transit visibility of FMS cargo and a smooth transition along the logistics pipeline. "This concept

will effectively interface supply and transportation arenas through identification of an item at the requisition number level." The envisioned system will provide visibility for all segments of transportation (Appendix B).

The third advantage of the DOD-managed freight forwarder concept to be discussed is the tailored "FMS specific alternative" it provides to the Defense Transportation System (Appendix B). The difficult process of choosing the appropriate freight forwarder for the job has been eliminated with this concept. "The DOD freight forwarder concept will simplify the process because of the pre-established contract conditions" benefitting the United States Government as well as the customer country (Appendix B).

There were four disadvantages listed against the concept. The first was the decrease in the amount of revenue taken in by DTS for FMS transportation (Appendix B). In an interview, the question was raised on how much of the revenue taken in by DTS is attributable to FMS transactions and the document cited was 5 to 10 percent.

The second disadvantage stated that "the standardized freight forwarder operation will not permit customized transportation arrangements to individual FMS customer countries" (Appendix B).

The third disadvantage was the private sector's resistance to this idea due to the possibility of the

direct competition of the concept with the commercial freight forwarder (Appendix B).

The final disadvantage cited was the increased cost the program could be to the customer country (Appendix B). This claim will not be proved or disproved until a complete economic/cost analysis is performed on the concept (30).

The development of the concept paper, though not the final work on the DOD-managed freight forwarder concept, served as a foundation for what was to follow: the development of a "strawman" statement of work that would finally be scrutinized by interested commercial freight forwarders at an organized freight forwarder industry meeting.

The industry meeting, which was held in Alexandria, Virginia, on 24-25 July, was organized to allow an open forum for discussion between the commercial freight forwarders already involved or interested in being involved with the FMS program. Representatives from the DOD were also present to bring the audience up to date on policy changes and program renovations affecting the industry. Forty-one freight forwarders were represented at the meeting, providing an open environment for responsive discussion between the forwarders and the DOD. This opportunity for both sides to interact proved to be an invaluable method

of maintaining a pulse on the field of transportation while venting frustrations that may have built up on either side.

Paraphrasing the definition given in Chapter I, the Statement of Work is the foundation for the development of the working relationship between the USG and the contracted freight forwarder. Ms. Luanne Handley from the International Logistics Center, Wright-Patterson Air Force Base, Ohio, has developed a "strawman" statement of work to serve as a point for future development in this area. A strawman statement of work is developed to enable continued research and development of a final statement of work that satisfies all the requirements of the parties involved--legally, administratively, and participatory.

The strawman statement of work sets the tone for the intended relationship among the USG, the customer country, and the contracted DOD-managed freight forwarder. The responsibilities of each participant are clearly defined and addressed within the statement of work developed by the International Logistics Center (Appendix E).

Freight Forwarder. There are five (5) general areas of responsibility addressed in the statement of work. The first involves the role of the freight forwarder as "forwarding agent for the movement of FMS related materiel from the CONUS port of exit, assembly, location of other

origins" (Appendix E). Therefore, the freight forwarder, as the forwarding agent, provides (Appendix E):

. . . all services required to move this materiel from designated CONUS points to designated in-country receipt points, including storage and handling at port of exit and transportation to destination port of entry.

The second responsibility of the contracted freight forwarder involves the booking of various modes of travel for the FMS cargo. This is the area that involves the freight forwarder's "capability to properly handle, transport, and deliver FMS equipment in a manner acceptable to the U.S. Government" (Appendix E). The cost effectiveness of each mode of travel must be taken into consideration as well as the "size of cargo, type of materiel, priority of the shipment and in adherence with guidance provided by designated country officials" (Appendix E).

The third responsibility of the freight forwarder involves the arrangement of inland transportation within the United States to the port of exit (Appendix E).

The fourth responsibility covers the indirectly related aspects of the transportation process such as (Appendix E):

. . . temporary storage, cartonnage, transport to pier or airport, repacking or remarking when necessary, containerization, palletization, shipment documentation, clearance for export, consolidation, loading/unloading, dock or airport handling.

The final area under the responsibility of the freight forwarder concerns the same services aforementioned,

only in reverse in the case of retrograde and return shipments (Appendix E).

Customer/Participating Country. The three main areas of responsibility for the customer/participating country are discussed under the statement of work. The first area involves the justification by the designated country on the use of air freight rather than ocean for the transportation of the FMS cargo (Appendix E). The various priority ratings of the cargo would have a definite effect on the decision between air and ocean carriage.

The second area of responsibility is the provision of all information needed by the contracted freight forwarder "to produce export declaration and other documentation" (Appendix E). It is paramount that open lines of communications exist between the customer/purchasing country and the freight forwarder for all phases of the transportation processes (39). It is the responsibility of the designated country official to "instruct suppliers to contact the contractor regarding all shipping arrangements," limiting the amount of miscommunication between the two (Appendix E).

The final area of responsibility covers the inspection of the cargo prior to its shipment. Unless otherwise specified, the customer/purchasing country will arrange for the inspection of the cargo (Appendix E).

Contractor (U.S. Government). The contractor, as seen under the statement of work, is the United States Government. The statement of work provides seven (7) general areas of operation for the contractor that covers the role to be played under the DOD-managed freight forwarder concept (Appendix E). The first provision is the actual freight forwarding service provided under the management of the program, whether by air, surface or ocean freight (Appendix E). A more complete list of the services to be provided are found in Schedule II of the statement of work.

The second area involves the movement of ammunition. Although the

. . . movement of ammunition will be outside this agreement . . . the contractor may provide assistance to the designated country officials in the charter and/or other arrangements for the movement of munitions. (Appendix E)

The third responsibility is the availability of various instructions needed by the suppliers to "call forward goods for shipment" (Appendix E). This service will be provided by the contractor.

The fourth area states that the contractor will check for damaged materiel. In the event that damaged materiel is found, it would "be reported immediately to the supplier and to the appropriate designated country official" (Appendix E).

The fifth area is a related topic that states

. . . any package which appears not to conform with USG packing regulations but shall report the matter to the designated country official for further instructions. (Appendix E)

Documentation requirements are covered under responsibility six (6). The responsibility of ensuring that information given on the documentation agrees with the information noted on the materiel itself.

The final area covered involves the provision of floor space in warehouses. As required by the statement of work "FMS materiel will be in a separately segregated area with additional facilities for pilferable items with adequate security" (Appendix E). Though careful attention has to be given for the storage of FMS materiel, there is no requirement for storage to be dedicated to the cargo (Appendix E).

Summary

The literature in the area of the DOD-managed freight forwarder is limited, at best; therefore, Chapter II is as comprehensive as the field allows. The contribution of background information on the subject as well as the provision of information on where the program lies presently will aid in the understanding and answer of the research questions posed in Chapter I. Chapter III will provide a method for the answering of the research questions and result in their final analysis in Chapter IV.

III. Methodology

Introduction

The framework for the development of the proposed DOD-managed freight forwarder concept within the Security Assistance Program was identified and explained in Chapter II. The responsibilities of the parties involved in the transportation process within the SAP were presented along with the background and development of the proposed DOD-managed freight forwarder concept. The review of the literature suggests that little has been written on the subject of the DOD-managed freight forwarder concept. This chapter will describe the procedures used to accomplish the objectives and answer the research questions posed in Chapter I. Chapter III will provide a description of the population used to gather the necessary data, the method chosen to collect the data, and the procedure used to analyze and interpret the data.

Selection of the Research Population

Due to the complexities involved in the area of FMS transportation and the limited time allowed for the research effort, it was necessary to collect the perceptions of the few noted experts in the field of transportation, both on the side of DOD transportation and the

commercial freight forwarders, on a more in-depth basis. This technique allowed for a more channeled direction for the research, focusing on the more important area and eliminating the inconsequential, peripheral areas, resulting in a relatively small population.

The research population for the DOD was developed from the list of attendees at the initial tri-service meeting on the DOD-managed freight forwarder concept. These included representatives from OSD/MI&L, DSAA, each of the service transportation commands and the ILC. The commercial freight forwarders involved in the research were interviewed while attending the FMS Transportation Industry Meeting held on 24-25 July 1986, in Alexandria, Virginia.

Those involved in the research on behalf of the DOD and the commercial side were intended to provide a representative sample rather than a complete list of all possible respondents. It was the opinion of the researcher that those opinions chosen were a good representation of the available expert opinion.

Primary Areas of Concern

The collection of data for research into the concept was concentrated in three (3) areas: (1) the ability of the concept to operate as a tri-service effort, (2) plans for the implementation of the concept, and (3) alternatives

to the DOD freight forwarding concept in the event it does not win the support needed for approval.

The hypothesis that the ability of the DOD to operate FMS transportation cooperatively under the DOD-managed freight forwarder concept is one that is purely speculative in nature. Though this research would not attempt to disprove the abilities and merits of the DOD transportation system, there are aspects that are inherent in the system that cannot be expected to change rapidly enough to satisfy the immediate concerns of the concept. Interviewing the participants showed that the three (3) commands do not agree on the viability of the concept.

The second area of concern was chosen due to the importance of the plans for implementation of the concept in the event it is approved. If the concept is approved, the initial twenty-six (26) countries will be the test case for the concept. The important issue to keep in mind with the process of the development and implementation of the program is that it will have to provide service that is more comprehensive and economical than the service presently provided by DTS.

The final area contains the alternatives to the concept in the event it is not approved. The interviews conducted in this area resulted in varied opinions and suggested options. Several responses were noted in the

form of interview, electronic message, and personal correspondence from DOD personnel.

Method of Data Collection

The principle methods of data collection were through the use of electronic messages, personal correspondence and the events leading to the development of the final concept paper. Additionally, the use of personal interviews was an instrumental part of the research, allowing the interviewer to build upon the foundation and providing more depth. Through personal contact with the interviewees, the interviewer was able to vary the format of the questions asked and allow a free flow structure, permitting both parties the flexibility to speak freely while also retrieving the required information.

Data Collection

The majority of the written data used in the research was obtained from Ms. Luanne Handley from the International Logistics Center, Wright-Patterson AFB, Ohio. The information included personal correspondence, electronic messages and memorandums that were conducted among the key personnel involved in the concept. From these, the researcher was able to gather the necessary names of those decision makers who would be able to give personal insight to the research effort.

The second method of personal contact with key individuals was performed in two ways: through personal interview (in person or by telephone), or in the audience while the individual was speaking on the subject. A total of fifteen (15) persons were interviewed: ten (10) were DOD personnel and five (5) were commercial freight forwarders. Of the personal interviews conducted, eleven (11) were in person and four (4) were over the telephone. Preliminary interviews were conducted between September 1985 and March 1986, while the majority of interviews occurred during May and July of 1986.

Due to the varied positions taken on the concept, personally and politically, and its uncertain future, certain individuals elected to speak off the record. There were several who would allow the interview only if their names were not linked to what could be considered sensitive commentary. All requests were honored by the interviewer and great attention was taken to prevent divulging that information and to maintain the anonymity of the interviewees.

Data Analysis

Data collected from the written as well as through personal interview were analyzed and grouped in the following problem areas:

1. Tri-service cooperation
2. Plans for implementation
3. Alternatives to the concept

Responses to interviews and the literature were grouped to coincide with the specific problems cited. This was done to maintain consistency within the research. The data were then arranged by organizational level to enable a grouping of responses. This method provided the identification of commonality between certain groups at certain levels of influence.

IV. Analysis and Discussion of Results

Introduction

This chapter presents a discussion of the information obtained during the research effort through the literature and personal interviews. Therefore, the chapter is divided into three sections: the tri-service cooperation on the initial test of the concept, the plans for implementation of the concept, and the alternatives that will be researched in the event the concept is not approved.

Tri-Service Cooperation

The ability of the Army, Navy and the Air Force to cooperate and become a cohesive force in the investigation of the DOD-managed freight forwarder concept is the issue in question. The concept, if to be considered a viable option to DTS, must be investigated by those closest to the transportation process. The concept must provide a foundation for the transportation system that will improve the shortcomings of the present system. This is not possible if the support from the necessary agencies is not given.

The major indication of the success of the concept in terms of the three services working together was the Industry Meeting held in Alexandria, Virginia. DOD and

civilian transportation representatives were present and made their views known either directly or indirectly. One opinion was stated at the onset of the meeting which seemed to set the tone for the rest of the DOD representatives that were present. The statement, paraphrased, was that attendance from their organization would be provided but no other support would be given because it would appear that they were in favor of the concept when actually they were not. Another comment from an unnamed source stated the concept would do nothing more than replicate the service that DTS was already providing. The rationale behind the statement involved the amount of difficulty in accessing certain countries. The interviewee stated that a commercial freight forwarder would have as much trouble in obtaining transportation to and accumulating sufficient cargo loads for the country in question. Therefore, according to the interviewee, the intent of the concept, namely the expeditious movement of goods, would not have been met.

This aspect of the research was the most subjective in nature. Those interviewed expressed great concern that the concept would be more of a hindrance to the transportation system than assistance. One would have to ask why the issue was allowed to reach the point it has if there was the level of disagreement that presently exists. When asked this question, those interviewed either had no comment or really never expected the concept to reach this stage.

One thing is certain, if the parties involved in the actual process of the formulation of the concept do not form a united front, the future of the DOD-managed freight forwarder does not look very promising. Of the DOD transportation representatives interviewed, all four expressed serious doubt over the future of the concept.

Plans for Implementation

The analysis of the implementation plans for the concept was developed from the initial concept paper and the strawman statement of work developed by the International Logistics Center under the supervision of Ms. Luanne Handley, the project officer for the concept. The concept was formulated around the premise that the DOD-managed freight forwarder would replicate the commercial freight forwarders to the closest extent possible while still under the control of the United States Government.

The concept paper (Appendix B) provided a list of nineteen (19) operational and three (3) optional tasks and requirements for the contracted freight forwarder to adhere to.

Though the provision of a complete list of all the possible services a "successful" freight forwarder should provide is not the intent of the concept paper, it did cover the majority of services required by the customer. Problems listed early in the research (i.e., in-transit

visibility, responsive delivery schedules, etc.) are covered by the taskings listed.

When the commercial freight forwarders were shown the taskings and requirements, keeping in mind that this was not the final draft for the program, there was no discussion concerning the requirements of the concept. Of the five (5) freight forwarders that were personally interviewed, all five agreed the concept paper's taskings were a good initial point to work from.

The Statement of Work

The Strawman Statement of Work, again developed by Ms. Luanne Handley of the International Logistics Center, provided a more detailed structure for the implementation of the concept. The statement of work was developed through research of some of the more successful relationships between foreign countries and their contracted freight forwarders, namely Jordan and New Zealand contracts (Appendices C and D). It is important to remember the purpose of the strawman statement of work is to provide the foundation for continued research into a final statement of work. The initial effort allowed direct and indirect input from the various agencies involved in the FMS transportation process. As addressed previously, comments made at the Industry Meeting were ideas taken into consideration and used to modify the statement of work, encouraging an iterative process of development.

The statement of work was formally presented to the attendees of the industry meeting and not with general approval, with the inclusion of several comments.

Comments from the Industry Meeting

Comment 1. The question of who would report the discrepancies found in the cargo was raised. Presently, a Report of Discrepancy (ROD) is filed by the customer country from a determination that a "suspected discrepancy is, in fact, valid" (33:21-3). After the determination of a discrepancy has been made, it must be decided whether it is the responsibility of the shipper or a carrier to resolve" (33:21-3). If it was determined that the carrier was at fault, the claim would be filed with the carrier immediately, "as his liability is terminated after nine months from date of shipment" (33:21-3). If it was determined that the shipper was at fault, then the ROD is submitted by the customer and submitted for processing (33:21-3). Presently the method of submitting and processing the ROD was found to be satisfactory and until further determinations could be made, reporting would remain virtually the same.

Comment 2. The second comment raised during the meeting concerned establishing payment schedules for the contracted freight forwarder. The answer was given by the contracting representative from Wright-Patterson that

attended the meeting. Thirty days from the submission of the proper contract is when the payment can expect to be received.

Comment 3. The third comment involved a correction that needed to be made in the statement of work. The SOW stated that the contracted freight forwarder would be responsible to the foreign country, which is an incorrect statement. If the DOD-managed freight forwarder concept is accepted, the responsibility of the management of the freight forwarder would lie with the contract management section, since this would be an official government contract.

Though there was much discussion on the statement of work in general, the basic intent of the effort held its ground.

Investigation of Alternatives

The final area under analysis is the investigation of alternatives to the DOD-managed freight forwarder concept, in the event it does not meet with the necessary approval. This was believed to be vital for one important reason. The concept of a DOD-managed freight forwarder may not win the approval needed to become a reality, but the problems that brought it to the surface are still very real. Therefore, if the concept is not the answer, there must

continue a search to find the proper one. The research produced two alternatives that warrant consideration.

Alternative 1. This alternative involves the realignment of the Defense Transportation System to allow for the added responsibility of FMS transportation within their charter. Presently, this facet of their role as the DOD transportation manager, is supposed to be on an exception basis only. Therefore, it is not the fault of DTS that the service provided to the customer countries may not be as tailored as they may wish. DTS was not set up to customize FMS transportation services and in turn does not do so. But the situation cannot be totally ignored due to this restraint.

One of the main areas of concern is the ability of the customer country to run an inquiry on an item to determine its location and eventual delivery date. Presently, that type of information is not readily available through DTS. If DTS were to be restructured to allow for more of an interface between themselves and the customer country, the problems encountered may be brought to a minimum.

SAMIS (Security Assistance Management Information System) is an information system designed to manage and control AFLC's portion of the United States Air Force Security Assistance Program (10). This system provides the control, visibility, and processing capabilities

necessary to accomplish the International Logistics mission (10). SAMIS has the ability to be an on-line or batch type of system. It allows an interrogation procedure, inputs of various transactions and an interactive updating system. More specifically, SAMIS has a Freight Forwarder Tracking System that has the ability of tracking materiel movement from source of supply/repair to country or from the country to the source of repair (10). This would allow a closed tracking system for USAF, case managers and customer country. If DTS was to fully integrate this system into their mode of operation, it is believed that many of the current problems would then be alleviated. Delays would be highlighted and pinpointed as to what the difficulty in transportation might have been experienced. Upon the determination of the delay, tracer actions could be initiated. Critical items being shipped could be reinforced with the appropriate management actions. And finally, the shipment of the cargo could be verified, allowing the customer the satisfaction of having a closer approximation of delivery time than is presently possible with DTS.

SAMIS is a definite possibility for DTS in the event the concept is not approved and a more comprehensive management information system is demanded of DTS.

Alternative 2. The second alternative would be to use the Concept Paper and the Strawman statement of work to develop a test for the DOD-managed freight forwarder system. Choose a batch of the service that would be the most acceptable as the test case and try the concept out on that service. It is the recommendation of the researcher that the Military Airlift Command be the test transportation system and allow the Air Force to try the concept before accepting or rejecting the entire concept in total.

The rationale for choosing the Air Force was twofold. The Air Force has a modest amount of cargo that is sent through MAC. It is not the largest concentration of cargo, yet it is not the smallest. The figures for fiscal year 1985 can be seen in Appendix F.

The second reason for choosing the Air Force is its proximity to the study due to the position of the ILC as lead agency for the concept. It has been concluded that the program would get off to a faster start and evolve into the desired/undesired program if allowed to use one service as a test case, and for that service to be the Air Force.

The following chapter presents the major conclusions and recommendations drawn from both literature review, through personal contact with key individuals in the area of FMS transportation, and this analysis.

V. Recommendations and Conclusions

Introduction

This chapter provides the summary of the conclusions that have been drawn from the research of the proposed DOD-managed freight forwarder concept. Recommendations for the improvement of the system will be made from the conclusions. Finally, recommendations will be made for further research into the areas that this research was unable to cover due to limitations of time and necessary data.

Conclusions

Based on the reviews of the pertinent literature and the personal interviews conducted, the following conclusions can be drawn concerning the DOD-managed freight forwarder concept.

Conclusion Number 1. The renovation of the transportation system for FMS cases is a giant task to be undertaken. When the additional complication of fragmented transportation systems among three services is considered, the task becomes even more challenging. An attempt by the DOD to undertake the complete renovation of the services to a unified method of transportation is considered an excessive initial move.

Conclusion Number 2. The appointment of the ILC as lead agency was an attempt to select an agency that was both impartial among the services yet involved in the FMS transportation process. Though the intent of the appointment was clear, the results have not been. The research concluded that commitment to the concept is in question. One reason for this could be a hesitation to follow the lead of an agency that is not directly involved in the FMS transportation process. Another reason could be the resistance of the agencies to the concept overall. Whatever the rationale, unless given the necessary upper level support as well as the necessary peer level support, the months of diligent work exhibited by the ILC will go unnoticed. The level of dissent among the transportation services was even more evident at the Freight Forwarder Industry Meeting.

Conclusion Number 3. The purpose of the industry meeting was to allow a forum for the dissemination of information to the commercial freight forwarders interested in FMS transportation, and specifically interested in the DOD-managed freight forwarder concept. Representatives from the DOD were also present to make presentations to the group and to voice concerns on various topics. The necessary cohesion needed to fuel an innovative program such as this was not evident among the DOD representatives who attended.

Conclusion Number 4. If the concept of a DOD-managed freight forwarder is adopted, the operation and management of the program cannot be maintained as separate entities as in the present transportation system. Though this is not to suggest inefficiencies in the present transportation system, it is believed that it will be necessary since the DOD is hiring one/multiple freight forwarders for a single purpose: to transport goods purchased by foreign governments under the FMS program as cost-effectively as possible.

Recommendations

Based on the information obtained during the research and on the conclusions drawn, the following recommendations are offered in order to improve the transportation process in the FMS program.

Recommendation Number 1. The ILC should not have been chosen as the lead agency in the investigation of the feasibility of the DOD-managed freight forwarder concept. Rather, the development of a task force is warranted to keep the objectivity in the proper perspective. Members of the task force should include all the transportation services as well as DSAA, and the ILC. From this point, the feasibility study is equipped to hit the problem head on and then determine whether it is a system that will

benefit or hinder the FMS transportation process economically as well as operationally.

Recommendation Number 2. The second recommendation is to use the Air Force's transportation system as the test case to ascertain the operational readiness of the concept in the event it is approved. By choosing one service as the test for the program, the avoidance of an overall system change is accomplished with minimum disturbance to the system.

Recommendation Number 3. In the event the concept is approved, a program office should be developed to oversee the operation for an initial one-year period. After that time, the contract management division should be well equipped to handle the freight forwarder(s) with the same efficiency as their other contracts.

Recommendation Number 4. The freight forwarder is a vital link in the success of the FMS program; therefore, the more informed the freight forwarder is, the better off all parties will be. Industry meetings, such as the one held in Alexandria, Virginia, should be held on a regular basis to keep the industry abreast of new policies, and regulations that affect their operation as well. Keeping the freight forwarders in the system enhances the operation

and maintains an open channel of communication among all involved parties.

Recommendation Number 5. An educated consumer is the best consumer; therefore, the recommendation is to conduct seminars for interested country representatives on their responsibilities and rights in the transportation process. Changes in policies and regulations also affect the customer as well as the freight forwarder. Therefore, it is paramount that all parties involved have a clear, working knowledge of their environment and their place in that environment.

Future Research

Future research in this area should investigate and develop a survey of the level of satisfaction experienced by the freight forwarders, and the customer countries. This survey could be used to determine first-hand whether the problems cited in this research are still problems and widely held throughout the transportation system. A questionnaire was sent out to the freight forwarders following the industry meeting held in Alexandria, Virginia. The questionnaire was developed by Ms. Luanne Handley and is provided in Appendix F. The intent of the survey was to obtain cost estimates from the commercial freight forwarders in order to compare them with the cost of the military transportation services.

The second area for further research is an extension of the first: an extensive cost-analysis of the proposed DOD-managed freight forwarder concept. This would involve an in-depth study into each of the three transportation services, coupled with a study of chosen commercial freight forwarders, and the eventual cost comparison of the two systems.

The third area would entail the steps that DTS would have to take in order to become the transportation service desired by the customer country. This research area would include such things as software interface development and possible personnel changes.

Finally, a program of educational instruction for the freight forwarders as well as the customer country may be warranted. The research would address the question of which form of education would be the most beneficial in preparing individuals in the FMS transportation process. The research should also address what would need to be taught to the participants to make the process move as smoothly as possible, avoiding the ineffective methods of communication that often plague such diversity within a system.

Appendix A: Countries Currently Utilizing the
Defense Transportation System

DSAA has granted special authority to these countries to use DTS to the overseas port of discharge. DSAA has indicated that these countries will most likely become the initial participants of the DOD-managed freight forwarder effort.

Antigua	Honduras
Barbados	Jamaica
Belize	Kenya
Bolivia	Liberia
Botswana	Malawi
Chad	Niger
Costa Rica	Philippines
Djibouti	Senegal
Dominica	St. Lucia
El Salvador	St. Vincent
Grenada	Somalia
Guinea	Sudan
Haiti	Zaire

Appendix B: DOD-Managed Freight Forwarder
Concept Paper

HQ USAF/PRI

DOD-Managed Freight Forwarder Concept

Lieutenant General Gast
Director, Defense Security Assistance Agency
Washington DC 20301

1. I am pleased to forward the attached tri-service concept for a DOD-managed freight forwarder contract. The concept package was staffed extensively through the services and has the concurrence of the involved Army, Navy, and Air Force activities.

2. This concept fulfills the objectives of your original tasking from the 1985 streamlining effort. It will also fulfill FMS customer needs for a long-term transportation service with state-of-the-art asset visibility. This will, in our view, resolve some current transportation problems. We believe that it also could potentially prove a solution to problems in the commercial freight forwarding environment.

3. I have asked the AFLC International Logistics Center (ILC) to continue with the economic analysis and development of a strawman statement of work. On receipt of your approval, we will proceed with implementation of the concept according to the proposed milestones and decision points.

3 Atch

1. Concept
2. Advantages/Disadvantages
3. Major Premise Discussion

Distribution List

HQ USAF/PRIM

DALO-SAA

AMSAC-OL/7

MTMCEA/ITEL

MTMC-ITX

USN/OP-632B

USN/SUP-07C

USASAC-NCAD(OL/T)

OASD(AL)-LM-1L

HQ AFLC/DST

HQ AFLC/PMPO

AFLC ILC/AWST

AFLC ILC/EC

AFLC ILC/GB

AFIT/LSM

DISAM/DIC

SAAC/FSX

DLA-AT

DOD-MANAGED FREIGHT FORWARDER
CONCEPT PAPER

CONCEPT OF OPERATION

- a. A freight forwarder will provide standard services, as specified in a DOD-managed contract, for specified customer countries in support of items purchased through the FMS program.
- b. A freight forwarder will operate at locations necessary to provide worldwide support. The forwarder will effect movement per items supplied from both CONUS and overseas sources, to include retrograde materiel.
- c. A forwarder will have the capability to use state-of-the-art computer and communications equipment that is compatible with current and projected DOD data and communications systems.

PRESENT-DAY POLICIES TO REMAIN INTACT

- a. Transfer of Title. Title to equipment and material will transfer to the purchasing country at the initial point of shipment, unless otherwise specified in the Letter of Offer and Acceptance (LOA). This transfer point will be at the US depot and/or at the manufacturer's loading facility, whether in CONUS or overseas.
- b. Delivery Term Code (DTC). The normal DTC for FMS transactions will remain 4. DTC 8 will continue to be used when specific commodities require the freight forwarder to interface with Defense Transportation System (DTS). Other DTCs which obligate the US DTS will be negotiated, only under special circumstances, on a case-by-case basis.
- c. Offer Release Code. The normal offer/release code will remain A. Offer/release codes Y and Z continue to be negotiated only under special circumstances.

Attachment 1

OPERATIONAL TASKINGS AND REQUIREMENTS*

*This is a provisional list of freight forwarder tasks and requirements. If the concept is accepted, the ILC will direct a tri-service effort to develop a final statement of work (SOW) which will include the definitized list of tasks and requirements.

- a. Provide and maintain all materiel handling equipment (MHE) required to operate the freight forwarder facility.
- b. Receive shipments and pay collect commercial bills of lading (CCBL); maintain paid invoices to obtain reimbursement from the US Government.
- c. Annotate shipping discrepancies on CCBL and file claims with carriers on behalf of customer country.
- d. Process "receipt" notices into the in-transit visibility system. (The in-transit visibility system refers to automated tracking used by a freight forwarder to maintain and pass data to the services/countries. This remains the property of the US Government.)
- e. Consolidate shipments and book space for movement to customer country via commercial air and surface modes. The forwarder(s) will pay all onward transportation costs and provide paid invoices to obtain reimbursement from US Government.
- f. Perform the full range of export/import brokerage to include all license and US customs requirements.
- g. Provide advance notification of shipment to the customer country.
- h. Process "lift" notices to the in-transit visibility system. Advise country of mode of shipment and carrier (if known), itinerary, and estimated date of arrival.
- i. Obtain appropriate Defense Investigative Service (DIS) clearances.
- j. The forwarder(s) will report to the US Departments of State and Commerce all FMS materiel exported as required by federal statute.

- k. The forwarder(s) will receive and respond to Notice of Availability (NOA). This will include arranging for interface with the DTS (MAC or MTMC) for movement of specific commodities being shipped under DTC 8 conditions. Additionally, it includes arranging for pick up of material by purchaser owned/operated aircraft (pilot pick up) or by country-owned military naval vessels.
- l. Respond to transportation information interrogation from FMS customer and/or JS Government; trace shipments in response to follow up on shipping status.
- m. Maintains complete visibility control over each shipment from the date of receipt from the carrier, until and including, actual shipment to and receipt by the purchaser.
- n. Maintains "evidence of shipment" documents for the specified period of time.
- o. Performs necessary research related to unidentifiable freight. This tasking includes redirecting misdirected shipments after confirmation from appropriate US Government military service.
- p. The forwarder(s) will employ security "cleared" personnel, maintain security "cleared" facilities, and when appropriate will select those modes of transportation that provide the required transportation protective service.
- q. Obtain and maintain commercial insurance coverage for the protection of all purchaser-owned FMS materiel while in custody of the freight forwarder.
- r. Process FMS customer-returned materiel through US customs and arrange necessary movement to the designated consignee. Submit paid invoices for reimbursement of prepaid transportation costs.
- s. Is responsible directly to the FMS customer country for any damages/losses occurring to customer-owned items while under the auspices of the freight forwarder.

STAGING TASKINGS AND REQUIREMENTS*

*These staging and special handling functions will be separately costed under the RFP. FMS customers requesting these services will be charged under a separate FMS line, and these services will not be part of the pro-rata share of the overhead cost to each user.

- a. Open shipping containers and perform an inventory inspection (quantity count), along with verification of proper accompanying documentation and shipment marking; prepare replacement documents for shipments received without documentation or with improper documents.
- b. Document materiel discrepancies on SF 364 and provide copies to the FMS customer and the US Government.
- c. Receive all requisition data (AO___), "BA" supply status, and shipment status (AS___) transactions. The forwarder will keep the purchaser advised of the current status of shipments. This will include notice of shipments due-in, receipt of shipment, processing status, anticipated forwarding date, mode of shipment and carrier (if known), itinerary, and estimated date of arrival at port of discharge.

DOD-MANAGED FREIGHT FORWARDER CONCEPT

ADVANTAGES

- a. This concept will replicate a commercial freight forwarder effort while still affording US Government protection and oversight to the customer. It will foster self-sufficiency on the part of the FMS customer and less reliance on the US Government. This concept will benefit private enterprise as we move a service currently provided by the US Government (on an exception basis) into a competitive environment.
- b. Since a DOD freight forwarder would operate in a fully automated mode, utilizing state-of-the-art equipment, in-transit visibility will improve significantly. This concept will effectively interface the supply and transportation arenas through identification of an item at the "requisition" number level. The envisioned system will provide visibility for all segments of transportation. This would have a positive impact on mission planning and reduction of lost materiel.
- c. The collection of transportation bills by a freight forwarder for payment will facilitate line item transportation cost visibility which is not available in any of our present transportation billing systems.
- d. The arrangement could improve the "policing" effort presently utilized by Defense Investigative Service (DIS), thereby expanding their authority not only to the facility and personnel clearance phases, but the actual movement phase to the FMS customer country. This will give a greater degree of protection for classified shipments and greater visibility over technology transfer.
- e. Priority shipments would receive better treatment with the proper mode identified by a single source.
- f. The process of obtaining reliable freight forwarder services is often a complicated and frustrating process for the FMS customer. This is particularly true for "developing" nations. The DOD freight forwarder concept will simplify the process because of the pre-established contract conditions.

Attachment 2

- g. This could benefit both the US Government and the customer countries by providing an FMS specific alternative to a direct commercial contract, without necessitating major system changes or mission changes to the DTS.
- h. Standardized freight forwarder operating procedures will simplify the movement interface between the shipping/receiving points and the FMS purchaser and can serve as a baseline for other FMS country negotiated commercial freight forwarder contracts.
- i. The level of service a country receives is usually directly related to the contract. US Government expertise can be utilized in the development and enforcement of contract terms and conditions to ensure a high standard of service.
- j. This arrangement will provide the US Government the capability for direct intervention with a freight forwarder should it become necessary. Visibility over in-transit assets is significant.

DISADVANTAGES

- a. Redirecting those shipments that presently move via the DTS, to a DOD freight forwarder, will reduce "outside" revenue to the DTS.
- b. This standardized freight forwarder operation would minimize "customized" transportation arrangements for individual FMS customer countries.
- c. The DOD freight forwarder concept will likely generate resistance from the private sector since it will compete directly with private businesses if it expands beyond the 26 countries currently using DTS.
- d. The enhanced service could result in increased cost to the FMS customer.

ISSUES

I. Recommendation: Contractor Owned-Contractor Operated (COCO) Facilities

Background

Three options were discussed regarding facility ownership: government owned-contractor operated (GOCO), government leased-contractor operated, and contractor owned-contractor operated (COCO). After lengthy discussion, consensus was that a contractor owned or leased-contractor operated facility was most advantageous to both the US Government and the FMS customers. The request for proposal (RFP) will be constructed so that a contractor with facilities or contractors who can arrange for facilities will have equal consideration. The number and size of the facilities must be adequate to service worldwide traffic for the initial countries and have the potential to handle additional country cargo.

Pros

- a. Similarity to current common commercial practices.
- b. Lower fixed costs due to facilities being used for other business besides DOD FMS contract.
- c. Negotiated price.
- d. Potentially no start-up costs.
- e. Contract can specify procedures/use of facilities in case of termination of contractor for substandard performance.

Cons

- a. Potential problems with in-transit cargo if contractor is terminated.

Attachment 3

- b. Potential problems with frustrated cargo if contractor files for bankruptcy.
- c. Less visibility over contractor corruption.
- d. Potential for contractor to terminate lease.

II. Recommendation: Movement of FMS materiel only

Background

Currently, plans are for the DOD-managed freight forwarder contract to address only FMS items. However, the discussion regarding inclusion of commercial items warrants review of this issue after the successful implementation of the service.

Pros

- a. Lower negotiated cost to customer due to increased volume.
- b. Only one freight forwarder for the country to deal with.
- c. More cargo to fill a vessel, thus less time in pipeline waiting for vessel load.

Cons

- a. Possible billing problems since some bills would not be associated with FMS.
- b. Possible subsidizing of a foreign government's commercial materiel transportation.
- c. Problems with separation of commercial and FMS items for management tracking, pro rata cost sharing and appropriate billing/reimbursement purposes.
- d. Possible legal problems with procedures for reimbursement and payment of damages.

III. Recommendation: Defer requirement for staging responsibilities until availability of cost data

Background

Staging responsibilities were originally incorporated into the operational concept since the DOD-managed freight forwarder concept generated from discussions concerning standardized FMS staging criteria. However, due to the potentially high costs and possible disadvantages associated with this service, staging services will be addressed separately. These proposed staging responsibilities will be briefed to DSAA for their decision in regards to the noted disadvantages and will be addressed separately in any RFP to allow for economic analysis.

Pros

- a. Early receipt of items.
- b. Early correction of shipping errors.
- c. Improvement of ROD resolution in-transit.

Cons

- a. Possible problems with pilferage.
- b. Delay in materiel movement.
- c. Loss of packaging advantages.
- d. Possible separation of shipping documents from items.
- e. Increased cost due to repackaging, labor and staging facilities.

IV. Recommendation: Utilize above-the-line charges or a separate FMS case for each participating country

Background

Inherent in this concept package is the assumption that the US Government will pay the contractor with funds obtained from the FMS customers through an FMS case or cases. Most discussion centered around the issue of whether these charges should be computed above or below the line. Consensus is that the best procedure is to use an FMS case for each participating country containing a line (RSN, subcase) for a pro rata share of fixed costs, a management line, and separate lines to cover the estimated actual transportation costs. (Countries will be billed based on actual transportation costs provided by the freight forwarder.) All funds will be direct cite.

Additional discussion on this issue is necessary if the DOD-managed freight forwarder concept is proposed for implementation. A prime example of the type of decisions needed include the need for an executive agent, who it would be, their responsibilities, and whether or not one FMS case will be written for each country (by the executive agency), or if each service will write a case for each country.

Pros (Above-the-Line)

- a. Utilizes current OA/EA procedures and management.
- b. Provides greater system management visibility.
- c. Collects CAS and administrative charges.
- d. Provides one case to the country.
- e. Allows for DTS billing and/or commercial item billing.
- f. Most aptly handles actual cost billings.

Pros (Below-the-Line)

- a. Can use existing materiel cases and does not require any new cases.
- b. Uses current billing system.
- c. Could be more attractive to the FMS country.

Appendix C: Statement of Work; Freight Forwarder
Transportation Services for the
Country of Jordan

STATEMENT OF WORK

1. The Freight Forwarder shall serve as the forwarding agent responsible for the movement of Jordan FMS HAWK related materiel from the CONUS Port of Exit, assembly location, or other origins. The Freight Forwarder shall furnish all services required to move FMS HAWK related materiel from designated CONUS points to Jordan, including storage and handling at Port of Exit and transportation to destination Port of Entry.

2. The Freight Forwarder shall book air or surface cargo space for onward movement to Jordan. Carriers utilized must possess the capability to properly handle, transport, and deliver HAWK equipment in a manner acceptable to the US Government. Designation of air versus surface transport will be based upon relative costs, size of cargo, type of materiel, priority of shipment, and in adherence with guidance provided by the MICOM HAWK Project Office (HAWK Project Office official designated in the Technical Liaison and Surveillance Clause Section H of the contract) or the Contracting Officer's Representative (COR). As an alternative mode of transport, the Freight Forwarder may use the international mails if those considerations enumerated above permit.

3. When requested, the Freight Forwarder shall arrange inland air or surface transportation within the United States from various locations, manufacturers' plants, vendors' facilities, US Government supply storage activities, etc., to a Port of Exit. Additionally, the Freight Forwarder will accept and process shipments of HAWK supplies when such inland transportation has been arranged by others, such as by the HAWK Project Office, or by contractual direction.

4. The Freight Forwarder will arrange for all other services related to the onward movement of supplies to Jordan. These may include, but are not limited to, temporary storage, cartage, transport to pier or airport, repacking or remarking when necessary, containerization, palletization, shipment documentation, clearance for export,

consolidation, loading/unloading, dock or airport handling.

5. The Freight Forwarder shall provide the same services, through reversed, for retrograde or return shipments. This will include clearance through US Customs, temporary storage, handling, packing/marketing services, as required, and onward transport to the US destination.

6. SPECIFIC RESPONSIBILITIES

a. The Freight Forwarder will insure all onward shipments to Jordan proceed without undue delay. Cargo designated for air shipment via scheduled airline should be promptly offered to the air carrier. Surface shipments should be offered for the next available vessel. This will be contingent upon the receipt of proper documentation to satisfy all regulations governing the export of the materials from CONUS and the regulations in Jordan governing their importation.

b. The Freight Forwarder will insure that the outer packaging is adequate for the mode of transport.

c. The Freight Forwarder will insure all shipments are adequately marked.

d. The Freight Forwarder will consolidate/containerize where practical, considering the nature of the cargo, priority of shipment, ultimate destination, and relative costs. HAWK supplies will not be merged or consolidated with other equipment destined for Jordan without the consent of the HAWK Project Office (HAWK Project Office official designated in the Technical Liaison and Surveillance Clause in Section H of the contract) or the COR.

e. The Freight Forwarder will insure that a copy of the shipping document, be it US Government Form DD 1348 or similar commercial form, is transmitted to the recipient for receipt on arrival of the item.

f. The Freight Forwarder will provide the HAWK Project Office with information copies relative to all onward shipments. This document must display the cargo, mode of transport, bill of lading number, flight number or vessel's name and date of shipment.

g. In the event of damage to the outside packaging or shortage in the number of pieces received, incident of inland shipments, the freight forwarder will have a system for reporting such discrepancy to the HAWK Project Officer. The Freight Forwarder will arrange full insurance coverage

from warehouse to warehouse with the Jordanian insurance company designated by the Jordanian Armed Forces. For insurance purposes, the material will be insured for its full value based upon the US dollar to Jordanian Dinar rate currently in effect at the Central Bank of Jordan at the time of shipment. This Jordanian insurance company will also be notified of any discrepancies as indicated above.

h. The Freight Forwarder will obtain and maintain current appropriate export licenses. The HAWK Project Office (HAWK Project Office official designated in the Technical Liaison and Surveillance Clause in Section H of the contract) will provide the Freight Forwarder necessary information in this regard and will insure that an FMS Case List related to HAWK is provided and updated as needed.

7. LEVEL OF EFFORT

Neither the number of shipments nor the volume of equipment to be shipped can be predetermined. Therefore, the scheduled level of effort depicted herein is for general guidance only.

a. Types of Materiel:

(1) HAWK Basic Items may include sensitive electronic equipment, vehicles, power generation equipment, communications equipment, test and measuring equipment, furniture, etc.

(2) HAWK Repair Parts.

(3) Publications, Audio/Video Tapes, Printed Materiels.

(4) Administrative Supplies, consumables, House-keeping Supplies.

(5) Training Aids and Materiels.

(6) Repair and Return Items. Generally sensitive HAWK components, these involve handling as retrograde and rehandling after repair for return to Jordan.

(7) Modification Kits.

(8) Chemicals and Bottled Gases.

(9) Explosives, including HAWK Missiles.

b. Schedule of Shipments. A predicted schedule necessary to insure constant onward flow and in consideration of anticipated volume of materiel.

(1) By Scheduled Airline: One or two shipments weekly.

(2) By Surface Transport: Surface cargo manifested aboard a scheduled vessel at least monthly.

(3) Receipt of Inland Shipments: Should occur almost daily.

(4) Retrograde Shipments: Consolidated return shipments should arrive at a rate of one or two monthly.

8. ADMINISTRATION AND DOCUMENTATION OF SHIPMENTS

a. The Freight Forwarder shall maintain a suspense file for advance copies of the DOD Form 1348-1 and DD Form 250, pending receipt of materiel. The Freight Forwarder shall match the advance copies of DD Form 1348-1/DD Form 250 with the documents accompanying the materiel.

b. The Freight Forwarder shall prepare the appropriate documentation for each outgoing shipment. This will include Bills of Lading, Airway Bills, customs declaration and clearance documents, and other required documentation.

c. The Freight Forwarder shall be responsible for arranging export customs clearance.

d. The Freight Forwarder shall report the export of all FMS materiel to the US Department of Commerce as required by current federal statutes.

e. The Freight Forwarder shall maintain complete supervision over each HAWK shipment from the date received from the carrier through staging and processing and shipment to Jordan. The Freight Forwarder shall devise a reporting system to keep MICOM and the Royal Jordanian Air Force (RJAF) advised of the status of an FMS shipments, including forwarding date, vessel's name, voyage number, and estimated date of arrival at Port of Discharge in order for RJAF to plan for receipt of shipments.

f. The Freight Forwarder shall be responsible for maintenance of adequate and accurate files on all FMS transactions including, but not limited to, due-in files, advance shipping documents, NOA's and responses, receiving documents,

shipping manifests, bills of lading, custom clearance documents, tracer actions, claims actions, container listings, accurate listings of reimbursable expenses, invoices, and other documents or correspondence related to the shipments.

Appendix D: Statement of Work; Freight Forwarder
Transportation Services for the
Country of New Zealand

STATEMENT OF WORK

1. PERIOD OF AGREEMENT

This agreement shall be for the period _____ to _____
It may be terminated by: _____

- (1) on ninety (90) days' written notice by either party;
- (2) on thirty (30) days' written notice following the contractor failing to remedy within one month of being given notice, any default on its part;
- (3) on bankruptcy on the part of the contractor.

2. EXTENSION OF AGREEMENT

This agreement may be extended for a further period of twelve months beyond 31 may 1988 by mutual agreement of the contracting parties.

3. RESPONSIBILITIES OF NEW ZEALAND

- 3.1. The New Zealand Embassy shall provide the contractor with details of orders which require to be shipped by ocean freight to New Zealand.
- 3.2. The New Zealand Embassy shall assist the contractor by providing sufficient information for the contractor to produce export declaration and other documentation. The New Zealand Embassy shall instruct suppliers to contact the contractor regarding all shipping arrangements.
- 3.3. The New Zealand Embassy shall arrange for any necessary inspection of goods prior to shipment, as required.

4. RESPONSIBILITIES OF THE CONTRACTOR

- 4.1. The contractor shall provide a freight forwarding service for the movement of cargo to New Zealand by ocean freight using the most economical methods available. This

will include the consolidation of cargo into full container loads (F.C.L.) where the volume of cargo is sufficient and would not lead to undue shipping delays. Schedule II of this agreement sets out in more detail the services to be provided.

4.2. The consolidation and movement of ammunition will be outside this agreement but the contractor may provide assistance to the New Zealand Embassy in the charter and/or other arrangements for the movements of munitions. Records of ammunition offered to the contractor from F.M.S. sources will be maintained in accordance with Schedule IV, paragraph 1g.

4.3. The contractor shall issue instructions to suppliers to call forward goods for shipment.

4.4. The contractor shall receive packages (or unpacked goods if normal practice is for them to be freighted unpacked) and ensure as far as is practicable that they are undamaged. If any real or apparent damage is discovered it should be reported immediately to the supplier and to the New Zealand Embassy. Any consignment considered to be damaged shall not be shipped until remedial action has been taken by the supplier or the New Zealand Embassy.

4.5. The contractor shall not ship any package which appears not to conform with the various New Zealand packing regulations but shall report the matter to the New Zealand Embassy for further instructions.

4.6. The contractor shall check that the details given on the suppliers' documentation agree in all respects with the packages received.

4.7. The contractor shall provide adequate under cover floor space in warehouses for packages awaiting shipment. The contractor is to maintain inventories of packages held in warehouses and provide weekly reports to the New Zealand Embassy of goods "on hand."

4.8. Where the volume of cargo is sufficient both F.M.S. and commercial packages are to be consolidated into F.C.L.'s Consolidations for discharge at Auckland, shall be consigned to Ministry of Works and Development Auckland, shipping mark:

NZG

MWD

AUCKLAND

and those for discharge at Wellington consigned to Ministry of Works and Development, Wellington, shipping mark:

NZG

MWD

WELLINGTON

Consignments for ports other than Auckland and Wellington are not to be consolidated.

4.9. F.C.L.'s are to be consigned on a warehouse to Ministry of Works and Development shipping store basis. The contractor shall arrange that their New Zealand agents are nominated on the Bill of Lading as the party to be notified when the containers arrive. The New Zealand agent is to be responsible for arranging for the F.C.L.'s to be delivered to the Ministry of Works and Development's shipping stores in Auckland and Wellington and picking up empty containers for return to the carrier.

4.10. The contractor shall supply the New Zealand Embassy with the following documents following dispatch of F.C.L.'s:

1 Original Bill of Lading

1 Copy of container manifest which provides sufficient detail to identify individual departments consignments.

1 Copy of suppliers documentation, i.e. commercial invoices, packing lists.

Any other documentation requested by the New Zealand Embassy.

4.11. A special consolidation of F.M.S. packages is to be carried out for the Ministry of Defence in accordance with the details set out in Schedule IV attached.

4.12. The contractor shall maintain export licence control and complete all necessary export documentation.

4.13. The contractor is to maintain computer system and provide on-line access to the New Zealand Embassy during normal business hours. The system is to provide a tracking system for all shipments, provide statistical reports and maintain data, on line, for two years. Details of the required system are set out in Schedule III of this agreement.

4.14. The contractor shall maintain close liaison with the New Zealand Embassy to ensure performance of the agreement in a manner satisfactory to the Embassy.

4.15. The contractor shall provide a monthly report to the New Zealand Embassy providing details of:

(1) total number of consignments and overall weight/cube;

(2) a breakdown of consignments dispatched by department from each port of shipment to each port of destination.

5. TITLE TO GOODS

5.1. All goods are and shall remain the property of the New Zealand Government and the contractor shall not part with possession of them except for due performance of this agreement.

5.2. Neither the contractor nor any other person shall have a lien on the goods for any reason and the contractor shall take all necessary steps to ensure that this fact is brought to the notice of all concerned.

6. DAMAGE TO GOODS

The contractor shall be liable for damage occurring to the goods arising from the contractor's negligence or negligence of his staff.

7. INSURANCE

Without prejudice to the provisions of Clause 7 of this agreement the goods shall be regarded as covered by the New Zealand Government Stores Insurance Fund from the time they are accepted by the contractor in his depot until final delivery in New Zealand. The contractor is not required to effect any insurance cover except to the extent that he regards as necessary to cover his responsibility under Clause 7 of this agreement.

8. REMUNERATION

The contractor shall derive remuneration under this agreement in accordance with Schedule I of this agreement.

9. FULL PERFORMANCE

The contractor shall undertake full performance of this agreement and no element of the agreement may be subcontracted without the prior written approval of the New Zealand Embassy.

10. CONSTRUCTION OF CONTRACT

Unless otherwise agreed, this contract agreement shall in all respects be construed and operate as a New Zealand contract and shall conform and be governed by New Zealand Law.

SCHEDULE II

SERVICES TO BE PROVIDED

1. General Requirements

- a. Issue shipping instructions to suppliers and U.S. Services Depots as required.
- b. Promptly trace and expedite shipments if required after issuing inland shipping instructions.
- c. Timely filing of claims against carriers when required.
- d. Issue over, short and damage reports to New Zealand Embassy.
- e. Provide on-line computer access to shipping status and other data as specified separately, for a period of 2 years after shipment as detailed in Schedule III.
- f. Nominate vessel and book cargo with ocean carriers to effect earliest time of arrival at destination.
- g. Prepare and process export declarations.
- h. Prepare and process ocean bills of lading.
- i. Prepare and process/present to bank all documents covered by Letter of Credit.
- j. Lodge and monitor Department of State and Department of Commerce export licences and maintain a record of current status for "general" DOS licences.
- k. Provide certificate of origin, proof of export and any other special documentation as required from time to time by the New Zealand Embassy.
- l. Provide warehouse facilities to consolidate automatically shipped (X) items from FMS depots in accordance with separate schedule of requirements.
- m. Prepare detailed documentation for paragraph L in accordance with separate schedule.

- n. Monitor warehouse inventory and issue weekly "on hand" reports.
- o. Dispatch shipping documents for New Zealand Customs, within five (5) days of vessel sailing or in time to be available to consignee for vessel arrival, whichever is sooner.
- p. Arrange local trucking services as required.
- q. Select the most economical port of export for each shipment.
- r. Provide export boxing and marking if required.
- s. Carry out freight rate negotiations as required.
- t. Retrieve freight from ocean warehouse and forward via airfreight as instructed by New Zealand Embassy.
- u. Provide a monthly statistical report including numbers of shipments and overall weight-cube (by Department) as detailed in Schedule III.
- v. Arrange "ship in place" warehousing and delivery of items to be moved from the CONUS by New Zealand Government aircraft.
- w. Maintain a record of the status of New Zealand Embassy purchase orders and export licences (provided by Embassy).
- x. Provide consolidation of non-defence items, where practical, by department.
- y. Accept and pay inland freight bills on behalf of the New Zealand Government and charge back to the Embassy via normal billing procedures.

2. Reports

- a. Weekly report of items received. This will include:
 - 1. all items received by warehouse
 - 2. all items shipped direct to pier
 - 3. PO #/Milstrip #/Case #
 - 4. date received/cleared

5. weights/cube/values
 6. export licence
 7. warehouse #/box #
 8. ETD/vessel
 9. BOL #
- b. Monthly statistical report for all freight showing:
1. gross weight shipped by Departments
 2. number of shipments by Departments
 3. weights and numbers by Port of Export
 4. total value of freight invoices paid
 5. list of freight invoices outstanding

SCHEDULE III

DETAILS OF COMPUTER SYSTEM TO BE PROVIDED

1. The New Zealand Embassy requires direct access to the freight data base during normal business hours with occasional access on a 24-hour basis. The principal requirements are for:
 - a. Status of orders in the process of shipping
 - b. Warehouse "on hand" details
 - c. Historical records to verify shipment details up to two years (minimum 1 year) after shipment
 - d. Billing details per shipment
 - e. Statistical data
2. The ideal system would allow the New Zealand Embassy to obtain primary data from inputting any one of the following:
 - a. Requisition #/Purchase Order #
 - b. FMS Document #/FMS Case #
 - c. Warehouse #/Container PL #
 - d. Invoice #/Vendor name
 - e. Freight Forwarder reference #
 - f. Vessel/Voyage #
 - g. Time period (between dates)
 - h. Destination/Consignee
3. The minimum data required is as follows:
 - a. Order #/FMS document #/TCN #
 - b. Quantities/Units of issue
 - c. Weights/Cubes
 - d. DOS/DOC licence #

- e. Inland Freight carrier
- f. PRO #/UP #/etc.
- g. Date receive warehouse
- h. Vessel
- i. Voyage #
- j. ETD/Date Sailed
- k. BOL #
- l. Port of loading/Port of discharge
- m. Number of pieces
- n. Type of packing PT/BX/CT/etc.
- o. Invoice # (vendor)
- p. Invoice # (freight forwarder)
- q. Item description/NSN #
- r. Item value
- s. Charges
- t. Warehouse #/Box #
- u. For restricted articles:
 - (i) UN #
 - (ii) CG #
 - (iii) Explosive class/Poison class, etc.
 - (iv) Net explosive charge

SCHEDULE IV

DEFENCE REQUIREMENTS

1. General

- a. To provide the New Zealand Ministry of Defence "in-country" address in the United States of America for receipt of FMS shipments from U.S. Defense Department Supply Depots.
- b. To receive Notice of Availability (DD 1348-1) from U.S. Department of Defense (DOD) Supply Points and arrange shipment of items from that point to ship-side and then to the New Zealand consignee in accordance with guidelines listed in paragraph 2.
- c. To prepare all necessary shipping documentation in a timely manner for the export of defence material from the United States of America and Canada.
- d. To comply with the requirements of OMC (Department of State) as laid out in ITAR (S 122 of CFR) with respect to operating Department of State Export Licences DSP 5, DSP 61 and DSP 94. To lodge such licences of U.S. Customs and to operate the licences on behalf of the New Zealand Government as directed by the New Zealand Embassy.
- e. To be able to operate within the US DOD requisition status and shipping procedures as applicable to FMS. To be familiar with and able to deal with requirements laid down in MAPAD and Security Assistance Manuals.
- f. To act as freight forward for all "DS" purchase orders raised by the New Zealand Embassy on behalf of the New Zealand Ministry of Defence. To provide freight consolidation in accordance with guidelines listed in paragraph 2.
- g. To maintain an up-to-date listing of explosives and ammunition offered for shipment but held for the annual ammunition ship to New Zealand. The listing to include quantity, weights, cubes, net explosive content, class, USCG Code #, UN Code # and Licence # for each order "shipped in place."

2. Defence Consolidation Requirements

- a. All small items, i.e. approximately three cubic feet or less, are to be packed into consolidation boxes provided by the freight forwarder. Boxes can be D/E packs (triwall, pallet and strapped) or timber frame and ply as appropriate to the cargo but most cost effective for the New Zealand Government. A schedule of items consolidated in a box is to be included immediately under the normal box lid, i.e. packed last.
- b. Warehouse must be capable of pulling a selected item from the holding area - even from a full consolidation box - and delivering the item to the nearest airport the same or next day as requested by the New Zealand Embassy. These items are invariably routine freight upgraded to Priority AOG and require immediate movement to New Zealand as soon as export clearance can be obtained.
- c. Each and every line item received in the warehouse from the U.S. Service Depots or FMS vendor will have a DD 1348 or DD 250 form with it. In the absence of such a document the item is to be held and arrangements made to obtain duplicate documents using the package label source data. If still not able to identify the item then the package is to be opened to see if the documents are inside. The New Zealand Embassy is to be informed of any such discrepancies.
- d. A weekly list of items received at the warehouse is to be provided to the New Zealand Embassy.
- e. Items over three (3) cubic feet can be shipped as separate boxes, i.e. do not require overboxing. If it is more economic to do so or if supplied packing is inadequate these may be overboxed.
- f. Cargo is to be sorted before consolidation and separate boxes are required for Army, Navy and Air Force.
- g. Each and every consolidation box and each box or pallet shipped individually is to be export marked as follows:

NAVY/SNSD
DFO AUCKLAND NZ

BOX # -----

ARMY
DFO WELLINGTON NZ
BOX # -----

AIR FORCE
DFO AUCKLAND NZ
BOX -----

- h. Each and every box, crate, carton, multi-wall, pallet, drum, coil or loose piece that is either consolidated or moves as a separate entity must have a Box Number. For consolidated items the number used for the box must appear on each carton or parcel placed in that consolidation box.
- i. Each other item that moves as a separate entity with the consolidation boxes is to be given an individual number in sequence.

- j. Air Force material is to be numbered:

01F, 02F, 03F, etc.

Army material is to be numbered:

01D, 02D, 03D, etc.

Navy material is to be numbered:

01P, 02P, 03P, etc.

- k. If the first box is a consolidation box for the Air Force, the box number is 01F, all the small items going in the box are also marked 01F. If a larger box or crate is received then it is numbered 02F even though 01F is not full. Subsequent boxes for Air Force are marked 03F, etc.

3. Defence Documentation Requirements

- a. Two commercial invoices or for Milstrip items, DD 1348/1 or DD 250.
- b. Bills of lading; one negotiable and one non-negotiable.
- c. Freight invoice.
- d. Packing list.

4. Distribution

- a. Two sets to the appropriate DFO airmailed separately.
- b. One set to the New Zealand Embassy in Washington.
- c. One set to Ministry of Works and Development (MWD), Auckland.
- d. One set to Defence Headquarters Attention D/MOV.

Appendix E: "Strawman" Statement of Work; DOD-Managed
Freight Forwarder Contract

SAMPLE

"STRAWMAN" STATEMENT OF WORK

1. GENERAL

1.1. The Freight Forwarder shall serve as the forwarding agent responsible for the movement of FMS related materiel from the CONUS Port of Exit, assembly location, or other origins. The Freight Forwarder shall furnish all services required to move this materiel from designated CONUS points to designated in-country receipt points, including storage and handling at Port of Exit and transportation to destination Port of Entry.

1.2. The Freight Forwarder shall book air, ocean, or surface cargo space for onward movement to participating countries. Carriers utilized must possess the capability to properly handle, transport, and deliver FMS equipment in a manner acceptable to the US Government. Designation of air versus surface transport will be based upon relative costs, size of cargo, type of materiel, priority of shipment, and in adherence with guidance provided by designated country officials. As an alternative mode of transport, the Freight Forwarder may use the international mails if those considerations enumerated above permit.

1.3. When requested, the Freight Forwarder shall arrange inland air or surface, transportation within the United States from various locations, manufacturers' plans, vendors' facilities, US Government supply storage activities, etc., to a Port of Exit. Additionally, the Freight Forwarder will accept and process shipments of supplies when such inland transportation has been arranged by others, such as by a Project Office, or by contractual direction.

1.4. The Freight Forwarder will arrange for all other services related to the onward movement of supplies to the designated country. These may include, but are not limited to, temporary storage, cartage, transport to pier or airport, repacking or remarking when necessary, containerization, palletization, shipment documentation, clearance for

SAMPLE

export, consolidation, loading/unloading, dock or airport handling.

1.5. The Freight Forwarder shall provide the same services, though reversed, for retrograde or return shipments. This will include clearance through US Customs, temporary storage, handling, packing/marketing services, as required, and onward transport to the US destination.

2. LEVEL OF EFFORT

Neither the number of shipments nor the volume of equipment to be shipped can be predetermined. Therefore, the scheduled level of effort depicted herein is for general guidance only.

a. Types of Materiel: (These examples are not all-inclusive)

(1) Items may include sensitive electronic equipment, vehicles, power generation equipment, communications equipment, test and measuring equipment, furniture, etc.

(2) Repair Parts.

(3) Publications, Audio/Video Tapes, Printed Materiels.

(4) Administrative Supplies, Consumables, House-keeping Supplies.

(5) Training Aids and Materiels.

(6) Repair and Return Items. These involve handling as retrograde and rehandling after repair for return to the designated country.

(7) Modification Kits.

(8) Chemicals and Bottled Gases.

(9) Perishables.

b. Schedule of Shipments. A predicted schedule necessary to insure constant onward flow and in consideration of anticipated volume of materials.

(1) By Scheduled Airline: One or two shipments weekly.

SAMPLE

(2) By Surface Transport: Surface cargo manifested aboard a scheduled vessel at least monthly.

(3) Receipt of Inland Shipments: Should occur almost daily.

(4) Retrograde Shipments: Consolidated return shipments should arrive at a rate of one or two monthly.

3. PERIOD OF AGREEMENT

4. RESPONSIBILITIES OF EACH PARTICIPATING COUNTRY

4.1. A designated country official shall provide the contractor with appropriate criteria for using air freight in lieu of ocean freight.

4.2. The designated country official shall assist the contractor by providing sufficient information for the contractor to produce export declaration and other documentation. The designated country official shall instruct suppliers to contact the contractor regarding all shipping arrangements.

4.3. The designated country official shall arrange for any necessary inspection of goods prior to shipment, as required.

5. RESPONSIBILITIES OF THE CONTRACTOR

5.1. The contractor shall provide a freight forwarding service for the movement of cargo to participating countries by air, surface, or ocean freight depending on priority using the most economical methods available. Schedule II of this agreement sets out in more detail the services to be provided.

5.2. The consolidation and movement of ammunition will be outside this agreement but the contractor may provide assistance to the designated country official in the charter and/or other arrangements for the movements of munitions. The forwarder(s) will receive and respond to Notice of Availability (NOA) for these items. This will include arranging for interface with the DTS (MAC or MTMC) for movement of these specific commodities being shipped under DTC 8 conditions. Additionally, it includes arranging for pick-up of material by purchaser owned/operated aircraft (pilot pick-up) or by country-owned military naval vessels.

SAMPLE

5.3. The contractor shall issue instructions to suppliers to call forward goods for shipment.

5.4. The contractor shall receive packages (or unpacked goods if normal practice is for them to be freighted unpacked) and ensure as far as is practicable that they are undamaged. If any real or apparent damage is discovered it should be reported immediately to the supplier and to the appropriate designated country official. Any consignment considered to be damaged shall not be shipped until remedial action has been taken by the supplier.

5.5. The contractor shall not ship any package which appears not to conform with USG packing regulations but shall report the matter to the designated country official for further instructions.

5.6. The contractor shall check that the details given on the suppliers documentation agree in all respects with the packages received.

5.7. The contractor shall provide adequate under cover floor space in warehouses. Storage provided FMS materiel will be in a separately segregated area with additional facilities for pilferable items with adequate security. There is no requirement for dedicated storage.

5.8. The freight forwarder will consolidate/containerize where practical, considering the nature of the cargo, priority of shipment, ultimate destination, and relative costs and when it will not lead to undue shipping delays. Cargo for different in-country addresses will not be consolidated.

5.9. The freight forwarder will insure all onward shipments to the designated country proceed without undue delay. Cargo designated for air shipment via scheduled airline should be promptly offered to the air carrier. Surface shipments should be offered for the next available vessel. This will be contingent upon the receipt of proper documentation to satisfy all regulations governing the export of the materiels from CONUS and the regulations in the designated country governing their importation.

5.10. The contractor shall supply the in-country receiver with the following documents following dispatch of full cargo load (FCL):

SAMPLE

1 Original Bill of Lading

1 Copy of container manifest which provides sufficient detail to identify individual departments consignments.

1 Copy of suppliers documentation, i.e., commercial invoices, packing lists.

Any other documentation requested by the designated foreign officials.

5.11. The contractor shall maintain export license control and complete all necessary export documentation.

6. ESTABLISHING/MAINTAINING INTRANSIT VISIBILITY SYSTEM

6.1. The contractor shall be required to operate and maintain an ADP program to develop, record, and retrieve an intransit visibility record (IVR) reflecting the status of all material handled and shipped pursuant to this contract. The data of the IVR is to be updated by subsequent MILSTRIP status transactions. Receipt and shipment transactions are to be provided _____ (frequency) to the government of _____ - and to the appropriate ILCO's. This will include, but not be limited to: due-ins, NOA's and responses, receipt notices, forwarding dates, shipping manifests, bills of lading, mode of shipment, vessels name, voyage number, lift notices and estimated date of arrival at Port of Discharge.

6.2. Respond to transportation information interrogation from FMS customer and/or US Government; trace shipments in response to follow-up on shipping status.

6.3. The freight forwarder shall be responsible for maintenance of and accurate files on all FMS transactions including, but not limited to, due-in files, advance shipping documents, NOA's and responses, receiving documents, shipping manifests, bills of lading, custom clearance documents, tracer actions, claims actions, container listings, accurate listings of reimbursable expenses, invoices, and any other documents or correspondence related to the shipments.

7. SPECIAL STAGING AND REQUIREMENTS

7.1. These services will be separately priced in the contract and will be performed only at the direction of the designated country official.

SAMPLE

7.2. Open shipping containers and perform an inventory inspection (quantity count), along with verification of proper accompanying documentation and shipment marking; prepare replacement documents for shipments received without documentation or with improper documents.

7.3. Document materiel discrepancies on SF 364 and provide copies to the FMS customer and the US Government.

7.4. Aggregate (inventory) cargo by project code. No shipment will be made until 80% of the items scheduled for shipment under the project codes are at the freight forwarders facility.

8. TITLE TO GOODS

8.1. All goods are and shall remain the property of the participating foreign government and the contractor shall not part with possession of them except for due performance of this agreement.

8.2. Neither the contractor nor any other person shall have a lien on the goods for any reason and the contractor shall take all necessary steps to ensure that this fact is brought to the notice of all concerned.

9. CONTRACTOR'S LIABILITY

9.1. Misdirected, Damage, Loss, or Accountability of Cargo.

9.1.1. The Contractor shall be held liable without regard to negligence or other standard of care for each item that he misdirects (misships) and for each instance where the Contractor's error in documentation causes the government to temporarily lose accountability of a shipment to the Freight Forwarder (FF). The Contractor shall be charged all direct costs incurred by the Government for each misdirected and lost shipment. These include the replacement value of any lost material, plus all additional cargo handling and transportation costs incurred by the Government to reship the material to the proper consignee. The Contractor shall have the burden of proving that such misdirections or losses of accountability were due to the causes other than the Contractor's error. These amounts shall be equitably adjusted by the Government from payment due the Contractor.

9.1.2. The Contractor shall promptly report any instance of damage to government/commercial conveyances or physical property to the ACO. The Contractor shall be responsible

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A DESCRIPTIVE STUDY OF THE DOD-MANAGED FREIGHT
FORWARDER CONCEPT(U) AIR FORCE INST OF TECH
WRIGHT-PATTERSON AFB OH SCHOOL OF SYSTEMS AND LOGISTICS
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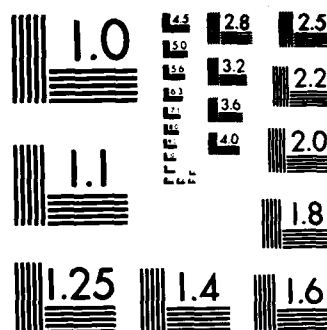
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MICROCOPY RESOLUTION TEST CHART
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SAMPLE

for those damages incurred due to improper use of materials handling equipment and movement. The contractor shall provide an updated copy of the plan to the Administrative Contracting Officer (ACO) and the ADM Control Office (ACO) on the first day of the orientation period and as changes occur.

10. INSURANCE: The Contractor shall obtain full insurance coverage for goods from the time they are accepted by the contractor in his depot until final delivery to each country. The contractor is not required to effect any insurance cover except to the extent that he regards as necessary to cover his responsibility under Clause 7 of this agreement.

11. QUALITY CONTROL/QUALITY ASSURANCE

11.1. Quality Control. The contractor shall establish and maintain an Acceptable Quality Control Plan to ensure that the supplies and equipment shipped under this contract arrive at the destination and are turned over to the designated consignee by the date specified, or as directed by the contracting officer.

11.1.1. An inspection system covering the service stated in this contract. Areas to be inspected on a scheduled/unscheduled basis and title of individuals doing the inspection shall be specified.

11.1.2. A method for identifying and correcting deficiencies and their causes in the quality of service performed before the level of performance is rendered unacceptable.

11.2. Performance Evaluation Meetings. The Project Manager shall meet with the Quality Assurance Evaluator (QAE) - and the ACO as required during the first two month(s) of the contract. Meetings thereafter will be as determined by the ACO. A mutual effort will be made to resolve all problems identified. The written minutes of these meetings prepared by the ACO shall be signed by the Project Manager, and QAE. Should the Contractor not concur with the minutes, the Contractor shall state in writing, to the ACO any areas of nonconcurrency.

11.2.3. A file of all inspections conducted by the Contractor and corrective action taken. This file shall be made available to the Government during the term of the contract.

11.3. Quantity of Performance.

SAMPLE

SCHEDULE II

SERVICES TO BE PROVIDED

1. General Requirements

- a. Issue shipping instructions to suppliers and US Services Depots as required.
- b. Promptly trace and expedite shipments if required after issuing inland shipping instructions.
- c. Timely filing of claims against carriers when required.
- d. Issue over, short and damage reports to designated country officials.
- e. Provide access to shipping status and other data as specified separately, for a period of 2 years after shipment as detailed in Schedule III.
- f. Nominate vessel and book cargo with ocean carriers to effect earliest time of arrival at destination.
- g. Prepare and process export declarations.
- h. Prepare and process air and ocean bills of lading.
- i. Lodge and monitor Department of State and Department of Commerce export licenses and maintain a record current status for "general" DOS licenses.
- j. Provide certification of origin, or proof of export as required upon request from designated country officials or representatives of the United States Government.
- k. Provide warehouse facilities to consolidate automatically shipped (X) items from FMS depots in accordance with separate schedule of requirements.
- l. Prepare detailed documentation for paragraph L in accordance with separate schedule.
- m. Monitor warehouse inventory.

SAMPLE

- n. Dispatch shipping documents for affected customers within five (5) days of vessel sailing or in time to be available to consignee for vessel arrival, whichever is sooner.
- o. Arrange local trucking services as required.
- p. Select the most economical port of export and import for each shipment.
- q. Provide export boxing and marking if required.
- r. Carry out freight rate negotiations as required.
- s. Retrieve freight from warehouse and forward via air freight as specific in-country criteria.
- t. Insure all shipments are adequately marked.
- u. Arrange "ship in place" warehousing and delivery of items to be moved from the CONUS by participating country government aircraft.
- v. Insure that outer packaging is adequate for the mode of transport.
- w. Provide consolidation of non-defense items, where practical, by country.
- x. Accept and pay inland freight bills on behalf of the participating countries and charge to the appropriate FMS case via normal FMS billing procedures.
- y. Ensure that every possible physical and signature security measure is effected for the accountability, storage, and transport of weapon systems, and sensitive and high value items.
- z. Provide appropriate Military Assistance Program Address Directory (MAPAD) address receipt of FMS shipments from U.S. Defense Department Supply Depots and contractor.
- aa. Receive Notice of Availability (DD 1348-1) from U.S. Department of Defense (DOD) Supply Points and arrange shipment of items from that point to the appropriate consignee in accordance with guidelines listed in paragraph 2.

SAMPLE

bb. Prepare all necessary shipping documentation in a timely manner for the export of defense material from the United States of America.

cc. Comply with the requirements of OMC (Department of State) as laid out in ITAR (S 122 of CFR) with respect to operating Department of State Export Licenses DSP 5, DSP 61 and DSP 94. To lodge such licenses of U.S. Customs and to operate the licenses on behalf of the participating countries as directed by the designated country officials.

dd. Be able to operate within the US DOD requisition status and shipping procedures as applicable to FMS. To be familiar with and able to deal with requirements laid down in MAPAD and Security Assistance Manuals.

ee. Maintain an up-to-date listing of explosives and ammunition offered for shipment but help for ammunition ships. The listing to include quantity, weights, cubes, net explosive content, class, USCG Code #, UN Code # and License # for each order "shipped in place."

ff. Cargo is to be sorted before consolidation and separate boxes are required for Army, Navy, and Air Force.

gg. Each and every consolidation box and each box or pallet shipped individually is to be export marked as follows:

NAVY

IN COUNTRY LOCATION

BOX # -----

ARMY

IN COUNTRY LOCATION

BOX # -----

AIR FORCE

IN COUNTRY LOCATION

BOX # -----

hh. Each and every box, crate, carton, multi-wall, pallet, drum, coil or loose piece that is either consolidated or moves as a separate entity must have a Box Number.

SAMPLE

For consolidated items the number used for the box must appear on each carton or parcel placed in that consolidation box.

ii. Warehouse must be capable of pulling a selected item from the holding area - even from a full construction box - and delivering the item to the nearest airport the same or next day as requested by the designated country. These items are invariably routine freight upgraded to Priority and require immediate movement as soon as export clearance can be obtained.

jj. Each and every line item received in the warehouse from the US Service Depots or FMS vendor will have a DD 1348 or DD 250 form with it. In the absence of such a document the item is to be held and arrangements made to obtain duplicate documents using the package label as source data. If still not able to identify the item then the package is to be opened to see if the documents are inside. The appropriate USG ILCOs are to be informed of any such discrepancies.

Appendix F: ILC Freight Forwarder Questionnaire

INTRODUCTION

As part of the Department of Defense (DOD) efforts to improve FMS transportation support and correct perceived deficiencies, the DOD has sponsored this Security Assistance Freight Forwarders Industry Meeting. We are very interested in your comments and feedback. Of particular interest to us is industry response to the proposal for a DOD-managed freight forwarder contract covering multiple countries.

* Request replies by 4 August 1986. Please mail replies to:

Ms Luanne Handley
ILC/XMXA
Wright-Patterson AFB, Ohio 45433-5000

PART ONE

1. Do you feel this industry conference was valuable?
2. Would your company send a representative if future conferences were held?
3. What other agenda items would you like to see at any future conferences?
4. Other?

PART TWO

Attached is a SAMPLE Statement of Work (SOW) for a multi-country DOD-managed Freight Forwarder contract. Based on it and information from the presentation at the industry conference, we would like any comments or suggestions you might have. Ideas gained by the government through open discussion or written comments may be used to formulate a Statement of Work (SOW) for a future request for proposal. The United States Government is not responsible for any costs associated with completion of this handout and will not compensate attendees for the use of their ideas if incorporated in a SOW.

1. Do you support such a concept?

2. Specific Comments: (You may write your comments here or annotate and return the attached SOW.)

PART III

Before a decision can be made to formally pursue a contract for a multi-country DOD-managed freight forwarder, an economic feasibility study must be accomplished. As part of the study we are asking for freight forwarder cost projections. These cost projections are for informational purposes only, and will be held confidential. The United States Government is not responsible for any costs associated with the computation and submission of those cost projections and will not compensate any individual or company for time or effort used in preparation of cost projections. Further, since the requested cost figures are for information purposes only, they will not be used during any part of the Request for Proposal (RFP) or contracting cycle. Based on the following anticipated by year estimated weight, cube and transaction totals, please provide yearly estimated cost projections.

A. Total weight: 9,700 tons

Total cube: 1,200,000

Total transactions: 14,700

Approximately 80% shipped routine

Anticipated transportation costs:

Anticipated costs not directly related to transportation:

Anticipated development costs:
(software)

Anticipated start-up costs:
(hardware, etc.)

B. Total weight: 7200 tons

Total cube: 900,000

Total transactions: 12,000

Approximately 80% shipped routine

Anticipated transportation costs:

Anticipated costs not directly related to transportation:

Anticipated development costs:
(software)

Anticipated start-up costs:
(hardware, etc.)

C. Total weight: 12,500 tons

Total cube: 1,560,000

Total transactions: 19,000

Approximately 80% shipped routine

Anticipated transportation costs:

Anticipated costs not directly related to transportation:

Anticipated development costs:
(software)

Anticipated start-up costs:
(hardware, etc.)

EXAMPLE A

<u>Country</u>	<u>Weight (in Lbs)</u>	<u>Cube</u>
Belize	15,724	780
Bolivia	6,262	235
Chad	306,178	27,035
Costa Rica	452,787	23,886
Dominica	260	16
El Salvador	14,688,862	992,848
Grenada	86,094	7,609
Guinea	128,708	17,386
Haiti	1,500	129
Honduras	1,271,581	116,617
Jamaica	110,072	8,909
Kenya	180,086	16,256
Liberia	45,945	4,741
Niger	34,382	2,088
Philippines	1,032,100	57,995
Saint Lucia	260	16
Senegal	102,239	7,816
Somalia	1,083,254	11,685
Sudan	48,565	3,876
Zaire	2,711,506	31,866

EXAMPLE B

<u>Country</u>	<u>Weight (in Lbs)</u>	<u>Cube</u>
Belize	1,180	585
Bolivia	4,700	175
Chad	230,000	1,525
Costa Rica	340,000	1,700
Dominica	200	12
El Salvador	1,100,000	745,000
Grenada	65,000	5,700
Guinea	96,500	13,000
Haiti	1,100	94
Honduras	953,700	87,500
Jamaica	82,500	6,680
Kenya	135,000	12,000
Liberia	34,500	3,600
Niger	25,700	1,500
Philippines	774,000	43,500
Saint Lucia	200	12
Senegal	76,000	5,862
Somalia	812,440	8,700
Sudan	36,000	2,900
Zaire	2,033,600	235,400

EXAMPLE C

<u>Country</u>	<u>Weight (in Lbs)</u>	<u>Cube</u>
Belize	20,500	1,000
Bolivia	8,000	300
Chad	398,000	35,000
Costa Rica	588,000	31,000
Dominica	330	21
El Salvador	19,000,000	1,290,700
Grenada	112,000	9,000
Guinea	167,000	22,600
Haiti	1,950	168
Honduras	1,650,000	152,000
Jamaica	143,000	11,600
Kenya	234,000	21,000
Liberia	60,000	6,000
Niger	45,000	2,700
Philippines	1,340,000	7,500
Saint Lucia	340	21
Senegal	133,000	10,160
Somalia	1,400,000	15,190
Sudan	63,000	50,000
Zaire	3,525,000	408,000

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Vita

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Thesis

→ The primary purpose of this investigation was to evaluate the feasibility of the DOD-managed freight forwarder concept. The study used personal interviews, and electronic message correspondence to obtain the perceptions and interest in the program. Data collection was concentrated in three major areas: (1) the feasibility of a tri-service effort for the test program, (2) the implementation process of the program, and (3) alternatives to the program in the event it was not approved.

The conclusion and recommendations of the study were based on both the results of the interviews and an extensive review of the current literature related to the area of FMS transportation. These results indicated that a test of the merit of the concept was warranted. The Air Force transportation agency, the Military Airlift Command, was deemed the most likely candidate. In the event the test case proved to be unsuccessful, changes to DTS could be made to accommodate the needs of the customer country as well as the United States Government.

- Keywords: Military Assistance, Foreign
policy. →

END

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