The Honorable John Murtha, Chairman
Congressional Steel Caucus
House of Representatives

Subject: Defense Department Waivers of Domestic Specialty Metals Preference and Other Requested Information (GAO/NSIAD-83-37)

Dear Mr. Chairman:

This report responds to Chairman Gaydos' May 13, 1982, letter as modified by subsequent discussions with your office. It provides information on Defense Department (1) waivers of domestic procurement restrictions for purchases of specialty metals, (2) procurements restricted to domestic and Canadian sources for reasons of national security or industrial mobilization, and (3) projected steel requirements for fiscal year 1983. Your office also asked us to review information supplied by the Corps of Engineers on its foreign source awards for steel and steel-related products. This report addresses both requests and will conclude our series of responses to Chairman Gaydos' request.

DEFENSE WAIVERS OF SPECIALTY METALS PROVISION

The 1973 Department of Defense Appropriation Act contained the first prohibitions on Defense purchases of foreign specialty metals. (See p. 4 for definition of specialty metals.) Section 724 of the Act directed Defense to satisfy its specialty metals requirements from stocks produced in the United States. The military departments, however, were permitted to waive the provision under certain circumstances, most notably when U.S. produced specialty metals were not available when needed.

The specialty metals provision remained essentially intact until small purchases of specialty metals (amounts not exceeding $10,000) were excluded from coverage in the 1977 Department of Defense Appropriation Act.
The Congress added two additional exclusions in late 1977. Section 823 of the 1978 Department of Defense Appropriation Act authorized the procurement of foreign specialty metals when deemed necessary to (1) comply with defense offset agreements with foreign governments or (2) further the standardization and interoperability of NATO equipment requirements. The change, in effect, removed much of the protection afforded the U.S. specialty metals industry. It gave Defense the flexibility of purchasing specialty metals from more than 10 countries, most of which belong to NATO. Some of these countries are also major producers of specialty metals.

The NATO and offset agreements exclusions remained a part of appropriation legislation until they were dropped in the 1982 Act (December 29, 1981). The change essentially prohibited Defense from purchasing foreign specialty metals with fiscal year 1982 funds unless the Secretary of a military department determined that a satisfactory quality and sufficient quantity of U.S.-produced specialty metals was not available. On August 18, 1982, the Congress amended the 1982 Act to reinstate the NATO and offset agreements exclusions.

For fiscal year 1983, Defense is operating under a continuing resolution which permits procurement of foreign specialty metals used in the production or manufacture of weapons or weapon systems made outside the United States, if such procurement is necessary to comply with agreements with foreign governments.

On July 5, 1983, the President provided 4 years of relief to the domestic specialty steel industry in the form of increased tariffs on imports of flat-rolled products and global quotas on stainless steel rod, bar, and alloy steels. This action was taken in response to a domestic specialty steel industry complaint and an investigation by the International Trade Commission, pursuant to Section 201 of the Trade Act of 1974, which determined that certain stainless and alloy tool steel imports are injuring U.S. producers.

The President’s action is expected to have very little effect on Defense purchases of foreign specialty metals because the vast majority of specialty metal imported by Defense or its contractors is contained in manufactured products which are not covered in the relief determination.

Appropriation Act restrictions on purchases of specialty metals have been incorporated in Defense Acquisition Regulations.
These Regulations currently provide\(^1\) that no supplies consisting in whole or in part of specialty metals, including stainless steel flatware, shall be acquired which have not been melted in steel manufacturing facilities located within the United States or its possessions. The restriction, however, does not apply to:

(a) acquisitions outside the United States in support of combat operations;

(b) acquisitions by vessels in foreign waters;

(c) emergency acquisitions by establishments located outside the United States for their personnel;

(d) specifically listed supplies;

(e) small purchases, involving $10,000 or less;

(f) supplies purchased specifically for commissary resale;

(g) specialty metals or any item incorporating specialty metals, for which the Secretary concerned or his authorized designee has determined that a satisfactory quality and sufficient quantity melted in the United States or its possessions cannot be acquired as and when needed at U.S. market prices;

(h) specialty metals below the prime contract level for programs other than those for aircraft, missile and space systems, ships, tank-automotive, weapons, and ammunition; and

(i) specialty metals purchased to comply with agreements with foreign governments requiring the United States to purchase supplies from foreign sources to offset sales made by the U.S. Government or U.S. firms under approved programs serving defense requirements or in furtherance of an agreement with a qualifying country.

\(^1\)Defense Acquisition Regulations refer readers to the current Department of Defense Appropriations Act as a check on the current applicability of specialty metals restrictions.
Item (g) is the only exception that requires formal approval of the Secretary concerned or his designee. All other exceptions are automatic. The Secretaries of the Air Force and the Army have delegated authority to approve all "non-availability" waivers (item g) to the various heads of contracting activities. The Secretary of the Navy has followed suit for contracts that do not exceed $1 million; contracts above this threshold, however, require approval of the Deputy Chief of Naval Material (Contracts and Business Management).

Defense Acquisition Regulations require that a domestic specialty metals preference clause be included in all contracts for articles containing such metals which exceed $10,000. Contracts which are a part of major programs (aircraft, missile and space systems, ships, tank-automotive, weapons, and ammunition) must include the following clause.

**PREFERENCE FOR DOMESTIC SPECIALTY METALS (MAJOR PROGRAMS)**

(a) The Contractor agrees that any specialty metals (as hereinafter defined) incorporated in articles delivered under this contract will be melted in the United States, its possessions, or Puerto Rico; Provided, That this clause shall have no effect to the extent that (i) the Secretary or his designee has determined that a satisfactory quality and sufficient quantity of such articles cannot be acquired as and when needed at U.S. market prices; (ii) the acquisition is for a qualifying country end product; or (iii) the acquisition is necessary to comply with agreements with foreign governments requiring the United States to purchase supplies from foreign sources for the purposes of offsetting sales made by the U.S. Government or U.S. firms under approved programs serving defense requirements.

(b) For the purposes of this clause, the term "specialty metals" means:

(i) steels, where the maximum alloy content exceeds one or more of the following limits: manganese, 1.65 percent; silicon, 0.60 percent; or copper, 0.60 percent or which contains more than 0.25 percent of any of the following elements: aluminum, chromium, cobalt, columbium, molybdenum, nickel, titanium, tungsten, or vanadium;
(ii) metal alloys consisting of nickel, iron-nickel and cobalt base alloys containing a total of other alloying metals (except iron) in excess of ten percent;

(iii) titanium and titanium alloys; or

(iv) zirconium and zirconium base alloys.

(c) The Contractor agrees to include this clause, including this paragraph (c), in every subcontract or purchase order issued hereunder unless he knows that the item being purchased contains no specialty metals.

A similar clause, without paragraph (c), is required in all other contracts for articles containing specialty metals.

Appendix I identifies all waivers of the specialty metals restriction approved for reasons of "non-availability" by the Army, Navy, and Air Force and the Defense Logistics Agency since October 1, 1978. Information on the extent to which other exceptions to the specialty metals provision were used was not available because these exceptions are automatic and the Departments do not have systems to accumulate information on them.

FOREIGN SOURCE PROCUREMENT REPORTED
BY THE CORPS OF ENGINEERS

In September 1982, the Corps of Engineers reported to the Steel Caucus that its foreign source procurement (prime contract awards) for steel and steel-related products totaled $8,383,102 from October 1, 1977, through September 22, 1982. Your office asked us to review the Corps data and determine whether its method of developing the information was reasonable.

We contacted Corps officials responsible for providing the information to determine (1) their sources of data and (2) alternative sources of information that were available but not used.

We found that the Corps identified foreign prime contract awards by examining approved waivers of Buy American restrictions. Under Defense Acquisition Regulations, waivers of Buy American restrictions may be approved for Defense construction contracts when (1) items are not available in the United States in sufficient quantities or satisfactory quality or (2) domestic
construction material would unreasonably increase cost or be im-
practicable. Waivers are approved at different management levels
depending on the estimated cost of the materials being purchased.
Approval by the Secretary of the Department concerned is re-
quired, however, when the cost of materials exceeds $100,000.

The Corps used waivers granted for steel and steel-related
purchases\(^2\) from October 1, 1977, through September 22, 1982, to
respond to the Steel Caucus request for information. We found
that the approach was reasonable, considering that the only other
method of obtaining the data would have required a costly and
time consuming contract-by-contract review. The Corps could not
use the Defense Procurement Management Reporting System to iden-
tify foreign prime contract awards for steel and steel-related
products because the System's source documents do not separately
identify such procurements.

**FOREIGN CONTENT INCLUDED IN DOMESTIC CORPS OF ENGINEERS PROJECTS**

In our January 1983 report to Chairman Gaydos, we identified
those Corps of Engineers procurement offices that had reported
over $1 million in foreign purchases for any of the fiscal
years 1979-82 (GAO/ID-83-22). The foreign purchases reported by these
procurement offices for the year or years in which their individ-
ual foreign purchases exceeded $1 million totaled over $28.6 mil-
lon. Your office asked us to supplement this information by
identifying what had been purchased from foreign sources.

We asked each procurement office involved to provide us with
the details of its foreign purchases. The offices developed the
information by reviewing all relevant contracts and/or contacting
the prime contractor(s). The amount of foreign procurement iden-
tified totaled $20.1 million. This is about $8.5 million less
than we reported based on information contained in Individual
Procurement Action Reports (DD Form 350).

Procurement officials told us that the amount of foreign
content included on the Individual Procurement Reports at the
time of award is really a best estimate figure, which can vary
widely from actual purchases. Errors and post-award adjustments
also affect the accuracy of the information included on the DD
Form 350. For example, one DD Form 350 identified foreign con-
tent as 40 percent of contract value, or about $3.2 million. The
contract was for a Grumman Gulfstream II aircraft which, we were
told, had little, if any, discernible foreign content.

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\(^2\)Purchases exceeding $10,000.
Appendix II contains details of foreign purchases made by the identified procurement offices.

DEFENSE PROCUREMENT RESTRICTED TO U.S. AND CANADIAN SOURCES

The objective of the Government's industrial mobilization planning is to ensure that production requirements for essential military supplies and services will be met during a national emergency. This planning does not require that military items and commodities be purchased from domestic producers in peacetime unless the Secretary of Defense specifically determines that it is in the interest of national defense. The need to create or maintain the required domestic capability to produce critical supplies is the criterion used in determining whether to limit procurement to items manufactured in the United States and Canada.

In line with this criterion, the Secretary has identified items which must be purchased from producers in the United States and Canada. Appendix III contains a complete list of the items.

DEFENSE DEPARTMENT STEEL REQUIREMENTS

For calendar year 1983, Defense has identified a need for about 1.1 million short tons of steel for military items, including contractor requirements. These requirements represent almost 1.5 percent of domestic steel production for 1982 and consist of 793,219 tons of carbon steel, 308,141 tons of alloy steel, and 53,781 tons of stainless steel. Appendix IV shows a detailed breakdown of the 1983 steel requirements by program and type of steel.

We did not obtain official agency comments on this report. However, a draft of this letter was reviewed by Defense Department officials concerned with each of the subjects addressed and their comments were considered in preparing the final letter. Our review was made in accordance with generally accepted Government auditing standards.

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Requirements above a predetermined sustaining level may be obtained from other sources.
As arranged with your office, we plan no further distribution of this report until 30 days from the date it is issued. At that time, we will send copies to interested parties and make copies available to others upon request.

Sincerely yours,

Frank C. Conahan
Director
**APPENDIX I**

**DEPARTMENT OF DEFENSE SPECIALTY METALS WAIVERS**  
**APPROVED FOR REASONS OF NON-AVAILABILITY**  
**SINCE OCTOBER 1978**

<table>
<thead>
<tr>
<th>Department of the Air Force</th>
<th>Waiver approval date</th>
<th>Vendor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diesel engines</td>
<td>09-27-82</td>
<td>Detroit Diesel Allison-GM</td>
</tr>
<tr>
<td>Diesel engines</td>
<td>08-20-82</td>
<td>Lister Diesels, Inc., England</td>
</tr>
<tr>
<td>V-504C engines</td>
<td>09-15-82</td>
<td>Cummins Engine Co.</td>
</tr>
<tr>
<td>Fuel pumps</td>
<td>08-20-82</td>
<td>Cummins Engine Co.</td>
</tr>
<tr>
<td>Fuel pumps</td>
<td>07-27-82</td>
<td>Cummins Engine Co.</td>
</tr>
<tr>
<td>Titanium alloy IMI-839</td>
<td>09-06-79</td>
<td>Imperial Metal Industries</td>
</tr>
<tr>
<td>Turbofan engines CFM 56-2B-1</td>
<td>08-26-82</td>
<td>General Electric-SNECMA, France</td>
</tr>
<tr>
<td>TF41 engine components and parts</td>
<td>08-23-79</td>
<td>Detroit Diesel Allison-Rolls Royce</td>
</tr>
<tr>
<td>TF41 engine components and parts</td>
<td>10-30-78</td>
<td>Detroit Diesel Allison-Rolls Royce</td>
</tr>
<tr>
<td>J-85 engine-wire mesh screen/filter</td>
<td>12-03-82</td>
<td>Aircraft Porous Media, Germany, Japan</td>
</tr>
<tr>
<td>J-85 engine-wire mesh screen/filter</td>
<td>11-23-81</td>
<td>Aircraft Porous Media, Germany, Japan</td>
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</table>

<table>
<thead>
<tr>
<th>Department of the Army</th>
<th>Vendor</th>
</tr>
</thead>
<tbody>
<tr>
<td>XTG-411-2A transmissions</td>
<td>Hoover Universal Co. Torrington Co.</td>
</tr>
<tr>
<td>XTG-411-2A transmissions</td>
<td>Hoover Universal Co. Torrington Co.</td>
</tr>
<tr>
<td>VTA-903 T, diesel engines</td>
<td>Cummins Engine Co.</td>
</tr>
<tr>
<td>Diesel engines</td>
<td>Detroit Diesel Allison-GM</td>
</tr>
<tr>
<td>Diesel engines</td>
<td>Detroit Diesel Allison-GM</td>
</tr>
<tr>
<td>Diesel engines</td>
<td>Detroit Diesel Allison-GM</td>
</tr>
<tr>
<td>Diesel transmissions</td>
<td>Detroit Diesel Allison-GM</td>
</tr>
<tr>
<td>Small unit support vehicle-engine and transmission</td>
<td>A.B. Haegglund and Soener</td>
</tr>
<tr>
<td>Armored personnel carriers-M113A2</td>
<td>FMC Corp.</td>
</tr>
<tr>
<td>Trail bike motorcycle</td>
<td>Hayes Manufacturing Co.</td>
</tr>
<tr>
<td>M2-M3 Infantry fighting vehicles-auxiliary sights</td>
<td>FMC Corp.</td>
</tr>
<tr>
<td>12V71T diesel engine</td>
<td>Detroit Diesel Allison-GM</td>
</tr>
<tr>
<td>Advanced diesel turbocompound system engine</td>
<td>Cummins Engine Co.</td>
</tr>
<tr>
<td>GAMA goat vehicles-center and drive differentials</td>
<td>CRN Axles Ltd., England</td>
</tr>
<tr>
<td>8V92TA engines</td>
<td>Detroit Diesel Allison-GM</td>
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<tr>
<td>CLBT 750 transmissions</td>
<td>Detroit Diesel Allison-GM</td>
</tr>
<tr>
<td>Boring machine, bridge type</td>
<td>Rudel Machinery Co.,- SIP, Switzerland</td>
</tr>
<tr>
<td>Boring machine, bridge type</td>
<td>10-05-81</td>
</tr>
<tr>
<td>-----------------------------</td>
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</tr>
<tr>
<td>155MM, M199 cannon muzzle brake castings</td>
<td>02-03-82</td>
</tr>
<tr>
<td>Breech block forgings</td>
<td>06-27-79</td>
</tr>
<tr>
<td>M240C machine guns</td>
<td>08-13-79</td>
</tr>
</tbody>
</table>

**Department of the Navy**

| AV-8B-Pegasus 11(F402) aircraft engines | 01-24-83 | Rolls Royce, England |
| AV-8B-Pegasus 11(F402) aircraft engines | 02-17-82 | Rolls Royce, England |
| AV-8B aircraft parts and materials | 01-24-83 | Rolls Royce, England |
| AV-8B aircraft parts and materials | 03-11-83 | Rolls Royce, England |
| TAV-8B aircraft conversion | 03-07-83 | British Aerospace, England |
| TAV-8A/B/C aircraft engine change kits | 01-24-83 | Rolls Royce, England |
| AV-8A aircraft equipment and components | 05-26-82 | British Aerospace, England |
| C-9B aircraft equipment and components | 05-11-79 | McDonnell Douglas |
| C-9B aircraft equipment and components | 08-21-81 | McDonnell Douglas |
| NAXI-100 air compressors | 10-15-82 | Sweden |
| NAXI-100 air compressors | 07-02-82 | Sweden, Japan |
| Harpoon missile parts and materials | 02-01-83 | Lucas Aerospace, England |
| Harpoon missile parts and materials | 03-11-82 | Lucas Aerospace, England |
| A-7P aircraft headsup display and hydraulic filter elements | 01-31-83 | Elliott Brothers, England |
| Guided missile launching systems ball, roller and needle bearings | 07-28-82 | Aircraft Porous Media, Germany, Japan |
| Helicopter landing systems, LAMPS MKIII | 05-19-82 | Canadian Commercial Corp., Canada |
| Ejection seat escape systems | 06-25-82 | Martin Baker Aircraft Co., England |

**Defense Logistics Agency**

(No specialty metals waivers approved)

**Note** - Defense Department waivers did not disclose contract value of specialty metals and their sources.
### Appendix II

**Foreign Content Identified for 11 Domestic Corps of Engineers (Civil Works) Contracts**


<table>
<thead>
<tr>
<th>District and contract number</th>
<th>Product or service</th>
<th>Contract awardee and dollar value</th>
<th>Foreign Content Source</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Baltimore, Md.</strong> DAC-WL-81-C-0026</td>
<td>Guarnan Aircraft</td>
<td>Gulfstream American Corp., Ga. - $7,950,000</td>
<td>None recorded in contract</td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>New Orleans, La.</strong> DAC-WL-81-C-0097</td>
<td>Pumping units</td>
<td>Aved Johnson-Engineering Corp., Ga. - $2,615,025</td>
<td>Engines (without controls) - Japan</td>
<td>1,145,382</td>
</tr>
<tr>
<td><strong>Philadelphia, Pa.</strong> DAC-WL-79-C-0159</td>
<td>Self-propelled, sea going, hopper dredge</td>
<td>Sun Shipbuilding and Drydock Co., Pa. - $85,000,000</td>
<td>Dredging equipment - Holland</td>
<td>10,218,436</td>
</tr>
<tr>
<td><strong>DAC-WL-81-C-0188</strong></td>
<td>Technical services for dredging</td>
<td>Dredge Technology Corp., NY - $100,000</td>
<td>None</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Savannah, Ga.</strong> DAC-WL-80-C-0098</td>
<td>Hydraulic-turbine driven generator</td>
<td>Canadian General Electric Co., Canada - $3,830,411</td>
<td>All end products - Canada</td>
<td>3,064,329</td>
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<tr>
<td><strong>DAC-WL-81-C-0007</strong></td>
<td>Generators and appurtenances (78,947kVA)</td>
<td>Siemens-Allis, Inc., Wis. - $10,656,000</td>
<td>Air coolers - Canada, Shafts - Japan</td>
<td>53,280, 745,120</td>
</tr>
<tr>
<td><strong>Seattle, Wa.</strong> DAC-WL-79-C-0021</td>
<td>Generators and appurtenances (110kVA)</td>
<td>Westinghouse Electric Corp., Ore. - $10,000,957</td>
<td>Main shaft steel - Japan, Stator steel - Spain</td>
<td>355,000, 355,000</td>
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<tr>
<td><strong>Portland, Ore.</strong> DAC-WL-77-C-0020</td>
<td>Hydraulic turbine (105,000hp)</td>
<td>Allis-Chalmers Corp., Pa. - $29,227,466</td>
<td>Cast steel runner blades - Japan, Cast steel runner crossheads - Japan, Forged steel turbine shafts - Japan, Cast steel runner hubs and rocker arms - Germany</td>
<td>1,175,585, 141,300, 837,671, 870,275</td>
</tr>
<tr>
<td><strong>DAC-WL-78-C-0070</strong></td>
<td>Generators and appurtenances (70,000kVA)</td>
<td>General Electric Co., Ore., - $26,000,889</td>
<td>Fabricated pole (machine steel castings) - Japan</td>
<td>500,000</td>
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<tr>
<td>District and contract number</td>
<td>Product or service</td>
<td>Contract awardee and dollar value</td>
<td>Foreign Content-Source</td>
<td>Value</td>
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<tr>
<td>-----------------------------</td>
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</tr>
<tr>
<td>Portland, Ore. DAV57-77-C-0050</td>
<td>Hydraulic turbines (20,700 hp)</td>
<td>Sulzer Brothers, Inc., Switzerland and Escher Wyss, Switzerland</td>
<td>$2,544,697</td>
<td>463,935</td>
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<tr>
<td>DAV57-79-C-0006</td>
<td>Power transformers and accessories</td>
<td>General Electric Co., Ore.</td>
<td></td>
<td>$2,221,190</td>
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</table>

Total $20,143,597

Source—Information provided by District Procurement Offices, Corps of Engineers.
APPENDIX III

DEFENSE ITEMS RESTRICTED TO THE
UNITED STATES AND CANADIAN SOURCES

Section I - Items Procured Pursuant to DAR 3-216

Army

L.A.P., Manufacturing and testing of projectiles (5.56 through 8 inch), mines, dispensers, rockets, pyrotechnic devices, grenades, demolition charges, small arms ammunition and components

Maintenance of idle portions of 22 GOCO facilities

5.56mm/7.62mm - Cartridges - all types

50 Caliber Cartridge - all types

20mm Cartridge - all types

25mm Cartridge - M791, M792, M793, XM794

30mm Cartridge - AAH - all types (ADEN-DEFA), GAU 8/A - all types

60mm Cartridge - M720 HE (LWCM5)

81mm Cartridge - M301A3 - ALLUM, M374A3 - HE

105mm Cartridge - M456A1/A2 HEAT-T, M724 DSTD-T, M735 APFSD-T, XM774 APFSD-T

120mm Cartridge - XM 829 APFSD-T, XM830 HEAT-MP-T

4.2" Cartridge - M329A2 HE

20mm Weapons System (Family) VADS M163A1/M167A1

Projectiles

20mm - all types except M51A1B1 and HEI XM246

57mm - M360A1/A2 HE/TP

60mm - M720

76mm - Body

81mm - M375A1

90mm - M71A1 HEAT, M313, M431A1 HEAT, M560 APKS

105mm - M416, M468, M489 TP-T, M456A1 HEAT-T and Spike Assembly, M735 APFSDS-T and Core, M737 TPDS-T, XM774 and Core, XM833 APFSDS, M993 HEP-T

106mm - M344A1 HEAT, M346A1 HEP-T

152mm - M411A1

155mm - M107 HE, M483A1 HE, M549 HE, RAP, RAP Warhead Bonding Assy, Motor Body Assy, M692 ADAM, M712 Copperhead, M718/M741 RAAM, M731 ADAM

165mm - M123, M623

4.2" - M329A2 HE M335A2 ILLUM

5"/54 - MK64-1 MPTS


Proj. Body - MK61-0

105mm How 101A1

155mm How M198

155mm Sp How (Family) - M109, M109A2, M109R

8" Sp How (Family) - M110, M110A2, M107, M578 Recovery Vehicle
Fuzes - M1 Delay Plunger, M62A2, M114/M118 S & A Devices, M201A1, M213, M223, M228, M423/M427, M505A3, M507, M577/M582 MT(MPTS), M62/M731 Housing, Timing, and Fuzing Assy, M718/M741 Electronic Assembly, M724 ET(MPTS), M732 Fuze, Sub-Assy and Components, M734 Multi-Option (MPTS), M739 PD(MPTS), MK1-0 Base Assy, MK1-0 Sensing Unit, MK30-5, MK39-0 S & A Devices, MK40 Energizer, MK54 Mod 2 AD, MK339, MK339-1, MK342/MK349, MK379, MK395-1

Cartridge Case
20mm - all types except M21A1
76mm - Steel
90mm - M114A1
105mm - M14B4, M115B1, M148A1B1, M15OB1
106mm - M94B1
152mm - M205
165mm - M104
3"/50 - MK9 MOD 0
5"/54 - MK9

Fin Assy
60mm - M27
81mm - M24
155mm and 8" ICM Grenades - M42E2, M46E1
Grenade Launcher - 40mm - M203
Grenades - M8, M14, M18
155mm Canister - M1, M2
Pallet - MK3-0, MK11 Adapter, MK12 Mod 1, MK13 Adapter, MK16 Adapter, MK79 Adapter, MK121-0 Adapter, M141-0 Adapter, MHU149

Container, Fiber - M251A1, M252A5
Container - BNU-238/E, CNU-238/E, CNU-319

Nitroguanidine
Black Powder (all classes)
Links, all

Box, Metal - M2A1, M19A1, M548
Primer - MK42-2, MK45-1, MK161-0 PERC
Propellant - IMR Type, HPC Type, WC Type
Bomb - MK81, MK82, MK83-4, MK84-4, MK84-6, MK118-0, MK118-0 Bomb Fin
Bomb Fin, Conicle - MK82, MK83, MK84 Bombs, Assy MK15-1
Dispenser - MK7-3 Cargo Sec., MK7-4 Nose Firing, MK7-4 Tail Cone, MK7-4 Fuze Cover
Casing, Burster - M158
Plug, Poly - MK12-3
2.75" Rocket - Motor LAP, Fin & Nozzle Assy, Motor Tube, Stabilizing Rod, Lockwire, Warhead WTU-1/B
35mm Rocket Practice - M73 Subcaliber
66mm Rocket - M54 Motor, M72A1 Launcher
Improved TOW Weapon System
Launcher, Motor - M114 (TOW)
Warhead Section - M207 (TOW)
Warhead Section - M224 (DRAGON)
Nose Crush Switch, MPTS, DRAGON Missile
Laser Rangefinder AN/VVG-2
Laser Rangefinder AN/GVS-5 and Airborne Laser Tracker AN/AAS-32
Ground Laser Designator (GLLD) - Copperhead
Laser Target Designator (LTD) Marine Laser Target Designator (MULE)
Solid State Computer - M21
Second Generation Night Vision Equipment - All items
Night Vision Goggles AN/PVS-5A
Target Acquisition and Detection (TADS) Pilot - Night Vision System (PNVS)
Stand-off Target Acquisition System (SOTAS)
MX 9644/UV 25mm, Image Intensifier Tube Assembly
MX 9916/UV Image Intensifier Tube Assembly
Thermal Imaging Equipment - All items
Heavy Expanded Mobility Tactical Truck (HEMTT)
Tank, Combat, Full Track - M60A1/A3
Reticule Projector Unit - M60A3 Tank
Stabilization System for M60 Tank
Tank, Combat, Full Track - XM1
Tank, Thermal Sight M-60A3 M-1
Remote Pilotless Vehicle (RPV) - YMCM105
Infantry Fighting Vehicle (IFV) - M2
Cavalry Fighting Vehicle (CFV) - M3
Recovery Vehicle (M88A1)
Vehicles (M113 Family)
Truck, 1/4, 2 1/2, 5 ton
Ctg, Tank - MK5-0, MK11-0, MK14-3
Charge, Demo Black - M118
Aluminum Powder

Cable Assy - M73, M74A
Lug, Susp - MK6
Arming Assy - T/MK83
Flare, Infrared - MJU7B, MJU8, RR119
Infrared (IR) Suppressors (OV-1, AH-1, UH-1, OH-58, UH-60, RU-21)
Infrared Countermeasures Set, AN/ALQ-144 (AH-1, UH-1, AH-64, UH-60)
Ribbon Bridge
Back-Up Fly By Wire Control System (AH-64)
Fault Detection/Location System (AH-64)
Radar Jammer AN/ALQ-136(V)1, (AH-1, AH-64), Continuous Wave (CW) Jammer AN/ALQ-162 (SEMA)
Radar Warning Receiver - AN/APR-39(V)2
Quiet Radar - All items
Radar Sets, AN/TPQ-36, AN/TPQ-37
Radar Chronograph - M90

Missile

Multiple Launch Rocket System
Stinger, Air Defense System
Viper Weapon System
Hawk Missile System
Pershing Missile System (P-1A)
Missile Detector System AN/ALQ-156
APPENDIX III

Hellfire

Navigation Equipment (AN/ASN-86 and 128)

Shelters, Electrical Equipment - All items (Only two U.S. sources and all procurement is required to maintain these sources)

Special Aircraft Components
Precision aircraft machines, special lubricants, sensitive bearings, CN-811 and CN-1314 gyroscopes, ID-1315, 2103, 2109, 2105 indicators, P544 Motor Generator, PW-750 Motor Generator

Signal, Intelligence/Electronic Warfare (SIGINT/EW) Equipment

Fire Control Items and all components - M90 Radar Chronograph, M2 Arming Device, Graphical Firing Scales, Optical Bore Sights, Observation Telescopes, Binoculars, Computers Battery Commanders Periscopes, Watches and Clocks

Gas Mask - M17A1, M24, M25

Navy

Fuzes, Safe and Arm Devices, and Similar Items:
Safe and Arm Device - MK-13, MK-17, MK-33
Triggering Device - MK-13

Missile and Missile Components:
AIM-7F Sparrow Missile - Guidance and Controls Section, MK-58 Rocket Motors, MK-71 Warhead Metal Parts
AIM-9L Sidewinder Missile - Guidance and Control Section, MK-36 Rocket Motors, DSU-15 Target Detector, AN/WDU-17 Warhead, MK-1 Wing and AN/BSU-32 Fins

Trident I (C-4) Missile System - Guidance and Control System, MK-5 Electronic Assemblies (EA), MK-5

Machine Guns - .50 Cal - M2, .50 Cal - M85, 7.62mm - M60

Cannons and Gun Mounts, Thick Wall - All items

Gun Mounts - M178, M174, M140, M150A1, M105 - and Recoil Mechanisms - M-45, M2A5, M37, M6B2, 90-105mm Mod Kits

Gun Auto 20mm (Family) - M61A1, M168, M197

Fuel Air Explosive (FAE-II)

Family of Scattered Mines
Ground Employed Mine System (GEMSS)
Modular Pack Mine System (MOPMS)
Mine dispensing systems, CBU-89 and CBU-78 (GATOR)

Dispenser and Bomb, ACFT - CBU-55 A/B, CBU-58 A/B, CBU-71 A/B

Surface Launched - Fuel Air Explosive (SLU-FAE)

Submarine Systems - Type 18 B/D Periscope System, TR 155X 33 Transducers

Military Sealift Cargo - Ocean Transportation and Services

CHAFF

Rapid Blooming on Board Chaff (Super ARBOC)
Air Force

MAC Commercial Airlift
GAU-8/A and 30mm Ammo
Medium Range Air to Surface Missile (MRASM)
Low Altitude Navigation and Targeting Infrared System for Night (LANTIRN)

Defense Logistics Agency

PASGT (KEVLAR) Helmet
Chemical Protective (BUTYL) Gloves
Meal, Ready-to-Eat (MRE)
Tetracycline (Treatment of Infections)

Section II Items Procured Pursuant to Referenced DAR Requirement

DAR 1-2207.2 - Jewel Bearings and Related Items
DAR 1-2207.3 - Miniature and Instrument Ball Bearings
DAR 1-2207.4 - Precision Components for Mechanical Time Devices

Section III Other Critical National Defense Items

Hydraulic Turbine - Army (Civil Works)
High Purity Silicon
Hydro-generators - Army (Civil Works)

Source: Defense Acquisition Regulations.
### Stainless Steel

<table>
<thead>
<tr>
<th>Program</th>
<th>Aircraft</th>
<th>Missiles</th>
<th>Ships</th>
<th>Tank</th>
<th>Automotive</th>
<th>Weapons</th>
<th>Ammunition</th>
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<th>Supplies and Equipment</th>
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### Stainless Steel

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<th>Aircraft</th>
<th>Missiles</th>
<th>Ships</th>
<th>Tank</th>
<th>Automotive</th>
<th>Weapons</th>
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<th>Construction and Materials for USMC</th>
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*Excludes requirements for civilian type shelf items.
Defense Industrial Supply Center*

*Note: Numbers may not add exactly due to rounding.

*Source: Materials requirements, steel and nickel alloys (OD Pam 614)