

Why GAO Did This Study

DOD manages the procurement of billions of dollars in defense items and services on behalf of foreign customers through the FMS program. These sales help support the defense industrial base and are vital to U.S. foreign policy and national security interests.

The FMS process generally begins with a request by a foreign government for information about a U.S. defense item or service. Requests for price and availability data are an optional step in the process. DOD guidance is to generally respond to such requests within 45 days.

The fiscal year 2018 National Defense Authorization Act included a provision for GAO to review DOD's process for developing price and availability data for foreign customers. This report addresses, among other objectives, (1) price and availability requests DOD received from fiscal years 2014 through 2018, (2) how DOD develops price and availability data, and (3) the factors that can influence the timeliness of DOD's responses to foreign customers with price and availability data.

GAO analyzed DOD price and availability data for fiscal years 2014 through 2018, the latest data available; and reviewed documents for a non-generalizable sample of five price and availability responses—varying by estimate value—provided to foreign customers by the Army, Navy, and Air Force. GAO also interviewed defense contractors and DOD officials.

GAO is not making any recommendations at this time.

View [GAO-19-214](#). For more information, contact Marie A. Mak at (202) 512-4841 or makm@gao.gov.

FOREIGN MILITARY SALES

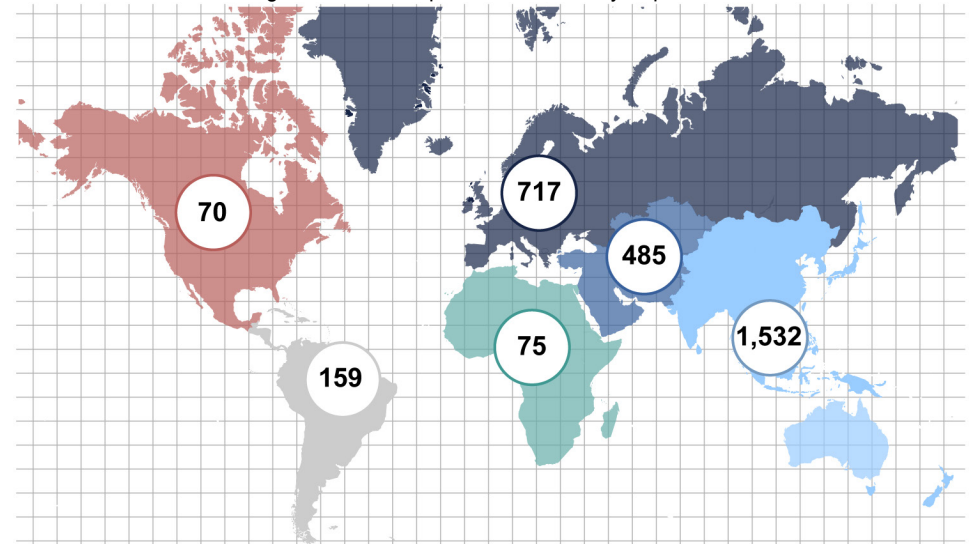
Observations on DOD's Approach to Developing Price and Availability Estimates for Foreign Customers

What GAO Found

The Department of Defense (DOD) reported receiving 3,038 requests for Foreign Military Sales (FMS) price and availability data in fiscal years 2014 through 2018 from 93 countries across six geographic regions, as shown in the figure. Foreign customer requests included services and items such as training and support services for weapon systems, missiles, aircraft, and communication equipment.

Number of Foreign Military Sales Price and Availability Requests by Region, Fiscal Years 2014 through 2018

Not all countries in each region submitted a price and availability request.



Source: GAO analysis of Department of Defense (DOD) data. | GAO-19-214

DOD officials indicated they generally strove to offer price and availability data that reflected rough order of magnitude estimates of total anticipated costs for a complete and sustainable capability. Contractors often provide input to DOD for these cost and schedule estimates. In the five examples GAO reviewed, DOD officials considered factors such as possible production delays and included anticipated costs for support services, operations, and sustainment, when needed. DOD officials also included FMS administrative charges and, as applicable, nonrecurring and transportation costs. GAO found that when DOD considered these factors in developing the response to the customer, at times, they made adjustments to the estimates provided by contractors to more fully reflect expected costs if the items are purchased.

Among the five examples, GAO found that response times ranged from 45 to 320 days and that a number of factors can affect timeliness. For example, the complexity of the system or capability the customer is interested in acquiring may require involvement from multiple program offices and defense contractors, requiring more time than the 45 days suggested by DOD's guidance.