



# **U.S. Department of Defense Procurement Update**

**Baltic Country Industry Day Forum**

**October 2022**





# TALKING POINTS

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- Reciprocal Defense Procurement (RDP) Agreement:
  - Why is it important?
  - What does it accomplish?
  - What does it mean to be a Qualifying Country?
- RDP Agreement Guiding Principles
- Summary of DoD Contract Obligations
- Important Points for Industry to Consider





## Talking Points: Why is it important to have an Reciprocal Defense Procurement (RDP) Agreement?

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- As a result of close cooperation with allies and partners, all countries benefit from an expanded industrial base.
- The industrial base needed for defense is a global one. This is especially striking as we have seen impacts from the pandemic and now in Ukraine that have strained the global defense industrial base to its core.
- There cannot be “us” versus “them”. We must work together if we are to support current and future defense needs.





## Talking Points: Why is it important to have an Reciprocal Defense Procurement (RDP) Agreement?

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- Common needs across the nations are items that are essential to defense systems: raw materials, steel casings and gun tubes, ball bearings, microelectronics, to name a few.
- Work is needed with allies and partners to identify opportunities to make systems more interchangeable – meaning increased ability to work in different weapons platforms and systems of systems. This can provide new growth opportunities for industry.
- The recent National Armaments Director's meeting under the auspices of the Ukraine Defense Contact Group to begin to identify ways to increase industrial and government cooperation and deliver critical items to counter Russian aggression.





# Reciprocal Defense Procurement (RDP) Agreements

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- Under an RDP agreement, countries afford each other certain benefits on a reciprocal basis, consistent with their national laws and regulations.
- For the U.S., the Secretary of Defense waived the Buy American Statute (for supplies used in the United States), restrictions on DoD procurement of specialty metals, and the Balance of Payments Program (for supplies used outside the United States).
- Each RDP agreement provides a framework for ongoing communication between or among DoD and its respective counterparts regarding market access and procurement matters that contribute to effective defense cooperation.





# Reciprocal Defense Procurement (RDP) Agreements

- A country that has concluded an RDP agreement with DoD is termed a “qualifying country” in the DoD Federal Acquisition Regulation Supplement (DFARS).
- The U.S. DoD has RDP agreements in effect with the following 28 qualifying countries:

Australia	Austria	Belgium	Canada	Czech Republic
Denmark	Egypt	Estonia	Finland	France
Germany	Greece	Israel	Italy	Japan
Latvia	Lithuania	Luxembourg	Netherlands	Norway
Poland	Portugal	Slovenia	Spain	Sweden
Switzerland	Turkey	United Kingdom of Great Britain and Northern Ireland		





# Reciprocal Defense Procurement (RDP) Agreement Guiding Principles

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- *Allow fair competition* by responsible sources of each nation for defense procurements
- *Reduce barriers* to market access; facilitate defense procurement from industry of the other country
- *Exchange information* on procurement-related laws, regulations, policies, administrative procedures, and international obligations
- *Provide information* on requirements and proposed purchases
- *Provide adequate time* for proposal submission by firms of the other country
- *Protect* information, software, and property
- *Avoid* making conflicting commitments
- *Exchange statistics* on the monetary value of defense procurements awarded to firms of the other country





# FY 22 DoD Contract Obligations

## by Federal Category Management Structure

**Common (\$235.2B)**  
Products: \$72.9B/Services: \$162.2B

### 1. IT (\$8.8B/\$22.5B)

- 1.1 IT Software
- 1.2 IT Hardware
- 1.3 IT Consulting
- 1.4 IT Security
- 1.5 IT Outsourcing
- 1.6 Telecommunications

### 2. Professional Services (\$0/\$51.8B)

- 2.1 Business Administration Services
- 2.2 Legal Services
- 2.3 Management Advisory Services
- 2.4 Marketing and Distribution
- 2.5 Public Relations and Professional Comm Svcs
- 2.6 Real Estate Services
- 2.7 Technical and Engineering Services (non-IT)
- 2.8 Financial Services
- 2.9 Social Services

### 3. Security & Protection (\$3.1B/\$0.7B)

- 3.1 Security Animals & Related Services
- 3.2 Security Systems
- 3.3 Security Services

### 4. Facilities & Construction (\$2.1B/\$51.3B)

- 4.1 Construction Related Materials
- 4.2 Construction Related Services
- 4.3 Facility Related Materials
- 4.4 Facility Related Services
- 4.5 Facilities Purchase & Lease

### 5. Industrial Products & Services (\$9.0B/\$0.9B)

- 5.1 Machinery & Components
- 5.2 Fire/Rescue/Safety/Environmental Protection Equipment
- 5.3 Hardware & Tools
- 5.4 Test & Measurement Supplies
- 5.5 Industrial Products Install/Maintenance/Repair
- 5.6 Basic Materials
- 5.7 Oils, Lubricants, and Waxes

### 6. Office Management (\$0.7B/\$0.1B)

- 6.1 Office Management Products
- 6.2 Office Management Services
- 6.3 Furniture

### 7. Transportation & Logistics Services (\$12.8B/\$14.5B)

- 7.1 Package Delivery & Packaging
- 7.2 Logistics Support Services
- 7.4 Transportation of Things
- 7.5 Motor Vehicles
- 7.6 Transportation Equipment
- 7.7 Fuels

### 8. Travel & Lodging (\$0/\$1.3B)

- 8.1 Passenger Travel
- 8.2 Lodging
- 8.3 Travel Agent & Misc Svcs

### 9. Human Capital (\$0/\$2.6B)

- 9.1 Specialized Educational Services
- 9.2 Vocational Training
- 9.3 Human Resources Services

### 10. Medical (\$36.4B/\$16.5B)

- 10.1 Drugs and Pharmaceutical Products
- 10.2 Medical Equipment and Accessories and Supplies
- 10.3 Healthcare Services

**\$422B**

**DoD-Centric (\$186.6B)**  
Products: \$133.5B/Services: \$53.1B

### 11. Aircraft, Ships/Submarines, and Land Vehicles (\$55.7B/\$0)

- 11.1 Aircraft
- 11.2 Land Combat Vehicles
- 11.3 Ships & Submarines

### 12. Weapons and Ammunition (\$26.3B/\$0)

- 12.1 Ammunition & Explosives
- 12.2 Fire Control
- 12.3 Guided Missiles
- 12.4 Guns
- 12.5 Nuclear Ordnance
- 12.6 Weapons

### 13. Electronic and Communications Equipment (\$14.9B/\$0)

- 13.1 Communication Equipment
- 13.2. Detection & Coherent Radiation Eq
- 13.3 Electrical & Electronics Equipment
- 13.4 Night Vision Eq

### 14. Sustainment S&E\* (\$30.8B/\$0)

- 14.1 Drones
- 14.2 Engines, Components & Spt Eq
- 14.3 Materials
- 14.4 Supply Parts
- 14.5 Support Ships & Small Craft
- 14.6 Training Aids and Devices

### 15. Clothing, Textiles, and Subsistence S&E\* (\$5.4B/\$0.04B)

- 15.1 Subsistence
- 15.2 Textiles, Clothing & Equipage

### 16. Miscellaneous S&E\* (\$0.3B/\$0.03B)

- 16.1 S&E Not Classified Elsewhere

### 17. Research & Development (\$0/\$29.8B)

- 17.1 Systems Development
- 17.2 Operational Systems Development
- 17.3 Technology Base
- 17.4 Commercialization

### 18. Equipment Related Services (\$0/\$22.4B)

- 18.1 Maintenance, Repair and Overhaul
- 18.2 Equipment Modification
- 18.3 Installation of Equipment
- 18.4 Quality Control
- 18.5 Technical Representative Services
- 18.6 Purchases & Leases
- 18.7 Salvage Services

### 19. Electronic & Communication Services (\$0/\$0.9B)

- 19.1 Equipment Maintenance
- 19.2 Equipment Leases

\*S&E – Supplies and Equipment

Note: Spend figures are based on FY22 FPDS-NG where DoD is the funding agency





# FY 21 DoD Contract Obligations

## by Federal Category Management Structure

**Common (\$220.7B)**  
Products: \$69.9B/Services: \$150.7B

### 1. IT (\$8.6B/\$21.3B)

- 1.1 IT Software
- 1.2 IT Hardware
- 1.3 IT Consulting
- 1.4 IT Security
- 1.5 IT Outsourcing
- 1.6 Telecommunications

### 2. Professional Services (\$0/\$52.2B)

- 2.1 Business Administration Services
- 2.2 Legal Services
- 2.3 Management Advisory Services
- 2.4 Marketing and Distribution
- 2.5 Public Relations and Professional Comm Svcs
- 2.6 Real Estate Services
- 2.7 Technical and Engineering Services (non-IT)
- 2.8 Financial Services
- 2.9 Social Services

### 3. Security & Protection (\$3.2B/\$0.6B)

- 3.1 Security Animals & Related Services
- 3.2 Security Systems
- 3.3 Security Services

### 4. Facilities & Construction (\$2.3B/\$42.3B)

- 4.1 Construction Related Materials
- 4.2 Construction Related Services
- 4.3 Facility Related Materials
- 4.4 Facility Related Services
- 4.5 Facilities Purchase & Lease

### 5. Industrial Products & Services (\$8.4B/\$0.9B)

- 5.1 Machinery & Components
- 5.2 Fire/Rescue/Safety/Environmental Protection Equipment
- 5.3 Hardware & Tools
- 5.4 Test & Measurement Supplies
- 5.5 Industrial Products Install/Maintenance/Repair
- 5.6 Basic Materials
- 5.7 Oils, Lubricants, and Waxes

### 6. Office Management (\$0.7B/\$0.09B)

- 6.1 Office Management Products
- 6.2 Office Management Services
- 6.3 Furniture

### 7. Transportation & Logistics Services (\$8.3B/\$13.2B)

- 7.1 Package Delivery & Packaging
- 7.2 Logistics Support Services
- 7.4 Transportation of Things
- 7.5 Motor Vehicles
- 7.6 Transportation Equipment
- 7.7 Fuels

### 8. Travel & Lodging (\$0/\$1.7B)

- 8.1 Passenger Travel
- 8.2 Lodging
- 8.3 Travel Agent & Misc Svcs

### 9. Human Capital (\$0/\$2.7B)

- 9.1 Specialized Educational Services
- 9.2 Vocational Training
- 9.3 Human Resources Services

### 10. Medical (\$38.5B/\$15.7B)

- 10.1 Drugs and Pharmaceutical Products
- 10.2 Medical Equipment and Accessories and Supplies
- 10.3 Healthcare Services

**\$396B**

**DoD-Centric (\$174.6B)**  
Products: \$124.5B/Services: \$50.1B

### 11. Aircraft, Ships/Submarines, and Land Vehicles (\$54.6B/\$0)

- 11.1 Aircraft
- 11.2 Land Combat Vehicles
- 11.3 Ships & Submarines

### 12. Weapons and Ammunition (\$24.9B/\$0)

- 12.1 Ammunition & Explosives
- 12.2 Fire Control
- 12.3 Guided Missiles
- 12.4 Guns
- 12.5 Nuclear Ordnance
- 12.6 Weapons

### 13. Electronic and Communications Equipment (\$13.3B/\$0)

- 13.1 Communication Equipment
- 13.2. Detection & Coherent Radiation Eq
- 13.3 Electrical & Electronics Equipment
- 13.4 Night Vision Eq

### 14. Sustainment S&E\* (\$26.3B/\$0)

- 14.1 Drones
- 14.2 Engines, Components & Spt Eq
- 14.3 Materials
- 14.4 Supply Parts
- 14.5 Support Ships & Small Craft
- 14.6 Training Aids and Devices

### 15. Clothing, Textiles, and Subsistence S&E\* (\$5.2B/\$0.08B)

- 15.1 Subsistence
- 15.2 Textiles, Clothing & Equipage

### 16. Miscellaneous S&E\* (\$0.2B/\$0.03B)

- 16.1 S&E Not Classified Elsewhere

### 17. Research & Development (\$0/\$27.0B)

- 17.1 Systems Development
- 17.2 Operational Systems Development
- 17.3 Technology Base
- 17.4 Commercialization

### 18. Equipment Related Services (\$0/\$22.1B)

- 18.1 Maintenance, Repair and Overhaul
- 18.2 Equipment Modification
- 18.3 Installation of Equipment
- 18.4 Quality Control
- 18.5 Technical Representative Services
- 18.6 Purchases & Leases
- 18.7 Salvage Services

### 19. Electronic & Communication Services (\$0/\$0.8B)

- 19.1 Equipment Maintenance
- 19.2 Equipment Leases

\*S&E – Supplies and Equipment

Note: Spend figures are based on FY21 FPDS-NG where DoD is the funding agency



# Prime Contracts with Foreign Industry in Fiscal Year 2021

*Note: Data does not reflect subcontracts with foreign entities*

DOD PURCHASE CATEGORY	ACTIONS	OBLIGATED AMOUNT	% OF TOTAL OBLIGATION
<b>TOTAL:</b>	<b>135,259</b>	<b>\$10,025,311,487</b>	<b>100.00%</b>
PETROLEUM	17,015	\$2,704,286,728.24	26.97%
SERVICES	32,406	\$2,287,547,241.93	22.82%
CONSTRUCTION	7,583	\$2,047,760,442.24	20.43%
ALL OTHERS NOT IDENTIFIABLE TO ANY OTHER PROCUREMENT PROGRAM	55,499	\$1,198,484,864.69	11.95%
ELECTRONICS AND COMMUNICATION EQUIPMENT	663	\$358,357,094.09	3.57%
SHIPS	4,529	\$295,749,059.83	2.95%
AMMUNITION	184	\$254,561,087.07	2.54%
OTHER AIRCRAFT EQUIPMENT	1,514	\$168,411,290.48	1.68%
MISSILE AND SPACE SYSTEMS	39	\$148,723,929.44	1.48%
AIRFRAMES AND SPARES	1,571	\$136,649,424.89	1.36%
AIRCRAFT ENGINES AND SPARES	1,564	\$100,896,262.92	1.01%
WEAPONS	350	\$98,562,381.62	0.98%
COMBAT VEHICLES	512	\$54,493,568.73	0.54%
MEDICAL AND DENTAL SUPPLIES AND EQUIPMENT	1,072	\$50,383,266.62	0.50%
NON-COMBAT VEHICLES	1,196	\$42,664,152.03	0.43%
TEXTILES, CLOTHING AND EQUIPAGE	49	\$20,584,083.47	0.21%
MATERIALS HANDLING EQUIPMENT	102	\$12,915,923.59	0.13%
OTHER FUELS AND LUBRICANTS	706	\$12,485,775.72	0.12%
CONSTRUCTION EQUIPMENT	180	\$10,852,151.52	0.11%
SUBSISTENCE	8,395	\$10,307,504.10	0.10%
BUILDING SUPPLIES	57	\$4,908,420.13	0.05%
PRODUCTION EQUIPMENT	52	\$4,302,097.48	0.04%
TRANSPORTATION EQUIPMENT (RAILWAY)	3	\$1,013,978.21	0.01%
PHOTOGRAPHIC EQUIPMENT AND SUPPLIES	3	\$251,568.18	0.00%
SEPARATELY PROCURED CONTAINERS AND HANDLING EQUIPMENT	14	\$195,071.87	0.00%





# Key Steps Industry Should Consider When Selling to DoD

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- Follow the guide on Doing Business with DoD at the following website: <https://www.acq.osd.mil/asda/dpc/cp/policy/doing-business-with-dod.html>
- Clearly identify your end product, service, component, or assembly
- Do your own research on what the U.S. buys and who buys it: <https://www.usaspending.gov/>
- Market your capabilities (*industry and Government*)
- Build relationships and partner with U.S. industry
  - Forums like this are a great opportunity; also consider contacting U.S. defense industry associations like Aerospace Industries Association (AIA) [www.aia-aerospace.org](http://www.aia-aerospace.org) and National Defense Industrial Association (NDIA) [www.ndia.org/](http://www.ndia.org/)





# Key Steps Industry Should Consider When Selling to DoD

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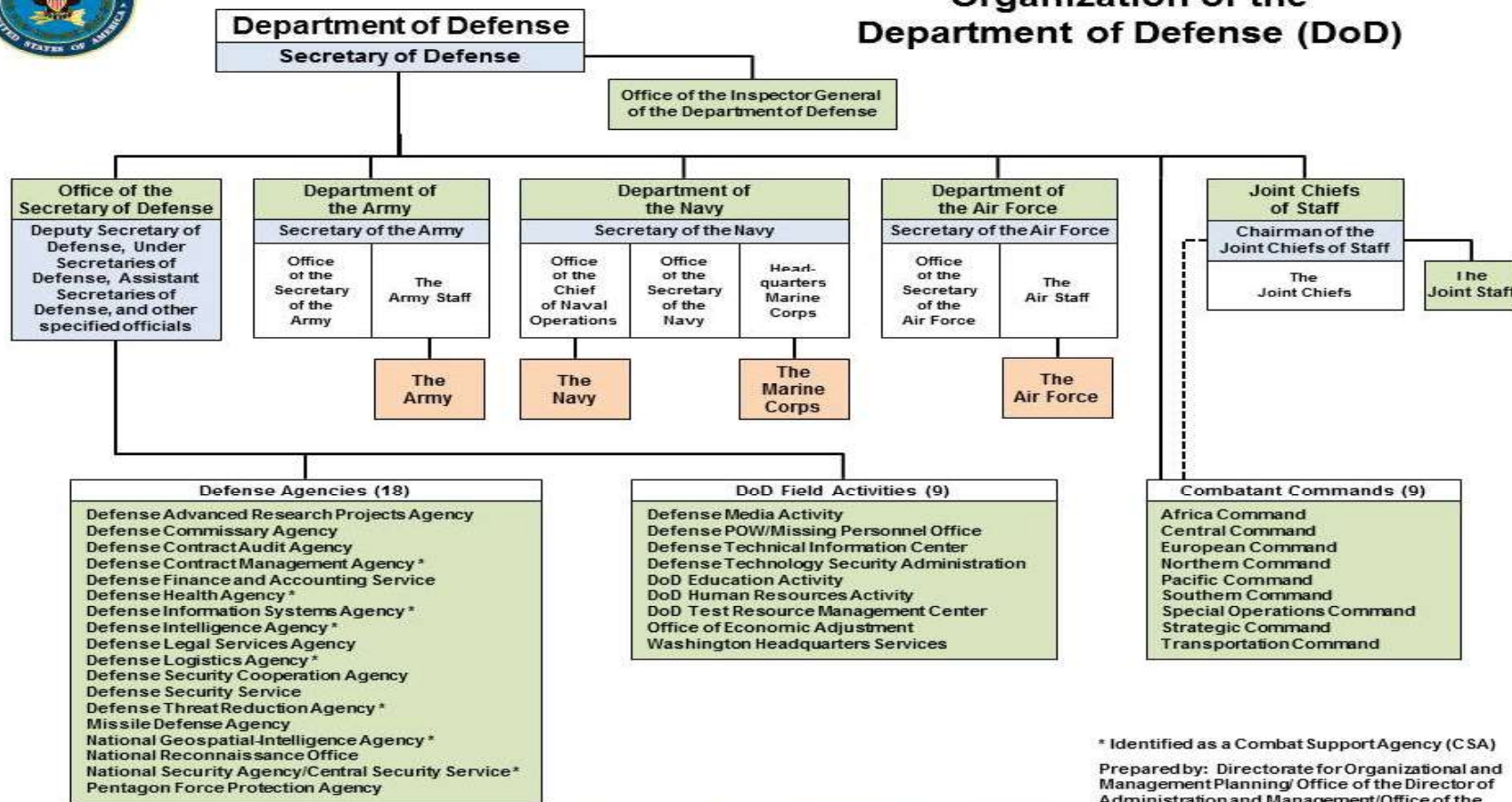
- Register in the System for Award Management (SAM) and Obtain a Unique Entity Identifier (UEI) and Commercial and Government Entity Code (CAGE) or North Atlantic Treaty Organization Commercial and Government Entity (NCAGE) Code
- Identify Current Federal and DoD Contract Opportunities at SAM.gov: [www.sam.gov/content/opportunities](http://www.sam.gov/content/opportunities)
- Provide the best proposal based on Cost/Price, Technical, and/or other performance-based requirements
- Negotiate and communicate with US DoD Contracting Officers
- Build successful portfolio of past performance





# U.S. Department of Defense

## Organization of the Department of Defense (DoD)



- Defense Agencies (18)**
- Defense Advanced Research Projects Agency
  - Defense Commissary Agency
  - Defense Contract Audit Agency
  - Defense Contract Management Agency \*
  - Defense Finance and Accounting Service
  - Defense Health Agency \*
  - Defense Information Systems Agency \*
  - Defense Intelligence Agency \*
  - Defense Legal Services Agency
  - Defense Logistics Agency \*
  - Defense Security Cooperation Agency
  - Defense Security Service
  - Defense Threat Reduction Agency \*
  - Missile Defense Agency
  - National Geospatial-Intelligence Agency \*
  - National Reconnaissance Office
  - National Security Agency/Central Security Service \*
  - Pentagon Force Protection Agency

- DoD Field Activities (9)**
- Defense Media Activity
  - Defense POW/Missing Personnel Office
  - Defense Technical Information Center
  - Defense Technology Security Administration
  - DoD Education Activity
  - DoD Human Resources Activity
  - DoD Test Resource Management Center
  - Office of Economic Adjustment
  - Washington Headquarters Services

- Combatant Commands (9)**
- Africa Command
  - Central Command
  - European Command
  - Northern Command
  - Pacific Command
  - Southern Command
  - Special Operations Command
  - Strategic Command
  - Transportation Command

\* Identified as a Combat Support Agency (CSA)  
 Prepared by: Directorate for Organizational and Management Planning/ Office of the Director of Administration and Management/Office of the Secretary of Defense – December 2013

DoD Component    Military Service    Senior Leader





# Defense Pricing and Contracting Helpful Information – Foreign Acquisition

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- See Reports on International Contracting:  
<https://www.acq.osd.mil/asda/dpc/cp/ic/reporting.html>
- See Reciprocal Defense Procurement Agreements and Exceptions and Waivers Data:  
<https://www.acq.osd.mil/asda/dpc/cp/ic/international-agreements-exceptions-waivers.html>

## QUESTIONS???

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