

## Identifying Opportunities, Understanding the Market, and Compliance

A company should explore solicitations found on **FedBizOpps.gov**: <https://www.fbo.gov> to get involved in the **FMS selection process**. This is the first “go to” to participate in any type of foreign government contract.

### Requirements for Eligibility to Sell to DOD

There is a common misconception that FMS is somehow a separate process of its own. It is not. There is nothing exporters have to do to be eligible to have their products sold via FMS. All purchases for FMS customers are made through established DOD procurement channels. The exporter must only be eligible to sell to DOD. The best source for that information is the DOD Office of Small Business Programs. Their “Guide to Marketing to the DOD” can be found at: <http://www.acq.osd.mil/osbp/sb/guide.shtml>

A company can study who has been successful in past awarded contracts awarded at a federal procurement website that shows the “[Top 100 Contractors Report](#).”

[FMS contract awards](#) valued at \$5-7 million or more are announced each business day at 5 p.m. EST on the DOD website and can be accessed via DSCA’s home page.

Companies can also research all [Major Arms Sales to which the United States DOD](#) is a party.

### Understanding the Market

Understanding which countries have large defense budgets is not enough. Companies need to study the specific programs and upcoming contracts available in each country to address customer requirements and priorities, capabilities, objectives, the status of the local defense industry, and the customer’s relationships with other governments. Exporting companies should also investigate the ease of doing

business, local content requirements, offset policies, and other requirements that may be necessary for acquiring foreign contracts. Understanding these capabilities is critical in determining the exportability of a product for a given country as well as the benefits of selling via FMS or DCS.

### Export Management & Compliance Plan (EMCP)

Defense exporters must understand and comply with export control regulations and keep abreast of the latest Export Control Reform (ECR), EAR, and ITAR changes. It is strongly advised that registered exporters and manufacturers have a compliance program in place to assist in monitoring defense trade activities. [BIS’ website outlines the specific EMCP guidelines](#) and elements recommended for an effective compliance program. Companies should use this reference to analyze their procedures and manage risk. The Directorate of Defense Trade Controls (DDTC) at DOS also provides [Compliance Program Guidelines](#). If budgets allow, it is also prudent to hire a compliance specialist or legal official to ensure the organization is compliant with the most current regulations regarding national disclosure policy, the contract and bidding process, export control requirements, and internal record keeping requirements.

### Training

Additionally, training and webinars are available from the Department of Commerce and the Department of State, and the key USG agencies governing munitions, defense trade, and export controls. Companies need to have a **basic understanding of export controls** and can take advantage of [BIS’s FREE on-line training](#), which is available in a variety of electronic formats. For example, there is a webinar series of nine topics presented at a two-day “[Complying with US export Controls seminar](#)” that is also available on line, including a video and a PDF file.

In an era of global terrorism, “end-user verification” is increasingly important. The “[Consolidated Screening List](#)” (CSL) is a **tool for screening parties**. It is also discussed in the section ahead under “know

your customer.”<sup>1</sup> If an exporter suspects that items may have been transferred elsewhere without appropriate authorizations, programs are in place that encourage companies to [voluntarily report inadvertent violations of rules and regulations](#) to help police the system and reduce risks to national security.

### **Understanding the Competition**

The largest conglomerates in the aerospace and defense sector benefit from economies of scale and can more easily absorb sustained high investment costs. Numerous opportunities exist for medium and smaller companies to cooperate and/or partner with similarly sized operations in foreign countries to supply to these Original Equipment Manufacturers (OEMs).

One way to assess competition in foreign markets is to identify top competitors by country of interest, and research the foreign company websites as well the foreign government. A host of resources are available depending on which country is of interest. [Click here for a list of the top 100 global A&D companies.](#)

The Department of Commerce’s International Trade Administration’s website, [www.export.gov](http://www.export.gov), is an excellent source to gain market research and country specific information, including step-by-step instructions on how to identify potential markets, how to obtain trade statistics that indicate which countries import a certain product and more. See the following ‘Department of Commerce’ resource section ahead for more guidance and information.

On the other hand, companies wishing to export should fully understand whether foreign countries are open to purchasing defense items from outside their own domestic supply chains. Particularly within the EU, countries may be less willing to seek U.S.

suppliers over suppliers from European partner countries.

### **Country Tenders and Resources**

Many countries also post useful content online. For example: [The UK Ministry of Defense \(MOD\)](#) hosts a contract website that provides market reports on ‘How to Sell to the MOD’ and ‘The SME Market: Attitudes, Projections and Trends,’ and provides direct links to webinars on ‘Discover the World of Defence Procurement.’<sup>2</sup>

Australia’s [www.business.gov.au](http://www.business.gov.au) site highlights resources for suppliers and provides a central point to find publicly available procurements advertised by the Australian Government. To see a list of tenders in Australia, go to <https://www.tenders.gov.au/>. The Department of Commerce’s U.S. Commercial Service helps companies navigate the tender systems and procurement laws of individual countries and can provide the contacts and resources.

### **Local Representation**

Working in-country can also be an advantage for both U.S. companies and the U.S. Government, since relationship building is a key to partnering. Becoming a global defense exporter requires a global supply chain, local capabilities, local partnerships, alliances, and potential joint ventures. Numerous countries, i.e., Germany and the UAE require foreign suppliers to partner with a local company to access the market, and requirements vary by country and size of the contract. The Department of Commerce has services available to help U.S. companies identify trusted local representatives (see below).

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<sup>1</sup> <https://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern>

<sup>2</sup> <https://www.contracts.mod.uk/resources/monthly-eguides/>