



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

Office of the Assistant Secretary

25 May 2004

Contracting Policy Memo 04-C-04

MEMORANDUM FOR ALMAJCOM/FOA/DRU (CONTRACTING)

FROM: SAF/AQC
1060 Air Force Pentagon
Washington DC 20330-1060

SUBJECT: Elimination of Unreliable Sources of Defense Items and Components

This policy letter establishes a notification process, to comply with Section 821 of the National Defense Authorization Act (NDAA) for FY 2004 (Public Law 108-136), for contracting officers to notify SAF/AQC if a country decides to restrict the delivery or sale of military goods or services to the United States.

Section 821 of the FY 2004 NDAA requires the Secretary of Defense, in coordination with the Secretary of State, to identify and list foreign countries that restrict the provision or sale of military goods or services to the United States because of United States counterterrorism or military operations.

Section 821, subsection (b) further states that the Secretary of Defense may not procure any items or components contained in military systems if the items or components, or the systems, are manufactured in any foreign country that has been identified and placed on the list of unreliable sources. To date, no countries have been identified so a list does not exist. The Secretary may waive this limitation if he determines in writing and notifies Congress that the Department's need for the item is of such an unusual and compelling urgency that the Department would be unable to meet national security objectives. Section 821 applies to all contracts in existence on or entered into after 24 November 2003.

Contracting officers must notify their respective MAJCOM contracting staff if they become aware (or were aware as of 24 November 2003) that a country is restricting the delivery or sale of military goods or services to the United States. Contracting offices should provide as much detail as possible regarding the nature of the requirement, e.g. item, component or service being acquired, and any known or stated rationale for a country to restrict delivery to the United States. The MAJCOM contracting staff shall then notify SAF/AQCP and provide the details of the restriction. SAF/AQC will notify OSD who will investigate the matter.

In the event a list of unreliable sources is developed by OSD as a result of the Section 821 requirement, OSD will establish appropriate procedures for checking the list prior to awarding contracts to foreign sources or contracts for items or components that are manufactured in foreign countries.

Please direct any questions to Lt Col Rich Unis, SAF/AQCP, DSN 425-7030 or (703) 588-7030.

A handwritten signature in black ink, appearing to read 'C Williams, Jr.', with a stylized flourish at the end.

CHARLIE E. WILLIAMS, JR.
Deputy Assistant Secretary (Contracting)
Assistant Secretary (Acquisition)