

Section 9C: Co-Operative Logistics and Blanket Order Cases with the United States Department of Defense

9C.1 (1994-06-23) The Canada/United States of America Co-Operative Logistics (COLOG) Supply Support Arrangement was initially approved in 1965. Public Works and Government Services Canada (PWGSC) shall make the necessary arrangements to establish with the United States (U.S.) Government the contractual instruments such as COLOG arrangements or Blanket Order Cases (BOC), thus allowing the Canadian Department of National Defence (DND) to obtain directly from the U.S. Department of Defense (DOD), material and services, as required.

Requisition Receipt

9C.2 (1994-06-23) Contracting officers should refer to Chapter [9B.3](#) - United States Foreign Military Sales (FMS) for information concerning the requisition process of the U.S. FMS Program.

9C.3 (1994-06-23) The COLOG Operations Office in the Aerospace, Marine and Electronics Systems (AMES) Sector of the Supply Operations Services Branch shall review requisitions for COLOG and BOC and provide support to these activities as detailed under the Referral Program activities below on behalf of PWGSC.

Planning

9C.4 (1994-06-23) Under COLOG arrangements, a participating country is required to purchase an equity in the supply system of the appropriate service within the U.S. DOD, through a Stock Level Case, which is adjusted annually, up or down, depending on usage. Canada has purchased an equity in each of the three U.S. Forces supply systems, U.S. Army, Air Force and Navy, on an as required basis, and pays for only those items it actually draws out of the systems.

9C.5 (1994-06-23) Since U.S. law prohibits the U.S. DOD from expending its funds on speculative purchases for other than its own Forces, there is a requirement for deposits to be made usually quarterly, in advance, by participating foreign nations. The amount of the deposit should correspond to the anticipated delivery value in the succeeding quarter.

9C.6 (1994-06-23) A final accounting is carried out when all items have been delivered or cancelled and all discrepancies have been resolved. This accounting results in a contract amendment requiring either a final payment by Canada or a refund to Canada.

Establishment and Renewal of a Stock Level Case (FMSO I)

9C.7 (1994-06-23) It is necessary to establish a Stock Level Case, also referred to as Foreign Military Sales Order (FMSO I), to obtain COLOG support from the U.S. DOD. When the U.S. Air Force, U.S. Army or U.S. Navy, as applicable, agrees to supply, through COLOG, spare parts to the Armed Forces of a foreign nation, the U.S. material managers involved will take action to augment the U.S. DOD Supply Systems to correspond to the client's anticipated requirement.

9C.8 (1994-06-23) Stock Level Cases are negotiated annually.

Establishment of a Requisitioning Case (FMSO II)

9C.9 (1994-06-23) PWGSC establishes annually a Requisitioning Case, also known as a FMSO II, before DND is allowed to draw spare parts from the U.S. DOD supply systems.

9C.10 (1994-06-23) PWGSC has delegated to DND the responsibility for placing orders directly with the U.S. Navy, the U.S. Army and the U.S. Air Force, as applicable, once the appropriate Stock

Level Case (FMSO I) and Requisitioning Case (FMSO II) are in place. Requisitions for COLOG eligible items are transmitted directly by DND to DOD by means of a computer terminal linked to the U.S. Automated Digital Network which provides direct access to the U.S. military supply systems.

Referral Program

9C.11 (1994-06-23) There are three aspects to the Referral Program:

- (a) Referral of items with an extended price of US\$20,000 at the time of requisitioning.
- (b) The Quarterly List of all items procured through COLOG.
- (c) The Annual List of items procured through COLOG.

Note: This is not a part of the establishment of the contract but rather action that occurs after the contract is established and throughout the life of the contract as long as "call-ups" (COLOG Requisitions) are submitted against the case.

9C.12 (1994-06-23) The following summarizes the Referral Program:

- (a) When the extended price of an item is US\$20,000 or more, the DND COLOG office responsible for submitting demands through COLOG on the U.S. DOD systems, will pass information on the demand to the PWGSC COLOG Operations Office (AMES.)
- (b) The purpose of this referral is to allow AMES to review the procurement to determine whether procurement through Canadian and/or other sources is more advantageous to Canada.
- (c) The review is coordinated by the AMES COLOG office with input from the PWGSC product managers as required.
- (d) If it is determined that the item is available from the Canadian industry, procurement action should be completed in Canada unless it is established that such action is not justifiable from a cost standpoint or that other conditions are unacceptable, particularly as they pertain to operational requirements. Similarly, if it is determined that the item is available at less cost from any other commercial source of supply, procurement action may be completed commercially unless it is established that such action is not justifiable from a total cost standpoint or that other conditions are acceptable, particularly as they pertain to operational requirement.
- (e) If the item cannot be procured through the Canadian or foreign companies, DND will be advised to demand it from the U.S. DOD through COLOG.
- (f) All referrals should be processed as expeditiously as possible. A full reply or at minimum, an interim reply will be provided to DND within 30 days of receipt of the referral.
- (g) The second portion of the demand Referral Program is that the DND COLOG office responsible for the COLOG program, will forward quarterly to PWGSC, AMES, a printout which will list all procurement through COLOG over the last quarter, regardless of value or priority.
- (h) The third portion of the Referral Program is similar to the second portion except that it is based on an annual list being provided by DND of all procurement through COLOG for the last fiscal year. A similar review as the one performed for the quarterly reports may be conducted.
- (i) The purpose of these reviews is to provide an overview of procurement being done

through COLOG over a period of time. This would not be visible with only a review of procurement of individual items with a value over US\$20,000. This review will allow PWGSC in Washington to seek sources based on requirements demanded over time. Often supply of an individual item may not be attractive to a supplier; however, when procurement of individual items over a period of time are collectively viewed, the combined value may be very attractive to a supplier.

COLOG Termination

9C.13 (1994-06-23) Should Canada decide to terminate COLOG arrangements, there is a process, that varies with the U.S. DOD service involved, which will identify those items that Canada is liable to procure from the U.S. DOD.