



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE

3015 DEFENSE PENTAGON
WASHINGTON, DC 20301-3015

JUN 2 2001

MEMORANDUM FOR COMPONENT ACQUISITION EXECUTIVES
DIRECTOR, DEFENSE CONTRACT AUDIT AGENCY
DIRECTOR, DEFENSE CONTRACT MANAGEMENT
AGENCY
DIRECTOR, DEFENSE LOGISTICS AGENCY

SUBJECT: Packaging Pilot Completion for General Electric and Honeywell

For the past 24 months, General Electric (GE) and Honeywell have been participating in the Department's packaging pilot program to move Defense packaging practices to commercial practices. I commend all of those involved in this initiative from the Defense Contract Audit Agency, Defense Contract Management Agency, Defense Logistics Agency, the components and industry for your pioneering efforts to change Defense packaging practices. The pilot participants have demonstrated meaningful reductions in cycle time and material costs, and have significantly increased productivity within their packaging operations.

Accordingly, I direct the components to adopt these commercial packaging practices in all contracts with GE and Honeywell. Defense Contract Management Agency administrative contracting officers or the cognizant contracting officers should apply these practices to all new contracts and modifications reflecting the attached interim authority, addressing consideration as appropriate. This provision will remain in effect until the other changes I have directed in my June 2001 memorandum, subject, "Revisions to Department of Defense (DOD) Packaging Standards, Regulations and Guidance," institutionalize the revised packaging practices.

Please extend my appreciation to the packaging community for their support to those who have pioneered these changes in packaging practices. I look forward to additional reform and pilot program participation. My point of contact for this initiative in the Office of the Deputy Under Secretary of Defense (Acquisition Reform) is Craig Curtis, (703) 697-6399.

Dave Oliver

2002-1F



Attachment:
As Stated

cc:
Acting Deputy Under Secretary of Defense
(Acquisition Reform)
Deputy Under Secretary of Defense
(Logistics & Material Readiness)
Director, Defense Procurement
General Counsel of the Department of Defense

Interim Packaging Authority

General Electric (GE) and Honeywell (formerly AlliedSignal) are participants in an Interim Packaging Program designated by the Principal Deputy Under Secretary of Defense (Acquisition & Technology) related to the use of commercial packaging methods. The following contract language is to be included in all new contracts and modifications to implement this authority:

1. If this contract or any order issued under this contract specifies that items to be delivered shall be packaged in accordance with a version of MIL-STD-2073 or any standard other than the contractor's commercial packaging practices, those packaging requirements shall be deemed to be for information only and not contractually binding except where specified in accordance with paragraph 2. The contractor shall, instead, package such items in accordance with its standard commercial packaging methods adequate to prevent deterioration and physical damage to the item(s). The contractor's standard commercial packaging methods shall be the methods described in its Quality System manual or other written media which are based on the elements of ISO 9000.
2. If specified by the Government in this contract or any order issued under the contract, the contractor shall utilize reusable shipping containers provided the shipping container has been assigned a national stock number (NSN) and has been provided by the Government as Government Furnished Property (GFP) or procured by the Government under this contract.
3. Where F.O.B. Origin is specified, the Government shall notify its carrier in accordance with its standard procedures upon discovery of any damage resulting from transportation of the items. Where F.O.B. Destination is specified, the Government shall notify the contractor in accordance with its standard procedures upon discovery of any damage resulting from transportation of the items.
4. The Government shall notify the contractor of any concealed damage to the item(s) resulting from the failure of the contractor's packaging methods within 150 days of the discovery of the concealed damage or within 42 months of the date the contractor packed the items, whichever occurs first. The contractor shall repair or replace, at its option, any item the parties agree has been damaged as a result of the failure of the contractor's packaging methods, provided the Government has exercised reasonable care in its transportation, handling and storage of the item(s) in the military distribution system.
5. Any exception to the requirements of this clause shall be mutually agreed to by the parties.

Attachment