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Mediterranean Acquisition and Cross-Servicing Agreement: An Analysis of Military Exchange Between the Republic of Cyprus and the United States

December 2024

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Naval Postgraduate School

Prepared for the Naval Postgraduate School, Monterey, CA 93943.

ACQUISITION RESEARCH PROGRAM
DEPARTMENT OF DEFENSE MANAGEMENT
NAVAL POSTGRADUATE SCHOOL

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ABSTRACT

The United States Navy (USN) relies on dynamic supply chains and effective logistics planning to sustain combat-ready naval forces worldwide. Decision makers require adaptable logistics options to meet changing demands and respond to contingencies. This capstone examines the benefits of Acquisition and Cross-Servicing Agreements (ACSAs) compared to traditional contracting, with a focus on the U.S.–Cyprus ACSA given the Republic of Cyprus's (ROC) strategic location in the Eastern Mediterranean.

Through qualitative and quantitative analysis, our research finds that acquiring logistics support, supplies, and services (LSSS) via ACSAs can be more cost-effective, faster, and more flexible than conventional methods, while also enhancing diplomatic ties with partners and allies. However, the U.S.–Cyprus ACSA's current use remains limited due to its recent implementation, the ROC's geography, and existing infrastructure. Immediate reliance on this ACSA by the USN may initially prove challenging, but it remains a valuable logistics tool that can also be used to inform future logistics planning as the agreement matures.

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LIST OF ACRONYMS AND ABBREVIATIONS

ACSA	acquisition and cross-servicing agreement
AGATRS	ACSA (acquisition and cross-servicing agreement) Global Automated Tracking and Reporting System
AO	area of operations
AOR	area of responsibility
BOS	base operations support
C2	command and control
CCDR	combatant commander
CCMD	combatant command
CG	Ticonderoga-class cruiser
CJCS	Chairman of the Joint Chiefs of Staff
COA	course of action
COR	contracting officer's representative
CSG	carrier strike group
CTF	commander, task force
DDG	Arleigh Burke-class destroyer
DNE	do-not-exceed
DoD	Department of Defense
DoDI	Department of Defense Directive
DON	Department of the Navy
DLA	Defense Logistics Agency
DWCF	Defense Working Capital Fund
EEZ	exclusive economic zone
EU	European Union
EVE	equal value exchange
FAR	Federal Acquisition Regulation
FLC	Fleet Logistics Center
FMS	foreign military sales
FPDS-NG	Federal Procurement Data System–Next Generation
FY	fiscal year

GDMA	Glenn Defense Marine Asia
GMAC	global multiple award contract
HNS	host nation support
HSP	husbanding service provider
HSPortal	Husbanding Service Portal
IDIQ	indefinite delivery indefinite quality
IMET	International Military Education Training
ITAR	International Traffic in Arms Regulations
JCS	Joint Chiefs of Staff
JFC	Joint Force Commander
JLOTS	Joint Logistics Over-the-Shore
LCC	Blue Ridge-class amphibious command ship
LHD	Wasp-class landing helicopter dock
LOGREQ	logistics requirements
LSSS	logistics support, supplies, and services
MAC	multiple award contract
MSC	Military Sealift Command
NAICS	North American Industry Classification System
NATO	North Atlantic Treaty Organization
NAVEUR-NAVAF	United States Naval Forces Europe and Africa
NAVSUP	Naval Supply Systems Command
NEO	non-combatant evacuation operation
NMSA	NATO (North Atlantic Treaty Organization) Mutual Support Act
OPNAV	Office of the Chief of Naval Operations
ORM	operational risk management
PIEE	Procurement Integrated Enterprise Environment
PIK	payment-in-kind
POL	petroleum, oils, and lubricants
PVST	port visit
RFP	request for proposal
RIK	replacement-in-kind
ROC	Republic of Cyprus

SEA	Ships' bunkers Easy Acquisition
STANAG	standardization agreement
SUPPO	Supply Officer
T-AKE	Lewis and Clark-class dry cargo ship
T-AO	Henry J. Kaiser-class and John Lewis-class fleet replenishment oiler
T-EPF	Spearhead-class joint high speed vessel
TRNC	Turkish Republic of Northern Cyprus
TYCOM	type commander
UN	United Nations
UNFICYP	United Nations Peacekeeping Force in Cyprus
UNREP	underway replenishment
USC	United States code
USCYBERCOM	United States Cyber Command
USEUCOM	United States European Command
USG	United States government
USN	United States Navy
USSOCOM	United States Special Operations Command
USTRANSCOM	United States Transportation Command

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I. INTRODUCTION

Research into Acquisition and Cross-Servicing Agreements (ACSAs)—specifically for acquiring goods and services for United States Navy (USN) surface ships abroad—provides an opportunity to evaluate ACSA effectiveness compared to traditional contracting methods. Despite the recognized utility of ACSAs in supporting naval operations by those who work intimately with this acquisition method, knowledge gaps exist among naval officers, junior and senior, due to lack of familiarity and experience. Our capstone aims to bridge these gaps and bring more focus to this flexible logistical option.

This chapter introduces our ACSA capstone topic and its use by the USN in the Mediterranean region. Further discussion of research questions, methodology, limitations and scope, and organization of the capstone are provided before concluding with a chapter summary. Our capstone's focus is centered on the U.S.–Cyprus ACSA, traditional contracting methods utilized in the Republic of Cyprus (ROC), and comparable ACSAs existing within United States Naval Forces Europe and Africa (NAVEUR-NAVAF) component command/U.S. Sixth numbered Fleet. U.S. Sixth Fleet's area of responsibility (AOR) covers a geographic area including all of Europe, Russia, and a majority of the continent of Africa. Besides oceans, major bodies of water in the AOR include the Mediterranean, Adriatic, Black, and Caspian Seas, and seas in the Baltic region (NAVEUR-NAVAF/U.S. Sixth Fleet, n.d.).

A. PURPOSE

The purpose of this capstone is to highlight logistical advantages inherent to ACSAs while evaluating current utilization of the U.S.–Cyprus ACSA to confirm its advantage in maintaining regional stability.

Successful naval logistics, planning, and execution are vital for the USN to maintain freedom of the seas while promoting global security through forward presence and strategic deterrence. Political instability creates logistical concerns and challenges for USN surface forces operating within affected regions. Within the past two years, Russia invaded Ukraine, and Israel waged war against Hamas following a deadly attack on Israeli

citizens. The U.S. increased its military presence in the Eastern Mediterranean region as a result. When facing unprecedented situations, leaders tasking naval surface forces require flexible logistic options to meet mission objectives.

Thus, this research focuses on trending requirements for robust logistics options and how these requirements can be met by leveraging ACSAs. Under U.S. law, ACSAs can provide solutions to logistical problems where traditional contracting or organic capabilities lack responsivity and flexibility. ACSAs provide additional measures beyond traditional contracting processes by "developing mutually supportive relationships to enhance coordination" (Joint Chiefs of Staff [JCS], 2019, p.V-1). ACSAs are defined as "bilateral international agreements that allow for the provision of cooperative logistics support under the authority granted in Title 10, USC [United States Code], Sections 2341–2350" (JCS, 2019, p.V-1). These agreements allow for exchange of logistics support, supplies, and services (LSSS) between the U.S. and partner nations on a reimbursable basis.

The U.S.–Cyprus ACSA, signed into effect December 21, 2022, is of particular interest due to the ROC's strategic geographic location within the Mediterranean Sea and proximity to contested areas (Appendix A). The ROC may be considered a crucial geographic ally in supporting European and Middle Eastern operations as required. To analyze the effectiveness of the U.S.–Cyprus ACSA, a thorough analysis and comparison of current traditional contracting methods utilized in the ROC to exchanges conducted under the U.S.–Cyprus ACSA and mature U.S. Sixth Fleet ACSAs are required.

B. RESEARCH QUESTIONS

The following research questions were formulated to analyze the U.S.–Cyprus ACSA's effectiveness compared to traditional contracting methods utilized in the ROC and mature ACSAs in Sixth Fleet.

1. Primary Research Questions

- How does the U.S.–Cyprus ACSA compare to traditional contracting methods utilized in the ROC?

- How does the U.S.–Cyprus ACSA compare to existing Sixth Fleet AOR ACSAs?

2. Secondary Research Questions

- What is the current process for ACSA transactions in the ROC?
- What are the current policies and standards governing ACSA transactions in the ROC?
- What are the limitations of the U.S.–Cyprus ACSA?

C. METHODOLOGY

To explore these research questions, we first collected and reviewed regulations and doctrine governing ACSAs to provide a thorough understanding of their use and defined processes. Next, we gathered and analyzed data from five applicable databases: ACSA Global Automated Tracking and Reporting System (AGATRS), Federal Procurement Data System–Next Generation (FPDS-NG), Husbanding Service Portal (HSPortal), Ships' bunkers Easy Acquisition (SEA) Card Online, and Procurement Integrated Enterprise Environment (PIEE).

AGATRS is a Department of Defense (DoD) record system for managing ACSA transactions. FPDS-NG is a government system for maintaining public records of all government-wide procurements. HSPortal is a Department of the Navy (DON) system for maintaining port services data rendered and supplied by Husbanding Service Providers (HSPs). SEA Card® Online "is an order, receipt and invoice system that allows Department of Defense military services and federal civilian agency vessels to purchase fuel from commercial ship refueling merchants at seaports worldwide" (Defense Logistics Agency [DLA], n.d.-b). PIEE is an online platform used by the DoD and its contractors to manage procurement and acquisition processes.

AGATRS provided data points for applicable ROC and Sixth Fleet ACSAs. FPDS-NG, HSPortal, SEA Card®, and PIEE provided traditional contracting data points for contracts awarded in the past five years for acquiring goods and services for the USN in

the ROC. Data collection consisted of contracts and exchanges for standard LSSS categories: Petroleum, Oil and Lubricants (POL), Port Services, Subsistence, and Transportation.

Following a qualitative analysis of data collected, a weighted numerical comparison technique was used to compare the U.S.–Cyprus ACSA to traditional contracting methods. The weighted numerical comparison technique is based on the method used during the joint planning process to compare courses of action (COAs) (JCS, 2020). Weighted criterion consisted of Cost, Simplicity, Speed, Sustainability, Risk, Flexibility, and International Relations.

D. LIMITATIONS AND SCOPE

This research is solely focused on the ROC, U.S.–Cyprus ACSA, and comparable ACSAs in the Sixth Fleet AOR. Although ACSAs exist globally, it is most helpful to narrow the focus to a specific region, particularly ACSAs that share ties with the European Union (EU), due to comparable cultural similarities and differences, problem sets, and political situations faced in the region.

Data collection spanning fiscal years (FYs) 2019–2024 was obtained from the AGATRS, PIEE, and HSPortal procurement databases. Data collection from FPDS-NG dated back further to FY17 for a better understanding of what types of marine services could be provided in the ROC's major ports.

There are instances throughout this research where data is limited in terms of consistency based on input by record database managers. This is apparent in all databases utilized for this research: AGATRS, FPDS-NG, and HSPortal. In recent years, the AGATRS database faced scrutiny due to inaccuracies in recordkeeping and poor management of the reimbursement process (Bair, 2020).

E. ORGANIZATION OF CAPSTONE

This capstone includes six chapters. Chapter I establishes our topic. Chapter II discusses the background of naval logistics, defines ACSAs, emphasizes the need for this research and details the ROC country specifics. Chapter III presents regulations and

doctrine governing ACSAs and associated processes. It further introduces the concept of rationalism and its framework under the international relations theory before discussing relevant research conducted on the topic of ACSAs. Chapter IV describes specifics of the data gathering process, database sources, and analysis methods used. Chapter V presents data analysis and results. Finally, Chapter VI provides conclusions, recommendations and potential areas of further research.

F. SUMMARY

This chapter introduced the capstone's topic, purpose, research questions, methodology, limitations and scope, and organization. Understanding all available logistics options for sustaining global mission operability is vital for combatant commanders at the top level of decision making especially within contested environments. The next chapter will further discuss why ACSA research is relevant, provide a background on naval logistics planning options, and our focus on the ROC.

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II. BACKGROUND

ACSAs are formal, "non-binding international agreements between the U.S. DoD and the ministry of defense, ministry of foreign affairs, or comparable department of an allied or partner nation or international organization that allows DoD to provide and receive logistic support, supplies, and services (LSSS) from other countries and international organizations" during events such as training exercises, deployments or contingency operations (JCS, 2024, p. A-1). In December 2022, the U.S.–Cyprus ACSA was established. The Israel-Palestine conflict intensified in October 2023 which increased the requirement for USN surface ships and auxiliary craft to operate in the Sixth Fleet AOR and execute a variety of logistic operations. Throughout this time, the ROC maintained its position at the center of the operating area. This key geographic position highlighted a desire for increased robust logistical support throughout the region, and perhaps a need to leverage ACSAs in a greater capacity.

This chapter discusses naval logistics, current logistics support processes, and associated risks before exploring the necessity for multiple forward-deployed surface logistics options. Additionally, it provides an overview of the ACSA program and examines the ROC's environmental factors to enhance reader understanding.

A. NAVAL LOGISTICS AND CURRENT LOGISTICS SUPPORT PROCESSES

Planning naval logistics is complex due to the USN's global reach. To sustain USN forces worldwide effective and flexible logistics operations are required. Thus, it is important for decision-makers to understand current naval logistics planning, processes, and options available.

1. United States Navy Background and Structure

DoD Directive (DoDI) 5100.01, *Functions of the Department of Defense and Its Major Components* (Department of Defense [DoD], 2020), establishes the function of the USN and components in support of "core mission areas of the Armed Forces, which are

broad DoD military operations and activities required to achieve the strategic objectives" of essential national strategy documents (p. 1).

The directive lists specific functions of the USN to:

> Conduct offensive and defensive operations associated with the maritime domain including achieving and maintaining sea control, to include surface, land, air, space, and cyberspace.
>
> Provide power projection through sea-based global strike, to include nuclear and conventional capabilities; interdiction and interception capabilities; maritime and/or littoral fires, to include naval surface fires; and close air support for ground forces.
>
> Conduct ballistic missile defense.
>
> Conduct ocean, hydro, and river survey and reconstruction.
>
> Conduct riverine operations.
>
> Establish, maintain, and defend sea bases in support of naval, amphibious, land, air or other joint operations as directed.
>
> Provide naval expeditionary logistics to enhance the deployment, sustainment, and redeployment of naval forces and other forces operating within the maritime domain, to include joint sea bases, and provide sea transport for the Armed Forces other than that which is organic to the individual Military Services, USSOCOM [United States Special Operations Command], and USCYBERCOM [United States Cyber Command].
>
> Provide support for join space operations to enhance naval operations, in coordination with other Military Services, Combatant Commands, and USG [United States government] departments and agencies.
>
> Conduct nuclear operations in support of strategic deterrence, to include providing and maintaining nuclear surety and capabilities. (DoDI, 2020, p. 36)

To be able to perform these functions, the USN must organically sustain several avenues of logistical support through traditional contracting avenues and international agreements. U.S. Naval Forces Europe and Africa/ U.S. Sixth Fleet operate using several task forces specifically termed Commander, Task Forces (CTFs) to tactically control naval units in theater and assign each CTF a mission area to maintain. CTFs direct operations from Maritime Patrol and Reconnaissance for CTF-67 to Supply and Sustainment for CTF-

63. Each CTF executes missions, exercises, and operations together with other task forces or independently under the Sixth Fleet authority (DoD, 2020). Naval surface forces operating in the Sixth Fleet AOR include forward deployed naval forces inherent to the region, carrier strike groups (CSGs) and independently deployed surface ships tasked from other numbered fleets. While in theater, each naval surface vessel operates under CTF tasking. The U.S. Transportation Command (USTRANSCOM) and its Maritime Sealift Command (MSC) component work for CTF-63 to coordinate air, land and sea-going assets in providing rapid movement of cargo and personnel and replenishment of naval assets at sea (U.S. Naval Forces Europe and Africa/U.S. Sixth Fleet, n.d.). Due to the complex geographical and political landscape of the Sixth Fleet, vessel sustainment requires thorough planning, foresight, and redundancy to ensure all naval assets are adequately sustained, trained, and equipped to conduct tasking.

2. Routine Surface Ship Logistics Process

Navy husbanding is the routine process for USN surface ships to obtain logistics support overseas. This process involves contracting husbanding service providers (HSPs) to deliver essential services for surface ships conducting port visits. These services typically include providing water, waste removal, tugs, force protection, and other logistical needs such as transportation, electricity, and phone lines for the ship and crew. During a port visit (PVST), contracts may cover the supply of food and other amenities to ensure the ship is fully provisioned.

The current process for Navy husbanding is managed through structured contracts to ensure efficiency and compliance with regulatory standards. PVST contracts prior to FY15 were awarded on a single award basis and later reimbursed with limited oversight (Cahill et al., 2022). Naval Supply Systems Command's (NAVSUP) focus shifted towards transparency of husbanding services following the Glenn Defense Marine Asia (GDMA) scandal and prompted the change "to a new husbanding service acquisition strategy known as the multiple award contract (MAC) Indefinite Delivery Indefinite Quantity (IDIQ)" (Cahill et al., 2022, p. 8). On October 1, 2020, a global multiple award contract (GMAC) subject to standard audit requirements was awarded by NAVSUP Fleet Logistics Center

(FLC) Sigonella, Italy to contract global husbanding services from trusted vendors (Dortch, 2020). This strategic approach enhanced overall logistics support quality for naval forces regardless of port location and proved to be cost beneficial due to increased competition between vendors (Cahill et al., 2022).

Figure 1 provides a visual depiction of the Navy's husbanding process for PVSTs. Office of the Chief of Naval Operations (OPNAV) Instruction 4400.11A, *Husbanding Service Provider Program Policy*, details the HSP program's roles responsibilities, "oversight, coordination, and direction" (2020, p. 1). The process starts once a ship releases a logistics requirements (LOGREQ) naval message at least 30 days in advance of a PVST which details requested services to stakeholders. The LOGREQ is then validated by the applicable FLC contracting team to meet GMAC requirements. Deviations follow a separate process. Once evaluated to meet GMAC requirements, the FLC solicits request for proposals (RFPs) from GMAC vendors and awards the contract to a HSP through a task order for requested services. The ship's Supply Officer (SUPPO) will ensure a daily reconciliation is performed for services rendered with the vendor and Contracting Officer's Representative (COR) through final departure. The HSP invoice, receipts, and material inspection and receiving reports (DD Form 250) will be filed for the COR to finalize the contract and pay the HSP.

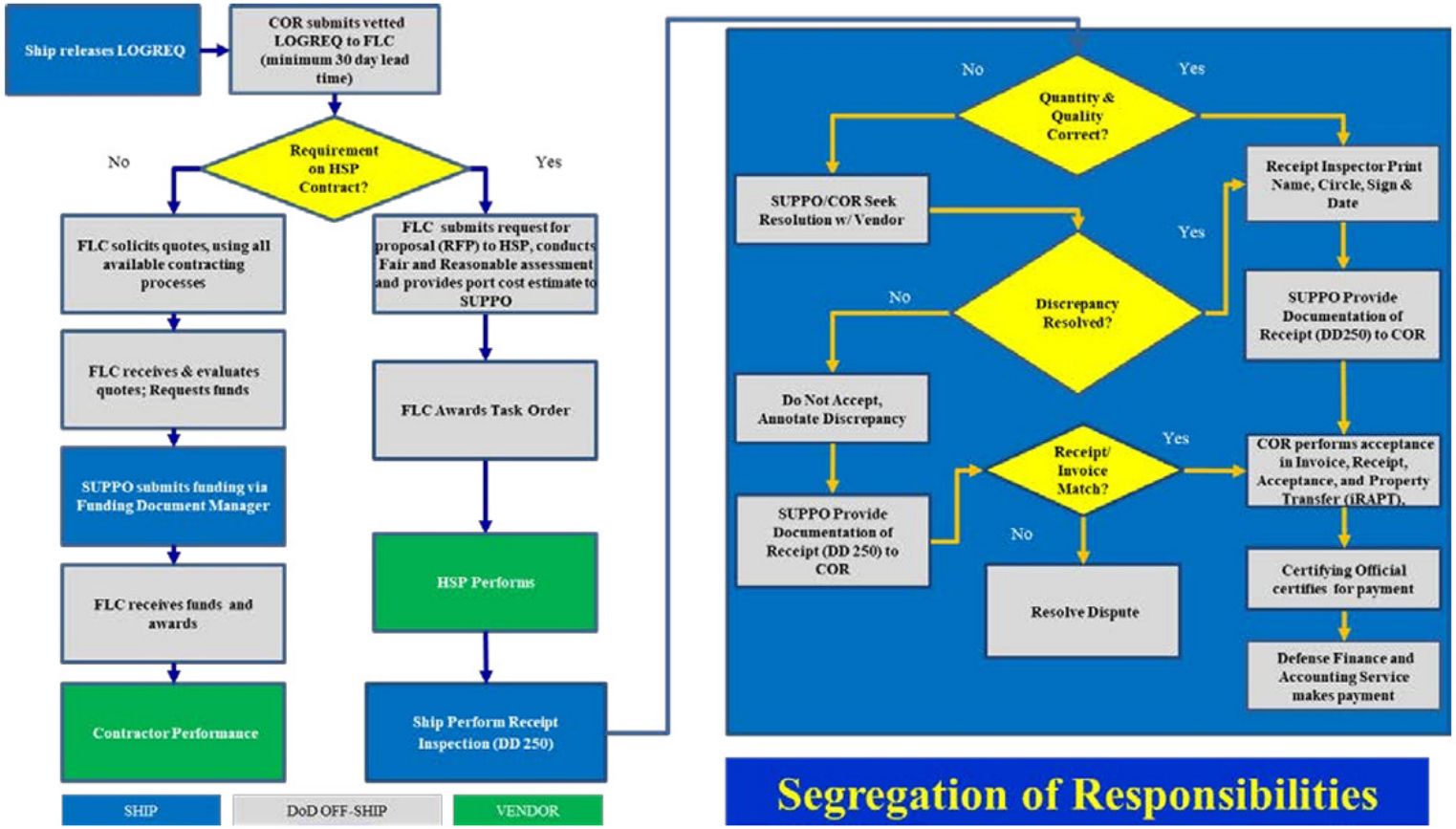

Figure 1. Navy Husbanding Process for Port Visits. Source: OPNAV (2020)

3. Risks Associated with Routine Logistics Methods

Routine husbanding requires comprehensive contract management processes to vet contractors, conduct regular audits, and maintain security protocols. These processes help mitigate potential risk and promote effective provision of husbanding services. The following list of risks are associated with the routine husbanding:

- **Financial risks**. There is a risk of financial mismanagement or fraud in the husbanding process. Instances of HSPs overcharging the USN for services have occurred in the past and led to financial losses (Rendon & Rendon, 2022).
- **Security risks.** Third-party contractors providing critical services like force protection, water, and fuel can pose security risks if stringent protocols are not adhered to.
- **Quality and reliability risks**. Dependence on external providers for essential services could lead to quality issues if substandard services are provided, compromising operational readiness.
- **Dependency risks**. Heavy reliance on local contractors in foreign ports increases operational risks if contractors are unavailable to provide goods and services due to local unrest or natural disasters.
- **Regulatory and compliance risks**. Each country has varying regulatory standards. The risk of non-compliance with local laws and regulations could lead to legal complications and fines.
- **Supply chain risks**. Disruptions in the supply chain negatively impacts the availability and timely delivery of essential services and supplies. Preemptive plans are required to mitigate potential supply chain disruptions or contractor unavailability due to unforeseen circumstances.

B. NEED FOR OPTIONS IN FORWARD-DEPLOYED LOGISTICS

Awareness of various logistical options and alternatives is key to obtaining necessary support services for USN global operations. These far-reaching operations are inherent to the USN's mission and ability to conduct its required functions. Typical goods and services are required for surface ships to maintain operability and sustainability for long periods of time depending on geopolitical situations.

1. Goods and Services

When deployed overseas, USN surface ships require comprehensive resources and support to sustain operational readiness and crew welfare. USN ships require a steady supply of fuel and lubricants for propulsion and power generation to ensure maneuverability to various mission areas. Ammunition and spare parts are crucial for maintaining ships' combat capabilities. Additionally, vessels require fresh water, food, and medical supplies to maintain crew health over extended periods at sea. Regular maintenance and repair services, through onboard capabilities or by outside activities, are vital for the upkeep of ships' combat and engineering systems and corresponding equipment. Finally, reliable communication systems are required for effective command and control (C2) so ships remain connected and integrated within the broader naval force.

2. Risks Associated with Forward-Deployed Logistics

Deployed USN surface ships face a series of logistics and supply chain challenges. Risks to forward deployed logistics encompass the following key factors:

- **Resupply of essential commodities.** Naval surface ships require regular replenishment of fuel, food, ammunition, and spare parts. Ensuring a steady flow of supplies is challenging, especially in remote or politically volatile regions. The USN routinely relies on underway replenishment (UNREP), PVSTs, and support ships to maintain supply lines abroad.
- **Port accessibility.** U.S. political relations in various regions affect access to foreign ports. Changes in diplomatic ties or regional conflicts can

suddenly limit port access for resupply or maintenance, forcing ships to travel longer distances to obtain goods and services.

- **Supply chain disruptions.** Global events such as pandemics, political instability, and natural disasters disrupt supply chains, which create delays in the delivery of critical supplies. This negatively impacts ships' readiness and mission capability.
- **Maintenance and repairs.** USN ships require routine maintenance to continue operations. Thus, access to ship repair facilities, parts, and technical support personnel is critical to maintaining operability.
- **Fuel availability.** The need for fuel is constant as access to fuel must be continuously maintained. This presents a logistical challenge requiring careful planning and coordination.
- **Food and water supply.** Regular access to fresh food and potable water is essential for ships' crews' health and welfare. Challenges exist for longer duration missions or when operations are conducted in contested environments where resupply is not readily available.
- **Medical supplies and support.** Maintaining a stock of medical supplies for routine health care and emergencies is crucial. The ability to receive medical support, onboard or from external sources, is logistically challenging, especially in remote or contested environments.
- **C2.** Effective logistics requires dependable communication systems for coordination between ships' supply bases and command structures such as the ability to send LOGREQs or communicate with FLCs and Type Commanders (TYCOM) approving and managing logistics requests. Disruptions in communication can cause logistics delays and miscommunication.
- **Environmental considerations.** Operating in areas with stringent environmental regulations hinders waste disposal and refueling operations.

- **Dependence on host nation support (HNS).** In many cases, USN ships rely on host nation facilities and infrastructure for support. Changes in political or diplomatic relations may impact support positively or negatively.

This list of logistical risk factors requires continuous assessment and adaptive planning to ensure USN surface ships maintain operational tempo and readiness while deployed overseas. Effective logistics planning is as crucial to mission success as training is to improving combat readiness.

C. ACQUISITION AND CROSS-SERVICING AGREEMENT GENERAL OVERVIEW

This general overview briefly discusses ACSA program specifics, ACSA exchange process, capabilities, and limitations. Chapter III further details regulation and doctrine governing ACSAs. ACSAs provide means and flexibility for CCDRs to conduct military operations worldwide. ACSAs are highly desired by partner nations due to the inherent benefit received by exchange of U.S. military goods and services. Regulation authorizes DoD components "to acquire ... and to provide [LSSS] directly from/to eligible countries and international organizations" (DoD, 2018, p. 2). Mutually supportive agreements for military exchange date back to the 1980 enactment of the North Atlantic Treaty Organization Mutual Support Act (NMSA) (1979) which simplified military exchanges with NATO (North Atlantic Treaty Organization) allies for LSSS outside of the foreign military sales (FMS) process (DoD, 1988). Since 1980, geographic restrictions continued to be lifted for exchange between the U.S. and partner nations and allies leading to a significant increase in the number of ACSAs. Currently, 130 ACSAs exist across all 6 geographic combatant commands as of March 8, 2024 (Appendix B).

1. Process

The following information on the ACSA transaction process is derived from Enclosure D, "Execution Procedures," of the Chairman of the Joint Chiefs of Staff Instruction 2120.01E, *Acquisition and Cross-Servicing Agreements*.

First, an ACSA program office is consulted with once an LSSS requirement is identified (JCS, 2024). The ACSA office determines if the transaction is appropriate which means the logistics requirement is "not reasonably available from U.S. commercial sources, taking into consideration all relevant circumstances (e.g., timeliness, costs, purpose of the exercise or operation, and location)" (JCS, 2024, p. D-2). Terms are negotiated between both parties and the ordering authority ensures funds or LSSS are available for the transaction (JCS, 2024). Once validated, the exchange is tracked and documented during all phases in the AGATRS database through the standardization agreement (STANAG) 2034 NATO Standard Procedures for Mutual Logistics Assistance and applicable Acquisition and Cross-Servicing Agreement/Mutual Logistics Support Order Form (Form 1–3a) (JCS, 2024). ACSA finance managers ensure reimbursement occurs within 12 months and close out the exchange process (JCS, 2024). Howard (2013) describes the three types of reimbursements for ACSA exchange:

1. Payment-in-kind (PIK) reimbursements allow payment for LSSS in local currency.
2. Replacement-in-kind (RIK) reimbursements are in the form of identical goods and services to those exchanged.
3. Equal value exchange reimbursements are in the form of goods and services different from those exchanged but determined to be of similar value.

2. Capabilities

U.S. Code authorizes permitted LSSS to be exchanged under the ACSA program. LSSS is defined as

> Food, water, billeting, transportation (including airlift), petroleum, oils, lubricants, clothing, communications services, medical services, ammunition, base operations support (and construction incident to base operations support), storage services, use of facilities, training services, spare parts and components, repair and maintenance services, and air and sea port services. The term includes temporary use (lease or loan) of general purpose vehicles and other items of non-lethal military equipment not

designated as part of the United States Munitions List under 22 U.S.C. 2778(a)(1). (DoD, 2018, p.13)

Appendix C, LSSS Categories and ACSA Examples, provides applicable uses for each type of LSSS category to facilitate reader understanding.

3. Limitations

ACSAs do not include the acquisition and transfer of weapons systems or the initial replacement of spare parts for specific major systems and several ordnance systems as previously mentioned (DoD, 2018). Additionally, ACSA programs cannot circumvent foreign military sales or procure LSSS reasonably available from U.S. commercial sources. Each ACSA is unique and contains specific limitations written into each individual bi-lateral agreement. ACSA transactions may not exceed authorized thresholds set by 10 U.S.C. § 2347, *Limitation on amounts that may be obligated or accrued by the United States*, and applicable fiscal laws in contrast to thresholds set for special circumstances such as contingency or humanitarian efforts (NATO Mutual Support Act [NMSA], 1979).

D. REPUBLIC OF CYPRUS ENVIRONMENT FACTORS

During the navy planning process, Navy planners determine the operational environment factors of time, space, and forces to aid military commanders in better understanding the area of operations (AO) (Department of the Navy [DON], 2021). This section includes a discussion of key environment factors shaping the ROC, its relationship with the U.S., and ultimately, the U.S.–Cyprus ACSA. These environmental factors provide the reader with a focused background on the ROC to further aid in understanding complexities of utilizing the U.S.–Cyprus ACSA. Environmental factors discussed include location, geography, political situation, maritime industry infrastructure and capacity.

1. Location in the Eastern Mediterranean

ROC is an island located in the eastern Mediterranean Sea "about 40 miles (65 km) south of Turkey, 60 miles (100 km) west of Syria, and 480 miles (770 km) southeast of mainland Greece" (Goult et al., 2024, Land section, para. 1). The island spans roughly 140 miles (225km) diagonally and 60 miles (100km) from its most northern to southern point

(Goult et al., 2024). Figure 2 provides a visual depiction of ROC's physical location in the Eastern Mediterranean Sea and its proximity to contested areas in the Middle East. Figure 3 presents a general map of the ROC and illustrates a de facto dividing line between the ROC and Turkish Republic of Northern Cyprus (TRNC) which is only recognized by Turkey (Goult et al., 2024). Further discussion on this de facto political divide is in the Political Situation section.

Figure 2. Republic of Cyprus Location and Proximity to Contested Areas in the Eastern Mediterranean Region. Source: Encyclopedia Brittanica (2024).

Figure 3. Republic of Cyprus Map. Source: Encyclopedia Britannica (2024).

With the onset of the current phases of the Israel-Palestine conflict, ROC was geographically poised as a forward staging area and cornerstone for U.S. actions in the Eastern Mediterranean region. The U.S. military began construction of a temporary pier in late April 2024 to be used for facilitating delivery of humanitarian aid to the coast of Gaza using Joint logistics over the shore (JLOTS) capabilities (Clark, 2024). Due to the recency of events and short research timeline, we were unable to analyze and assess applicable ACSA data, if any, to the JLOTS mission in Gaza.

2. Geography

By nature of existing as an island, the ROC is surrounded by the Mediterranean Sea and navigable by air and sea. ROC's terrain is comprised of mountainous regions, rivers,

forest, and plains (Goult et al., 2024). Figure 4 depicts the geographic landscape of the ROC.

Figure 4. Republic of Cyprus Geography. Source: Encyclopedia Britannica (2024).

3. Population

ROC's population, known as Cypriots, includes roughly 1.3 million inhabitants of both Greek and Turkish descent (Goult et al., 2024). Greek Cypriots make up about 80% of the population while Turkish Cypriots comprise the remaining 20% of the island's population (Goult et al., 2024). This demographic blend reflects the island's complex cultural and historical tapestry, influenced by its strategic location and historical ties to both Greece and Turkey.

4. Political Situation

The ROC is currently split by a de facto demilitarized zone with TRNC in the north and ROC in the south as depicted in Figure 4. Beginning in 1925, ROC was held under British rule before gaining its independence in 1960 (United States Department of State, n.d.). Since the ROC's independence from the United Kingdom, tensions continued to rise between the Greek Cypriot and Turkish Cypriot people on the island over disagreements on their newly established constitution (Goult et al., 2024). The United Nations (UN) formed the United Nations Peacekeeping Force in Cyprus (UNFICYP) in 1964 to smooth tensions between the two groups (Goult et al., 2024). In 1974, Turkey's military occupied the island following a Greek backed coup d'état which further resulted in the formation of the de facto partition between the northern and southern regions of the island and establishment of the TRNC in 1983 (Department of State [DOS], 2021). The TRNC is only internationally recognized by Turkey as previously noted. Since the divide, the UN continues to maintain the UNFICYP to patrol the island's demilitarized buffer zone (Goult et al., 2024). This unique political situation continues to influence the ROC's relationship with other countries and nations. The U.S. monitors the existing situation in the ROC and supports compromise in the form of a bicommunal bizonal federation (DOS, 2021).

Additionally, the U.S.–Cyprus diplomatic relationship which began in 1960 continues to strengthen as steps are made to foster shared interests of "promoting peace and security in the Eastern Mediterranean, diversifying European energy sources, fostering opportunities for greater trade and investment, and protecting cultural heritage" (DOS, 2021, para. 4). Since the signings of an initial 2018 agreement for bilateral security cooperation, significant headway has been made in the form of

> accreditation of the ROC's first Defense Attache at its embassy in Washington, first-time ROC participation in the U.S. International Military Education Training Program (IMET), temporary waiver of International Traffic in Arms Regulations (ITAR) restrictions to allow for the direct commercial sale of non-lethal defense articles and services to and from the ROC, and joint military exercises. (DOS, 2021, para 4)

The utilization of the U.S.–Cyprus ACSA serves to further strengthen the diplomatic relationship between the U.S. and ROC promoting the shared interest of maintaining global peace and stability in the Eastern Mediterranean region.

5. Economy

According to Goult et al. (2024) the ROC observed substantial economic growth following the division of TRNC and ROC which was further solidified after joining the EU in 2004 and adopting the euro in 2008. Major Cypriot exports include agricultural products and minerals compared with major importing of petroleum used for vehicles and electricity. Additionally, tourism remains one of the largest sources of income for the ROC.

In terms of energy, Goult et al. (2024) notes that ROC maintains its status as a top solar energy producer on the global stage. Further investment in the ROC energy sector is of U.S. interest due to newfound natural gas deposits in the ROC Exclusive Economic Zone (EEZ), and ROC's pledge to increase renewable energy storage capabilities (International Trade Administration, 2024).

6. Maritime Industry Infrastructure and Capacity

Over the past five years, USN surface vessels continued to conduct routine PVSTs and receive ship maintenance and repairs in ROC's primary ports, Larnaca and Limassol, according to our data. These southern coast ports also serve as vital hubs for international maritime trade in the ROC (Goult et al., 2024). According to the International Trade Administration (2024), the ROC shipping registry is recognized as the third largest in Europe. Additionally, the ROC maintains its status "as a hub for ship management, ship ownership, and vessel chartering services" and ability to supply maritime services such as "ballast water treatment solutions, green technologies, insurance services, crewing services, and marine support services" in its key ports (International Trade Administration, 2024, Shipping section para. 2). Our data collection did find several instances of ship repairs and marine support services by Multimarine Services Limited, a local ROC maritime business based out of Limassol, capable of conducting marine work on USN surface vessels.

E. SUMMARY

This chapter provided a comprehensive overview of naval logistics and considerations for logistical options while highlighting the challenges faced by the global USN force. It also introduced the ACSA program, noting program specifics, capabilities, and limitations. Additionally, this chapter provided specific insights into the ROC, including its geography, political landscape, economy, maritime capability, and current relations with the U.S. In the upcoming chapter, we will examine the pertinent regulations, doctrine, and relevant research related to ACSAs. We will also present a theoretical framework to explain the rationale behind partner nations utilizing their ACSAs.

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III. LITERATURE REVIEW

This chapter's objective is to thoroughly examine the regulations and guidance that oversee ACSAs, the application of rationalism as a theoretical framework for justifying increased ACSA use, and pertinent research conducted on ACSAs. In terms of regulations, we consider the official U.S.–Cyprus ACSA, U.S. Codes, DoD doctrines, directives, and instructions to enhance understanding of ACSA processes and utilization.

The discussion on rationalism integrates this theory derived from international relations to illuminate the strategic motivations behind increased use of the U.S.–Cyprus ACSA by both countries. We also incorporate pertinent research to shed light on current operational use of ACSAs in the Sixth Fleet.

Notably, limited research existed on ACSAs during the literature review conducted in 2017 by Trotman and Chargualaf for their thesis . Similarly, during our literature review, we also encountered scarcity of research on ACSAs beyond regulations and DoD guidance documents.

A. REGULATORY AND LEGISLATIVE FRAMEWORK

U.S. Code and the official U.S.–Cyprus ACSA form the regulatory and policy framework presented in this literature review. The U.S. Code outlines the most current and applicable laws for acquisitions by deployed armed forces and cross-servicing agreements held with various entities. The U.S.–Cyprus ACSA provides specific details of the unique cross-servicing agreement between the U.S. and ROC.

1. Title 10 U.S.C. 138 §§ 2341–2350 Acquisition and Cross-Servicing Agreements

10 U.S.C. Chapter 138 Cooperative Agreements with NATO Allies and Other Countries encompasses federal law detailing authority for acquiring LSSS from eligible countries and international organizations for deployed armed forces, ACSA program specifics, waivers of existing laws, payment methods, and certain restrictions in place

(NMSA, 1979). Specific highlights from these sections of this subchapter are further discussed.

The foundational authority for ACSAs is outlined in 10 U.S.C. §§ 2341–2342 for both acquisition-only and cross-servicing agreements (NMSA, 1979). According to 10 U.S.C. § 2341 Authority to acquire logistic support, supplies, and services for elements of the armed forces deployed outside the United States, the SECDEF may utilize this acquisition-only authority to

1. Acquire from the Governments of the North Atlantic Treaty Organization countries, from North Atlantic Treaty Organization subsidiary bodies, and from the United Nations Organization or any regional international organization logistic support, supplies, and services for elements of the armed forces deployed outside the United States; and
2. Acquire from any government not a member of the North Atlantic Treaty Organization logistic support, supplies, and services for elements of the armed forces deployed (or to be deployed) outside the United States if that country—
    a. has a defense alliance with the United States;
    b. permits the stationing of members of the armed forces in such country or the homeporting of naval vessels of the United States in such country; or the homeporting of naval vessels of the United States in such country;
    c. has agreed to preposition materiel of the United States in such country; or
    d. serves as the host country to military exercises which include elements of the armed forces or permits other military operations by the armed forces in such country. (NMSA, 1979, para)

This section enables the U.S. to utilize acquisition-only authority to acquire LSSS from non-NATO countries such as ROC.

Under 10 U.S.C. § 2342 *Cross-servicing agreements* (1979), a cross-servicing agreement is defined as

> an agreement under which the United States agrees to provide logistic support, supplies, and services to military forces of a country or organization...in return for the reciprocal provisions of logistic support, supplies, and services by such government or organization to elements of the armed forces. (NMSA, 1979, para. 2)

The SECDEF is given the authority to enter cross-servicing agreements with eligible countries and organizations when appropriated funds are available and after

consulting the Secretary of State (NMSA, 1979). Eligible countries must meet one of the following criteria:

- The government of a North Atlantic Treaty Organization.
- A subsidiary body of the North Atlantic Treaty Organization.
- The United Nations Organization or any regional international organization.
- The government of a country not a member of the North Atlantic Treaty Organization but which is designated by the Secretary of Defense...as a government with which the Secretary may enter into agreements under this section. (NMSA, 1979, para. 1)

According to 10 U.S.C. § 2342 (1979), if the SECDEF wishes to enter an agreement with a non-NATO government, he or she will need to consult the Secretary of State on whether an agreement with the foreign country is in the best interest of U.S. national security and notify members of applicable Congress committees (Senate Committee on Armed Services, Senate Committee on Foreign Relations, House of Representatives Committee on Armed Services, and House of Representatives Committee on Foreign Affairs) of the pending agreement. This legislation also mandates that the SECDEF maintains accountability of cross-servicing agreements to these congressional committees which has led to the implementation of the AGATRS system, designed to collect and report relevant data (NMSA, 1979).

10 U.S.C. § 2344 *Methods of payment for acquisitions and transfers by the United States* (1979) details how acquisitions and transfers are paid for via a "reimbursement basis or replacement-in-kind or exchange of supplies or services of an equal value" (para. a). Additionally, prices for PIK transactions are negotiated based on pricing principles that favor rates equal to or are better than what it would cost U.S. contractors to provide the goods and services to U.S. armed forces (NMSA, 1979). The prices should also match what it would cost the foreign government to provide supplies from its own inventory and government sources (NMSA, 1979). 10 U.S.C. § 2345 *Liquidation of accrued credits and liabilities* (1979) requires PIK and EVE accruals to be satisfied in 12 months following the delivery date of LSSS. Lastly, 10 U.S.C. § 2347 *Limitation on amounts that may be obligated or accrued by the United States* (1979) provides limitations on total liabilities and credits for ACSAs. These limitations can be flexed during "a period of active hostilities

involving the armed forces" and during contingences or non-combat operations such as emergent humanitarian relief efforts (NMSA, 1979).

Table 1 details the routine limitations imposed on total amounts for NATO members, subsidiary bodies of NATO, the UN organization, and other international organizations compared to non-NATO members that have one or more ACSA established with the U.S. Interestingly, purchase and transfers of POL by the U.S. are excluded from these total reimbursable liabilities and credits (NMSA, 1979).

Table 1. Limitation Amounts on Accrued U.S. Liabilities and Credits. Adapted from North Atlantic Treaty Organization Mutual Support Act (1979, § 2347).

Limitation Amounts on Accrued U.S. Liabilities and Credits		
Reimbursable Liabilities	**In Any Fiscal Year**	**Accrued Acquisition of Supplies**
NATO/Related Orgs	DNE $200,000,000	DNE $50,000,000
Non-NATO/ACSA (1 or more)	DNE $60,000,000	DNE $20,000,000
Reimbursable Credits		
NATO/Related Orgs	DNE $150,000,000	
Non-NATO/ACSA (1 or more)	DNE $75,000,000	

*DNE – Do not exceed.

2. Acquisition and Cross Servicing Agreement Between the Government of the United States of America and the Government of the Republic of Cyprus (US-CY-01)

The official U.S.–Cyprus ACSA contains articles detailing the agreement's purpose, definitions, applicability, terms and conditions, reimbursement, excluded costs, information security, interpretation, and duration (Government of the United States of America and Government of the Republic of Cyprus, 2022). The intent of this agreement is to "facilitate reciprocal logistic support between" the U.S. and ROC during "combined exercises, training, deployments, port calls, operations, or other cooperative efforts or for unforeseen circumstances or exigencies" (Government of the United States of America and Government of the Republic of Cyprus, 2022, p.4). The LSSS available for exchange, applications, reimbursement timelines, and price negotiations under the U.S–Cyprus

ACSA align directly with definitions, requirements, and principles laid out in 10 U.S.C. 138 §§ 2341–2350 Acquisition and Cross-Servicing Agreements (Government of the United States of America and Government of the Republic of Cyprus, 2022).

In Article V. Reimbursement, the agreement clarifies the meaning of "reciprocal pricing principles" (Government of the United States of America and Government of the Republic of Cyprus, 2022, p. 7). The following paragraph details how prices are established in US-CY-01:

> The price established for inventory stock materiel shall be the Supplying Party's stock list price. The price for new procurement shall be the same price paid to the contractor or vendor by the Supplying Party. The price for services rendered shall be the Supplying Party's standard price, or, if not applicable, costs directly associated with providing the services. Prices charged shall exclude all taxes and duties that the Receiving Party is exempted from paying under other agreements that the Parties concluded. Upon request, the Parties agree to provide information sufficient to verify that these reciprocal pricing principles have been followed and that prices do not include waived or excluded costs, as described in Article VI. (Government of the United States of America and Government of the Republic of Cyprus, 2022, p.7)

The U.S.–Cyprus ACSA is instrumental in ensuring the USN surface fleet operates efficiently, leveraging the ROC for enhanced logistical support and strategic collaboration.

B. DEPARTMENT OF DEFENSE DOCTRINE, DIRECTIVES, AND INSTRUCTIONS

The following DoD policy documents provide top-down guidance for the implementation and execution of ACSAs. Analysis of these documents offers a well-rounded understanding of how ACSAs are implemented, and the considerations made for their use during the logistics planning process:

- Department of Defense Directive 2010.19 Acquisition and Cross-Servicing Agreements
- Department of Defense Instruction 5530.03 *International Agreements*
- Charmain of the Joint Chiefs of Staff Instruction 2120.01E *Acquisition and Cross-Servicing Agreements*

- Joint Publication 4-0 *Joint Logistics*

1. Department of Defense Directive 2010.9 Acquisition and Cross-Servicing Agreements

Department of Defense Directive (DoDI) 2010.9, *Acquisition and Cross-Servicing Agreements,* provides DoD guidance for the implementation of ACSAs with foreign partners according to the authorities declared in U.S. Code (DoD, 2018). For example, the DoDI 2010.9 specifically notes that ACSAs "should be used during wartime, combined exercises, training, deployments, contingency operations, humanitarian or foreign disaster relief operations, peace operations..., or for unforeseen or exigent circumstances" (DoD, 2018, p.3). This directive also delineates responsibilities for maintaining compliance with ACSA program standards, negotiating and concluding transactions, and authorizing the delegation of responsibilities to designated individuals (DoD, 2018).

2. Department of Defense Instruction 5530.03 International Agreements

Department of Defense Instruction (DoDI) 5530.03, International Agreements, provides guidance in the implementation of international agreements and the maintenance of their accountable records in a centralized database (DoD, 2019). This instruction also "delegates the authorities of the Secretary of Defense to approve, negotiate, and conclude international agreements" (DoD, 2019, p.1).

3. Chairman of the Joint Chiefs of Staff Instruction 2120.01E Acquisition and Cross-Servicing Agreements

CJCS Instruction 2120.01E, Acquisition and Cross-Servicing Agreements, provides detailed guidance for implementing ACSA from the perspective of the Joint Chiefs of Staff (JCS, 2024). In addition to reviewing and defining ACSA policy, CJCS Instruction 2120.01E (2024) specifies the responsibilities delegated to CCMDs and their CCDRs for ACSA program management. It also outlines the step-by-step process for establishing new ACSAs and executing orders (JCS, 2024).

4. Joint Publication 4-0 Joint Logistics

Joint Publication 4-0, *Joint Logistics*, serves as a key CJCS military guidance document for providing joint logistics planning and execution considerations for CCDRs and Joint Force Commanders (JFCs) (JCS, 2019). In the context of ACSAs, Joint Publication 4-0 (2019) highlights ACSAs as a joint logistics option, emphasizing their role in enhancing "mutually supportive" logistics relationships necessary for supporting multinational operations (JCS, 2019, p. V-1). By adhering to the principles and guidelines of Joint Publication, the U.S. military and its allies can effectively utilize ACSAs in joint logistics planning and operations to boost operational readiness, support mission success, and strengthen international military cooperation.

C. THEORETICAL FRAMEWORK

In the U.S.–Cyprus ACSA context, the rationalism school of thought justifies greater ACSA utilization. As an ally of and bilateral partner outside of NATO, ROC has a unique relationship with the United States. Negotiations between the U.S. and ROC involve two states equally interested in maintaining stability within the Eastern Mediterranean region. After examining the implementation and utilization of ACSA, our team adopted a rationalist viewpoint rooted in international relations theory (Glaser, 2010). This theoretical framework captures the essence of ACSAs as bilateral international agreements between states for the military exchange of goods and services. Leveraging insights from the international relations theory provides a more methodical and strategic understanding of how ACSAs function within the larger framework of state interactions and agreements on a global scale.

International relations theory exists to explain the actions and behaviors of states (Snyder, 2009). We aim to explore the motivations behind countries' decisions to utilize ACSAs over other alternatives given their diverse political, economic, strategic, or security considerations. Through this analysis, we seek to understand the unique benefits and considerations ACSAs offer nations, especially regarding how they align with the broader political and strategic goals on the global stage.

The Rational Theory of International Politics (Glaser, 2010) takes a rational approach to explaining why states cooperate, wage war, or maintain peace. Through rational analysis, we analyze the underlying variables influencing the choice of cooperation in LSSS exchanges between the United States and ROC. Our focus is on explaining the outcomes, thought processes, and efficiencies that a rational collective, representing a state, considers for discerning behavioral patterns and informing recommendations.

Game theory, developed in 1944, examines how rational entities, known as players, make decisions while considering the actions of others (Neumann & Morgenstern, 1944). Utilizing mathematics as a foundation, game theory analyzes scenarios —referred to as games—where players aim to make optimal decisions that maximize their benefits (Neumann & Morgenstern, 1944). The theory of games and economic behavior explores different levels of rationality among players across various fields seeking to establish universal principles for free market economics (Neumann & Morgenstern, 1944). Under ideal conditions where all players are cooperative, rational, and strive for optimal outcomes is known as Nash Equilibrium and is depicted visually in Figure 5.

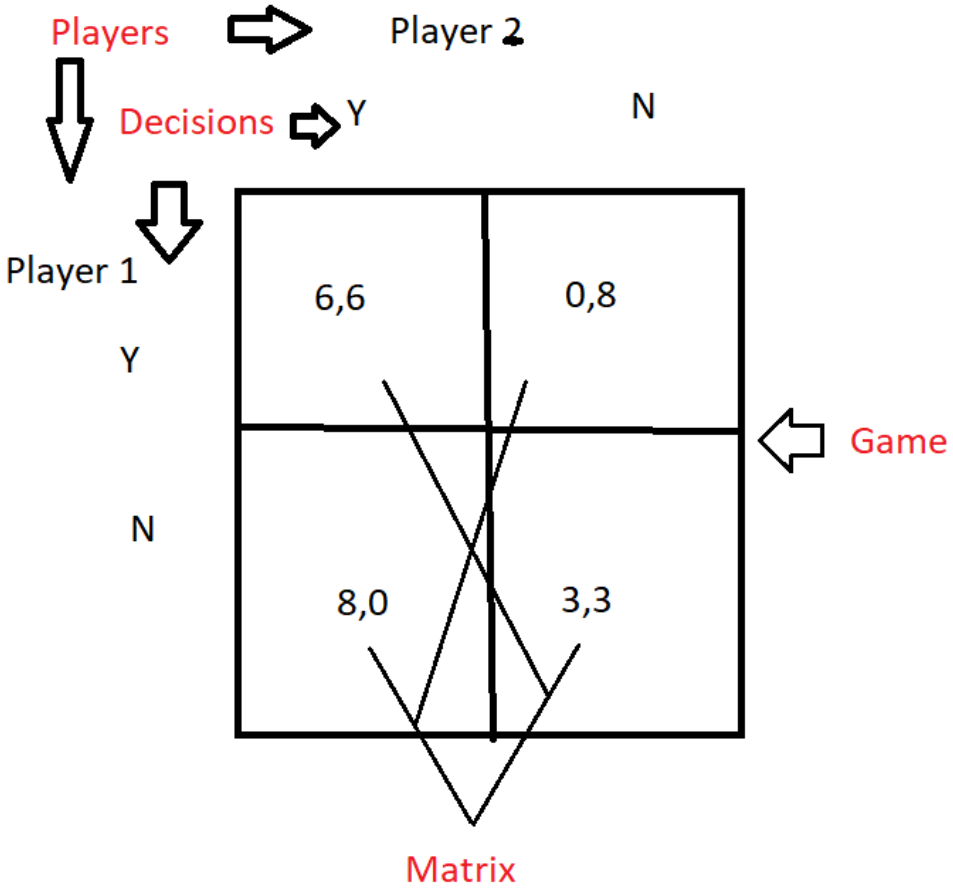

Figure 5. Nash Equilibria Example. Adapted from Bicchieri (2004).

The matrix depicted in Figure 5 demonstrates rational decision-making by displaying the game, players, decisions, and matrix of results. Players select one of their decisions individually with either no knowledge, limited knowledge, or total knowledge of the other player's decisions. Most games are played with limited knowledge of the other player's decisions which necessitates understanding all possible combination results. Numerical values represent the desirability value for the player with the most optimal solution for both parties being the one with the greatest sum. The optimal choice for both players in this scenario is the agreed decision of choice Y-Y. Choice Y-Y yields the highest combined value of 12 compared to Y-N (8) or N-N (6).

The iterated dominance example is depicted in Figure 6. Players' decisions do not end up in equilibrium like the first example. One player will dominate the game due to the acknowledged outcomes. Player 2 can immediately determine that choice N is detrimental and therefore eliminate options YN and NN leaving Player 1 with the rational choice of YY which has a combined value of 32 compared to NY's 22.

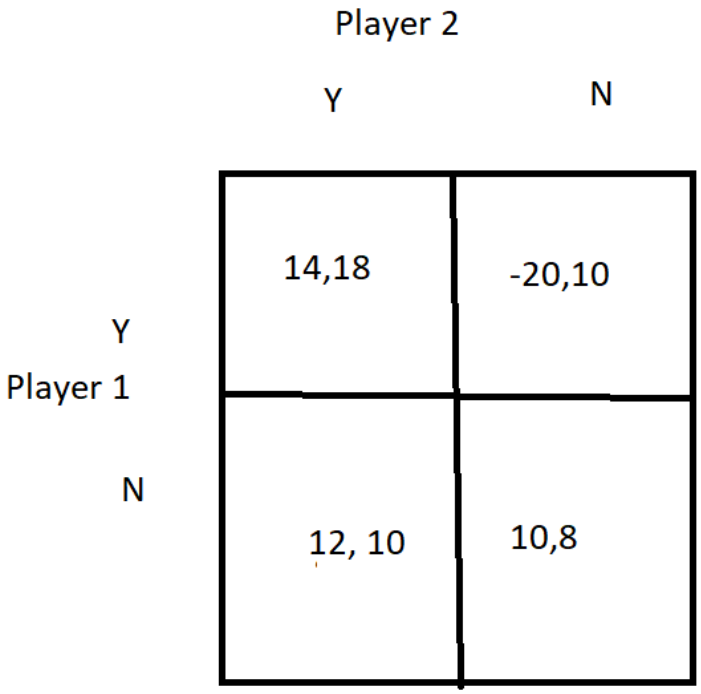

Figure 6. Iterated Dominance Example. Adapted from Bicchieri (2004).

Cristina Bicchieri aptly describes a normative cooperative game played between two players as a set of decisions (Bicchieri, 2004). The outcomes of such games, like the one between the United States and the ROC, are dependent and cooperative based on the existing ACSA between both countries. Both countries face limitations in accessing complete information due to domestic or external factors, which complicates selection of the optimum choice. By examining factors influencing each decision's value, we gain insights into each country's rational choice regarding the use of the ACSA. In essence,

game theory provides a clear lens through which rationalists analyze decisions between parties and predict future actions.

In "Rationalizing Politics: The Emerging Synthesis of International, American, and Comparative Politics," (1998), Milner discusses a rational approach to international theory that examines the actions of organizations within states domestically, as well as those in which the state participates externally, such as EU. The author questions whether comparative politics, faced with sub-organizations and overarching entities, require additional logical reasoning to consider the actions of states in relation to one another (Milner, 1998). Milner argues that states are no longer individual actors but parties composing the state, which allows for an analysis of institutional intentions to understand the state itself (Milner, 1998). Additionally, Milner notes that analyzing institutions can lend credibility to their strategic interactions and perceptions that Americans may hold (Milner, 1998). Finally, Milner finds that it states typically within a framework of non-cooperative game theory to their position (Milner, 1998). Using game theory to frame situations between two or more actors allows a standard set of rules that both parties can understand, even though these rules are often incomplete and assumed. Game theory enables the analysis of interdependent decisions and formalizes the individual decisions made in each game.

In The Calculus of Consent: Logical Foundations of Constitutional Democracy, Buchannen (1962) finds that the state acts independently of the individuals within it and serves as the negotiator during international bargaining, representing the general will of the populace. This perspective justifies viewing states as individual players rather than considering each person in the population separately.

D. RELEVANT RESEARCH

Our literature review identified relevant ACSA research conducted by Captain Darrell Chargualaf and Captain Owen Trotman. In their thesis, *Analysis of Logistics Support via Acquisition and Cross-servicing Agreements and Contracted Support*, Trotman and Chargualaf (2017) analyzed the differences in acquiring various categories of LSSS through an ACSA versus traditional contracting methods with a specific focus on

the country of Norway and U.S. Marine Corps operations. By comparing the data from procurement databases, AGATRS, and market research, Trotman and Chargualaf found ACSA utilization to be more cost effective than traditional contracting methods. They further recommended a cost-benefit analysis become a routine consideration in overseas logistics planning efforts (Trotman and Chargualaf, 2017). This thesis inspired and sparked curiosity for our own capstone research into ACSAs, focusing on the lesser-known country of the ROC.

E. SUMMARY

This chapter provided a detailed analysis of regulations governing ACSA authorities and various policy documents guiding ACSA implementation and procedures by entities such as CCDRs and the military departments. The literature review also presented theoretical framework of rationalism which justifies the rationalized use of an ACSA by both the United States and ROC, highlighting the benefit received by both parties. Additionally, this chapter briefly touched on relevant research conducted by another team at the Naval Postgraduate School to highlight their findings for comparison. In the next chapter, we will discuss our capstone's data collection process and methodology.

IV. DATA COLLECTION AND METHODOLOGY

This chapter details the data collection process and methodology used to analyze the U.S.–Cyprus ACSA. The goal of this analysis is to compare the U.S.–Cyprus ACSA with traditional contracting methods currently utilized by USN surface ships in the ROC, as well as with existing Sixth Fleet ACSAs, to best answer the research questions posed by this capstone.

A. DATA COLLECTION PROCESS

To answer our primary research questions, we first gathered traditional contracting data from multiple government procurement databases to understand existing contracting vehicles used for acquiring goods and services for USN surface ships in the ROC. These procurement databases included HSPortal, FPDS-NG, SEA Card®, and PIEE. The data points from these traditional contracting processes are used to compare them with current utilization of the U.S.–Cyprus ACSA.

Next, we collected ACSA transaction data through AGATRS to understand current utilization of U.S.–Cyprus ACSA and other similar ACSAs in the Sixth Fleet. This assessment helped us evaluate what has been accomplished with the U.S.–Cyprus ACSA since its establishment in 2022 and provided a comparison with other ACSAs in the Sixth Fleet. The following descriptions of procurement databases offer a detailed review of their relevance to our research:

HSPortal is a husbanding service database used to maintain contracting information from all USN ship PVST information to include ship platform type, location, detailed costs, vendors used, and process timelines. We used HSPortal to gather husbanding service PVST data for a USN surface vessels that have visited the ROC in the past five years.

FPDS-NG is a government procurement database that provides a general overview of contracting data for governmental departments and agencies. We used FPDS-NG to gather contracting data for services provided by vendors to surface ships in the ROC. The data included HSP contract information found in HSPortal, as well as other services such as ship repair and engineering services.

The SEA Card® program is a Defense Logistics Agency (DLA) program used to purchase fuel for USN surface ships from various global commercial entities. We used SEA Card® to gather contracting data for fuel requests in support of Sixth Fleet USN surface assets.

PIEE is a web-based application that allows for the reporting and retrieval of procurement data. Specifically, the Electronic Database Access portal within PIEE was used as a supplementary database for analyzing historical contracting data.

AGATRS is a repository for all phases of the ACSA transaction and exchange process. We used AGATRS to gather and analyze all data associated with the U.S.-Cyprus ACSA and similar ACSAs in Sixth Fleet.

Given our focus on USN surface ships, we chose to gather data associated with the following LSSS categories: POL, Food, Transportation, and Port Services. Specific examples for each LSSS category are detailed in Appendix C. We narrowed our focus following the analysis of these categories to husbanding services for PVSTs, fuel, line haul, and subsistence based on the availability of data.

Husbanding services are critical for ensuring the operational readiness and capability of deployed USN surface ships. ROC's ability to support vessels in ports for sustainment and maintenance significantly enhances the Navy's logistics planning in the Eastern Mediterranean region. By providing efficient, reliable, and cost-effective port services, ROC enhances the Navy's ability to maintain surface ship operational availability in this strategically important area.

Fuel exchange was assessed in Sixth Fleet through acquisition data available through AGATRS and SEA Card® to determine if ACSAs are more cost effective than standard fuel procurement vehicles. Background research revealed that ROC is not an organic petroleum hub as it imports all petroleum for local use. Inquiries to DLA Energy clarified how fuel prices are negotiated and determined for ACSA exchange; all fuel purchases are made at the standard DLA Energy price set at the beginning of each fiscal year.

Line haul services provide timely transport of military equipment. This evaluation aimed to determine whether traditional line haul contracts proved more beneficial than leveraging the U.S.–Cyprus ACSA.

It is also crucial to ensure continuous support and replenishment of military personnel stationed on ROC, especially the sailors responsible for interfacing with and supporting surface vessels to meet operational requirements. Acquisitions for subsistence were identified within AGATRS, FPDS-NG, PIEE, and HSPortal.

B. DATA ANALYSIS

To compare traditional contracting methods with the U.S.–Cyprus ACSA, we used a weighted numerical comparison technique based on the approach presented in the Joint Publication 5-0 Joint Planning (2020) for comparing COAs during the wargaming process. Figure 7 provides an example of the weighted numerical comparison technique used to compare COAs in a military wargame scenario.

In this method, each COA is evaluated against specific criteria and assigned a rating. The importance of each criterion is determined subjectively and assigned a corresponding weight. Ratings are summed to determine an unweighted total before being multiplied by weights to produce a weighted total. Finally, COAs are selected based on these total weighted values.

		Course of Action					
		COA 1		COA 2		COA 3	
Criteria	Weight	Rating	Product	Rating	Product	Rating	Product
Exploits maneuver	2	3	6	2	4	1	2
Attacks COGs	3	2	6	3	9	1	3
Integrates maneuver and interdiction	2	2	4	3	6	1	2
Exploits deception	2	1	2	2	4	3	6
Provides flexibility	2	1	2	3	6	2	4
CSS (best use of transportation)	1	3	3	2	2	1	1
Total		12		15		9	
Weighted total			23		31		18

NOTE: The higher the number, the better.

- The joint force commander's intent explained that the most important criterion was "attacking the enemy's COGs." Therefore, assign a value of 3 for that criterion and lower numbers for other criteria that the staff devises (**this is the weighing criterion**).
- For attacking the enemy COGs, COA 2 was rated the best (with a number of 3). Therefore, COA 2 = 9, COA 1 = 6, and COA 3 = 3.
- After the relative COA **rating** is multiplied by the **weight** given each criterion and the product columns are added, COA 2 (with a score of 31) is rated the most appropriate according to the criteria used to evaluate it.

Legend

COA course of action COG center of gravity CSS combat service support

Figure 7. Weighted COA Comparison Example. Source: Joint Chiefs of Staff (2020).

To compare the U.S.–Cyprus ACSA with existing Sixth Fleet ACSAs, we used a broad observational approach due to the limited use of the U.S.–Cyprus ACSA since its establishment in 2022. There was not enough data available for U.S.–Cyprus transactions to utilize a weighted numerical comparison for analysis. Instead, we compared the use of existing Sixth Fleet ACSAs in terms of transaction dollars compared to the U.S.–Cyprus ACSA's transaction dollars over a period of five years.

1. Methodology

Our data analysis was conducted by reviewing applicable traditional contracting and ACSA data in the previously determined LSSS categories. We scored contracts using the weighted numerical comparison approach after reviewing multiple contracts within these categories. Only fully documented and closed out contracts were used for evaluation. Unique weighted values were assigned to each criterion based on our assessed importance of the criterion to the Navy's surface fleet. Once the weighted values were totaled, we compared the scores to determine which contracting method yielded a higher total for each comparison. Finally, the weighted totals were analyzed through a rational framework using game theory squares to explain possible U.S. and ROC actions.

2. Weighted Numerical Comparison Technique

Our data analysis using the weighted numerical comparison technique consisted of seven criteria: Cost, Simplicity, Speed, Sustainability, Risk, Flexibility, and International Relations. Each criterion was defined based on qualitative or quantitative characteristics for scoring the contracting methods being compared. Simplicity, Speed, and Sustainability were equally weighted for a value of five points each. Cost and Flexibility were given higher weights due to their impact on operational readiness. Risk and International Relations received the highest weights due to their critical importance in developing the Eastern Mediterranean for USN operations and strengthening relationships for maintaining global stability in the region.

- Cost was evaluated and averaged for each contract category with ratings based on 20% margins of favorability and unfavourability relative to the average price of the applicable data collected.
- Simplicity was determined by the number of contract actions, barriers, and levels of approval required from the initial request for the logistical need to its receipt.
- Speed was measured by the number of days needed to execute the contract or transaction, from initial request to final execution.

- Sustainability represented repeatability of the contract action, based on historical use of the contracting vehicle and the vendor and country's capability for providing various LSSS. While traditional contracting vehicles are more frequently used due to their established practice, we aimed to capture the ability of ACSA transactions to match or exceed availability based on a partner nation's service capabilities.
- Risk was defined based on the Risk Assessment Matrix developed by the Department of Navy and used in the Operational Risk Management (ORM) program (OPNAV, 2018). For our assessment, Risk Assessment Levels 1–4 (Low to Extremely High) characterize the severity in maintaining operational readiness and meeting mission objectives based on the contract's executability and frequency of execution failures in providing LSSS as illustrated by Figure 8.
- Flexibility describes the degree of change a contract can undergo before closing out. While the FAR allows significant modifications to traditional contracts, ACSAs do not offer the same level of flexibility.
- International Relations was defined as the involvement in developing partner relations through the contracting vehicle by collaborating with their domestic companies or infrastructure development. This leads to improved relations with the United States and increased stability within a region. Given the recent rise in conflict within the Eastern Mediterranean, the USN has increased operations in the region and maintained interest in keeping a presence here to promote stability and prepare for future contingencies.

Table 2 provides a depiction of the weighted numerical comparison technique used for this capstone in evaluating the U.S.–Cyprus ACSA effectiveness to traditional contracting methods.

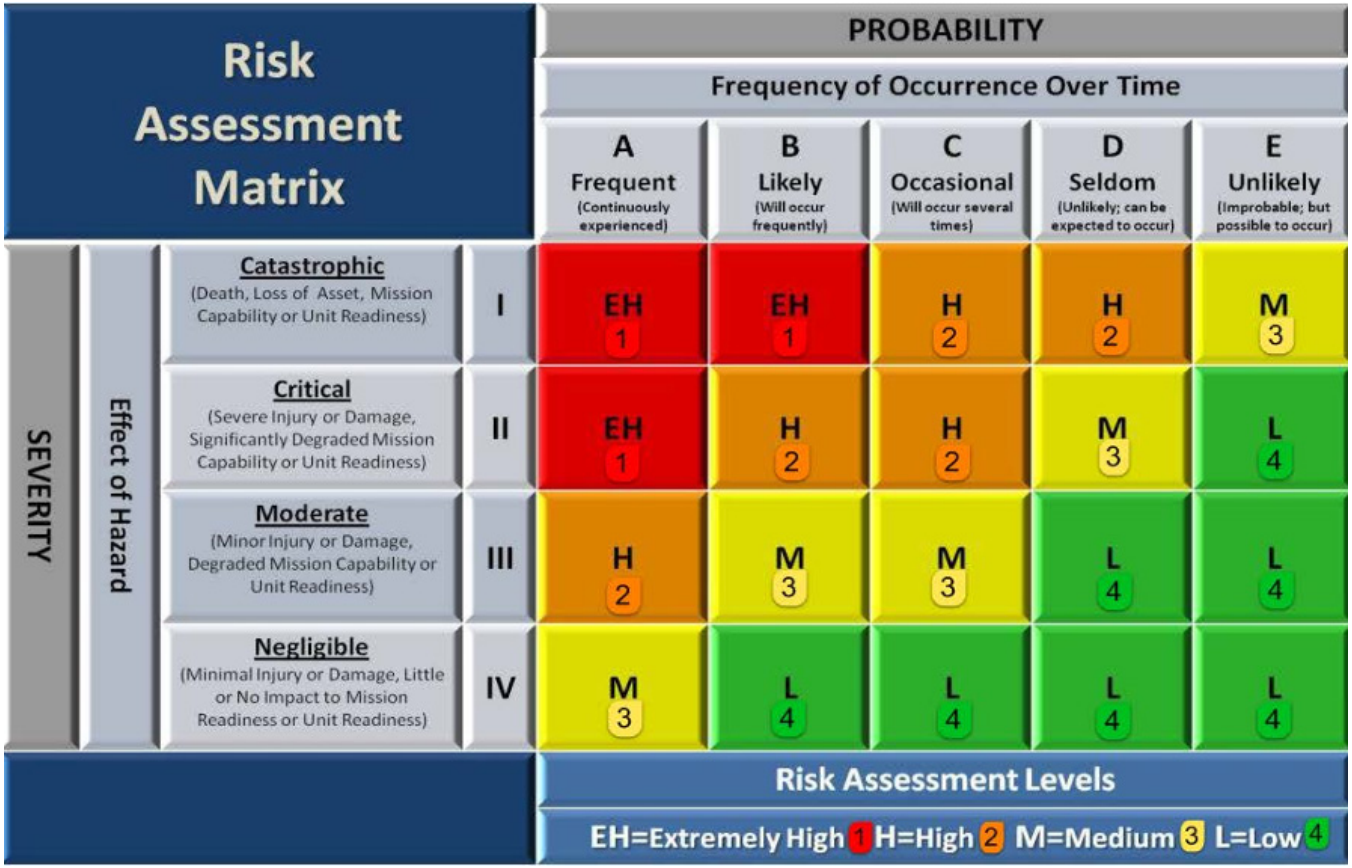

Figure 8. Operational Risk Management Determination. Source: OPNAV (2018).

Table 2. Comparison Between Traditional and ACSA Contracting Vehicles for Specified LSSS. Adapted from Joint Publication 5-0 Joint Planning. (2020).

Comparison Between Traditional and ACSA Contracting Vehicles for Specified LSSS								
				Rating Descriptions				
Criteria	Weight	Rating	Product	1	2	3	4	5
Cost	1.5			Cost is 40% above average	Cost is 20% above average	Cost is acceptable average	Cost is 20% below average	Cost is 40% below average
Simplicity	1			Contract actions require significant steps and complex procedures with high barriers to entry	Contract actions required multiple steps with some barriers to entry	Contract actions required average steps to standard ordering processes, with some barriers to entry	Contract actions required few steps and little barriers to entry	Contract actions required few simple steps with no barriers to entry
Speed	1			Contract required 30 days or more for processing	Contract required 21 days for processing	Contract required 14 days for processing	Contract required 7 days or less for processing	Contract required 3 days or less for processing
Sustainability	1			Not Repeatable (restrictions exist)	Repeatable (at least 2 instances)	Repeatable (more than 2 instances)	Repeatable (at least 3 instances or greater)	Repeatable indefinitely (multiple instances/no restrictions)
Risk	2			Contracting action presents extremely high level of risk	Contracting action presents a high level of risk to execution	Contracting action presents medium level of risk to execution	Contracting action presents low risk to execution	Contracting action is guaranteed with minimum risk
Flexibility	1.5			Contract cannot be modified once initiated	Contract can be modified with significant lead time	Contract can be modified with acceptable lead time	Contract can be modified easily	Contract can be readily modified
International Relations	2			No international relations impact	Promotes general relations with a partner nation	Promotes economic growth in a partner nation	Increases stability in the region	Meets a key U.S. objective
Weighted Total								
Justification								

3. Rational Analysis

The following example illustrates a comparison for acquisition of fuel using rational analysis to explain the logistics and cooperative decisions made by two entities, specifically the United States and ROC. Using the game theory squares, the U.S. and ROC are set as the players deciding between traditional contracting method (SEA card®) or the U.S.–Cyprus ACSA for acquiring fuel. Figure 9 depicts the determined weighted totals from the weighted numerical comparison technique, comparing traditional contracting and U.S.–Cyprus ACSA fuel acquisition. ROC's decisions were based on our assessment of its capacity to agree and fulfill the fuel order.

Criteria	Weight	Traditional Contracting (SEA Card)	Product	U.S.-Cyprus ACSA	Product
Cost	1.5	4	6	3	4.5
Simplicity	1	4	4	3	3
Speed	1	4	4	3	3
Sustainability	1	5	5	1	1
Risk	2	4	8	3	6
Flexibility	1.5	5	7.5	4	6
International Relations	2	3	6	5	10
			40.5		33.5

Figure 9. Weighted Numerical Comparison of Traditional Contracting (SEA Card®) and U.S.–Cyprus ACSA for Fuel Acquisition

The weighted totals for traditional contracting (SEA Card®) and U.S.–Cyprus ACSA were 40.5 and 33.5, respectively. These values were then placed into the game theory squares depicted in Figure 10, representing the value gained by U.S. and ROC when choosing between the two contracting options. For clarification, the top left square represents the value given to ROC (10 for International Relations based on the weighted value of 2 for this criterion and its highest rating of 5 multiplied together) and the U.S. (33.5 based on weighted total determined in the weighted guideline numerical evaluation for using the U.S.–Cyprus ACSA over SEA Card®). The game presented finds that the U.S. decision to use SEA card® for fuel agreements was favorable independent of ROC's decision. However, utilizing the U.S.–Cyprus ACSA was the most optimal choice for both countries based on the highest combined value (43.5) in the top left square. In utilization

of the ACSA, the ROC benefits from investment in the ROC's economy although our research concluded their capacity does not allow for organic production of fuel used by USN surface assets.

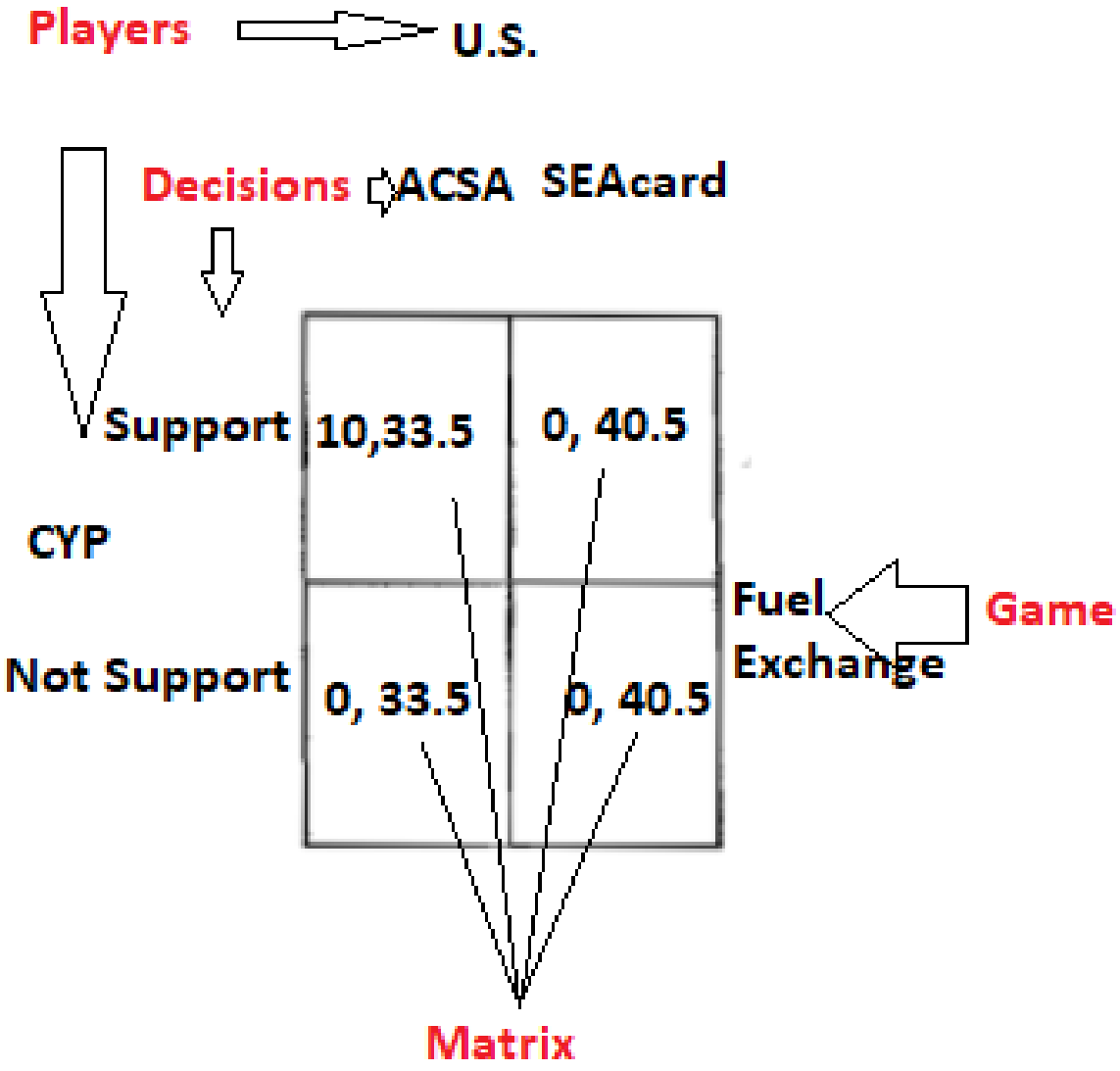

Figure 10. Fuel Exchange Rational Analysis Example

C. LIMITATIONS

In conducting this research, we acknowledge several key limitations that impacted the scope and depth of data analysis and overall comprehensiveness of our research. The following limitations were observed:

- **Narrowed Focus on ROC and its ACSA**: The focus on ROC and the recently established U.S.–Cyprus ACSA in 2022 yielded fewer data results than more mature ACSAs in the Sixth Fleet.
- **Data Collection Scope**: The scope for data collection spanned five years for most data sets due to the lack of data points and recency of the U.S.–Cyprus ACSA establishment.
- **Variance in Data Source Material:** Variance in the comprehensiveness and detail of data source material influenced the depth and breadth of research results.
- **Subjectivity Inherent to the Weighted Numerical Comparison Technique**: This technique is inherently subjective as the individual researchers determined weights and ratings for each criterion.

As a result, readers should interpret our results with these limitations in mind. Future research, conducted after allowing more time for robust data collection and assessment of the U.S.–Cyprus ACSA (e.g., 10 years), may prove more fruitful.

D. SUMMARY

This chapter presented an analysis of the data collection process, including all databases used for research and analysis. It also explored the data analysis methods used for comparative evaluation and rational analysis. Finally, the chapter concludes with an explanation of the limitations concerning this research topic and focus.

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V. FINDINGS

This chapter presents our capstone findings based on the data collected and analyzed using methods and techniques discussed in the previous chapter. To answer our primary questions, we start by presenting data on goods and services acquired in the ROC through traditional contracts, including husbanding services during PVSTs, fuel, subsistence, and line haul for use by USN surface vessels. Following this, we examine the use of the U.S.–Cyprus ACSA and compare transactions for husbanding services, fuel, subsistence, line haul, under both contracting vehicles. In conclusion, we provide results from our weighted numerical comparisons and offer an observational comparison of the U.S.–Cyprus ACSA to mature Sixth Fleet ACSAs, given the limited number of current transactions under the U.S.–Cyprus ACSA.

A. TRADITIONAL CONTRACTING IN CYPRUS OVER PAST FIVE YEARS

Data collected from HSPortal, FPDS-NG, SEA card®, and PIEE provided us with a comprehensive understanding of the traditional contracting methods employed within the ROC to support USN surface assets. Analysis of these data sets also enhanced our understanding of the ROC's maritime capability, particularly their ability to support various types of USN surface ships in both major ROC ports of Limassol and Larnaca. This section presents our findings and analysis within the scope of traditional contracting in the ROC.

1. Acquisition of Husbanding Services

Acquisition data for husbanding services, obtained through HSPortal and FPDS-NG databases, highlighted the routine use of ROC's major ports and its marine capabilities and ability to provide support services to USN surface ships.

a. HSPortal Data

ROC port data was analyzed for the past five fiscal years, FYs 2019–2024, covering October 2018 to February 2024. During this period, the USN conducted 32 PVSTs, with

19 occurring in Limassol and 13 in Larnaca. The following surface ship platforms conducted PVSTs in Limassol:

- Arleigh Burke class Destroyer (DDG)
- Ticonderoga class Cruiser (CG)
- Spearhead class Joint High-Speed Vessel (T-EPF)
- Lewis and Clark class Dry Cargo Ship (T-AKE)
- Henry J. Kaiser class and John Lewis class Fleet Replenishment Oiler (T-AO)

The following surface ship platforms conducted PVSTs in Larnaca:

- Wasp class Landing Helicopter Dock (LHD)
- Blue Ridge class Amphibious Command Ship (LCC)
- Arleigh Burke class Destroyer (DDG)
- Spearhead class Joint High-Speed Vessel (T-EPF)

This information reveals significant insights into the ROC's port capabilities. Key observations include the variety of ship platforms supported in Limassol, with note of the T-AOs, and Larnaca's ability to support LHDs, which are notably larger than all other platforms. Total costs from these PVSTs ranged from $7,000 to $453,763.85, depending on PVST duration, ship type, and services provided. The average PVST daily cost was $21,976.99. Port dues and PVST total costs amounted to $31,277.62 and $107,132.66, respectively. Table 3 illustrates average daily PVST costs for ROC ports and various countries within the Sixth Fleet AOR. ROC's averages are relatively high, but comparable with fellow Mediterranean islands such as Souda Bay, Greece, on the island of Crete, and Croatia.

Table 3. Average Daily PVST Costs (Sixth Fleet). Adapted from Department of the Navy (2024).

Average Daily PVST Costs (Sixth Fleet)	
Country (City)	**Cost (Daily Avg)**
Cyprus (Limassol)	$37,331.00
Cyprus (Larnaca)	$23,771.00
United Kingdom (Faslane)	$5,081.00
United Kingdom (Plymouth)	$4,865.00
Italy (Augusta Bay)	$18,513.00
Italy (Taranto)	$11,210.00
Greece (Souda Bay)	$23,759.00
Greece (Rhodes)	$40,642.00
Spain (Malaga)	$10,953.00
Spain (Palma de Mallorca)	$46,030.00
Croatia (Split)	$43,038.00
Croatia (Dubrovnik)	$9,345.00

b. FPDS-NG Data

Data for government contracts from FPDS-NG covered FYs 2017–2023. Goods and services provided through traditional contracting avenues were categorized by North American Industry Classification System (NAICS) codes, which classify activities of government agencies and contractors to ease the processing of federal procurement data collection and analysis. NAICS codes for the data gathered in FPDS-NG and the number of associated contracts occurring in the ROC are listed in Table 4.

Contract prices ranged from $325.84 to $16,500,306. Higher prices were observed for engineering services, marine charter, and ship repair as opposed to routine husbanding services provided during PVSTs. This data further highlights the capabilities of both Limassol and Larnaca ports, demonstrating their ability to support and provide various

services for USN surface vessels. These services range from routine husbanding to specialized maintenance and repair. Of note, Multimarine Services Limited, a local Cypriot marine support business, rendered husbanding and engineering support services under 6 contracts within this data set.

Table 4. Traditional Contracting Efforts in the Republic of Cyprus for the U.S. Department of the Navy. Adapted from U.S. General Services Administration Federal Government (2024).

NAICS CODES	Total Contracts (2017-2023)
Port and Harbor Operations	**98**
Deep Sea Freight Transportation	**15**
Food Service Contractors	**7**
Process, Physical, Distribution, and Logistics Consulting Services	**5**
Ship Building & Repairing	**9**
Engineering Services	**7**
Other Engine Equipment Manufacturing	**3**
Other Support Activities for Water Transportation	**2**

2. Acquisition of Fuel

Fuel acquisition data was obtained from the SEA card® database. Through research and discussion with representatives at DLA-Energy, we learned that fuel purchased by the USN through the SEA card® program is set at a standard DLA fuel price. Before selling fuel to the military branches at this standard price, DLA purchases fuel at market prices. Setting a standard fuel price for DoD components provides stability to all U.S. military branches, shielding them from the economic fluctuations of market prices (DLA, n.d.-a). Additionally, the standard fuel price is determined prior to each fiscal year and based on projections approximately 18 months in advance (DLA, n.d.-a). The Defense Working Capital Fund (DWCF) absorbs gains or losses created by market fluctuations when the set standard price is higher or lower than the market price, respectively (DLA, n.d.-a). For the USN, the SEA card® program is the primary method for fuel acquisition for naval surface

assets, offering competitive pricing and widespread refueling locations. This method also supports local fuel distribution economy in ports through commercial contracting means.

3. Acquisition of Subsistence

Upon reviewing traditional contracts issued in the Sixth Fleet AOR, we found a single contract for meal procurement for the USN in ROC. The average price for three meals per day was €44.87 or €14.96 per meal. This data point was attributed to a husbanding service provider which likely included additional costs in the price per meal. Another meal service contract in Rota, Spain, averaged €8.33 per meal while meal service contracts in Morocco averaged €14.96 per meal. FLC Sigonella, which oversees expeditionary contracting for the USN within the Sixth Fleet AOR, issued all of these contracts.

4. Acquisition of Line Haul

In the USN's logistics network, line haul is crucial for transporting vehicles, equipment, repair or preventative maintenance parts, and provisions to deployed forces in foreign ports. Such shipments are often urgent to maintain operational readiness.

Our analysis of line haul transportation acquired via traditional contracting within the Sixth Fleet AOR revealed limited data available through FPDS-NG. We only identified one instance in ROC where the price paid was €14.57 per kilometer. To gain a better understanding of the pricing, we examined another line haul contract in Ukraine where the average price paid was €15.77 per kilometer.

B. U.S.-CYPRUS ACSA ORDERS SINCE ESTABLISHMENT

This section presents the findings from our search for ROC ACSA orders in AGATRS. Given the recent establishment of the U.S.–Cyprus ACSA, we anticipated limited data during our AGATRS database research. We identified 10 ROC ACSA orders, from December 2022 through September 2023, involving the acquisition of goods and services U.S. military assets conducting operations in the Eastern Mediterranean region including staging for potential non-combatant evacuation operations given the escalation of the Israel-Palestinian conflict in the region. These requests for goods and services did

not include USN surface vessels conducting PVSTs or brief stops. The orders specifically included LSSS within the following categories: base operations support (BOS), POL, transportation (line haul), communication services, food, billeting, and use of facilities. Despite the limited data, we continued to focus on husbanding services, fuel, subsistence, and line haul under the U.S.–Cyprus ACSA to provide a better picture of how this ACSA is currently being used and draw a comparison to traditional contracting methods currently employed there.

1. Acquisition of Husbanding Services through ACSA

As previously mentioned, the ROC ACSA orders reviewed did not include any requests for husbanding or port services. Many orders acquired goods and services for other DON assets and military personnel to include items such as laundry services under BOS, food, fuel for vehicles, internet access, and transportation equipment.

2. Acquisition of Fuel through ACSA

Only one instance of a marine fuel request existed within these ROC ACSA orders. The specific fuel order did not provide much insight into what type of vessel required fuel. The remaining fuel requests were for diesel-run surface vehicles. To assess U.S. fuel purchases under ACSA and SEA card®, DLA-Energy representatives provided us with detailed information on how ACSA fuel prices were determined for fuel purchases made by the U.S. Their response is summarized below.

Fuel purchases from Cyprus are conducted by DLA using the pricing principles specified in the U.S.–Cyprus ACSA para 1.c. (Government of the United States of America and Government of the Republic of Cyprus, 2022). These guidelines establish service prices as either ROC's standard price for providing the service or the equivalent cost to provide the service, in this case, fuel (Government of the United States of America and Government of the Republic of Cyprus, 2022). According to 10 U.S.C. § 2344 prices should not differ from what fuel purchase costs ROC or what ROC would charge its own military forces to acquire fuel (NMSA, 1979). US-CY-01 Article VI Waived or Excluded Costs, states duties and taxes are not applied to the price (Government of the United States of America and Government of the Republic of Cyprus, 2022). Finally, the sale of the fuel

from DLA-Energy to the USN remains at the standard fuel price set each fiscal year. Fuel sales to foreign partners or allies through ACSAs are conducted at the DLA-Energy standard fuel price, and our review of ROC ACSA transactions regarding fuel confirmed adherence to this regulation. Figure 11 depicts the comparison fuel purchases if made through the U.S.–Cyprus ACSA at standard fuel prices versus through SEA card® at market prices. As illustrated, fuel purchased under an ACSA is notably higher in price than fuel purchased at market prices through SEA Card®. The price purchased by DLA averages 19% lower than ACSA prices over the 4-year comparison from FYs 2020–2023.

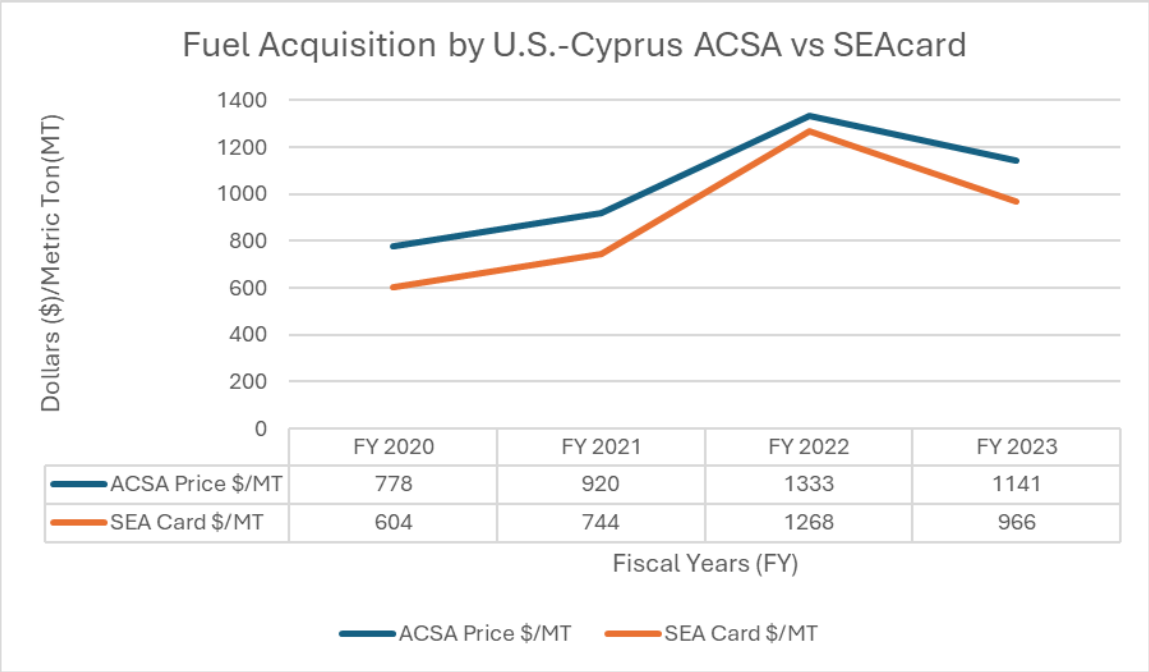

Figure 11. Fuel Acquisition by U.S.-Cyprus ACSA vs. SEA card®. Adapted from Defense Logistics Agency (2024a).

3. Acquisition of Subsistence through ACSA

Only three of the ten ROC ACSA orders in AGATRS included requests for meals. Our research, after converting from the U.S. dollar ($) to the Euro (€) at the exchange rate at the year of execution, revealed the average price paid for a meal under the ROC ACSA was €4.16. To compare prices to other countries with ACSAs within the Sixth Fleet AOR, we gathered meal price data from the United Kingdom, Estonia, and Germany under

various applicable ACSA orders. We discovered similar average meal prices from the United Kingdom (€4.06), Estonia (€3.76), and Germany (€3.76). Compared to traditional contracting prices at €14.96, €4.16 is significantly cheaper. However, this is based on limited data points, and more data is needed for an adequate comparison.

4. Acquisition of Line Haul through ACSA

Our analysis of line haul activities in ROC under the U.S.–Cyprus ACSA revealed four requests for line haul. The average cost for these orders was €8.27 per kilometer. Additionally, line haul services acquired under ACSAs in other Sixth Fleet countries such as Spain and the United Kingdom had average costs of €9.03 and €7.14 per kilometer, respectively. Compared to the traditional contracting data point of €14.57 per kilometer, ACSA appears to be the more cost-effective option in this case. More data is needed, like the determination of subsistence, to make a comprehensive comparison.

C. SIXTH FLEET ACSA COMPARISON

Through our research and communications with ACSA program managers, we learned that the Sixth Fleet utilizes ACSAs the most compared to all other U.S. numbered fleets and commands. Figure 12, provided from ACSA program managers in Sixth Fleet, depicts Sixth Fleet's ACSA utilization in transaction dollars compared to other U.S. numbered fleets and commands. This high utilization is logical given the concentration of NATO members and non-member partners in the Sixth Fleet AOR.

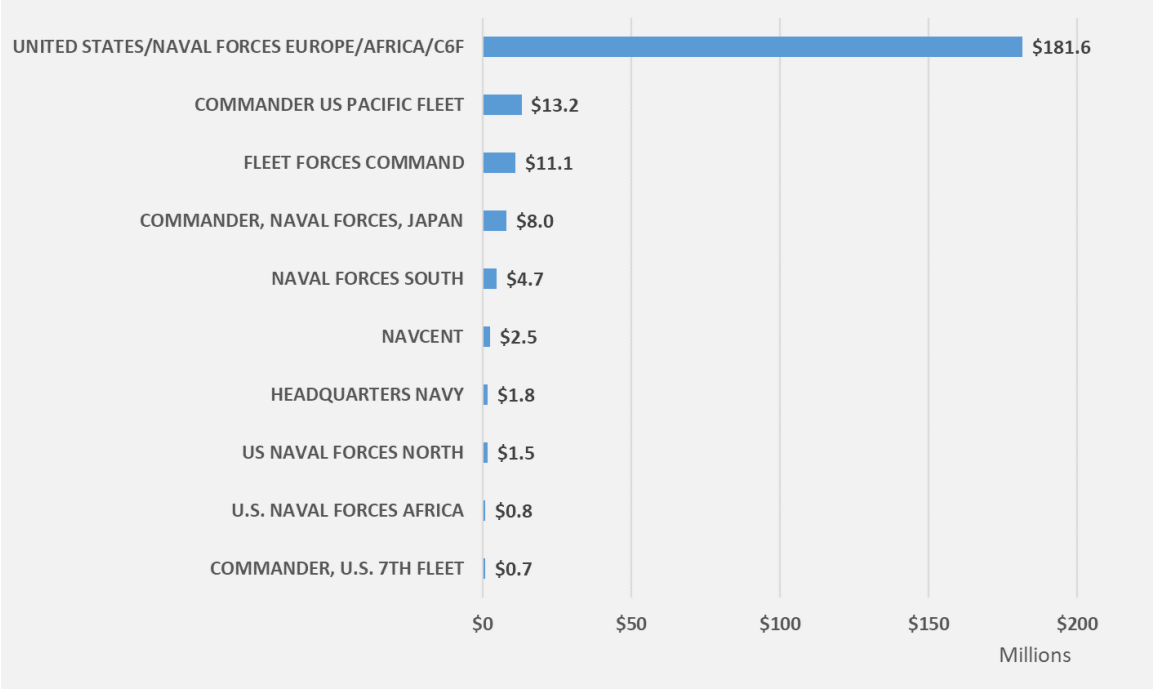

Figure 12. ACSA utilization by U.S. Numbered Fleets and Commands. Source: J. Foster, personal communication, May 29, 2024.

From AGATRS, we also collected Sixth Fleet ACSA transaction data based on orders placed between 2019 and 2024. The values differ between countries based on the goods and services being acquired and number of ACSA orders for each country. Figure 13 illustrates the top Sixth Fleet countries (Italy, Greece, and the United Kingdom) with the highest value of transactions in dollars ($). Notably, Italy's ACSA has been heavily utilized with the highest value of transactions ($56 million) in the past five years.

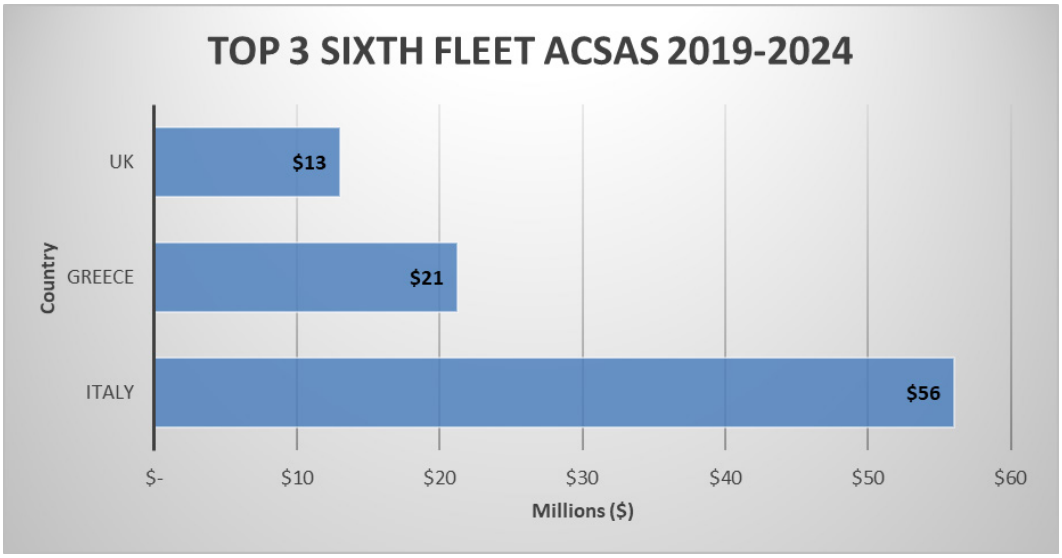

Figure 13. Top 3 Sixth Fleet ACSAs 2019–2024. Adapted from Defense Logistics Agency (2024b).

Figure 14 shows transaction data for more countries in Sixth Fleet, including Cyprus. Of these, Norway had the highest transaction value of $689,570 over the past five years. This can be attributed to the extensive military training and exercises between the USN, USMC, and Norwegian armed forces as studied in Trotman and Chargualaf's thesis report (Chargualaf and Trotman, 2017).

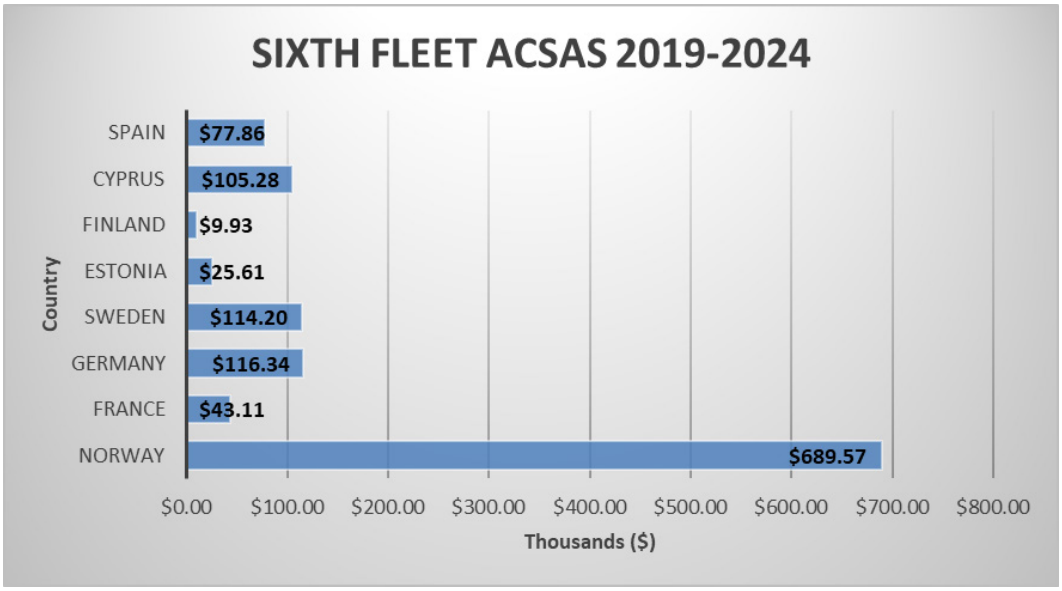

Figure 14. Sixth Fleet ACSAs 2019–2024. Adapted from Defense Logistics Agency (2024b).

No data points currently exist for the acquisition of goods and services by the USN for its surface assets while in the ROC. Currently, traditional contracting is the primary method used to acquire husbanding services, fuel, subsistence, and line haul. Consequently, we could not directly compare these transactions to those in mature ACSA orders from countries such as Italy, Greece, Norway, and the United Kingdom. In conclusion, the U.S.–Cyprus ACSA may be utilized in the future for USN surface ship acquisitions if the situation and need arises. Understanding how ACSAs may be implemented and their use as a logistical option provides flexibility in unprecedented situations.

D. WEIGHTED NUMERICAL COMPARISON RESULTS

Based on the traditional contracting and ACSA data collected, we used the weighted numerical comparison technique described in the previous chapter to compare both methods of acquisition for USN surface vessels conducting PVSTs in ROC. Figure 15 shows the total weighted values for traditional contracting and acquisition through the U.S.–Cyprus ACSA for each LSSS category reviewed: husbanding services, fuel, subsistence, and line haul. For husbanding services and fuel, traditional contracting methods proved to have higher value due to the reliable and already established and

effective use of GMAC for USN PVSTs in ROC and the use of the SEA card® program for obtaining marine fuel. Subsistence and line haul showed slightly higher values for ACSA use primarily due to the lower costs compared to traditional contracts for these categories. Overall, using the ACSA directly benefits the economy of ROC and helps to strengthen the partnership between the U.S. and ROC. Appendix D shows the detailed breakdown for each weighted numerical comparison we completed.

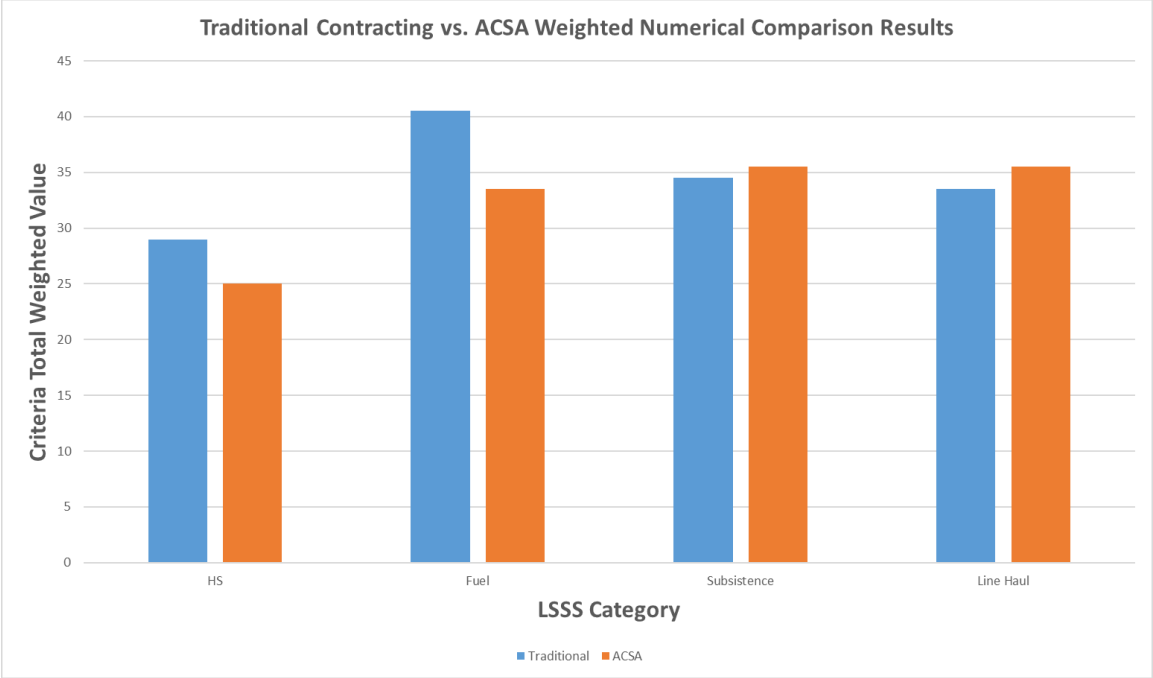

Figure 15. Traditional Contracting vs. ACSA Weighted Numerical Comparison Results

E. SUMMARY

This chapter presents our findings based on our collection of traditional contracting and ACSA acquisition data from multiple sources. We found an abundance of traditional contracting data for goods and services provided to USN surface ships during PVSTs in ROC but did not find the same acquisitions in U.S.–Cyprus ACSA orders. While subsistence and line haul acquisitions appear cheaper under the ACSA, more data is needed to thoroughly assess and confirm this initial conclusion.

Our weighted numerical comparison results were mixed, but ultimately provided a better understanding of the benefits both acquisition methods provide. Traditional contracting methods provide more reliability and sustainability, while ACSAs provide better flexibility and faster processes. Additionally, the unique benefit of enhancing relations between the U.S. and ROC is important for increasing stability within the Eastern Mediterranean region. Next, the final chapter concludes our capstone, offers recommendations, and provides suggestions for further research on the topic of ACSAs.

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VI. CONCLUSION

This chapter provides a recap of the research and methods used to answer our primary and secondary research questions and offers recommendations based on our findings. Additionally, we suggest areas for further research.

As a team of naval officers who have served aboard deployed naval surface ships, we understand the importance of flexibility and responsiveness in logistics planning and acquisition for deployed naval assets operating in various regions. Thus, our capstone focused on the unfamiliar topic of ACSAs and lesser-known country of ROC, especially due to the recent rise in contingencies within the Eastern Mediterranean region.

For this capstone, we set out to answer the following questions:

- How does the U.S.–Cyprus ACSA compare to traditional contracting methods utilized in the ROC?
- How does the U.S.–Cyprus ACSA compare to existing Sixth Fleet AOR ACSAs?
- What is the current process for ACSA transactions in the ROC?
- What are the current policies and standards governing ACSA transactions in the ROC?
- What are the limitations of the U.S.–Cyprus ACSA?

Our background research and literature review provided baseline knowledge of ACSAs as logistical tools, insight into governing regulations and policy directives pertaining to ACSAs, and an understanding of ROC's capabilities and limitations. While both ACSAs and traditional contracting methods procure essential goods and services, they differ in several ways. The U.S.–Cyprus ACSA, guided by U.S. code, doctrine and directives, streamlines acquisition procedures under specific guidelines, facilitating rapid exchange. The U.S.–Cyprus ACSA circumvents competitive bidding in favor of pre-negotiated terms, facilitating the swift acquisition and transfer of supplies and services as required. In contrast, traditional contracting methods must adhere to the Federal

Acquisition Regulation (FAR) and the Defense Federal Acquisition Regulation Supplement (DFARS), which establish comprehensive rules for all procurement phases, which often prolongs the process.

Following our background research, we collected data from HSPortal, SEA Card®, AGATRS, and PIEE to compare traditional contracting methods, the U.S.–Cyprus ACSA, and existing Sixth Fleet ACSAs. Using a weighted numerical comparison approach, we specifically compared utilization of the U.S.–Cyprus ACSA to traditional contracting methods in ROC. Our data collection revealed limited use of the U.S.-Cyprus ACSA for USN surface assets. While ACSA orders did not exist for husbanding services and had limited data for fuel, we found that food and line haul services were cheaper under the ACSA. However, more data is needed to thoroughly assess cost comparisons between ACSA and traditional contracting methods for these LSSS categories.

In terms of ROC's capabilities and limitations, the ACSA may offer rapid and efficient logistical support, but its effectiveness for USN surface ships depends on ROC's inherent marine infrastructure capability. As an island that imports petroleum and has a small military footprint, use of the U.S.–Cyprus ACSA may not be as advantageous compared to proven traditional contracting methods for providing husbanding services.

This capstone has shown us while the U.S.–Cyprus ACSA may not be used widely for husbanding services or fuel; it remains a valuable logistical tool for acquiring services on short timelines or due to extenuating circumstances such as supply chain shortages. For instance, in the spring of 2022, Sixth Fleet utilized existing ACSAs with France and Norway to provide subsistence to the USS Ross (DDG-71) and USS Roosevelt (DDG-80) on a short timeline since prime vendors were unable to fulfill the contract due to extenuating circumstances (Yanik, 2022). These ACSA orders were quickly fulfilled by the French and Norwegians, enabling both ships to continue their missions without delay (Yanik, 2022).

A. RECOMMENDATIONS BASED ON FINDINGS

The following recommendations are based on the findings we made during our research.

1. AGATRS Database Enhancement

The AGATRS database is a valuable tool for analyzing ACSA order data, helping decision-makers, auditors, and users understand the LSSS provided under these unique international agreements. Users can generate specific reports by various factors such as the fiscal year and country making it easier to locate specific ACSA orders. However, it is important to note some inconsistencies exist between each ACSA order's documentation. These inconsistencies make it more challenging to determine the specifics of the ACSA exchange. While these issues are infrequent, they can be addressed by enforcing standardized documentation practices and providing clearer descriptions of line items in the AGATRS database for research and audit purposes.

2. Potential Development of a Defense Fuel Support Point in the ROC

The development of a Defense Fuel Support Point in Cyprus (DFSP) in ROC would enable DLA-Energy to store and direct fuel in larger quantities, making it usable by combat logistics forces vessels as cargo fuel. Establishing this capability in ROC would enhance readiness in the Eastern Mediterranean region. Contracting through DLA or pursuing military construction under an ACSA would be a significant endeavor, bringing long-term logistical benefits. Until Cypriot marine fuel sales increase significantly or a DLA DFSP is established, USN surface vessels should continue using the SEA card® procurement system for fuel acquisition.

3. ACSA Utilization as a Flexible Logistics Tool

As previously discussed, the U.S.–Cyprus ACSA should be recognized as a flexible logistics tool that can be utilized as needed based on existing and future requirements for global USN operations and assets.

B. AREAS OF FURTHER RESEARCH

1. Research on ACSAs of Different Partners and in Different Regions

During our literature review, we found that previously existing ACSA research was limited. We identified one thesis by Trotman and Chargualaf that focused on the topic of ACSAs and use by the USMC in Norway. We chose to focus our capstone on the ROC due

to its recent ACSA establishment and strategic geographic location. Currently, there are 130 ACSAs across the globe as depicted in Appendix B. For further research, potential areas of study include examining the capabilities of ACSAs in the Pacific or comparing the top utilized Sixth Fleet ACSAs (Italy, UK, and Greece) to determine their capabilities and cost-effectiveness.

2. Review of the U.S.–Cyprus ACSA following 5–10 years

Due to the recent establishment of the U.S.–Cyprus ACSA, further research could be conducted after a period of 5 to 10 years. This would allow for more time to accumulate data points, providing a clearer understanding of how this ACSA is used in the future, particularly in response to contingencies or conflicts in the Eastern Mediterranean region.

3. Contracting Database Consistency and Auditability

We discovered issues with the AGATRS and HSPortal databases regarding their lack of significant technical specificity and inconsistent mechanisms in accounting. Many ACSA orders were found to be missing clear Performance Work Statements (PWS), making it difficult for us to assess them properly and this may result in complicated evaluation by auditors. Additionally, HSPortal inconsistently calculated charges, even for identical scenarios such as port dues for the same ship at the same port, resulting in discrepancies between lump-sum and daily rate payments. As a result, further research into establishing consistency across multiple government contracting databases and auditability enhancement in the ACSA program would prove beneficial.

C. CONCLUSION

The USN operates globally, requiring meticulous logistics planning to ensure naval assets sustain readiness and capability to achieve their objectives while deployed. Given the USN's expansive reach and current global instability, having multiple logistics options is essential for acquiring goods and services abroad to sustain USN operations. The ACSA program serves as a vital tool to meet urgent demands and quickly obtain LSSS from allies and partners when conventional means are unavailable. ACSAs further foster interoperability between the U.S. military and international partners.

This capstone project ultimately aimed to highlight the logistical benefits of ACSAs while evaluating the current utilization of the U.S.–Cyprus ACSA to confirm its advantage in maintaining regional stability. Our findings do suggest potential cost savings through the ACSA but this research requires more data for proper determination. We concluded our research is beneficial in educating our naval officer peers on the ACSA program and its specific advantages. ACSAs are in line with the DoD's strategic guidance and posture, aiming to strengthen alliances and foster global partnerships crucial for national defense and security. Beyond cost savings, investing in joint logistics processes bolsters partnership effectiveness and benefits both the USN and ROC in future collaborations. As diplomatic ties between the U.S. and ROC deepen, increased USN presence and operations in ROC may follow. While USN surface vessels have not yet required the use of the U.S.–Cyprus ACSA for LSSS, this tool remains available for future consideration and testing.

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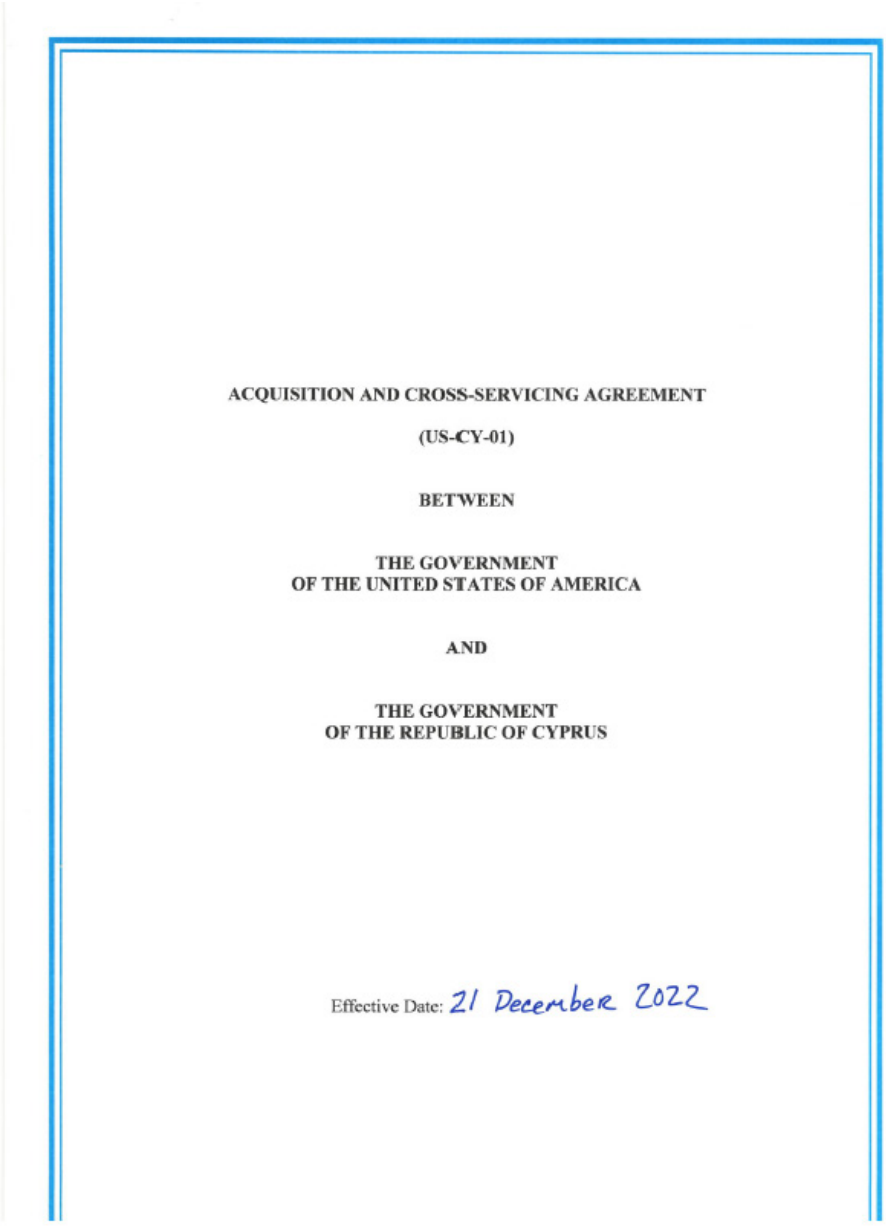
APPENDIX A. US-CY-01

The following documentation is the official U.S.-Cyprus ACSA (US-CY-01) signed into effect December 21, 2022. US-CY-01 was used to understand specifics of processes and standards of this specific agreement between the U.S. and ROC.



ACQUISITION AND CROSS-SERVICING AGREEMENT

(US-CY-01)

BETWEEN

THE GOVERNMENT
OF THE UNITED STATES OF AMERICA

AND

THE GOVERNMENT
OF THE REPUBLIC OF CYPRUS

Effective Date: 21 December 2022

ACQUISITION AND CROSS-SERVICING AGREEMENT
(US-CY-01)
BETWEEN
THE GOVERNMENT
OF THE UNITED STATES OF AMERICA
AND
THE GOVERNMENT
OF THE REPUBLIC OF CYPRUS

PREAMBLE

The Government of the United States of America and the Government of the Republic of Cyprus, hereinafter referred to individually as the Party, or collectively as "the Parties", desiring to further the interoperability, readiness, and effectiveness of their respective military forces through increased logistic cooperation between the two Parties, have agreed as follows:

ARTICLE I. PURPOSE

This Agreement shall establish and regulate the basic terms, conditions, and procedures to facilitate the reciprocal provision of Logistic Support, Supplies, and Services as that term is defined in Article II of this Agreement.

ARTICLE II. DEFINITIONS

1. As used in this Agreement and in any Implementing Arrangements that provide specific procedures, the following definitions apply:

a. Classified Information. Information provided by one Party to the other Party that is designated as classified by the releasing Party for national security purposes and therefore requires protection against unauthorized disclosure. The information may be in oral, visual, electronic, or documentary form, or in the form of material, including equipment or technology.

b. Equal-Value-Exchange. Payment for a Transfer conducted under this Agreement in which it is agreed that the Receiving Party shall replace Logistic Support, Supplies, and Services that it receives with Logistic Support, Supplies, and Services of an equal value.

c. Exchange Transaction. Payment for a Transfer conducted under this Agreement in which it is agreed that the Receiving Party shall replace Logistic Support, Supplies, and Services it receives with Logistic Support, Supplies, and Services of an equal value, of an identical nature, or of a substantially identical nature to the Logistic Support, Supplies, and Services it received, under

agreed conditions.

d. Implementing Arrangement. A written supplementary arrangement for Logistic Support, Supplies, and Services that specifies details, terms, and conditions to implement this Agreement effectively.

e. Invoice. A document, including electronic documents, from the Supplying Party that requests Monetary Reimbursement, Replacement-in-Kind, or Equal-Value-Exchange, in return for specific Logistic Support, Supplies, and Services rendered pursuant to this Agreement.

f. Logistic Support, Supplies, and Services. Food, water, billeting, transportation (including airlift), petroleum, oils, lubricants, clothing, communication services, medical services, base operations support (and construction incident to base operations support), storage services, use of facilities, training services, spare parts and components, repair and maintenance services, calibration services, and port services, to the extent such enumerated items are not identified on the United States Munitions List (Part 121 of Title 22 of the US Code of Federal Regulations). The term also includes the temporary use of general purpose vehicles and other nonlethal items of military equipment, where such lease or loan is permitted under the national laws and regulations of the Parties. The term "Logistic Support, Supplies, and Services" refers to support, supplies, or services from any or all of the foregoing categories.

g. Monetary Reimbursement. Payment for a Transfer conducted under this Agreement in which it is agreed that the Receiving Party shall pay by cash or currency, check, wire transfer, or electronic funds transfer for Logistic Support, Supplies, and Services that it receives.

h. Order. A written request, containing all the information required by Annex A, or made in the agreed-upon format ("Order Form") set forth at Annex B to this Agreement, and signed by an authorized individual, for the provision of specific Logistic Support, Supplies, and Services pursuant to this Agreement.

i. Point of Contact (POC). An office, agency, or individual that is authorized by a Party to sign an Order requesting or agreeing to supply Logistic Support, Supplies, and Services, or to collect or make payments for Logistic Support, Supplies, and Services supplied or received pursuant to this Agreement.

j. Receiving Party. The Party ordering and receiving Logistic Support, Supplies, and Services.

k. Replacement-In-Kind. Payment for a Transfer conducted under this Agreement in which it is agreed that the Receiving Party shall replace Logistic Support, Supplies, and Services that it receives with Logistic Support, Supplies, and Services of an identical, or substantially identical, nature under agreed conditions.

l. Supplying Party. The Party providing Logistic Support, Supplies, and Services.

m. Transfer. Selling, leasing, loaning, or temporarily providing Logistic Support, Supplies,

and Services under the terms of this Agreement in exchange for a Monetary Reimbursement, Replacement-In-Kind, or an Equal-Value-Exchange.

ARTICLE III. APPLICABILITY

1. This Agreement is intended to facilitate reciprocal logistic support between the Parties to be used primarily during combined exercises, training, deployments, port calls, operations, or other cooperative efforts, or for unforeseen circumstances or exigencies in which one of the Parties may have a need for Logistic Support, Supplies, and Services.

2. This Agreement applies to the provision of Logistic Support, Supplies, and Services from the military forces of one Party to the military forces of the other Party in exchange for Monetary Reimbursement, Replacement-In-Kind, or Equal-Value-Exchange of Logistic Support, Supplies, and Services to the military forces of the Supplying Party.

3. All activities of the Parties under this Agreement and any Implementing Arrangements shall be carried out in accordance with their respective national laws and regulations. All obligations of the Parties under this Agreement and any applicable Implementing Arrangements shall be subject to the availability of funds for such purposes. Unless otherwise agreed in advance, a Party shall not place an Order and receive support under this Agreement or any applicable Implementing Arrangement unless it has funds (or agreed-upon in-kind or equal-value support) available to pay for such support. If a Party discovers that it does not have the funds (or agreed-upon in-kind or equal-value support) to fulfill its obligations, it shall promptly notify the other Party, which shall have the right to discontinue its provision of any support that was to be paid for with such funds (or agreed-upon in-kind or equal-value support). This shall not affect the obligation of a Party to pay for support already received.

4. The following items are not eligible for Transfer under this Agreement, and are specifically excluded from its coverage:

a. Weapon systems;

b. Major end items of equipment (except for the lease or loan of general purpose vehicles and other nonlethal items of military equipment where such lease or loan is permitted under the national laws and regulations of the Parties); and

c. Initial quantities of replacement and spare parts associated with the initial order of major items of organizational equipment; however, individual replacement and spare parts needed for immediate repair and maintenance services may be transferred.

5. Also excluded from Transfer by either Party under this Agreement are any items the Transfer of which is prohibited by its national laws or regulations. In accordance with U.S. law and regulation, the United States currently may not Transfer, among other things, the following items under this Agreement:

a. Guided missiles;

b. Naval mines and torpedoes;

c. Nuclear ammunition (including such items such as warheads, warhead sections, projectiles, demolition munitions, and training ammunition);

d. Guidance kits for bombs or other ammunition;

e. Chemical ammunition (which does not include riot-control agents);

f. Source, byproduct, or special nuclear materials, or any other material, article, data, or thing of value, the Transfer of which is subject to the Atomic Energy Act of 1954 (Title 42,United States Code, Section 2011, et. seq.); and

g. Defense articles and services identified on the United States Munitions List (Part 121 of Title 22 of the U.S. Code of Federal Regulations).

ARTICLE IV. TERMS AND CONDITIONS

1. Each Party shall make its best efforts, consistent with national priorities and subject to availability, to satisfy requests from the other Party under this Agreement for Logistic Support, Supplies, and Services. However, when an Implementing Arrangement contains a stricter standard for satisfying such requests, the standard in the Implementing Arrangement shall apply.

2. Orders may be placed or accepted only by the POCs identified in the separate, written notifications exchanged between the Parties. When the military forces of Cyprus require Logistic Support, Supplies, and Services outside the U.S. European Command ("USEUCOM") Area of Responsibility, they may place Orders directly with the cognizant POC or may seek the assistance of USEUCOM or a USEUCOM component command, to place an Order with a non-USEUCOM POC.

3. An Implementing Arrangement under this Agreement may be negotiated on behalf of the Government of the United States by the Headquarters of U.S. Combatant Commands, or their designees. Implementing Arrangements may be negotiated on behalf of the Government of the Republic of Cyprus by the National Guard General Staff.

4. Prior to submitting a written Order, the Receiving Party's POC should initially contact the Supplying Party's POC, including by telephone, fax, or e-mail, to ascertain availability, price, and desired method of repayment for required Logistic Support, Supplies, and Services. Orders shall include all the data elements in Annex A to this Agreement, as well as any other terms and details necessary to undertake the Transfer. The Order Form included in Annex B to this Agreement should be used for initiating and completing an Order. The number of this Agreement, US-CY-01, should be annotated on all Orders and related correspondence.

5. Both Parties shall maintain records of all transactions.

6. The Receiving Party is responsible for:

a. Arranging for pick-up and transportation of supplies acquired under this Agreement. This does not preclude the Supplying Party from assisting with loading supplies acquired under this Agreement onto the transportation conveyance.

b. Obtaining any applicable customs clearance and arranging other official actions required by national customs regulations.

7. The individual designated by the Receiving Party to receive the Logistic Support, Supplies, and Services on behalf of the Receiving Party shall sign the Order Form (Annex B) in the appropriate block as evidence of receipt. If the Order Form is not available at the Supplying Party's point of issue, the individual receiving the Logistic Support, Supplies, and Services shall sign the receipt document provided by the Supplying Party as a substitute. The number of this Agreement, US-CY-01, shall be entered on the receipt document.

8. The Supplying Party shall be responsible for:

a. Notifying the Receiving Party when and where Logistic Support, Supplies, and Services are available to be picked up; and

b. Forwarding to the Supplying Party POC authorized to accept Orders under this Agreement the Order Form or receipt document, as applicable, signed by the Receiving Party POC indicating receipt of the Logistic Support, Supplies, and Services provided by the Supplying Party. The signed Order Form or receipt document, as applicable, shall be attached to the Order Form initiating the Order and the Order Form evidencing acceptance by the Supplying Party.

9. Logistic Support, Supplies, and Services received through this Agreement shall not be retransferred, either temporarily or permanently, to any other country, international organization, or entity (other than the personnel, employees, or agents of the military forces of the Receiving Party) without the prior written consent of the Supplying Party obtained through applicable channels.

ARTICLE V. REIMBURSEMENT

1. For Transfers of Logistic Support, Supplies, and Services under this Agreement, the Parties shall agree on Monetary Reimbursement, Replacement-In-Kind, or an Equal-Value- Exchange (the latter two are Exchange Transactions). The Receiving Party shall pay the Supplying Party as provided in either paragraph 1.a. or paragraph 1.b. of this Article.

a. Monetary Reimbursement. The Supplying Party shall submit Invoices to the Receiving Party after delivery or performance of the Logistic Support, Supplies, and Services. Both Parties

shall provide for the payment of all transactions, and each Party shall invoice the other Party at least once every three (3) months for all transactions not previously invoiced. Invoices shall be accompanied by necessary support documentation and shall be paid within sixty (60) days of the date prepared and entered upon the Invoice. Payment shall be made in the currency of the Supplying Party or as otherwise agreed by the Parties in the Order. In pricing a Monetary Reimbursement, the Parties agree to the following reciprocal pricing principles:

(1) In the case of a specific acquisition by the Supplying Party from its contractors on behalf of a Receiving Party, the price shall be no less favorable than the price charged the military forces of the Supplying Party by the contractor for identical items or services, less amounts excluded by Article VI of this Agreement. The price charged may take into account price differentials due to delivery schedules, points of delivery, and other similar considerations.

(2) In the case of Transfer from the Supplying Party's own resources, the Supplying Party shall charge the same price charged its own military forces for identical Logistic Support, Supplies, and Services, as of the date delivery or performance occurs, less amounts excluded by Article VI of this Agreement. In any case where a price has not been established or charges are not made for one's own military forces, the Parties shall agree on a price in advance, reflecting reciprocal pricing principles, excluding charges that are precluded under these same reciprocal pricing principles.

b. Exchange Transaction. When Equal-Value-Exchange or Replacement-In-Kind is the agreed method of payment, prior to the provision of the requested support, both Parties shall agree, to the extent possible, on the Logistic Support, Supplies, and Services that shall be accepted for payment. The Receiving Party shall be responsible for arranging return transportation and delivery of the replacement Logistic Support, Supplies, and Services to the location mutually agreed between the Parties no later than the time the Order Form is signed by the Receiving Party and by the Supplying Party. If the Receiving Party does not complete the exchange within the terms of the schedule agreed to or in effect at the time of the original transaction, which may not exceed one year from the date of the original transaction, the transaction shall be deemed as a Monetary Reimbursement and governed by subparagraph 1.a. of this Article, except that the price shall be established using actual or estimated prices in effect on the date payment otherwise would have been due.

c. Establishment of Price or Value. The following pricing mechanisms are provided to clarify application of the reciprocal pricing principles. The price established for inventory stock materiel shall be the Supplying Party's stock list price. The price for new procurement shall be the same price paid to the contractor or vendor by the Supplying Party. The price for services rendered shall be the Supplying Party's standard price, or, if not applicable, costs directly associated with providing the services. Prices charged shall exclude all taxes and duties that the Receiving Party is exempted from paying under other agreements that the Parties have concluded. Upon request, the Parties agree to provide information sufficient to verify that these reciprocal pricing principles have been followed and that prices do not include waived or excluded costs, as described in Article VI.

2. When a definitive price for the Logistic Support, Supplies, and Services is not agreed to in advance of the Order, the Order, pending agreement on final price, shall set forth a maximum liability to the Party ordering the Logistic Support, Supplies, and Services. The Parties shall enter into negotiations promptly to establish the final price.

3. POCs for payments and collections for each Party shall be identified in separate, written notifications exchanged between the Parties.

4. The price for Logistic Support, Supplies, and Services under this Agreement shall not be higher than the price for the same Logistic Support, Supplies, and Services available under any other agreement between the Parties.

5. In the event payment in full has not been received by the Supplying Party within eighteen (18) months from the date of the original transaction, any amount still owed by the Receiving Party under the original transaction may, at the discretion of the Supplying Party, be offset against any amounts owed by the Supplying Party to the Receiving Party pursuant to any other transactions under this Agreement.

ARTICLE VI. WAIVED OR EXCLUDED COSTS

Insofar as national laws and regulations permit, the Parties shall ensure that any readily identifiable duties, taxes, and similar charges are not imposed on activities conducted under this Agreement. The Parties shall cooperate to provide proper documentation to maximize tax and customs relief. The terms of any applicable tax and customs relief agreements also shall apply under this Agreement. The Parties shall inform each other whether the price charged for Logistic Support, Supplies, and Services includes taxes or duties. In determining whether duties, taxes, or similar charges should be levied, the pricing principles in Article V of this Agreement shall govern the value of the Logistic Support, Supplies, and Services provided by the Supplying Party.

ARTICLE VII. SECURITY OF INFORMATION

1. It is the intent of the Parties that activities under this Agreement and any Implementing Arrangements should be carried out at the unclassified level, and that no Classified Information be provided or generated under this Agreement or any Implementing Arrangements.

2. Should the Parties determine that the exchange of Classified Information is necessary to facilitate the reciprocal provision of Logistic Support, Supplies, and Services pursuant to this Agreement, such Classified Information shall only be exchanged subject to the following terms and safeguards:

a. All Classified Information provided or generated pursuant to this Agreement shall be stored, handled, transmitted, and safeguarded in accordance with the Parties' respective national

security laws and regulations.

b. Classified Information shall be transferred only through official Government-to-Government channels or through channels approved in writing by the Parties to this Agreement. Such information and material shall bear the level of classification, and denote the country of origin, the conditions of release, and the fact that the information relates to this Agreement.

c. Each Party shall take all lawful steps available to it to ensure that information provided or generated pursuant to this Agreement is protected from further disclosure, except as provided in subparagraph 2.g. of this Article, unless the other Party consents to such disclosure. Accordingly, each Party shall ensure that:

(1) The recipients shall not release the Classified Information to any government, national organization, or other entity of a third party without the prior written consent of the originating Party.

(2) The recipients shall afford the information a degree of protection equivalent to that afforded it by the originating Party.

(3) The recipients shall not use or permit the use of the Classified Information for any other purpose than to facilitate the reciprocal provision of Logistic Support, Supplies, and Services pursuant to this Agreement.

(4) Each Party shall provide receipts for all Classified Information received.

d. Each Party shall undertake to maintain the security classification markings assigned to information and material by the originating Party.

e. The Parties shall investigate all cases in which it is known, or where there are grounds for suspecting, that Classified Information provided or generated pursuant to this Agreement has been lost or disclosed to unauthorized persons. Each Party also shall promptly and fully inform the other Party of the details of any such occurrences, and the final results of the investigation and the corrective action taken to preclude recurrence.

f. For any facility wherein Classified Information is to be used, the responsible Party shall approve the appointment of a person or persons to exercise effective responsibilities for safeguarding at such facility the information or material pertaining to this Agreement. These officials shall be responsible for limiting access to Classified Information involved in this Agreement to those persons who have been authorized access and have a need to know.

g. Each Party shall ensure that access to the Classified Information is limited to those persons who possess security clearances and have a specific need for access to the information.

ARTICLE VIII. INTERPRETATION AND AMENDMENTS

1. Any disagreements regarding the interpretation or application of this Agreement, any Implementing Arrangements, or transactions executed hereunder shall be resolved through consultation between the Parties and shall not be referred to any national or international tribunal, or third party for settlement.

2. Either Party may, at any time, request amendment of this Agreement by providing written notice to the other Party. In the event such a request is made, the Parties shall enter into negotiations promptly. This Agreement may be amended only by written agreement between the Parties.

ARTICLE IX. ENTRY INTO FORCE AND TERMINATION

This Agreement, which consists of a Preamble, Articles I through IX, and Annexes A and B, shall enter into force on the date of receipt of the later note in an exchange of notes between the Parties indicating that each Party has completed its internal procedures necessary for entry into force of this Agreement. This Agreement shall remain in force indefinitely, unless terminated by the mutual written consent of the Parties or by either Party giving not less than one hundred eighty (180) days' notice in writing through diplomatic channels to the other Party of its intent to terminate. Notwithstanding termination of this Agreement, the Parties shall remain obligated under the terms of Article VII of this Agreement to safeguard Classified Information provided or generated under this Agreement and any applicable Implementing Arrangements, and all reimbursement obligations incurred pursuant to the terms of this Agreement shall remain binding on the responsible Party until satisfied.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

DONE, in duplicate, in the English language.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA

RADM R.D. Heinz
Name

Director of Logistics
Title

Stuttgart Germany
City:

23 Aug 2022
Date:

FOR THE GOVERNMENT OF THE REPUBLIC OF CYPRUS

Major General Michael Hadjidemetriou
Name

Inspector General of the National Guard
Title

Nicosia
City:

26th July 2022
Date:

ANNEX A

MINIMUM ESSENTIAL DATA ELEMENTS

1. Implementing Arrangements or support Agreement
2. Date of Order
3. Designation and address of the office to be billed
4. Numerical listing of stock numbers of items, if any
5. Quantity and description of material/services requested
6. Quantity furnished
7. Unit of Measurement
8. Unit price in the currency of the billing country
9. Quantity furnished (6) multiplied by unit price (8)
10. Currency of the billing country
11. Total Order amount expressed in the currency of the billing country
12. Name (typed or printed), signature, and title of the authorized Ordering or requisitioning representative
13. Payee to be designated on remittance
14. Designation and address of the office to receive remittance
15. Recipient's signature acknowledging service or supplies received on the Order or requisition or a separate supplementary document
16. Document number of Order or requisition
17. Receiving organization
18. Issuing organization
19. Transaction type
20. Fund citation or certification of availability of funds when applicable under Parties' procedures
21. Date and place of original Transfer; in the case of an Exchange Transaction, a replacement schedule including time and place of replacement Transfer
22. Name, signature, and title of the authorized acceptance official
23. Additional special requirement, if any, such as transportation, packaging, etc.
24. Limitation of government liability
25. Name, signature, date, and title of the Supplying Party official who actually issues supplies or services

ANNEX B ORDER FORM

UNCLASSIFIED/FOR OFFICIAL USE ONLY

Acquisition and Cross Servicing Agreement (ACSA) / Mutual Logistics Support (MLS) ORDER FORM

1. Requisition Number	2. Agreement/Implementing Arrangement	3. Operation/Theater	4. Order Date
5. Deliver to Unit	6. Deliver to Place	7. Deliver to Country (Location)	8. Delivery Date (PoP)
9. Method of Payment MONETARY	10. Currency	11. Max Government Liability	12. Transaction Summary

13. Requested Line Item Summary

No.	Class	Sub-Class	Fund Citation	Stock No & Description	Unit of Measure	Qty Requested	Qty Received	Unit Price	Total Cost
								14. Total Cost Summary	0.00

15. U.S. Fund Citations SOURCE ()

16. Send Bill To: (US) US Financial Representative Name	17. Send Payment To: (Partner) Partner Nation Financial Representative Name
US Finance Office Name	Partner Nation Finance Office Name
US Finance Office Address OR Email Address	Partner Nation Finance Office Address OR Email Address
18. Authorized Requestor (Signature)	19. Authorized Acceptor (Signature)
Name (Last, First, MI, Rank/Title) Date	Name (Last, First, MI, Rank/Title) Date
Unit/Office Nation/Organization	Unit/Office Nation/Organization
20. Inspected/Received By (Signature) I acknowledge and confirm receipt and acceptance of support/supplies/services as indicated in Blocks 114 of this form.	21. Supply Official (Signature) I certify the amount invoiced is exclusive of all taxes from which exemption has been granted and that the invoice is correct.
Name (Last, First, MI, Rank/Title) Date	Name (Last, First, MI, Rank/Title) Date (Invoice Date)
Unit/Office Nation/Organization	Unit/Office Nation/Organization
22.Remarks	
23. LSSS Receipt Partial Complete	24. Payee Banking Information Bank Name/Address Account Name/No IBAN SWIFT/ABA
	25. Invoice No. 26. Purchase Order No.
Invoice Certification (U.S.)	Pursuant to the authority vested in me, I certify that this voucher is correct and proper for payment.

27. U.S. Certifying Officer (Signature)	Date	Name (Last, First, MI, Rank/Title)	Unit/Office	Nation/Organization

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Source: The Government of the United States of America and the Government of the Republic of Cyprus (2022).

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APPENDIX B. ACSAS BY GEOGRAPHIC COMBATANT COMMAND

The following figure shows 130 total ACSAs divided by geographic combatant commands. The highest volume of ACSAs is in EUCOM (47) followed by AFRICOM (29) (Joint Staff J-4 Multinational Interagency Division, 2024).

Source: Joint Staff J-4 Multinational Interagency Division (2024).

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APPENDIX C. LSSS CATEGORIES AND ACSA EXAMPLES

The following table, from CJCSI 2120.01E *Acquisition and Cross-Servicing Agreements*, provides examples of permitted LSSS categories acquired or exchanged under ACSAs (JCS, 2024).

LSSS Category	Examples
Food	U.S. forces feeding troops from ACSA countries or organizations and vice versa; acquisition or transfer of rations.
Billeting	Billeting for military forces; temporary shelter for U.S. or ACSA country or organization units; and hygiene services for both ACSA nation and U.S. troops.
Transportation	Moving personnel and equipment by air, land, or sea; moving one country's petroleum products in another nation's tanker; air refueling with a U.S. military tanker or receiver aircraft (or DoD-contracted commercial tanker) with another country's tanker or receiver aircraft.
Petroleum, Oil, and Lubricants (POL)	Refueling of equipment and vehicles of forces of an ACSA country or organization; RIK or EVE of POL with ACSA countries or organizations.
Clothing	Cold weather items (gloves, thermal underwear, socks) and protective clothing provided in an emergency during exercises or operations. Does not include provision of distinctive items of military uniform and insignia or clothing identified as significant military equipment in reference h.
Communication Services	Field radio operator support; use of base installation communications facilities and equipment; access to/ repair of communications satellites; translation and interpretation services; computer hardware and software to include secure encryption when approved by OSD.
Medical Services	Furnishing or receiving health care services; emergency provision of medical supplies; use of medical facilities of another country during exercises, operations, or for mass casualties. Medical evacuation of authorized injured personnel by U.S. military or DoD contracted commercial transportation assets.
Ammunition	Although most ammunition is categorized as SME in the U.S. Munitions List (reference h) and is therefore excluded for transfer under the ACSA, NDAA 2007 House Conference Report 109–702 updated the term "ammunition" under section 2350(1) of title 10, U.S. Code as: Transfer of small arms ammunition between forces on exercises when one side runs low and another has sufficient supplies with repayment in cash or kind [caution: repayment in cash must be with proper purpose funds which, in the case of ammunition, are procurements funds controlled at the Service level]; RIK of ammunition expended at allied ranges; exchange unit firing to determine compatibility of ammunition between nations and its suitability for use in different weapon systems; emergency acquisition of provisions of conventional ammunition (small arms, mortar, automatic cannon, artillery, and ship gun ammunition); bombs (fuel air explosive, general purpose, and incendiary); unguided projectiles and rockets; riot control chemical ammunition; land mines (ground-to-ground and air-to-ground delivered); demolition material; grenades; flares and pyrotechnics; and all items included in

LSSS Category	Examples
	the foregoing, such as explosives, propellants, cartridges, propelling charges, projectiles, warheads (with various fillers such as high explosives, illuminating, incendiary, antimaterial, and antipersonnel), fuzes, boosters, and safe and arm devices, in bulk, combination, or separately packaged items of issue for complete round assembly; demolition munitions; training ammunition; cartridge and propellant-actuated devices; chaff and chaff dispensers; and expendable sonobuoys. Specifically excluded are the following: guided missiles; naval mines and torpedoes; nuclear ammunition and included items such as warhead, warhead sections, and projectiles; guidance kits for bombs or other ammunition; and chemical ammunition (other than riot control).
Base Operations Support	Foreign country or international organization support of U.S. installations, maintenance of facilities, grounds keeping, perimeter security, laundry services, minor construction (construction under title 10, U.S. Code, sections 2804, 2805, and 2803) incident to base operations support; support of units in exercises or operating from a collocated operating base. LSSS provided to U.S. Armed Forces from the resources of a foreign military installation and vice versa. Demilitarization Services, Disposal services, to include LSSS, hazardous material, and hazardous waste.
Storage Services	Use of a foreign country's storage, maintenance, petroleum storage and pipeline system, and security services (i.e., warehousing); temporary storage of assets belonging to another ACSA country's armed forces.
Use of Facilities	One force receiving temporary use of a building on another ACSA country's base; temporary use of cold storage facilities; temporary use of mortuary facilities. Does not include paying for the use of facilities provided free of charge under host nation support, status of forces agreements, or NATO standardization agreements.
Training Services	Use of training ranges; orientation visits with ACSA country units; training U.S. and ACSA country forces in aircraft and vehicle cross-servicing (including uploading, fly away, and downloading of ammunition), use of flight simulators, target services, calibration of test equipment, and in- theater orientation and training of ACSA country pilots (subject to Service-specific regulations) in aerial refueling procedures.
Spare Parts and Components	Mutual spare parts support; replacement of defective radio equipment in aircraft or vehicles.
Repair and Maintenance Services	Servicing of aircraft and vehicles of one force at another force's bases; preventive maintenance services; calibration services; host country provision of vehicle maintenance services for weapons systems.
Port Services	Loading and or uploading of U.S. or ACSA country equipment at foreign country ports of embarkation or debarkation; country equipment and petroleum products; temporary storage of offloaded equipment; minor vehicle maintenance, such as battery recharging or jump starting.

Source: JCS (2024).

APPENDIX D. INDIVIDUAL LSSS WEIGHTED NUMERICAL COMPARISONS

The following table provides individual weighted numerical comparison results for each LSSS category we analyzed. Traditional contracting for acquiring husbanding services and fuel was favored over the ACSA. Conversely, the ACSA was favored more slightly over traditional methods primarily due to the factors of cost and speed.

ACQUISITION OF HUSBANDING SERVICES					
Criteria	Weight	Traditional Contracting (HSP)	Product	U.S.-Cyprus ACSA	Product
Cost	1.5	3	4.5	0	0
Simplicity	1	3	3	3	3
Speed	1	1	1	3	3
Sustainability	1	4	4	1	1
Risk	2	3	6	2	4
Flexibility	1.5	3	4.5	4	6
International Relations	2	3	6	4	8
			29		25
ACQUISITION OF FUEL					
Criteria	Weight	Traditional Contracting (SEA Card)	Product	U.S.-Cyprus ACSA	Product
Cost	1.5	4	6	3	4.5
Simplicity	1	4	4	3	3
Speed	1	4	4	3	3
Sustainability	1	5	5	1	1
Risk	2	4	8	3	6
Flexibility	1.5	5	7.5	4	6
International Relations	2	3	6	5	10
			40.5		33.5
ACQUISITION OF LINE HAUL					
Criteria	Weight	Traditional Contracting	Product	U.S.-Cyprus ACSA	Product
Cost	1.5	3	4.5	4	6
Simplicity	1	3	3	3	3
Speed	1	3	3	4	4
Sustainability	1	4	4	4	4
Risk	2	4	8	4	8
Flexibility	1.5	4	6	3	4.5
International Relations	2	3	6	3	6
			34.5		35.5
ACQUISITION OF SUBSISTENCE					
Criteria	Weight	Traditional Contracting	Product	U.S.-Cyprus ACSA	Product
Cost	1.5	2	3	4	6
Simplicity	1	5	5	3	3
Speed	1	1	1	3	3
Sustainability	1	5	5	4	4
Risk	2	3	6	3	6
Flexibility	1.5	5	7.5	5	7.5
International Relations	2	3	6	3	6
			33.5		35.5

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