COUNTRY BRIEFS

# Spain Market-Entry Brief

A DFARS qualifying country with a NATO-integrated supplier base. What a Spanish manufacturer stands up in the United States to sell to the Department of Defense directly.

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THE DIRECT ANSWER

A Spanish manufacturer sells to the United States Department of Defense by standing up a compliant US operation: a US entity, DDTC registration for that entity, a US-person data boundary that holds controlled technical data inside the American operation, and the 110 NIST SP 800-171 controls built into the daily workflow under DFARS clause 252.204-7012. Spain is a DFARS qualifying country, which gives Spanish end products a procurement preference against Buy American restrictions. That preference covers end products, not technical data, and it waives nothing under ITAR, CMMC, or FOCI. Spain's NATO membership belongs in the same category: a real credential that answers a different question. A NATO program's customer is a NATO agency, and the Department of Defense buys under its own contract clauses.

## Qualifying country, and what it actually buys

Spain is on the list. DFARS 225.872-1 names Spain among the qualifying countries whose end products the Department of Defense buys without applying Buy American restrictions, a determination the regulation attributes to memoranda of understanding and other international agreements. Your parts get read on their merits instead of losing to a domestic-content preference before anyone opens the drawing.

Now read the scope, because the scope is the point. The determination covers the Buy American statute and the Balance of Payments Program, and it covers qualifying country end products. Technical data is not in scope. Qualifying-country status does not register your US entity with the Directorate of Defense Trade Controls, it does not build a data boundary, and it does not assess a single security control. The procurement door is open to Spain. The operating wall behind it is unchanged.

> Qualifying-country status is a procurement preference, not a shortcut. It does not waive ITAR, it does not waive CMMC, and it does not clear FOCI. Those regimes still apply, and building for them is the work.

## A NATO program is not the US Department of Defense

Spain joined NATO in 1982, and Spanish industry sits inside the alliance's programs. Eurofighter is the clearest case: Spain is one of four partner nations alongside the United Kingdom, Germany, and Italy, and NETMA, the NATO Eurofighter and Tornado Management Agency, is the single point of contact for customers and governments. More than four hundred companies across Europe work inside that supply chain.

That is a serious credential, and it is not the credential a DoD contract clause asks for. The clause asks whether a US entity registered with DDTC holds the controlled technical data, whether that data sits inside a US-person boundary, and whether the entity has assessed itself against a specific set of security controls. Program membership answers none of those, because the customer on that program is a NATO agency and European governments.

Being a sub-tier supplier to a European prime is not the same as selling to the US Department of Defense directly. A Spanish supplier reaches that line with real engineering rigor behind it, and the rigor transfers. The compliance posture does not, because nobody in that chain ever asked you for it.

> Being inside a NATO program is a credential. It is not a substitute for a US-person data boundary, because the Department of Defense is a different customer asking a different question.

## What your US operation actually builds

The build is the same three things for every allied parent, and each has a precise definition you can hold your advisors to.

One milestone moved. On July 13, 2026, the Department suspended the CMMC Phase II requirements scheduled for November 10, 2026 and opened a 60-day review, while Phase I self-assessment requirements remain in place. The announcement was explicit that this does not eliminate the requirement to protect federal data. So a certification milestone moved, and the engineering underneath it did not, because the obligation was never contingent on the certificate. Design the boundary and the controls into the operating model now, and the review lands where it lands without touching your schedule.

- A US entity, registered with DDTC. Under 22 CFR 122.1, anyone engaged in the United States in the business of manufacturing defense articles registers with the Directorate of Defense Trade Controls, and the regulation states that a manufacturer who does not export must nevertheless register. Registration is generally a precondition to any license or approval you will need later.
- A US-person data boundary. Registration confers no export rights or privileges, in the regulation's own words. Registering the US entity does not give the Spanish parent access to the controlled technical data that entity holds. The boundary is what lets your American operation hold that data compliantly, and transfers to the parent happen under DDTC authorization or not at all.
- The 110 controls, in the workflow. DFARS clause 252.204-7012 obligates defense contractors and subcontractors to safeguard covered defense information, and the standard is NIST SP 800-171 Revision 2. CMMC Level 2 is the status that reflects it, reached, as of July 2026, through self-assessment every three years with annual affirmation in the Supplier Performance Risk System.

> Most Spanish sub-tier work lands in one class: CUI and ITAR-controlled, unclassified. That class needs DDTC registration, a US-person data boundary, and the NIST SP 800-171 controls in the workflow, and a foreign-owned US entity can reach it without a facility clearance. That is the class I build and run.

## What I own, and what stays with your counsel

New England is the landing zone. My base is Brookline, New Hampshire, and the work is delivered on-site across Greater Boston and Southern New Hampshire, where the primes and the regional supply base already are. I have been the European parent's operator in the United States: I ran the North America operations of GEFRAN, an Italian sensor and automation multinational with a plant in New England, so the friction between a European headquarters and an American floor is familiar ground.

I stand up and run the compliant US operation: the floor, the operating model, the IT and OT build, the US-person data boundary, and the readiness evidence for the gate you are racing. Entity formation, FOCI mitigation, and site selection stay with your corporate counsel, your export-control counsel, and a site-selection advisor. I coordinate with them and own the operating outcome.

FREQUENTLY ASKED

**Spain is a NATO member and a DFARS qualifying country. Can we sell to the Department of Defense without a US operation?**

For work that carries no controlled technical data, often yes, and qualifying-country status helps you on price by lifting Buy American restrictions from your end products. You stand up a US operation when the program needs controlled technical data held inside a US-person boundary, when a domestic-content threshold applies, or when a prime expects a supplier with a real US footprint near the line. Spain's NATO membership does not reach those cases, because NATO membership is an alliance relationship and the Department of Defense buys under its own contract clauses.

**We already supply a European defense program. Does that experience transfer?**

The engineering discipline transfers completely, and it is worth more than most parents realize. The compliance posture does not, because it was never asked of you. Inside a program managed by a NATO agency, your customer interface is that agency and the European primes above you. A DoD contract clause asks a different set of questions: is there a US entity, is it registered with DDTC, does it hold the controlled technical data inside a US-person boundary, and has it assessed itself against the 110 NIST SP 800-171 controls. Program pedigree answers none of those. The build does.

**CMMC Phase II was suspended in July 2026. Can we skip the cybersecurity build?**

No. On July 13, 2026, the Department suspended the CMMC Phase II requirements scheduled for November 10, 2026 and opened a 60-day review, and Phase I self-assessment requirements remain in place. The announcement stated plainly that the action does not eliminate the requirement to protect federal data, and that contractors and subcontractors remain contractually obligated under DFARS clause 252.204-7012, with NIST SP 800-171 Revision 2 as the enforced standard. What moved is the certification milestone. What did not move is the engineering.

**We would manufacture in the United States and never export anything. Do we still register with DDTC?**

Yes, if you manufacture defense articles. 22 CFR 122.1 states that a manufacturer who does not engage in exporting must nevertheless register with the Directorate of Defense Trade Controls. The regulation also lists specific exemptions, and it states that registration confers no export rights or privileges on its own, so it is a starting line rather than a finish line. Your export-control counsel confirms your scope against the regulation. I build the operation around the answer.

## Sources


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