

DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, D. C. 20301

In reply refer to:
1-1401/74

MEMORANDUM FOR RECIPIENTS OF DOD 5105.38-M, MILITARY ASSISTANCE AND
SALES MANUAL - PARTS I, II, AND III

SUBJECT: MASM I, II, and III Transmittal

Attached is MASM Transmittal I-3, II-4, and III-3 which updates the
procedures to 1 April 1975.

Update the portions of your current MASM in accordance with Attachment (1).

Revised pages bear the date of 1 April 1975. Specific changes are indi-
cated by a broken line in the margin of the chapter. These changes are
needed to promulgate revised security classification guidelines, announce
new procedures for clearing significant FMS cases with Congress, modify
FMS eligibility tables, and to update training costs.



H. M. FISH
Lieutenant General, USAF
Director,
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Attachments

- (1) List of Changes
- (2) MASM Update Material

LIST OF CHANGES

Remove and insert the following portions of your current MASM:

<u>Remove</u>	<u>Insert</u>
<u>Table of Contents</u> - pages xv thru xviii	<u>Table of Contents</u> - pages xv thru xviii
<u>Part I</u> - Chapter G	<u>Part I</u> - Chapter G
<u>Part II</u> - E-25 - E-26 E-47 - E-48 F-23 - F-24	<u>Part II</u> - E-25 - E-26 E-47 - E-48 F-23 - F-24
<u>Part III</u> - B-3 - B-4 D-11 -----	<u>Part III</u> - B-3 - B-4 D-11 App B

In addition to the above, post the following pen and ink changes:

Part II -

(1) Chapter E - Page E-19 - para 15.d.(2)(b)(1) - last line of para - change "\$25.00" to read "\$30.00".

(2) Chapter F - Page F-1 - para 2.a. - 2nd line from bottom of para - change "to read" to read "for each". Page F-11 - para 3.g.(1)(a) - 17th line from bottom of para - eliminate the "," after "reprogramming". Page F-21 - para 5.c.(1) - 11th and 14th lines from top of para, respectively - change "1973" to "1975" and "1975" to read "1977". Page F-23 - para 5.c.(2) - 4th and 5th lines from top of para, respectively - change "1973" to read "1975" and "1975" to read "1977".

Part III -

(1) Chapter A - Page A-2 - Table A-1 - add under "Africa" - "Kenya", "Malagasy Republic", and "Mauritius". Page A-3 - Table A-2¹ - under "Major or Capital End Items" for Spain - change "A" to read "B". Page A-5 - Table A-2¹ - add under "African Countries" the following: "Kenya A B - - - -", "Malagasy Republic A B - - - -", and "Mauritius A B - - - -".

(2) Chapter G - Page G-2 - para 3.a. - last sentence - change to read "Sales of items from defense stocks can be transacted under these terms."

CHAPTER G

SECURITY CLASSIFICATION

1. Classification of Military Assistance and Foreign Military Sales Information

a. Classification of Military Assistance Program (MAP) and Foreign Military Sales (FMS) information is governed by Department of Defense Directive 5200.1-R (DOD Information Security Program Regulation), appropriate military department security regulations and security classification guidelines established by the Department of State. Classification decisions involving information limited to the Military Assistance Program and Foreign Military Sales are to be made in accordance with the provisions of this manual and specific instructions covering particular situations issued by the Defense Security Assistance Agency (DSAA) or by the Office of the Assistant Secretary of Defense for International Security Affairs (ASD/ISA). Guidelines set forth herein apply to the Military Assistance Program and Foreign Military Sales only.

2. Security Classification Guidelines**a. General Guidelines**

All data not designated classified in paragraphs b. and c. below may be assumed to be unclassified. All information classified in accordance with these guidelines is CONFIDENTIAL unless otherwise specifically indicated, and falls within the advanced declassification schedule as specified in paragraph 3-101, DOD Directive 5200.1-R. The guidelines set forth in this chapter will be under constant review and changes will be published whenever circumstances warrant.

b. Specific Classification Guidelines

(1) Dollar program levels and program content for all individual countries are classified for:

(a) The budget year and the authorization year until the Congressional Presentation Document is delivered to the Congress. (The authorization year is the full fiscal year following the budget year.)

(b) All years following the authorization year.

(2) Special regional considerations.

(a) Middle East—Dollar levels of programs for Iran, Israel, Jordan, Kuwait, Lebanon and Saudi Arabia are classified for the authorization year and all subsequent years. Content of programs for these countries—both categories of equipment and services (except training) and quantity and type of items programmed—is classified for the current year, three years prior thereto and all future years.

(b) East Asia—Dollar levels and content of programs (categories of equipment and services—except training—and quantity and type of items programmed) for the Khmer Republic and the Republics of Korea and Vietnam are classified for the authorization year and all subsequent years.

(c) Delivery data or forecasts with respect to programs covered by (a) and (b) above, are classified within the same specified time frames.

(d) Forecasts of FMS orders and commercial sales deliveries to countries covered by (a) and (b) above, are classified for the authorization year and all subsequent years.

(3) Letters of Offer.

Letters of Offer involving weapons and sensitive military items for countries listed in paragraph 2.b.(2) above, are classified unless specifically exempted by the U.S. Department of State. All other Letters of Offer are unclassified unless classification is directed by the Department of State or the Director, Defense Security Assistance Agency.

c. Exceptions to the General and Specific Guidelines

(1) Portions of approved and funded individual country program content, extracted by Implementing Agencies for initiation and administration of supply action, need not be classified provided the document, ADP card deck, etc., do not represent a major portion of the annual Military Assistance Program administered by the Implementing Agency for such country.

(2) FMS Implementation Records—including Case Directives and Implementation Records such as production or repair schedules, requisitions, shipping documents, bills of lading, work orders, contract documents, work sheets and related feeder information are unclassified unless classification is specifically directed by the Department of State or the Director, Defense Security Assistance Agency.

(3) MAP Implementation Records—including ADP cards and magnetic tape records—such as repair schedules, production schedules, requisitions, shipping documents, obligations and expenditure documents, work sheets and related feeder information are unclassified unless classification is specifically directed by the Department of State or the Director, Defense Security Assistance Agency.

3. Release of Information

a. Unclassified

(1) It is the policy of the Department of Defense to make the maximum amount of unclassified information available to the public, and to comply fully with both the specific provisions and the intent to the Freedom of Information Act, as amended. Release of information is therefore to be in accord-

ance with procedures established by DOD Directives 5400.7 and 5400.10.

(2) Price catalogs may be released to MAP recipient countries subject to the understanding that:

(a) Catalog prices are provided for country procurement planning purposes and/or for MAP requisitioning and related management purposes only.

(b) Prices quoted are order of magnitude estimates and are not necessarily those which have been applied or will be applied to items delivered or services rendered to the country as Grant Aid.

b. Classified

(1) Except as may be specifically authorized by the Director, DSAA, or the Deputy Assistant Secretary for Security Assistance (ISA), with the concurrence of the Department of State, classified information concerning plans and programs may be released only to officials of the country or organization involved who require such information in their official capacity, and in accordance with instructions contained in paragraph 8-104 of DOD Directive 5200.1-R.

(2) Unified Commands and MAAG's under their direction may release information as to the item content of programs and the estimated dollar values for operating and maintenance costs on a classified basis to the foreign country concerned, as follows:

(a) The quantity and projected delivery of items and services included in approved and funded programs.

(b) To the extent necessary for planning related country actions, the quantity and tentatively planned delivery year of items and services included in tentative programs for the budget, authorization and future years, subject to the clear understanding (see Part I, Chapter D, para. 3) on the part of the potential recipient that the release of this information does not constitute a commitment on the part of the United States. The dollar value of individual items will be released only when essential to country planning. Classified dollar levels of country programs for the budget and authorization years

may not be released without specific permission.

through or with the approval of the Chief of the U.S. Diplomatic Mission to the country concerned.

c. Authority

All releases of information will be made

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TABLE E-2 (Continued)

Area/Country	Via	Commercial Tourist	Gateway Termini	MAC	Cat. Z	Sub Total Transportation	Excess Baggage and Living Allowance	Total
PHILIPPINES (1) Manila	—	—	Travis	400	—	400	130	530
THAILAND (1) Bangkok	—	—	Travis	490	—	490	130	620
VIETNAM (1) Saigon	—	—	Travis	460	—	460	130	590
NEAR EAST AND SOUTH ASIA								
AFGHANISTAN Kabul	Teheran	310	Kennedy	—	490	800	180	980
GREECE Athens	—	—	—	—	—	—	—	—
IRAN Teheran	—	—	—	—	—	—	—	—
INDIA New Delhi	—	1560	Kennedy	—	—	1560	180	1740
JORDAN Amman	Cairo	100	Kennedy	—	430	530	180	710
LEBANON Beirut	—	—	Kennedy	—	430	430	180	610
NEPAL Katmandu	Bangkok	350	Kennedy	750	—	1100	180	1280
PAKISTAN Karachi (Via Pan Am)	—	—	Kennedy	—	900	900	180	1080

Change 4, 1 April 1975

TABLE E-2 (Continued)

Area/Country	Via	Commercial Tourist	Gateway Termini	MAC	Cat. Z	Sub Total Transportation	Excess Baggage and Living Allowance	Total
SAUDI ARABIA Mecca	Dhahran	80	Charleston	540	—	620	180	800
SRI LANKA Colombo	Colombo	1740	Kennedy	—	—	1740	180	1920
TURKEY Istanbul	—	—	Kennedy	—	380	380	180	560
EUROPE AUSTRIA Vienna	Frankfurt	120	McGuire	220	—	340	60	400
		120	Charleston	220	—	340	60	400
PORTUGAL Lisbon	—	—	Kennedy	—	260	260	60	320
SPAIN Madrid	Torrejon	—	McGuire	200	—	200	60	260
		—	Kennedy	200	—	200	60	260
AFRICA CAMEROON Douala	—	1070	Kennedy	—	—	1070	200	1270
ZAIRE Kinshasa	—	1110	Kennedy	—	—	1110	200	1310
DAHOMY Cotonou	—	1020	Kennedy	—	—	1020	200	1220
ETHIOPIA Addis Abbaba	Nairobi	230	Kennedy	—	580	810	180	990
GHANA Accra	—	1020	Kennedy	—	—	1020	200	1220
GUINEA Conakry	Accra	1080	Kennedy	—	—	1080	200	1280

Change 3, 1 December 1974

TABLE E-6 (Continued)

<p>F. Fitzsimmons General Hospital, Denver, Colorado</p> <p>L. Letterman General Hospital, San Francisco, California</p> <p>M. Madigan General Hospital, Tacoma, Washington</p> <p>S. The Medical Field Service School, Ft. Sam Houston, Texas</p> <p>V. U.S. Army Medical Service Veterinary School, Chicago, Illinois</p> <p>W. Walter Reed General Hospital, Washington, D.C.</p> <p>X. U.S. Army Health Services Command (USAHSC), Ft. Sam Houston, Texas</p> <p>Ø Other TSG Locations</p> <p>Ø Other USAHSC Regulations</p> <p>H. Headquarters, U.S. Army Hawaii (84) (USARHAW)</p> <p>H. All Training in USARPAC Schools or Areas</p> <p>M. Headquarters, U.S. Army, Europe</p> <p>M. All Training in USAREUR Schools or Units</p> <p>S. Headquarters, U.S. Army Forces Southern Command (92) (COMUSARSO)</p> <p>A. U.S. Army School of the Americas, Ft. Gulick, Canal Zone</p> <p>B. IAGS Cartographic School, Ft. Calyton, Canal Zone</p> <p>S. Other Training in USARSO Area</p> <p>X. Ø Student Support CONUS (GC N7F)</p> <p>Z. Unidentified Location, World-wide (used only for initial programmed until correct execution agency is identified)</p> <p>Z. Orientation Tours CONUS</p>	<p>used for Department of the Navy MAP-T programming.</p> <p>P—Department of the Navy</p> <p>PBM—Bureau of Medicine and Surgery (BUMED)</p> <p>PCG—U.S. Coast Guard (COGARD)</p> <p>PCI—DOD Computer Institute (DODCI)</p> <p>PCL—Commander in Chief, Atlantic Fleet (CINCLANTFLT)</p> <p>PCP—Commander in Chief, Pacific Fleet (CINCPACFLT)</p> <p>PCT—Chief of Naval Education and Training (CNET)</p> <p>PMC—U.S. Marine Corps (COMDT MARCORPS)</p> <p>PNA—Naval Air Systems Command (NAVAIRSYSCOM)</p> <p>PNE—Naval Electronics Systems Command (NAVELECSYSCOM)</p> <p>PNF—Naval Facilities Engineering Command (NAVFACENCOM)</p> <p>PNM—Chief of Naval Material (CHNAVMAT)</p> <p>PNØ—Naval Oceanographic Office (NAVOCEANO)</p> <p>PNR—Chief of Naval Reserve (CHNAVRES)</p> <p>PNS—Naval Sea Systems Command (NAVSEASYSCOM)</p> <p>PSØ—Commander Naval Forces, U.S. Southern Command (COMUSNAVSO)</p> <p>PSU—Naval Supply Systems Command (NAVSUPSYSCOM)</p> <p>PBØ—U.S. Army courses</p> <p>PDØ—U.S. Air Force courses</p> <p>PØØ—Miscellaneous</p>
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AIR FORCE

The EXA code used by the Air Force is a three digit alpha code wherein the first alpha represents the Air Force (D), the second the funding agency and the third the training agency. The following codes are to be used for Department of the Air Force MAP-T programming.

- D. United States Air Force¹

NAVY

The EXA code used by the Navy is a three digit alpha code wherein the first alpha represents the Navy (P), and the second and third represent either the major claimant responsible for funding the particular training activity or a category of training such as OJT. The following EXA codes are to be

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TABLE E-6 (Continued)

- | | | |
|--|--|---|
| D. (USAFE) | | R. (PACAF) |
| Ø United States Air Force Europe
(USAFE) | | C. Pacific Air Forces/Clark AFB |
| F. (AFLC) | | G. Pacific Air Forces/Guam (Anderson
AFB) |
| Ø Air Force Logistic Command (AFLC) | | H. Pacific Air Forces/Hickam AFB |
| J. (ATC) | | J. Pacific Air Forces/Japan |
| Ø Air Training Command (ATC) | | Ø Pacific Air Forces/In-Country |
| L. (USAFSO) | | T. Pacific Air Forces/Thailand |
| A. United States Air Force Southern
Command/IAAFA | | V. Pacific Air Forces/Vietnam |
| Ø United States Air Force Southern
Command/Other | | X. Pacific Air Forces/In-Country/
Contract |
| N. (Hq USAF) | | Z. Pacific Air Forces/Special |
| Ø Hq United States Air Force (ACBIS) | | |

¹ Where "DZZ" appears in the MASL for EXA, it is an indication that the command to be funded for the program line may apply to more than one command. Unified commands submitting program entries utilizing these "DZZ" designated MASL lines will enter the appropriate command code from the above series of Execution Agency (EXA) identifiers (DDO through DRO).

budget year. In this case, the term "scheduled for activation" means that the foreign country has definite approved plans, including the allocation of manpower and budgetary resources, to activate the unit.

- (b) Ammunition needed to establish war reserves at the agreed level.
 - (c) Replacement of equipment on hand in units eligible for MAP grant aid support that is obsolete, obsolescent or uneconomically repairable by the foreign country's standards. Inherent to including items for this requirement is the understanding that:
 1. Replaced items of MAP origin will be offered for recovery by the U.S. in accordance with the provisions of Chapter K.
 2. Replacement of each item, regardless of origin, will not result in the uneconomical retention of replaced assets in the foreign country's inventory.
 - (d) Other requirements approved by DSAA on a case-by-case basis.
- (2) Card 3 format will be used with the budget program year shown in columns 45-46. Thus, the submission on 1 April 1975 will be entered in the FY 1977 budget year program data file. Applicable program originator, MAP element, cost and end use codes will be entered in the identical fashion used for regular program submissions. Source of supply code "K" and MASL prices will be used so that the dollar value of these requirements can be maintained in master program file records. These major items are hereinafter referred to as "unprogrammed requirements"
- (3) Unified Commands will assign record control numbers (RCN) to these line items so as not to duplicate RCN's in the regular budget

year program data submitted on April 1. Alpha character "A" will be punched in column 34 special supply procedure code to identify these major items as unprogrammed requirements. DSAA will carry these unprogrammed requirements in the budget year master file with status code "U". Transactions effecting the status of these line items will be included in feedback data to the Unified Commands, so that the agencies concerned will have identical information in ADP files at all times.

(4) Distribution and Use.

- (a) DSAA will furnish Military Departments a consolidated statement of unfunded current year, budget year and unprogrammed requirements, with total quantities for each FSN. DSAA will also furnish, upon request, listings of all FSN's of undelivered balances in prior year programs.
- (b) Military Departments will use these statements of requirements as the basis for identifying transferable assets which can be made available to MAP countries on a non-reimbursable (no cost) basis. Transferable assets will be applied in the following priority:
 1. Current program year and prior year undelivered balances.
 2. Budget program year requirements.
 3. Unprogrammed requirements (code "A" in column 34, carried in the budget program year data file).
- (c) Military Departments will annotate the requirements statement to reflect source of supply code "E", quantity, unit acquisition price and, in the case of substitutions, the FSN of the major items projected to become available on a non-reimbursable basis during the program year indi-

cated in the listing, and return one copy of the annotated statement to DSAA.

- (d) DASD(SA), in conjunction with DSAA, Unified Commands and Military Departments, will review the annotated statements and apportion the transferable assets projected for the budget year among the various country budget year programs. The results of this action will be considered during subsequent interagency review in establishing excess defense articles (EDA) and new obligational authority (NOA) levels for the budget year program.
- (e) Unified Commands, in conjunction with MAAGs/Missions under their cognizance, will revise budget year requirements, including unprogrammed requirements with code "A" in column 34, by submission of program change data to DSAA to reflect the transferable assets apportioned to the various countries in paragraph (d) above. Source of supply code "E" will be punched in column 65. Normally, the MAP unit price and total cost will be left blank in the case of card 3, or deleted in the case of card P. If repair/rehabilitation is desired at MAP expense, punch the unit repair/rehab price provided by the Military Department in columns 36-43 and total cost in columns 73-80; this amount will be charged to the country's NOA level. DSAA will assign status code "A" to these excess program lines since they will be incorporated into the program data used to support the MAP budget request.
- (f) Residual unprogrammed requirements with code "A" in column 34 will be retained in the budget

year master file under status code "U" until that program becomes a current year program. Unified Commands may change or update these line items in the same manner used for updating basic MAP data files.

d. MIMEX Procedures

(1) Reporting of Transferable Assets.

- (a) When Military Departments determine that transferable assets are available for application against funded current year and prior year undelivered balances, program change data (card P) will be submitted to DSAA changing the source of supply code to "E" and adjusting the MAP costs as appropriate. DSAA will issue MAP Order amendments to document these program changes.
- (b) Military Departments will report transferable assets applicable against unfunded current year and budget year requirements to the Unified Commands and DSAA by message or memorandum. These reports will be titled "MIMEX Offers", will be serially numbered by the Military Departments and will contain item identification, quantity, supportability, condition code, rebuild or reconditioning cost, if any, and lead time required for rebuild or reconditioning. Military Departments will also propose substitutions when considered adequate to meet the purposes of MAP requirements.

(2) Acceptance, Allocation and Order.

- (a) Unified Commands will advise DSAA by message, with information copy to appropriate Military

(8) No FMS credits or guaranties shall be extended to less developed countries—except Greece, Turkey, Iran, Israel, Republic of China, Philippines, and Korea—to buy sophisticated weapons, such as missiles and jet aircraft for military purposes, unless the President determines that such financing is important to the US national security (Sec. 4).

(9) The International Fighter Aircraft shall not be provided to any country under sale, grant, loan, or transfer except South Vietnam unless authorized by the FAA or FMSA, or unless it is a commercial sales transaction not financed by the US (Sec. 7 of PL 91-672).

(10) Sales will be made for the FMS credits repaid only with US dollars (Secs. 21, 22 and 23).

(11) Sales of unclassified defense articles shall not be made to the government of any economically developed nation unless such articles are not generally available for purchase by such nations from commercial sources in the United States. The President may waive this provision when he determines that it is in the national interest to do so (Sec. 23).

(12) FMS credits must be repaid within ten years after the delivery of the defense articles or the rendering of the defense services (Sec. 23).

(13) Private financing by US institutions may be guarantied by the US upon obligation of 25% of the face amount of the guaranty (Sec. 24).

(14) Export-Import Bank financing of sales to economically less developed countries is prohibited (Sec. 32).

(15) Ceilings on grant aid and sales combined for Latin America is established at \$100 million and for Africa \$40 million; the President may waive these ceilings up to 50% over the ceilings if overriding requirements of national security justify the waiver.

(16) FMS credit and guaranty standards and criteria, e.g., interest rates, shall be

established by the President in accordance with the foreign, national, security and financial policies of the U.S. (Sec. 34).

(17) Further sales, credits, and guaranties shall be terminated to any economically less developed country which diverts economic aid, or its own resources to unnecessary military expenditures to a degree which materially interferes with its development (Sec. 35).

(18) The munitions licensing requirement which controls the export and import of arms, ammunition, and implements of war, including technical data relating thereto remains in effect (Sec 414 Mutual Security Act of 1954, as amended).

(19) Cash received from FMS and from repayments of FMS credits shall not be used for financing new credits or guaranties (Sec. 37).

(20) Arms control consequences must be taken into consideration when evaluating any FMS sale (Sec. 42(a)(3)).

(21) FMS funds may be used for procurement outside the U.S. only if the President determines that such procurement will not result in adverse effects upon the US economy or the industrial mobilization base (Sec. 42(c)).

(22) Provisions of Atomic Energy Act and 10 USC 7307 (requiring separate legislation for major ship loans and sales) are unaffected by the FMSA (Sec. 44).

(23) No MAP or FMS credits shall be provided Greece unless the President finds that overriding U.S. national security requirements justify a waiver of this restriction; and, in no event, may the aggregate amount of both MAP and FMS credits in any fiscal year exceed the amount determined to have been expended in FY 1971 (\$71.0 mil) (Sec. 620(v) FAA).

b. Significant Recurring Reports to the Congress:

(1) Semiannual reports of past sales, credits, and guaranties to or for economically less developed countries (Sec. 35(b));

(2) Semiannual forecasts of sales, cred-

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its, and guaranties to or for economically less developed countries (Sec. 35(b));

(3) Semiannual reports of munition list exports by US or private US firms to any foreign recipient or purchaser (Sec. 36(a));

(4) Annual reports of dollar value of cash and credit FMS orders, commitments to order, estimated orders, and estimated commercial orders and commitments to order received by US private firms (Sec. 36(b));

(5) Value and probable impact on the US economy, employment, industrial mobilization base and balance of payments. Prior to the consummation of any coproduction

transaction (or licensed production outside the US). (Sec. 42(b)); and

(6) Advance notification of FMS Letters of Offer valued at \$25 million or more. Further, the Letter of Offer shall not be issued if Congress, within 20 calendar days of receiving such notification, adopts a concurrent resolution stating in effect that it objects to such proposed sale, unless the President in his notification to the Congress certified that an emergency exists which requires such sale in the national security interests of the United States (Sec. 36). See Chapter D, para 13, for processing LOA's in excess of \$25 million.

country sales limitations and licensing agreements are also included, as required. Thus coproduction programs may be limited or extensive depending upon the major objectives to be attained.

Coproduction projects may be initiated by DSAA or, subject to prior approval of DSAA, by the Military Departments, the Military Assistance Advisory Groups, and by authorized representatives of foreign governments and international organizations. The cognizant DOD component will ensure appropriate coordination with DSAA and furnish technical and negotiating assistance as required. After such agreements are signed, the appropriate DOD component will perform the necessary managerial and reporting functions.

In all cases, as a prerequisite, the restrictions imposed by Section 42(b) of the FMS Act will be complied with, namely: "No credit sale shall be extended and no guarantee shall be issued in any case involving coproduction or licensed production outside the United States of any defense article of United States origin unless the Secretary of State shall, in advance of any such transaction, advise the appropriate committees of the Congress and furnish the Speaker of the House of Representatives and the President of the Senate with full information regard-

ing the proposed transaction, including, but not limited to, a description of the particular defense article or articles which would be produced under license or coproduced outside the United States the estimated value of such production or coproduction, and the probable impact of the proposed transaction on employment and production within the United States".

14. Processing FMS Letters of Offer for \$25 Million or Greater Amounts

In compliance with Sec. 36 of the amended Foreign Military Sales Act, Congress must be provided advance notice of FMS LOA's valued at \$25 million or more. Further, the LOA shall not be issued if Congress, within 20 calendar days of receiving such notification, adopts a concurrent resolution stating in effect that it objects to such proposed sale unless the President, in his notification to Congress, certified that an emergency exists which requires such sale in the national security interests of the United States.

DSAA is responsible for preparing and submitting the reports to Congress. With the objective of minimizing processing delays as much as possible, consistent with the legislative requirements, the procedures at Appendix B are placed in effect.

APPENDIX B

PROCEDURES FOR PROCESSING FMS
LETTERS OF OFFER FOR \$25 MILLION
OR GREATER AMOUNTS

No letter of offer for \$25 million or more will be signed and issued (i.e., released) to the purchaser without the specific prior authorization of DSAA.

A copy of each letter of offer for \$25 million or more will be furnished to Comptroller, DSAA, after coordination by the Directorate of Operations, DSAA, when the letter of offer is in such form that it would be signed and issued to the purchaser but for these requirements. Blocks 5 and 6 will be left incomplete on the original and on all copies of the DD Form 1513 at this stage of processing. Block 4 (Offer Expiration Date) should be completed with a date no earlier than 30 days after the date on which the copy of the letter of offer is provided to Comptroller, DSAA. A letter in the form of Figure App B-1 will be provided to Comptroller, DSAA, concurrent with the copy of the Letter of Offer.

The Military Department will furnish one copy of the unsigned letter of offer to the purchaser as an enclosure to a transmittal letter in the format of Figure App B-2. This can be done only after receiving express authorization from Office of the Comptroller, DSAA.

Concurrent with the transmittal of the unsigned copy of the letter of offer to the purchaser, the Director, DSAA, will on the same date, in satisfaction of the requirements of Section 36, notify the Speaker of

the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate, respectively.

Upon the expiration of the statutory 20 days waiting period, the Comptroller, DSAA, will, if Congress has not during that period adopted a concurrent resolution objecting to the proposed sale, authorize the applicable Military Department to sign and issue the DD Form 1513 to the purchaser. The DD Form 1513 should be released to the purchaser immediately upon receipt of that authorization.

If the Congress adopts a concurrent resolution objecting to a proposed sale, the Director, DSAA, will promptly notify the purchaser of that fact and send a copy of that notification to the applicable Military Department. The provisions of Sec. 36 and of the foregoing implementing procedures also apply to any amendment totalling \$25 million or more to an existing FMS case unless such amendment results solely from identifiable cost increases. The provisions also apply in the case of any amendment which would increase the value of an existing case from under \$25 million to a value over \$25 million. Such amendments will not be issued unless absolutely necessary. Instead, new letters of offer will be processed to cover the new requirement which normally would be covered by amendment.

MEMORANDUM FOR THE COMPTROLLER, DSAA

SUBJECT: FMS Letters of Offer Which Total \$25 Million or More

The following information is provided in accordance with the reporting requirement of Section 36(b) of the Foreign Military Sales Act of 1968, as amended:

- a. Country:
- b. Military Department:
- c. Case Designator:
- d. Total Value:
- e. Type and Quantity of Equipment:
- f. Security Classification of Sale:

Dear

Enclosed for consideration and analysis by your Government is an unsigned advance copy of "United States Department of Defense Offer and Acceptance" (DD Form 1513 for FMS case

Section 36 of the Foreign Military Sales Act, as amended, requires that notification be given to the Congress of the United States before the Department of Defense issues an offer to sell defense articles and services, the estimated total costs of which are \$25,000,000 or more. Section 36 further provides that the offer to sell not be issued if the Congress within twenty (20) calendar days after receiving such notification, adopts a concurrent resolution stating in effect that it objects to the proposed sale. (Under the Constitution of the United States, a concurrent resolution of the Congress does not require Presidential approval and is not subject to veto by the President).

The Department of Defense is this date transmitting to the Congress the required notification of the enclosed proposed FMS case. Assuming that the Congress does not object to this proposed FMS case, the enclosed DD Form 1513 will be signed and issued to your Government by the authorized Department of Defense representative on or about _____, 197_. In the event that the Congress should object to this proposed sale, you will be promptly notified of that fact.

Should your Government wish to accept this proposed FMS case, it should await receipt of the signed DD Form 1513 and complete Blocks 23, 28, and 29 on the original and top three copies of the signed DD Form 1513 only. Completion by your Government of Blocks 23, 28, and 29 on the enclosed unsigned advance copy of the DD Form 1513 will not be deemed to be valid.

Sincerely yours,