



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, D. C. 20301

1 April 1976

In reply refer to:
Transmittal No. 9
DOD 5105.38-M

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 No. 9 which updates the procedures to 1 April 1976.

Highlights of this transmittal include Riot Control Agents and Napalm, FMS - Commercial Availability, and Military Security Assistance Projection (MSAP) Planning.

Update the portions of your current MASM in accordance with the List of Changes. Specific changes are indicated by a broken line in the margin of the chapter.

This transmittal supersedes the following correspondence/messages:

- SECDEF message 9807/280834Z Feb 76. Subject: Riot Control Agents and Napalm.
- DSAA Memorandum I-13151/75, 19 Dec 75. Subject: MASM, Part I, Chapter D.
- DSAA Memorandum I-782/76, 22 Jan 76. Subject: Revision of Guidance on Sale of Commercially Available Items through FMS Procedures.

H. M. FISH
Lieutenant General, USAF
Director,
Defense Security Assistance Agency

Attachments

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



LIST OF CHANGES

Remove and insert the following portions of your current MASM:

Remove

Insert

List of Effective Pages

List of Effective Pages

Table of Contents -

Table of Contents -

pages xi - xii, xvii - xviii

pages xi - xii, xvii - xviii

PART I -

PART I -

C-3

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Chapter D

Chapter D

PART III -

PART III -

Chapter H

Chapter H

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

Part II -

(1) Chapter C - Page C-18 - para 7i(3)(a) - 3rd line from top of para - change semicolon (;) after ships to a colon (:).

(2) Chapter H - Page H-3 - para 8f. - 4th line from top of para - make words within parentheses read: (Source of Supply Codes B, J, or S). 7th line from top of para - change sentence "The same rule ... "E)". to read: The same rule applies for items to be supplied from DOD excess stocks located overseas (Source of Supply Code "E" and Code "M" in Card Column 53).

MILITARY ASSISTANCE AND SALES MANUAL

LIST OF EFFECTIVE PAGES

<i>Chapters</i>	<i>Page Numbers</i>	<i>Date of Latest Revision</i>
Table of Contents	xi through xviii	1 April 1976
<u>PART I</u>		
Glossary of Terms and Abbreviations	1 through 12	1 December 1975
DoD Directives and Instructions	1 through 8	1 July 1974
A	A-1 and A-2	24 August 1973
B	B-1 and B-2	1 March 1976
C	C-1 through C-3	1 April 1976
D	D-1 through D-10	1 April 1976
E	E-1 and E-2	1 July 1974
F	F-1 through F-3	1 July 1974
G	G-1 and G-2	1 December 1975
<u>PART II</u>		
A	A-1 through A-4	1 December 1975
B	B-1 through B-3	Deleted
C	C-1 through C-21	1 April 1976
D	D-1 through D-15	1 July 1974
E	E-1 through E-48	1 December 1975
F	F-1 through F-30	1 March 1976
G	G-1 through G-24	24 August 1973
H	H-1 through H-4	1 April 1976
J	J-1 through J-23	1 December 1975
K	K-1 through K-5	1 March 1976
L	L-1 through L-27	1 August 1975
Appendix A	App A-1 through App A-24	1 December 1975
<u>PART III</u>		
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B	B-1 through B-4	1 December 1975
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F	F-1 through F-10	1 July 1974
G	G-1 through G-13	1 August 1975
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L	L-1 through L-23	1 December 1975
Appendix A	App A-1 through App A-19	1 December 1975
Appendix B	App B-1 through App B-3	1 March 1976

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current year unprogrammed requirements (i.e., fully eligible and validated grant aid requirements that are not programmed in the current year solely due to lack of resources).

8. Commitments

a. No discussions or written communications that make or imply future performance on the part of the U.S., or future allocations, obligations, or expenditures of U.S. funds will be made without specific prior approval of the Director, DSAA.

b. All agreements, offers, arrangements, or other communications committing the U.S. to furnish any article or service will define precisely the terms and limits of such commitment as well as the foreign country's

obligations upon which such U.S. commitment is predicated. The limits of responsibility for any additional or recurring costs for training, training material, ancillary equipment, modification, testing, improvement, repair, or follow-on materiel support also will be defined.

9. Riot Control Agents and Napalm

Riot Control Agents and Napalm, including Napalm thickener, dispensers, and fuses, will not be provided through MAP or FMS unless justified on an exceptional basis and approved by OASD(ISA)/DSAA. These items should not be offered by the military services but will be considered on a case-by-case basis in response to specific requests from foreign countries.

CHAPTER D

PLANNING

1. Military Security Assistance Projection (MSAP)

a. Planning for Security Assistance is an integral part of the Department of Defense Planning, Programming and Budgeting System (PPBS) as set forth in DOD Instruction 7045.7. The Military Security Assistance Projection (MSAP) is the principle vehicle through which security assistance requirements are accumulated for inclusion. These projections permit preliminary program decision at Washington level and enable the Military Departments to include security assistance requirements in their Program Objective Memorandums.

b. Since the PPBS is a dynamic system undergoing continuous refinement, revised instructions as to content, format and timing of the Military Security Assistance Projection will be issued from time to time as required. A schedule of events normally is published by the Secretary of Defense during the first part of each calendar year. Thus, dates set forth are approximate and will be governed by the current PPBS event calendar.

2. Foreign Country Participation

a. Fundamental responsibility for decisions relating to the level and nature of its defense effort and the allocation of resources rests with the foreign government. Thus, to the extent practical within applicable guidelines and consistent with U.S. responsibility in controlling its own resources, devel-

opment and justification of U.S. Security Assistance plans and programs are functions of the foreign government. The essential role of the MAAG is to assist the foreign government in making its decisions, dissuading it from those that constitute an unwise allocation of resources or that otherwise do not contribute effectively to the achievement of U.S. objectives.

b. Involvement of the foreign government in security assistance planning and programming inevitably entails the release to it of essential guidelines and data. The extent to which such information is released is dependent upon the foreign government's involvement in the planning and programming process, its need, and the extent to which it can be relied upon to maintain security and utilize the information only for the purposes for which provided.

c. Discussions and communications between DOD and foreign officials incidental to development of plans, programs, and related data will be conducted in such a way as to insure mutual understanding that such exchanges do not constitute or imply any commitment on the part of the US. In case of doubt as to interpretation by the foreign officials, a memorandum for record will be prepared setting forth clearly the nature and scope of the communication or discussion, the fact that it is (was) for planning purposes only, and that it is (was) in no way a commitment on the part of the U.S. Copies of such memorandums will be furnished the

Chief of the U.S. Diplomatic Mission and the foreign officials concerned.

d. Security Assistance planning documents and related data constitute internal staff papers of the Executive Branch. They do not represent a statement of U.S. government intentions and are not releasable outside the Executive Branch unless specifically authorized by the DASD/ISA (SA). Publication of such plans and data by the DASD/ISA (SA) does not constitute prior approval for making any commitment to the foreign government.

3. Coordination at Country Level

Chiefs of MAAGs will insure that Security Assistance programs are fully coordinated within the U.S. Country Team. Comments of the Chief of the U.S. Diplomatic Mission will accompany all program recommendations forwarded by the MAAG in accordance with these instructions.

4. Continuous Appraisal

Security Assistance planning must be a continuous, systematic process in order to reduce reaction time to a minimum when objectives and requirements change, minimize peak workloads at all management levels, and allow decisions to be made in light of current planning information. Therefore, Security Assistance planning procedures at all levels of the Department of Defense will include provisions for continuing review and a system for recommending program adjustments.

5. Coordination

During all stages of Military Security Assistance planning, programming and execution, USCINCEUR and USCINCSO will consider the views of CINCLANT on those aspects which affect the LANTCOM area. USCINCSO will consider the views of

CINCPAC on those aspects which affect the PACOM area. USCINCEUR and the U.S. Mission to NATO will consider each other's views on matters of mutual interest, particularly weapons development and production.

6. Projection Period

Unless otherwise specified, the term "projection period" will refer to a five-year time span. A new MSAP submitted to the Secretary of Defense on or about 1 March of each year will address a five-year planning period beginning nineteen months later.

7. Planning Cycle

Unless otherwise specified, the term "planning cycle" will refer to the approximate 28-month period of time necessary to develop guidance, to plan responsive programs for the current planning period, and to obtain authorization and appropriations for the first year of a planning period (normally called the "budget year"). Since a planning cycle extends beyond twelve months, key events of two or more cycles will be occurring at the same time.

The planning cycle includes the following key events:

a. **JSOP Vol II Guidance (including Book III, "Allied and Friendly Forces")**

In May, the Joint Chiefs of Staff (JCS) provide guidelines/format for the development of the Joint Strategic Objectives Plan (JSOP), Volume II, Book III, "Allied and Friendly Forces."

b. **JSOP Vol I (Military Strategy and Force Planning Guidance)**

This document, issued in May is prepared by the JCS and is based on current policy and planning guidance. It covers the mid-range period. The section on strategy provides statements of the national security objective, derived military objectives, global

and regional appraisals, and strategic concepts for the employment and support of forces. The section on force planning guidance includes U.S. Military Security Assistance and measures associated risk.

c. Defense Policy and Planning Guidance

In September, the Secretary of Defense issues in one document the essential national security policies required for force planning, including "Military Security Assistance" discussed in JSOP Volume II, Book III.

d. JSOP Volume II, Book III, "Allied and Friendly Forces" Input

During September, the Commanders of the Unified Commands provide recommendations for Military Security Assistance Programs and objective force levels within the criteria of reasonable attainability and prudent risk. It is based on the continuing country team dialogue with countries to develop plans and programs for types of assistance and mutual courses of action.

e. JSOP Volume II, Book III, "Allied and Friendly Forces"

In December, the JCS issues this document which provides an estimate of Allied and Friendly countries major objective force levels for the mid-range period in support of U.S. national security and military objectives. It serves as the basis for establishment of the U.S. military position on Military Security Assistance. It is based on the latest JSOP Volume I and current policy and planning guidance.

f. Formulation and Issuance of Military Security Assistance Policy Guidance

During November and December, OASD/ISA develops and issues detailed Military Security Assistance objectives and program guidance, to include fiscal constraints by country for MAP (materiel and training) and FMS Credit. This event initiates MAAG/

CINC development of recommended update to the MSAP.

g. Defense Planning and Programming Guidance

In February, the Secretary of Defense issues his policy and programming guidance update (subparagraph c, above). Selected adjustments of Military Security Assistance Objectives and fiscal guidance will be provided as required.

h. Integrated Security Assistance Planning Data

Commencing in November and continuing through January, MAAGs and CINCs develop the necessary input for the Joint Force Memorandum ("Support to Other Nations") (JFM) and the MSAP. This input is based on the latest policy, planning and programming guidance and is reflected in a recommended update to the MSAP. The update is provided by the MAAGs to the CINCs, who will provide their inputs to JCS (J5) and DASD/ISA(SA) to arrive by NLT 15 January. Concurrently, detailed program data supporting the budget year is provided to the Director, DSAA. The CINCs should identify in the MSAP update submission any issues which, in their judgment, require presentation and/or resolution at the OSD/JCS level and these comments should be handcarried by representatives to Washington on 22 January.

i. Joint Force Memorandum ("Support to Other Nations" (JFM))

By about 1 March, the JCS provides the Secretary of Defense with their recommendations on Support to Other Nations programs within fiscal and logistics constraints. It includes a summary of analyses and assessment of risks associated with the constrained forces as measured against the strategy and military objectives of JSOP Volume I and the planning and programming guidance of

the Secretary of Defense. It also provides an evaluation of the MSAP update recommendations.

j. Military Security Assistance Projection (MSAP)

The MSAP is prepared by DASD/ISA (SA) in consideration of the JFM and the Country Team/MAAG/CINC recommendations for the updated MSAP. It specifies objectives for Military Security Assistance, grant materiel aid, grant foreign military training, FMS Cash and Credit Sales, US Commercial Sales and non-US Sales to country/region. It recommends the total resource requirements within the parameters of guidance provided by the Secretary of Defense. The MSAP is forwarded to the Secretary of Defense about 1 March. Concurrently, copies are provided to the JCS, CINCs, Military Departments, MAAGs, and to selected agencies in the Executive Branch outside DOD to advise of program levels recommended to the Secretary of Defense. This allows the Military Departments to reflect the net effect of Military Security Assistance on their manpower and production base requirements in their Service Program Objective Memorandums.

k. Identification of Security Assistance Issues within DOD

This event takes place during June and July. Within DOD, the Military Security Assistance Projection is reviewed along with the POMs of the Military Departments and Defense agencies. In this review, issue papers are prepared on matters of substance which require response by DASD/ISA(SA). The issue papers are circulated for comment to the JCS and the Services before being submitted for decision to the Secretary of Defense. Responses to issue papers constitute the evaluation process which leads to program decisions by the Secretary of Defense. DASD/ISA(SA) may call upon the CINCs

for assistance in the preparation of responses to issue papers.

l. Program Decision Memorandum (PDM)

This document, issued about 15 August, provides the decisions of the Secretary of Defense on all Defense programs. Decisions on the Service POMs which impact on security assistance matters may require adjustment of the MSAP and an up-to-date data base for interagency program review. The suspense to the MAAGs/CINCs to adjust the data normally will be early September.

m. Interagency Security Assistance Program Review

This review is for the budget year and one out-year, and takes place at the Washington level during September. It subjects the program to detailed examination prior to budget submission to the Office of Management and Budget (OMB). A review by the Security Assistance Program Review Committee (SAPRC) normally concludes the review process about 1 October.

n. Budget Formulation and Submission

This event follows the SAPRC review. It consists of a Security Assistance budget, including dollar levels by country and type of assistance, submitted to the Office of Management and Budget (OMB) about 15 October by the Department of State (normally with the concurrence of the Department of Defense).

o. Presidential Budget Decision (PBD)

Following examination of the budget request by OMB, the President's budget decision on the overall security assistance program normally will be made in the latter part of December.

p. Congressional Presentation Document (CPD) Baseline Guidance

Based on the PBD, DASD/ISA(SA) for-

mulates and provides CPD baseline guidance to the CINCs/MAAGs. CINCs/MAAGs will adjust detailed program data to reflect the CPD baseline guidance and submit changes in accordance with provisions of Chapter F, Part II, to the Director, DSAA in early January.

q. Congressional Presentation Document Preparation and Congressional Hearings

The CPD is prepared by DSAA, based on detailed program data submitted in accordance with Chapter F, Part II, and data provided by other DOD elements. The CPD provides the Congress with detailed supporting documentation of the President's budget request and is furnished to Congress about 15 February. Subsequent hearings subject the Executive Branch request reflected in the CPD to detailed examination by the Congress. Authorization and appropriations legislation results from the hearings, are passed by the Congress, and are signed into law by the President prior to the beginning of the fiscal year (1 October).

r. Program Adjustment

When legislative action has been completed, program levels are adjusted as necessary by the Department of State in consultation with the Department of Defense.

8. Preparation of the MSAP

a. Content

- (1) Section I—Executive Summary
- (2) Section II—Security Assistance Objectives
- (3) Section III/A — East Asia/Pacific Region
- (4) Section III-B — Near East/South Asia Region
- (5) Section III-C—Europe Region
- (6) Section III-D—Africa Region
- (7) Section III-E—Latin American Region

- (8) Section IV-A—General Costs
- (9) Section IV-B—Foreign Training
- (10) Section V—FMS System Projection
- (11) Section VI — Requirements for Manpower

b. Instructions for Preparation

(1) Sections I, II, V, and VI, MSAP, are developed by OASD/ISA.

(2) Sections III and IV, MSAP, are prepared by OASD/ISA based on data submitted on each region and each country (excluding training only) by MAAGs and Unified Commands. Update of the MSAP may consist of relatively minor changes to the MSAP of the current year. Nevertheless, recommended narratives and data submissions should be a current restatement of:

(a) Regional appraisal/objectives to include political/economical factors.

(b) Country appraisal to include strategic importance, U.S. objectives (include political/economical factors), single paragraph threat and a brief review of country military capabilities and limitations.

Narratives supporting recommended changes to Table D-1 will be prepared on separate paper to facilitate the MSAP revision process. Justification of revised programs presented in Table D-1 should address commitments and constraints, country progress toward self-reliance, possible reduction of O&M support, relationship of the program to U.S. objectives, and other pertinent information to support the recommended programs to include indicating relative priorities of major categories in Table D-1.

(3) Sample formats of Tables D-1, D-2, and D-3 are reflected at the end of this Chapter. Tables will be submitted concurrently with the data specified in paragraph b above. OASD/ISA may elect to consolidate data on a regional or worldwide basis for presentation in the MSAP. In any event,

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submissions will follow MSAP format specified herein.

(4) ADP MSAP program detail (see Chapter F, Part II) to support the first year of the MSAP planning period update will be concurrently provided through ADP channels to DSAA.

c. Distribution

(1) MAAGs in USSOUTHCOM area will make direct distribution of recommended material updating the MSAP to:

<i>Addressees</i>	<i>Number of Copies</i>
USCINCSO	1
Deputy Assistant Secretary of Defense for Security Assistance (SA)	2
Joint Staff (J-5, Attn: Security Assistance Plans Division)	3

(2) MAAGs in the EUCOM and PACOM areas will make direct distribution of recommended material updating the MSAP to respective CINCs, who will forward to OASD/ISA(SA) (2 copies) and JCS(J-5) (3 copies) the complete MAAG submission, along with identified Unified Commands' comments/recommendations.

(3) Distribution of the MSAP will be as determined by DASD/ISA(SA).

d. Administrative Instructions

(1) Unless otherwise indicated, recommended changes to MSAP will be prepared on 8" x 10½" paper, using standard size type, single spaced except for double spacing between paragraphs.

(2) The reverse side of tabular data papers will be left blank.

(3) Where feasible, computer listings in tabular format may be submitted to satisfy requirement for update of Tables D-1 through D-3.

(4) Each page will be marked with the highest security classification of any information contained thereon. Each paragraph of narrative will be preceded by (U) if the

paragraph is Unclassified; (C) if the information is Confidential; or (S) if the information is Secret. TOP SECRET information will not normally be included in the MSAP unless it contributes decisively to net program evaluation.

(5) The MSAP in its entirety is not releasable to foreign nations. Release of selected portions may be accomplished in accordance with provisions of Chapter B, Part II.

(6) Dollar amounts reflected in Table D-1 should be rounded to one decimal place (i.e., \$1.1, \$2.2, etc.).

(7) Self-financed defense effort figures, Table D-2, should equate to sum of in-country sources, purchases from third countries, and purchases from U.S., Table D-3.

(8) U.S. MAP (grant aid and EDA) defense effort figures, Table D-2, should equate to sum of U.S. grant aid, Table D-3.

(9) Assistance from other countries, under defense effort, Table D-2, should equate to sum of third country grants, Table D-3.

(10) Total defense effort figure, Table D-2, should equate to investment and O&M total, Table D-3, except in rare cases where U.S. financed defense budget support is shown in Table D-2.

(11) FMS Cash Sales, U.S. Commercial Sales, and non-U.S. Sales must be carefully screened at the highest local national defense decision level practicable to ensure that the planning data submitted is as reliable as possible. Once this has been accomplished, the data must then be compared with recent past history of requirements and budget and economic limitations to refine this planning data to that level of assurance normally associated within the DOD for five-year defense projections. Where there are strong indications of potential purchase data which cannot be verified by the above method, these may be reflected as footnotes where warranted, but should not be included in the tabular data.

TABLE D-1

SECURITY ASSISTANCE FY-

(Country)

(Planning Period)

(Quantity/\$ in Millions)

	FY-					FY-					FY-				
	MAP	FMS	US	NON	US	MAP	FMS	US	NON	US	MAP	FMS	US	NON	US
INVESTMENT															
Aeronautical Mod. (1)															
Missiles (2)															
Naval Mod. (3)															
Ground Mobility (4)															
Weapons (5)															
Command & Control (6)															
Other Articles & Support															
Eqp. (7)															
Total Investment															
OPERATIONS & MAINTENANCE (9)															
PCH&T															
TOTAL INVESTMENT & O&M															
TRAINING (8)															
TOTAL EFFORT															

Instructions for application of Generic Codes to Table 1

- (1) All generic code A. (For generic codes A1-A5, reflect aircraft by specific type. For generic codes A6-A9, roll up under heading "Aircraft Support").
- (2) All generic code B. (Reflect missiles by specific type. Roll up support under "Missile Support").
- (3) All generic code C; F3A through F3Z. (For generic codes C1-C6, reflect ships by specific type. Roll up investment items under generic code C-9 into "Ship Support". Roll up generic codes F3A-F3Z into "Naval Ordnance Weapons").
- (4) Generic codes D1A-D1E; D4A-D5C; E1A-E4Z. (For generic codes D1A-D1E & D4A-D5C, identify by type of combat vehicle. For generic code E1A-E4Z, identify by summarizing at second level of generic code).
- (5) Generic codes D2A-D3B; F1A-F1Z; F2A-F2Z; F4A-F9B. (For generic codes D2A-Z identify at third level of generic code. For generic codes D3A-B identify by specific type. For generic codes F1A-F2Z and F4A-F9B identify by summarizing at second level of generic code).
- (6) All generic code H. (Roll up generic code H under major heading "Command & Control").
- (7) Identify investment costs in generic codes G, J, K, M, P, Q & R. (Roll up under major heading "Other Articles & Support Equipment").
- (8) All generic code N. (Roll up under major heading "Training").
- (9) All cost code O requirements. (Roll up under major heading "Operations & Maintenance").

NOTE: If new equipment introduction is programmed/planned on this table, summary comment on related training programs will be included in the narrative. ADP data submitted concurrently to DSAA will contain supporting training detail related to new equipment for the budget year. In addition, for the budget year and outyears, if training programs/plans are otherwise of such significance to be emphasized, they should be briefly discussed in the narrative.

For additional guidance see reverse.

Change 9, 1 Apr 1976

D-7

MILITARY ASSISTANCE AND SALES MANUAL-PART I

D-8 NOTE (Cont'd)

The following additional guidance has been specified by the Military Departments as important to enable them to incorporate MAAG/CINC update submissions and MSAP data in their Service POMs with regard to production and/or readiness effects. Data requested should be included in supporting justification or as footnotes, as appropriate. Inclusion of specific type/model items in this NOTE is for purposes of Service POM planning only, and does not reflect any intention by the US Government to sell or not to sell any item so listed.

—Aeronautical Modernization (1)

- New production requirements should identify aircraft precisely by type/model as well as by quantity and \$ in millions. Special configuration/capability should also be included by footnote citation to aid in requirement planning, e.g., Laser pods, ECM pods, AGE, special modifications, spares, etc.
- Should two or more types of aircraft be in close competition for ultimate selection, a choice must be made as to the single entry to be shown in Table 1; additional explanatory data may be included, footnoted to reflect alternatives possible or probable.
- Identify maintenance concept—organizational, intermediate and depot capability planned, and/or is commercial contractor support planned and at what level.
- Estimate number of operating locations, UE and whether co-location is planned.
- If Cooperative Logistics Arrangements (CLA) is desired for new procurement, indicate by aircraft type, quantity and flying hours per year. Estimate spare requirements other than CLA by dollar amounts and type system.
- For Support of Present Aircraft Systems, state current system arrangement and forecast changes in cooperatives logistics/supply support arrangements; forecast spare requirements other than CLA by dollar and type system and include present weapon system levels of maintenance and operational concepts.
- Helicopters: Specify as appropriate:

Observation	OH-58A (LOH)
Utility	CH-47 Cargo
	CH-54B Cargo
	UH-1H (Utility/Tactical)

—Missiles (2)

- Identify by type/model/quantity, as appropriate, such as AIM 7/9, AGM 65.
- Include by sub-category, as appropriate:

Antitank:	Dragon Tracks, Dragon Missiles
	TOW Launcher, TOW Missile
Air Defense:	Chaparral Fire Unit, Chaparral Missile
	Improved Hawk Fire Unit, IH Missiles

I Hawk US Battery sets normally include US TOE items not desired by some foreign countries. All figures for I Hawk assumed to be stripped of these items unless noted.)

Land Combat:

—Ground Mobility (4)

- Include by sub-category as appropriate:

Tanks:	M60A1
	All other
Recovery Vehicles:	M578 Light
	M88A1
Armored Personnel Carrier Family:	M113A1 APC
	M577A1 Command Post
	M548A1 Cargo Carrier
	M106A1 Mortar Carrier

Special Purpose Vehicles to include AGE, fire fighting, etc., by type, model and special configuration/capability.

—Weapons (5)

—Include as sub-categories as appropriate:

Artillery

Towed: M167 Gun AA (Vuclear)
Self Propelled: M109A1B—155mm How
M110—8" How
M163 Gun AA Vuclear

Small Arms

Individual: M79 Grenade Launcher
M203 Grenade Launcher
Crew Served: M40A2 Recoilless Rifle (106mm)
M29A1 Mortar (81mm)
M60 Machine Gun (7.62mm)

—Command & Control (6)

—For navigational aids, air defense radar and terminal radar, identify by type/model and by special configuration/capability.

—For ground force radios, identify as appropriate:

AN PRC 77
AN VRC 46
AN VRC 47
AN VRC 12
AN GRC 106

—Other Articles and Support Equipment (7)

—Specify as appropriate: 90mm Tank Ammo All Types
105mm Tank Ammo
Artillery Ammo by Specific Types

Identify by type/model, as appropriate, for Electro/optical, Laser guided, Iron Bombs, etc.
Identify training devices—estimate requirements for simulators, mobile training sets, instrument training sets, etc., by type/model/quantity.

—Training (8)

—For air force systems, estimate CONUS pilot, navigator, technical/depot training associated with new system purchase. Estimate CONUS UPT, UNT advanced flying training, technical/depot training and professional training by course, number of students and planned start date.

—Estimate MTT man-years by service, by system, by category (officer/enlisted/civilian).

—Estimate TAFT man-years by service, by system, by category (officer/enlisted/civilian).

—Improved Hawk training base is completely committed until FY 79. No additional sale of new IH or conversion of Basic Hawk should be programmed until FY 80, i.e., one year after acceptability of training capability.

—Additional Overall Guidance

—Request footnotes to indicate MAAG estimates that could be revised downward radically by anticipated financial restraints.

—All requirements should be anticipated from normal procurement within normal lead times on a first-in/first-out concept.

—Where possible, indicate planned inventory retention time to permit anticipation of term or supportability.

TABLE D-2

ECONOMIC INDICATORS

(Country)

FY..... FY..... FY..... FY..... FY..... FY..... FY..... FY.....

(9-year period of time: 5-year planning period plus 4 preceding years.)

(Use constant dollars)

POPULATION

Total (Millions)

Male Labor Force in Armed Forces (%)

GROSS NATIONAL PRODUCT (GNP)

GNP (\$ Billions)

Annual change (%)

Per Capita GNP (\$)

Annual change (%)

DEFENSE EFFORT (\$ MILLIONS)

Self-financed

US MAP (Grant Aid and EDA)

US Financed Defense Budget Support

Assistance from other Countries

Total Defense Effort

DEFENSE EFFORT INDICATORS

Self-financed Defense Expenditures as
percentage of GNP

Annual change (%)

FOREIGN PURCHASE OF DEFENSE ITEMS (\$ MILLIONS)

U.S. GOVERNMENT-to-GOVERNMENT

U.S. Commercial

Other Countries (non-U.S.)

TABLE D-3

RESOURCE UTILIZATION PROJECTION

(Country)

(Quantity/\$ in Millions)

FY-..... FY-..... FY-..... FY-..... FY-.....
(Planning Period)

INVESTMENT

- In Country Sources
- Third Country Grants
- Purchases from Third Countries*
- Purchases from U.S.
 - Commercial*
 - FMS Cash*
 - FMS Credit
- U.S. Grant Aid
 - Funded
 - EDA
- Total Investment

OPERATIONS AND MAINTENANCE

- In Country Sources
- Third Country Grants
- Purchases from Third Countries*
- Purchases from U.S.
 - Commercial*
 - FMS Cash*
 - FMS Credit
- U.S. Grant Aid
 - Funded
 - EDA
- Total O&M

TOTAL INVESTMENT AND O&M

** Identify significant projected purchases in military capabilities portion of country narrative.*

CHAPTER H

FOREIGN MILITARY SALES—COMMERCIAL AVAILABILITY

1. Purpose

This chapter establishes guidelines for sale by the Department of Defense of articles and services which are commercially available. Provisions of this chapter apply to all elements of the Department of Defense.

2. Legislative Provisions

a. The Foreign Military Sales Act, as amended, states that: "It remains the policy of the United States to facilitate the common defense by entering into international arrangements with friendly countries which further the objective of applying agreed resources of each country to programs and projects of cooperative exchange of data, research, development, production, procurement, and logistic support to achieve specific national defense requirements and objectives of mutual concern," and that "all such sales be approved only when they are consistent with the foreign policy interests of the United States."

b. The Act also states: "In order to reduce the role of the United States Government in the furnishing of defense articles and defense services to foreign countries and international organizations, and return such transactions to commercial channels, the United States Government shall reduce its sales, credit sales, and guarantees of such articles and defense services as soon as, and to the maximum extent, practicable."

3. Department of Defense Policy

DOD policy regarding these provisions of legislation is to encourage the use of commercial sources by foreign purchasers provided that the use of such sources is not contradictory to the objective outlined in paragraph 2a above.

Responsibility for determining whether, within the context of this chapter, an item or service is to be offered for sale by DOD rests in the first instance with the Military Department processing the foreign government's purchase request. Questions of interpretation should be referred to DSAA for decision.

Nothing in this chapter will be construed as precluding DOD from making any sale, regardless of the defense articles or services involved, that is approved on a case-by-case basis by the Director, DSAA.

4. Guidelines for Determining Commercial Availability

a. Items or services will be considered to be available from commercial sources when, as a practical matter, such sources are fully capable of meeting the foreign country's requirements and the following criteria are met:

(1) The foreign country has the necessary technical and administrative capability to make a prudent purchase of the item or service directly from U.S. commercial sources. A previous commercial procurement of the same or similar item or service

could be one form of evidence of such capability.

(2) There is no specific government-to-government agreement approved by the Director, DSAA, or higher authority, covering such sale.

b. Special Cases. In addition, provided the above criteria are met, an item or service will be considered to be commercially available under any of the following conditions.

(1) The item or service has been determined previously to be commercially available to other foreign purchases; provided, however, that such previous determination shall not be considered as making the same determination mandatory in any given case.

(2) The Military Department concerned is aware of a previous request by the purchasing country for price and availability data from a U.S. commercial source.

(3) The defense item or service requested is covered by a known exclusive licensing arrangement in the territory where the purchasing government is located.

(4) The sale by the USG of the defense item requested would involve known foreign patent infringement.

(5) The items are not directly related to a requirement for support or maintenance of military equipment (e.g., furniture, cement), providing such items are normally traded by and used by civilian enterprises.

5. Guidelines for Sale Through FMS Procedures

In the absence of special circumstances, the following types of cases normally will be sold through FMS procedures if requested by the foreign purchaser:

- a. Classified articles and services.
- b. Supply Support Arrangements and similar follow-on support sales arrangements.
- c. Surplus personal property including MAP disposable property.

d. Department of Defense long supply stocks when, in the judgment of the Military Department concerned, reduction of such stocks is desirable.

e. Repair parts or components normally carried in DOD stocks, and support services, when, in the judgment of the Military Department concerned, such parts, components or services are required for follow-on support of end items previously sold by the Military Department.

f. All ammunition rounds above 20mm in caliber.

g. All aircraft flares which are not procured in complete form from commercial sources.

h. All defense items which contain components as Government-Furnished Equipment (GFE).

i. Any defense item normally procured by the Military Department which the U.S. producer requests be sold through FMS channels provided that such FMS does not infringe on a known exclusive licensing arrangement covering the territory in which the purchasing government is located.

j. Any defense item not normally procured or type-classified by the Military Departments, when the FMS is requested by a foreign government and the U.S. producer agrees, provided that such FMS does not infringe upon a known exclusive licensing arrangement covering the territory in which the purchasing government is located.

k. Any defense item or service known to be available from two or more producers which a foreign government insists on procuring through FMS procedures for which the foreign government designates a sole-source producer. In such cases the foreign government will be requested to negotiate its own price directly with the designated

sole-source producer. In the event that the foreign government is unable or unwilling to negotiate directly with the producer, the foreign government will not be quoted an option price except when:

(1) The option clause of the contract with the defense contractor specifically includes add-ons for FMS; or

(2) The original contract included consolidated quantities for FMS; or

(3) The defense contractor, after being informed of an add-on for FMS, agrees to its inclusion at the option price, thereby waiving any claims for reimbursement of promotional expenses, fees and additional profit.

1. Those defense articles which, if provided through commercial channels, could adversely affect deliveries to a U.S. Military Department or other FMS customers under existing contracts.

6. Special Exception—Federal Republic of Germany

In accordance with a special agreement with the Federal Republic of Germany, any defense article or service that would otherwise be available for sale to Germany may, on request of the FRG, be sold through FMS even though it may qualify as Commercially Available under the criteria set forth in paragraph 4 above.

7. Procedures for Processing Requests for Sale or for Price and Availability Data

a. The Military Department concerned, upon receipt of a request for sale, or a request for price and availability information, will screen the request against the criteria in paragraphs 4 and 5 above to determine if the article is to be considered commercially available. If it is so determined, the Military Department shall promptly inform the foreign purchaser of such commercial avail-

ability and of DOD policy regarding the sale by DOD of such item or service. Delay in providing this information in the past has led to a justified inference by the foreign purchaser that DOD was prepared to sell the item or service requested. Such notification should be provided within two weeks of receipt of the request for sale of the item or service. An information copy of the notification will be provided to DSAA. In the event that the Military Department considers that there are important factors justifying an exception to policy in a specific case, the matter shall be referred to the Director, DSAA, for decision together with the Military Department's recommendation and reasons therefor. Referral to DSAA of matters requiring a decision shall be made within two weeks of receipt of the request from the foreign purchaser.

b. In cases where a request for price and availability data, or a request for a Letter of Offer, is received from a country falling within the area of a known exclusive U.S. license, the following special procedures will apply:

(1) The prospective buyer will be provided with the name of the foreign firm involved, informed that this firm has exclusive rights in that country relating to the sale of the item or service being sought, and advised to submit the request to that firm.

(2) In the event the prospective buyer insists that it wishes an FMS transaction, it should be advised that the request should be set forth in a letter from the Minister of Defense or the Deputy Minister of Defense (or his equivalent) outlining the reasons for the desire to purchase by means of an FMS transaction rather than from the foreign licensee.

(3) On receipt of such written request containing justification, the Director, DSAA, will advise the foreign firm involved (or its designated representative in the United

States) in writing of such request, provide the foreign firm with a copy of the written request, if unclassified, and of other unclassified records pertinent and material to the transaction, and give the foreign firm an opportunity to provide data pertinent to the request, including a statement as to the amount of financial return to the U.S. economy should such a sale be made by the foreign firm.

(4) In the event it is determined that price and availability data is to be provided, or that a Letter of Offer and Acceptance (DD Form 1513) is to be issued to the requesting government, the Director, DSAA, will so advise the foreign firm, and will provide upon its request relevant unclassified and non-proprietary pricing and availability data. The foreign firm shall be advised of all renewals, modifications or extensions of such Letter of Offer and Acceptance prior to acceptance by the purchasing country.

c. In implementing their procedures each

DOD element or agency involved in processing purchase requests will:

(1) Encourage and, to the extent practicable, assist foreign countries in developing and utilizing U.S. commercial sources for the purchase of valid needs.

(2) Assist U.S. industry representatives in arranging direct commercial sales to meet valid military requirements of foreign countries which are consistent with the foreign policy interests of the United States.

(3) To the extent such activities are known, keep the Director, DSAA, the Military Department, and MAAG's or other appropriate in-country DOD representatives informed of significant commercial sales activities.

8. Documents Rescinded

Secretary of Defense memorandum dated 6 August 1970 and Assistant Secretary of Defense memorandum I-12902/69, concerning sale of commercially available items by DOD are hereby rescinded.