



**DEFENSE SECURITY ASSISTANCE AGENCY**  
WASHINGTON, D. C. 20301

15 December 1978

In reply refer to:  
Transmittal No. 1  
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. 1 which updates the procedures to  
15 December 1978.

Highlights of this transmittal include chapters on Glossary of Terms and Abbreviations; Policy; Military Articles and Services List (MASL) Guidance; Machine Readable Codes; Utilization, Redistribution and Disposal of MAP Materiel; Military Education and Training; Eligibility for FMS; General Procedures; Preparation and Processing of FMS Transactions; Major Defense Equipment List; and Procedures for Processing FMS LOAs Which Must be Reported to Congress.

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:

Messages:

SECDEF 4637/DTG 211417Z Jul 78, subject: (Part II) Chapter E, Military Education and Training - Orientation Programs for Foreign Trainees  
SECDEF 6288/DTG 222313Z Aug 78, subject: (Part III) Chapter C, General Procedures

Correspondence:

DSAA Memorandum I-7932/78, dated 29 September 1978, subject: Part III, Chapter C, General Procedures and Appendix B, Procedures for Processing FMS Letters of Offer Which Must be Reported to Congress  
DSAA Memorandum I-8085/78, dated 1 September 1978, subject: Part I, Appendix A, Machine Readable Codes  
DSAA Memorandum I-9153/78, dated 30 September 1978, subject: Part III, Chapter D, Preparation and Processing of FMS Transactions

DSAA Memorandum I-9327/78, dated 25 October 1978, subject: Part III,  
Appendix C, Major Defense Equipment List (this is now Appendix A)  
DSAA Memorandum I-10164/78, dated 31 October 1978, subject: Part III,  
Chapter C, General Procedures

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Director,  
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- Attachments
- (1) List of Changes
  - (2) MASM Update Materiel

## LIST OF CHANGES

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MILITARY ASSISTANCE AND SALES MANUAL

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## GLOSSARY OF TERMS AND ABBREVIATIONS

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Definitions contained herein are designed to assist in reaching a common understanding of terms applicable to the Military Assistance Program and Foreign Military Sales activities. They are not intended to be used to establish policy, doctrine, or to reflect techniques or technical procedures. Finally, where the source of a definition is a legislative document, the specific Act and Section is also cited.\*

### Acceptance, Letter of Offer

U.S. Department of Defense (DD) Form 1513 Offer and Acceptance by which the U.S. Government offers to sell to a foreign government or international organization defense articles and defense services pursuant to the Arms Export Control Act, as amended. The DD Form 1513 lists the items and/or services, estimated costs, the terms and conditions of sale, and provides for the foreign government's signature to indicate acceptance.

### Acceptance Date

The date which appears on the acceptance portion of DD Form 1513 and indicates the calendar date on which a foreign buyer agrees to accept the items and conditions contained in the FMS offer portion.

### Accepted Case

An FMS offer and acceptance for defined requirements signed by the designated representative of the eligible recipient.

### Accessorial Charges

A separate charge for packing, crating, port handling and loading, and transportation (PCH&T) associated with preparation and delivery of materiel.

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\* Foreign Assistance Act of 1961, as amended, as FAA. Arms Export Control Act, as amended, as AECA. Mutual Security Act of 1954, as amended, as MSA 1954.

### Acquisition Value

The actual or estimated value of an item or service in terms of its original cost to the U.S., exclusive of any costs incurred subsequent to acquisition and without regard to the time at which actual acquisition occurred or the method by which it was financed.

### Administrative Agency

The Military Department charged with the responsibility for the provision of logistical and administrative support to a DOD element in a foreign country or international organization.

### Administrative Charges

Charges associated with the administration of the defense logistic system. (See Part III, Chapter C, paragraph 9 for appropriate percentage.) Specifically excluded are administrative expenses charged directly to the body of the FMS case.

### Aggregation Levels

A series of successively more detailed groupings of related resources, forces or requirements used to summarize similar data at different levels of detail for management review.

### **Arms Transfers**

Defense articles and defense services such as arms, ammunition, and implements of war, including components thereof and the training, manufacturing licenses, technical assistance and technical data related thereto, provided by the government under the Foreign Assistance Act of 1961, as amended; the Arms Export Control Act, as amended; other statutory authority; or directly by commercial firms to foreign countries; foreign private firms, or to international organizations (Sec 414, MSA 1954, and Executive Order No. 10973, as amended, "Administration of Foreign Assistance and Related Articles").

### **Asset Use Charge**

A charge for use of government-owned plant or equipment by a contractor for a commercial contract, when rent-free use of government plant or equipment is not authorized.

### **Attrition**

Loss, destruction, or wear-out or damage of non-expendable articles determined by the MAAG to be beyond the point of economical repair and rehabilitation.

### **Blanket Order Case**

An open-end requisitioning case covering spare parts for a specific weapons system. The FMS case is of specific duration, normally 12 months.

### **Budget Year**

The fiscal year following the current fiscal year; the subject of new budget estimates.

### **Cancelled Case**

An FMS case which was not accepted or funded within prescribed time limitations, or was cancelled by the requesting country or the U.S. government. In the latter case, the U.S. government or purchaser electing to cancel all (or part) of case prior to delivery

of defense articles or performance of services shall be responsible for all (or associated) termination costs.

### **Case**

A contractual sales agreement between the U.S. and an eligible foreign country or international organization documented by DD Form 1513. One FMS case designator is assigned for the purpose of identification, accounting, and data processing for each accepted offer (DD Form 1513).

### **Case Description**

A short title specifically prepared for each FMS case.

### **Case Designator**

A unique designator assigned by the implementing agency to each Foreign Military Sales case. The designator originates with the offer of a sale, identifies the case through all subsequent transactions, and is generally a three letter designation.

### **Case Suffix Code**

Machine readable code—See Appendix A, Part I.

### **Cash in Advance**

U.S. dollar currency, check, or other negotiable instrument submitted by the customer concurrent with acceptance of a sales offer.

### **Cash Sales (DOD)**

Involves either "cash in advance", payment within a reasonable period not to exceed 120 days after delivery of the article of the rendering of the service, or payments as funds are required to meet progress payments to suppliers under a "Dependable Undertaking" (Secs. 21 and 22, AECA).

### **Civic Action**

The use of preponderantly indigenous military forces on projects useful to the local population at all levels in such fields as edu-



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. Incendiary Items and Riot Control Agents

The U.S. Government generally discourages the purchase of incendiary items and riot control agents but recognizes that there are occasions when a country will have a legitimate need for certain types of such items. The following is U.S. Government policy regarding the sale of such items:

a. NAPALM including napalm thickener, dispenser and fuses will not be provided through MAP, FMS, or on a commercial basis.

b. Requests for white phosphorus munitions should be addressed to the Department of State with information copy to DSAA and the appropriate Unified Command. Requests should indicate by type of ammunition requested, the quantity and intended use of the ammunition. Requests should be accompanied by mission's opinion as to whether the amount requested is reasonable in relation to the intended use, current on-hand inventories, and predictable usage rates of such items; and requests must contain assurance from host government that the white phosphorus munitions will not be used for incendiary purposes. Upon Department of State approval, DSAA will advise the cognizant DOD component of the approval along with the conditions for its use which will be made a part of the LOA.

c. Riot control agents may not be provided via MAP or FMS but certain types are available on a commercial basis. Such proposed commercial sales require that an export license be obtained from the Department of State, Office of Munitions Control.

## 10. MAP (Grant Aid) Price and Availability Data

Program originators will obtain price and availability data from the supplying Military Department prior to submission of data card 3 program additions to DSAA for materiel items with a unit of issue code of other than XX. In addition, commitment code 9 will be inserted in card column 22 of program additions to indicate that unit price, supply source and leadtime reflected therein are based on price and availability data obtained from the implementing agency within sixty days prior to date of program submission.

(2) Summary MASL. The summary MASL (control code L) is comprised of generically described items. They are used in preparation of congressional reports and summarized data. Items contained in this MASL are identified by the assignment of footnote code "PP". These lines are maintained by DSAA rather than the Military Departments.

(3) Current Year Training MASL. The current year training MASL contains line item data for training which is currently available for programming.

(4) Budget Year Training MASL. The budget year training MASL contains line item data for training which is planned to be available for programming in the budget year and later IMET Programs.

(5) Prior Year Training MASL. The prior year training MASL contains line item data for training which has been programmed in those program years preceding the current year. This MASL is retained for historical purposes only as training for each FY is rolled up to seven dollar lines (N10-N90 per country/per service approximately six months after it becomes a prior year program.

b. The materiel MASL is updated on a continuing basis as the result of changes and additions submitted by the Military Departments.

c. The current year training MASL is updated during the applicable fiscal year to add new courses which become available for programming and to incorporate significant changes in course costs and duration. During the second quarter of each fiscal year the new budget year training MASL is developed by DSAA based upon Military Department input. During the fourth quarter this new budget year MASL is updated to insure the currency of item content. On 1 October the budget year MASL becomes the new current year MASL.

## 5. Assignment of Footnote Codes

### a. General

Military departments are responsible for

the assignment of footnote codes where applicable to all lines under their cognizance. Appendix A, Part I, defines these codes.

### b. Footnote Code "NN"

This code as defined in Appendix A, Part I, is assigned to valid and correctly identified items which are not available for supply, under normal circumstances, to meet requirements. If a replacement item is known, a conversion card may be submitted. Dollar value lines will not be assigned this code.

## 6. MASL Relationship to DSAA Program Data Files

### MAP/IMETP

a. All program data cards which constitute the addition of items or services (card formats 3 and 4) to the MAP/IMETP, regardless of program year, and those program change cards (card format P and Q) which contain data punches in card columns 8 through 21 are matched against one of the DSAA MASLs during the master file update process. This MASL match accomplishes the following:

(1) Determines that the program requirement is a valid line in the MASL.

(2) Provides a description and unit of issue for the items being added to the program file, verifies MILSTRIP routing identifier and execution agency identifier codes, and assigns implementing agency code consistent with the MRI and EXA.

(3) Provides a feedback error list for data cards which failed to match the MASL.

(4) Assures the issuance of MAP orders to the correct implementing or execution agency.

b. An additional step accomplished during the program data/MASL match is the application of MASL conversion card data, which has been provided by the Military Department when submitting MASL change data. The conversion card is used to provide programming data to be used in lieu of a MASL item which is no longer available or which has been deleted from the MASL. DSAA requires conversion card data in the following instances:

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(1) When footnote code "NN" is assigned to an item no longer available for normal military assistance programming and a replacement or substitute item is known.

(2) When a line is deleted from the MASL and a replacement or substitute item is known.

### FMS

c. The materiel MASL is used by DSAA during the weekly FMS update as follows:

(1) To screen incoming detail (card formats 4 and D) to ensure correct National Stock Number and Generic Codes. Detail cards which do not match the MASL are rejected and Security Assistance Accounting Center notified. The defined generic code and national stock number as stated in the DD Form 1513, Letter of Offer and Acceptance (LOA) must be reflected in the MASL before the letter of offer is prepared.

(2) Provides a description of the item for use in subsequent updating.

### MAP/IMETP/FMS

d. Assigns a selected item description number (see Appendix A, Part I) to facilitate subsequent preparation of summary reports.

## 7. Maintenance of the MASL

### a. Changes

Changes to MASL data should be submitted to DSAA as they develop, as follows:

(1) Materiel and Services (other than training).

(a) Major Items—Changes to major items of materiel will be submitted by the Military Department having single-service wholesale inventory management responsibility. When the change being submitted is to transfer the wholesale inventory management responsibility to another Military Department, such changes will be initiated by the Military Department acquiring the responsibility and will be coordinated with the Military Department relinquishing responsibility, prior to submission to DSAA.

(b) Dollar Lines—Additions of and changes to dollar lines of materiel items will be initiated only by DSAA. Recommendations concerning dollar line item changes

may be made by the Military Departments when deemed appropriate.

(2) Training. Changes to items in the training MASL, major item and dollar lines, will be submitted by the Military Department offering the training.

### b. Inquiries

Inquiries regarding MASL data should be directed as follows:

(1) Materiel and Services (other than training). Requests for information in clarification of data in the DSAA MASL should be forwarded to DSAA, with the following exceptions:

(a) Requests for MAP Unit Price, LT, S/S and availability of items should be forwarded to the Military Department indicated by the MRI code of the item as having inventory management responsibility.

(b) Requests for addition of major items to the MASL will be forwarded to the Military Department to which single-service wholesale inventory management responsibility has been assigned. When the assignment is not known, request should be directed to the Military Department indicated in the MASL as having responsibility for similar type equipment.

(2) Training. All inquiries regarding training MASL data should be directed to the appropriate Military Department.

## 8. Submission of MASL Data

Military Departments will submit additions and changes to and deletions from the MASL on one of the appropriate card formats illustrated in Figure H-1 (Materiel, Training and MASL Conversion). Instructions for preparation of MASL data follow:

### a. General

(1) MASL data in card 1 (materiel), card 2 (training) and card E (conversion) format may be transmitted to DSAA via AUTODIN using routing indicator RUE-WEDA. Submit as changes occur.

(2) Worksheets (printed legibly in pencil) may be submitted in single copy to Comptroller, DSAA, Washington, D.C. 20301, Attention: Data Management Division.

(3) Machine listings for mark-up will

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ing the unit price is contained in Military Department publications.

c. Changes

(1) To submit changes to existing MASL lines, the following fields must be completed:

<i>Column</i>	
1	Card Code
2-7	Action Code "S"
8-20	National Stock Number (Materiel Only)
14-20	Item Identification (Training Only)
21-23	Generic Code
53	Control Code

Entries in data fields other than the above are required only where a change in data is intended, e.g. unit price, duration, etc. Where a change is made, enter the new data.

(2) When changing a MASL line you may desire to blank certain fields. The fields listed below may be blanked by entering an asterisk(\*) in the right most column of the fields.

(a) Materiel MASL Lines

<i>Column</i>	
2-3	Footnote Code

(b) Training MASL Lines

<i>Column</i>	
2-3	Duration
54-60	Prerequisite course number
61-72	Service Identification Number

d. Deletions

To delete an existing line from the MASL, the following fields must be completed:

<i>Column</i>	
1	Card Code
7	Action Code "D"
14-20	Item identification Number (Training)
8-20	Item Identification Number (Materiel)
21-23	Generic Code
53	Control Code (Training only)

Leave all other columns blank. Submit a conversion card where a substitute or replacement item is known.

e. MASL Conversion (Card E)

Paragraph 6.b. explains the use of MASL conversion data in the DSAA program/MASL Match procedures. Following is an explanation of card layout and instructions for submitting conversion data:

<i>Card Column</i>	<i>Data</i>	<i>Explanation</i>
1	Card Code -----	An "E" is used to indicate a conversion card for materiel, services and training.
2-7	Blank -----	Leave blank.
8-20	National Stock Number -----	Punch the group, class, NCB code (materiel and services only) and item identification number of the new program line as it appears in the MASL.
21-23	Generic Code -----	Punch the generic code of the new program line as it appears in the MASL.
24-27	Blank -----	Leave blank.
28-40	National Stock Number -----	Punch the group, class, NCB code (material and services only) and item identification number of the old program line being converted, as it appears in the MASL. In generic code G, where the DOD ammunition code is used in lieu of NIIN, right justify and punch zeros in unused columns.
41-43	Generic Code -----	Punch the generic code of the old program line as it appears in the MASL.
44-52	Blank -----	Leave blank.
53	Control Code -----	Identifies the MASL file of the program line being converted (reference para 4).
54-80	Blank -----	Leave blank.

<i>Code</i>	<i>Explanation</i>
Q -----	Card Q is used to update Letter of Request data from the interested country, through the Implementing Agency concerned, into the LOR/FMS system.

**c. MASL**

<i>Code</i>	<i>Explanation</i>
1 -----	Used to add, change and/or delete lines in the Materiel MASL.
2 -----	Used to add, change and/or delete lines in the FMS Training and IMETP MASLs.
E -----	Used as a conversion card for materiel and IMET when a line is converted from one generic, NSN to a different generic, NSN.
G-O ----	Trailer cards used in the Materiel MASL to add supplemental data to a line.

**7. Case Description—1100 system**

A short title specifically prepared for each case and containing from 15 to 34 printed characters. In the case of ships, combat vehicles and aircraft, the description will contain in parentheses the quantity. Example, "F-5A Aircraft (22) with AGE and CSP." For missile systems, the number of battalion or battery sets will be shown in parentheses where applicable, otherwise the number of missiles will be shown. Data entered in this field is restricted only by the 15-34 character limitation, and by a limitation of special characters which may be used (reference Chapter K, Part III).

**8. Case Designator—1100 System**

A unique designation within each country and Implementing Agency (IA) assigned by the IA to each Foreign Military Sales (FMS) case, consisting of a three digit code to identify a specific offer to a country. The first digit is always an alpha code and the 2nd and 3rd digits may be alpha or numeric. This designator assigned upon receipt of LOR stays with and identifies the sale or offer of a sale, unless deleted by the Implementing Agency.

**9. Case Identifier/Case Number—1100 System**

The Case Identifier is a name given to the

combination of Country Code, Implementing Agency and Case Number. The Case Number is a name given to the combination of Case Designator and the Case Suffix Code.

**10. Case Suffix Code—1100 System**

A single digit numeric code employed by the Implementing Agency to identify and distinguish between the basic FMS case and subsequent amendments thereto. No new cases will be assigned case suffix numbers other than 0 without approval of SAAC.

**11. Ceiling Account—1100 System**

A code entered in 2/B card(s) required in ceiling management administration to classify FMS cases by a specific control category.

The values and meaning of the codes are as follows:

<i>Code</i>	<i>Meaning</i>
1 —	A non-36(b) case or non-36(b) follow-on support case involving ceiling weapons for ceiling countries.
2 —	A 36(b) follow-on support case containing ceiling items for ceiling countries.
3 —	Other 36(b) cases containing ceiling items for ceiling countries.
0 —	A non-ceiling item case whether or not a 36(b) case, whether or not a ceiling country, and all case dollars for countries which are not subject to ceiling limitations.

**12. Ceiling Percentage—1100 System**

A two position numeric entry in the 2/B card(s) prepared by DSAA. The data is used in ceiling management computations to indicate the percentage of an FMS case value applying to ceiling accounts 1, 2 or 3.

**13. Change Originator Code**

**a. 1000 System**

The change originator code identifies the organization originating a change (add, change, or delete card) to the master program file. When changes originated by a MAAG are required to be submitted through

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a Military Department, the MAAG will enter its own change originator code, the Military Department will alter the change originator code to A, N or F as appropriate prior to forwarding the card to DSAA.

<i>Code</i>	<i>Program Change Originator</i>
B -----	MAAG (Army)
P -----	MAAG (Navy)
D -----	MAAG (Air Force)
K -----	MAAG (Marine Corps)
A -----	Department of the Army
N -----	Department of the Navy
F -----	Department of the Air Force
S -----	DSAA
U -----	Unified Command
J -----	Department of the Air Force (Hqs)

**b. 1100 System**

The change originator code is a single digit alpha code which identifies the organization submitting the transaction (add, change or delete) card to DSAA.

<i>Code</i>	<i>Program Change Originator</i>
A -----	Department of the Army
C -----	Department of the Navy (CNO)
F -----	Department of the Air Force
M -----	Department of the Navy (Naval Materiel)
N -----	Navy International Logistics Control Office (NAVILCO)
Q -----	Defense Security Assistance Agency (DSAA)
R -----	Defense Logistics Agency (DLA)
S -----	Commercial
U -----	Defense Mapping Agency (DMA)
V -----	Defense Contract Audit Agency (DCAA)
W -----	Defense Advanced Research Projects Agency (DARPA)
Z -----	Defense Nuclear Agency (DNA)

**14. Classification Codes**

**a. MASL**

The classification code used in MASL cards indicates the security classification of articles and services for guidance in complying with national disclosure policy and military department security regulations:

<i>Code</i>	<i>Classification</i>
T -----	Top Secret
S -----	Secret
C -----	Confidential
U -----	Unclassified

**b. 1100 System**

An alpha code assigned by DSAA to each case which designates the classification. Codes used indicating the type of security classification are as follows:

- C ----- Classified by the Department of State for reasons of Foreign Policy
- D ----- Classified by the Implementing Agency for National Defense purposes
- U ----- Unclassified

Codes C and D appear as a C (Confidential) on all printed reports.

**15. Commercial Item—1000 System**

(See paragraph 19 below)

**16. Commitment Code—1000 System**

The following numeric codes describe the U.S. Commitment, by type (see definition) for each article and service programmed:

<i>Code</i>	<i>Commitment</i>
0 -----	No U.S. commitment involved.
2 -----	The U.S. Commitment involves the furnishing of this specific article or service but is such that price, source, and required delivery date adjustment can be made in the normal manner should they occur.
3 -----	The U.S. commitment involves the furnishing of this specific article or service and requires that no adjustment be made in price, source, or required delivery date.
4 -----	No U.S. commitment involved. Specific DOD or Military Department instructions involved the initial programming of this specific article or service at an agreed unit price other than that stated in the MASL. This unit price may be adjusted at a later date pursuant to supply execution action.

<i>Code</i>	<i>Commitment</i>
5 -----	The U.S. commitment requires that this article or service must be furnished on or before the required date. Price and source adjustments can be made in the normal manner.
6 -----	No U.S. commitment involved. This article or service is not to be delivered prior to the required delivery date.
9 -----	No U.S. commitment involved, unit price,

<i>Code</i>	<i>Commitment</i>
	supply source, and leadtime for this article or service is based on price and availability data received from the implementing agency.

**17. Communications/Ancillary Item/CSP  
Code—1000**

This code is used in column 54 of program

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sequence is segregated by area and is listed by alphabetic name.

I. Alphabetic

a. Countries

Country	Code	Unified Command Cognizance	Area/Congressional Grouping
Afghanistan	AF	PA	NESA
Algeria	AG	EU	NESA
Andorra	AN	EU	EUR
Argentina	AR	SO	AR
Australia	AT	PA	EAP
Austria	AU	EU	EUR
Bahrain	BA	EU	NESA
Bangladesh	BG	PA	NESA
Barbados	BB	SO	AR
Belgium	BE	EU	EUR
Benin	DA	EU	AFR
Bhutan	BT	EU	NESA
Bolivia	BL	SO	AR
Botswana	BC	EU	AFR
Brazil	BR	SO	AR
Brunei	BX	PA	EAP
Burma	BM	PA	EAP
Burundi	BY	EU	AFR
Cameroon	CM	EU	AFR
Canada	CN	NR	AR
Central African Emp.	CT	EU	AFR
Chad	CD	EU	AFR
Chile	CI	SO	AR
China (Taipei)	TW	PA	EAP
Colombia	CO	SO	AR
Congo	CF	EU	AFR
Costa Rica	CS	SO	AR
Cuba	CU	SO	AR
Cyprus	CY	EU	EUR
Denmark	DE	EU	EUR
Dominican Republic	DR	SO	AR
Ecuador	EC	SO	AR
Egypt	EG	EU	NESA
El Salvador	ES	SO	AR
Equatorial Guinea	EK	EU	AFR
Ethiopia	ET	EU	AFR
Fiji	FJ	PA	EAP
Finland	FI	EU	EUR
France	FR	EU	EUR
Gabon	GB	EU	AFR
Gambia	GA	EU	AFR
Germany (Bonn)	GY	EU	EUR
Ghana	GH	EU	AFR
Greece	GR	EU	EUR
Guatemala	GT	SO	AR
Guinea	GV	EU	AFR
Haiti	HA	SO	AR
Honduras	HO	SO	AR
Iceland	IL	EU	EUR
India	IN	PA	NESA
Indochina	IC	PA	EAP
Indonesia	ID	PA	EAP
Iran	IR	EU	NESA
Iraq	IQ	EU	NESA
Ireland	EI	EU	EUR
Israel	IS	EU	NESA
Italy	IT	EU	EUR
Ivory Coast	IV	EU	AFR
Jamaica	JM	SO	AR
Japan	JA	PA	EAP
Jordan	JO	EU	NESA
Kampuchea (Cambodia)	CB	PA	EAP
Kenya	KE	EU	AFR
Korea (Seoul)	KS	PA	EAP
Kuwait	KU	EU	NESA
Laos	LA	PA	EAP
Lebanon	LE	EU	NESA
Lesoto	LT	EU	AFR
Liberia	LI	EU	AFR
Libya	LY	EU	NESA
Liechtenstein	LS	EU	EUR
Luxembourg	LX	EU	EUR
Madagascar	MA	EU	AFR
Malawi	MI	EU	AFR
Malaysia	MF	PA	EAP
Maldives	MV	EU	NESA
Mali	RM	EU	AFR
Malta	MT	EU	EUR
Mauritania	MR	EU	AFR
Mauritius	MP	EU	AFR
Mexico	MX	SO	AR
Monaco	MN	EU	EUR
Morocco	MO	EU	NESA
Nepal	NP	PA	NESA
Netherlands	NE	EU	EUR
New Zealand	NZ	PA	EAP
Nicaragua	NU	SO	AR
Niger	NK	EU	AFR
Nigeria	NI	EU	AFR
Norway	NO	EU	EUR
Oman	MU	EU	NESA
Pakistan	PK	PA	NESA
Panama	PN	SO	AR
Paraguay	PA	SO	AR
Peru	PE	SO	AR
Philippines	PI	PA	EAP
Portugal	PT	EU	EUR
Qatar	QA	EU	NESA
Rwanda	RW	EU	AFR



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Country	Code	Unified Command Cognizance	Area/Congressional Grouping	Activity	Code	Unified Command Cognizance	Area/Congressional Grouping
San Marino	SM	EU	EUR	MAP Owned Materiel (MAPOM)	M3	NR	NR
Saudi Arabia	SR	EU	NESA				
Senegal	SK	EU	AFR	MAP Property Sales and Disposal (MAPSAD)	M2	NR	NR
Sierra Leone	SL	EU	AFR				
Singapore	SN	PA	EAP				
Somalia	SO	EU	AFR	North Atlantic Treaty Organization (NATO)	N2	NR	NR
South Africa	UA	EU	AFR				
Spain	SP	EU	EUR	NATO Airborne Early Warning and Control Program	N1	NR	NR
Sri Lanka	CE	PA	NESA	Management Office (NAPMO)			
Sudan	SU	EU	AFR				
Surinam	NS	SO	AR				
Swaziland	WZ	EU	AFR	NATO Headquarters	N6	NR	NR
Sweden	SW	EU	EUR	NATO Infrastructure	N5	NR	NR
Switzerland	SZ	EU	EUR				
Syria	SY	EU	NESA	NATO Integrated Communications System Management Agcy (MICSMA)	K4	NR	NR
Tanzania	TZ	EU	AFR				
Thailand	TH	PA	EAP	NATO Maintenance and Supply Agency—General (NAMSA-GENERAL)	N4	NR	NR
Togo	TO	EU	AFR				
Tonga	TN	PA	EAP				
Trinidad-Tobago	TD	SO	AR	NATO Maintenance and Supply Agency—F104 (NAMSA-F104)	K2	NR	NR
Tunisia	TU	EU	NESA				
Turkey	TK	EU	EUR	NATO Maintenance and Supply Agency—HAWK (NAMSA-HAWK)	N7	NR	NR
Uganda	UG	EU	AFR				
United Arab Emirates	TC	EU	NESA	NATO Missile Fire Installation (NAMFI)	N9	NR	NR
United Kingdom	UK	EU	EUR				
Upper Volta	UV	EU	AFR	NATO Multi-Role Combat Aircraft (MRCA) Development & Prod. Agency (NAMMA)	K3	NR	NR
Uruguay	UY	SO	AR				
Venezuela	VE	SO	AR				
Vietnam	VS	PA	EAP				
Western Somoa	WS	PA	EAP	NATO Mutual Weapons Development Program (MWDP)	N8	NR	NR
Yemen (Aden)	YS	EU	NESA				
Yemen (Sana)	YE	EU	NESA	NATO Seasprow	N3	NR	NR
Yugoslavia	YU	EU	EUR	NATO—Weapons Production Program (NATO-WPP)	K1	NR	NR
Zaire	CX	EU	AFR				
Zambia	ZA	EU	AFR	Near East and South Asia Region (NESA)	R3	EU	NESA

## b. Activities

Activity	Code	Unified Command Cognizance	Area/Congressional Grouping
Africa Region	R6	EU	AFR
American Republic Region	R5	SO	AR
Central Treaty Organization (CENTRO Hq)	T3	NR	NR
Department of Defense (DoD)	00	NR	NR
East Asia/Pacific Region	R4	PA	EAP
European Region	R2	EU	EUR
International Civil Aviation Organization (ICAO Hq)	T7	NR	NR
MAP ICP—U.S. Army Logistics Depot, Japan (USALDJ)	D4	PA	NR

  

Code	Country/Activity Name	Unified Command Cognizance	Area/Congressional Grouping
00	Department of Defense (DOD)	NR	NR

## II. Alphabetic by Country/Activity Code

Code	Country/Activity Name	Unified Command Cognizance	Area/Congressional Grouping
00	Department of Defense (DOD)	NR	NR

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Code	Country/Activity Name	Unified Command Cognizance	Area/Congressional Grouping	Code	Country/Activity Name	Unified Command Cognizance	Area/Congressional Grouping
A1	Organization of American States (OAS)	NR	AR	ID	Indonesia	PA	EAP
A2	Supreme Hq, Allied Forces (SHAPE)	EU	EUR	IL	Iceland	EU	EUR
AF	Afghanistan	PA	NESA	IN	India	PA	NESA
AG	Algeria	EU	NESA	IQ	Iraq	EU	NESA
AN	Andorra	EU	EUR	IR	Iran	EU	NESA
AR	Argentina	SO	AR	IS	Israel	EU	NESA
AT	Australia	PA	EAP	IT	Italy	EU	EUR
AU	Austria	EU	EUR	IV	Ivory Coast	EU	AFR
BA	Bahrain	EU	NESA	JA	Japan	PA	EAP
BB	Barbados	SO	AR	JM	Jamaica	SO	AR
BC	Botswana	EU	AFR	JO	Jordan	EU	NESA
BE	Belgium	EU	EUR	K1	NATO—Weapons Production Program (NATO-WPP)	NR	NR
BG	Bangladesh	PA	NESA	K2	NATO Maintenance and Supply Agency—F104 (NAMSA-F104)	NR	NR
BL	Bolivia	SO	AR	K3	NATO Multi-Role Combat Aircraft (MRCA) & Prod Agency (NAMMA)	NR	NR
BM	Burma	PA	EAP	K4	NATO Integrated Communications Systems Management Agency (NICSMA)	NR	NR
BR	Brazil	SO	AR	K5	Supreme Allied Commander Atlantic	NR	NR
BT	Bhutan	EU	NESA	KE	Kenya	EU	AFR
BX	Brunei	PA	EAP	KS	Korea	PA	EAP
BY	Burundi	EU	AFR	KU	Kuwait	EU	NESA
CB	Kampuchea (Cambodia)	PA	EAP	LA	Laos	PA	EAP
CD	Chad	EU	AFR	LE	Lebanon	EU	NESA
CE	Sri Lanka	PA	NESA	LI	Liberia	EU	AFR
CF	Congo	EU	AFR	LS	Liechtenstein	EU	EUR
CI	Chile	SO	AR	LT	Lesotho	EU	AFR
CM	Cameroon	EU	AFR	LX	Luxembourg	EU	EUR
CN	Canada	NR	AR	LY	Libya	EU	NESA
CO	Colombia	SO	AR	M2	MAP Property Sales & Disposal (MAPSAD)	NR	NR
CS	Costa Rica	SO	AR	M3	MAP Owned Materiel (MAPOM)	NR	NR
CT	Central Republic Emp	EU	AFR	MA	Madagascar	EU	AFR
CU	Cuba	SO	AR	MF	Malaysia	PA	EAP
CX	Zaire	EU	AFR	MI	Malawi	EU	AFR
CY	Cyprus	EU	EUR	MN	Monaco	EU	EUR
D4	MAP ICP (USALDJ)	PA	NR	MO	Morocco	EU	NESA
DA	Benin	EU	AFR	MP	Mauritius	EU	AFR
DE	Denmark	EU	EUR	MR	Mariritania	EU	AFR
DR	Dominican Republic	SO	AR	MT	Malta	EU	EUR
EC	Ecuador	SO	AR	MU	Oman	EU	NESA
EG	Egypt	EU	NESA	MV	Maldives	EU	NESA
EI	Ireland	EU	EUR	MX	Mexico	SO	AR
EK	Equatorial Guinea	EU	AFR	N1	NATO Airborne Early Warning and Control Program Management Office (NAPMO)	NR	NR
ES	El Salvador	SO	AR	N2	North Atlantic Treaty Organization (NATO)	NR	NR
ET	Ethiopia	EU	AFR				
FI	Finland	EU	EUR				
FJ	Fiji	PA	EAP				
FR	France	EU	EUR				
GA	Gambia	EU	AFR				
GB	Gabon	EU	AFR				
GH	Ghana	EU	AFR				
GR	Greece	EU	EUR				
GT	Guatemala	SO	AR				
GV	Guinea	EU	AFR				
GY	Germany (Bonn)	EU	EUR				
HA	Haiti	SO	AR				
HO	Honduras	SO	AR				
IC	Indochina	PA	EAP				

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Code	Country/Activity Name	Unified Command Cognizance	Area/Congressional Grouping	Code	Country/Activity Name	Unified Command Cognizance	Area/Congressional Grouping
N3	NATO Seasparrow	NR	NR	T7	International Civil Aviation Organization (ICAO HQ)	NR	NR
N4	NATO Maintenance and Supply Agency—General (NAMSA—GENERAL)	NR	NR	T9	United Nations (UN)	NR	NR
N5	NATO Infrastructure	NR	NR	TC	United Arab Emirates	EU	NESA
N6	NATO Headquarters	NR	NR	TD	Trinidad-Tobago	SO	AR
N7	NATO Maintenance and Supply Agency—HAWK (NAMSA—HAWK)	NR	NR	TH	Thailand	PA	EAP
N8	NATO Mutual Weapons Development Program (MWDP)	NR	NR	TK	Turkey	EU	EUR
N9	NATO Missile Firing Installation (NAMFI)	NR	NR	TN	Tonga	PA	EAP
NE	Netherlands	EU	EUR	TO	Togo	EU	NESA
NI	Nigeria	EU	AFR	TU	Tunisia	EU	EAP
NK	Niger	EU	AFR	TW	China (Taipei)	PA	AFR
NO	Norway	EU	EUR	TZ	Tanzania	EU	AFR
NP	Nepal	PA	NESA	UA	South Africa	EU	AFR
NS	Surinam	SO	AR	UG	Uganda	EU	AFR
NU	Nicaragua	SO	AR	UK	United Kingdom	EU	EUR
NZ	New Zealand	PA	EAP	UV	Upper Volta	EU	AFR
PA	Paraguay	SO	AR	UY	Uruguay	SO	AR
PE	Peru	SO	AR	VE	Venezuela	SO	AR
PI	Philippines	PA	EAP	VS	Vietnam	PA	EAP
PK	Pakistan	PA	NESA	WS	Western Somoa	PA	EAP
PN	Panama	SO	AR	WZ	Swaziland	EU	AFR
PT	Portugal	EU	EUR	YE	Yemen (Sana)	EU	NESA
QA	Qatar	EU	NESA	YS	Yemen (Aden)	EU	NESA
R2	Europe Region	EU	EUR	YU	Yugoslavia	EU	EUR
R3	Near East/South Asia Region	EU	NESA	ZA	Zambia	EU	AFR
R4	East Asia/Pacific Region	PA	EAP				
R5	American Republic Region	SO	AR				
R6	Africa Region	EU	AFR				
RM	Mali	EU	AFR				
RW	Rwanda	EU	AFR				
SK	Senegal	EU	AFR				
SL	Sierre Leone	EU	AFR				
SM	San Marino	EU	EUR				
SN	Singapore	PA	EAP				
SO	Somalia	EU	AFR				
SP	Spain	EU	EUR				
SR	Saudi Arabia	EU	NESA				
SU	Sudan	EU	AFR				
SW	Sweden	EU	EUR				
SY	Syria	EU	NESA				
SZ	Switzerland	EU	EUR				
T3	Central Treaty Organization (CENTRO HQ)	NR	NR				
T4	South East Asia Treaty Organization (SEATO HQ)	NR	NR				

III. Area Listing

1. East Asia and Pacific (EAP)
  - Australia AT
  - Burnei BX
  - Burma BM
  - China (Taipei) TW
  - East Asia/Pacific Region R4
  - Fiji FJ
  - Indochina IC
  - Indonesia ID
  - Japan JA
  - Kampuchea (Cambodia) CB
  - Korea (Seoul) KS
  - Laos LA
  - Malaysia MF
  - New Zealand NZ
  - Philippines PI
  - Singapore SN
  - Thailand TH
  - Tonga TN
  - Vietnam VS
  - Western Somoa WS
2. Near East & South Asia (NESA)
  - Afghanistan AF
  - Algeria AG
  - Bahrain BA
  - Bangladesh BG
  - Bhutan BT

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Egypt	EG	Central African Emp	CT
India	IN	Chad	CD
Iran	IR	Congo	CF
Iraq	IQ	Equatorial Guinea	EK
Israel	IS	Ethiopia	ET
Jordan	JO	Gabon	GB
Kuwait	KU	Gambia	GA
Lebanon	LE	Ghana	GH
Libya	LY	Guinea	GV
Maldines	MV	Ivory Coast	IV
Morocco	MO	Kenya	KE
Nepal	NP	Lesotho	LT
Near East & South Asia Region	R3	Liberia	LI
Oman	MU	Madagascar	MA
Pakistan	PK	Malawi	MI
Qatar	QA	Mali	RM
Saudi Arabia	SR	Mauritania	MR
Sri Lanka	CE	Mauritius	MP
Syria	SY	Niger	NK
Tunisia	TU	Nigeria	NI
United Arab Emirates	TC	Rwanda	RW
Yemen (Aden)	YS	Senegal	3K
Yemen (Sana)	YE	Sierrè Leone	SL
		Somalia	SO
3. Europe (EUR)		South Africa	UA
Andora	AN	Sudan	SU
Austria	AU	Swaziland	WZ
Belgium	BE	Tanzania	TZ
Cyprus	CY	Togo	TO
Denmark	DE	Uganda	UG
European Region	R2	Upper Volta	UV
Finland	FI	Zaire	CX
France	FR	Zambia	ZA
Germany (Bonn)	GY		
Greece	GR	5. American Republic/Latin America (AR)	
Iceland	IL	American Republic Region	R5
Ireland	EI	Argentina	AR
Italy	IT	Barbados	BB
Liechtenstein	LS	Bolivia	BL
Luxembourg	LX	Brazil	BR
Malta	MT	Chile	CI
Monaco	MN	Colombia	CO
Netherlands	NE	Costa Rica	CS
Norway	NO	Cuba	CU
Portugal	PT	Dominican Republic	DR
San Marino	SM	Ecuador	EC
Spain	SP	El Salvador	ES
Supreme Headquarters, Allied Powers, Europe (SHAPE)	A2	Guatemala	GT
Sweden	SW	Haiti	HA
Switzerland	SZ	Honduras	HO
Turkey	TK	Jamaica	JM
United Kingdom	UK	Mexico	MX
Yugoslavia	YU	Nicaragua	NU
		Organization of American States (OAS)	A1
4. Africa (AFR)		Panama	PN
Africa Region	R6	Paraguay	PA
Benin	DA	Peru	PE
Botswana	BC	Surinam	NS
Burundi	BY	Trinidad-Tobago	TD
Cameroon	CM		

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Uruguay	UY
Venezuela	VE
6. Canada	
Canada	CN
7. Non-Regional (NR)	
Central Treaty Organization (CENTO Hq)	T3
Department of Defense (DOD)	ØØ
International Civil Aviation Organization (ICAO Hq)	T7
MAP ICP—U.S. Army Logistics Depot, Japan (USALDJ)	D4
MAP Owned Materiel (MAPOM)	M3
MAP Property Sales and Disposal (MAPSAD)	M2
NAMSA F-104 Procurement Center	K2
North Atlantic Treaty Organization (NATO)	N2
NATO Airborne Early Warning and Control Program Management Office (NAPMO)	N1
NATO Headquarters	N6
NATO Infrastructure	N5
NATO Integrated Communications System Management Agency (NCSMA)	K4
NATO Maintenance and Supply Agency—General (NAMSA- GENERAL)	N4
NATO Maintenance and Supply Agency—F104 (NAMSA-F104)	K2
NATO Maintenance and Supply Agency—HAWK (NAMSA- HAWK)	N7
NATO Missile Firing Installation (NAMFI)	N9
NATO (NSSMS)	N1
NATO Multi-Role Combat Aircraft (MRCA) Development & Prod. Agency (NAMMA)	K3
NATO Mutual Weapons Development Program (MWDP)	N8
NATO Seasprow	N3
NATO—Weapons Production Program (NATO-WPP)	K1
Supreme Allied Commander Atlantic	K5
South East Asia Treaty Organization (SEATO Hq)	T4
United Nations (UN)	T9

### NOTE:

EU	European Command
PA	Pacific Command
SO	Southern Command
AFR	Africa Region
AR	American Republic Region
EAP	East Asia and Pacific Region
EUR	European Region
NESA	Near East and South Asia Region
NR	Non-Regional

## 22. CRA Code—1000 System

All program lines must contain a CRA code. The CRA codes listed below indicate that amount of "Continuing Resolution" funds required to preclude disruption of essential activities of a continuing nature. These codes are used in conjunction with Funding Priority codes to determine: (a) the Program Lines to be funded, and (b) the percentage of each line to be funded. Training "each" lines must contain the code Ø for program years prior to 78. For IMET PY 78 and subsequent years funding priority code will be entered in this field—See para 32.

Code	Amount Required
Ø	None
1	10%
2	20%
3	30%
4	40%
5	50%
6	60%
7	70%
8	80%
9	90%
T	Total
M	Used for prior years
O	Used for prior years

## 23. Credit Arrangement Number—1100 System

A three digit number assigned by DSAA to each agreement with, or commitment to, a foreign government that the U.S. will advance or guarantee a stipulated amount of credit for the financing of Foreign Military Sales to that government; the first two digits represent the fiscal year of the agreement, and the third digit is a serial number identifying credit agreements made with the country for the indicated fiscal year.

## 24. Customer Within Country Code—1000 System

A one-digit alphabetic or numeric MILSTRIP code that identifies the final recipient and port of discharge within the country. The current listing contained in the following Military Department implementations of MILSTRIP will be used:

**MILITARY ASSISTANCE AND SALES MANUAL—PART I**

*Department*

*Directives*

Army Army Regulations No. 725-50

Navy NAVSUP Publication 437 "MILSTRIP/

*Department*

*Directives*

MILSTRAP"

Air Force DOD 4140.17-M

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6. Extraordinary Expenses
  - A. Extraordinary Expenses
7. Other Training Support
  - A. Training Exercises
  - B. Escort Officers
  - C. Supplies and Materials
  - D. Facilities/Rehabilitation
  - E. Services
  - F. Other
  - Z. ABBR TNG Plan Reqmt
9. Training Aids and Publications
  - A. Training Aids and Devices
  - B. Books, Maps, and Publications
  - X. Training Aids/Devices—PCH and T
- P. RESEARCH AND DEVELOPMENT
  1. Development of Advance Design Weapons
    - A. Development of Advance Design Weapons
  2. Other Development Costs
- Q. CONSTRUCTION
  1. Infrastructure (MAP 1000 System Only)
    - A. Infrastructure
  2. Other Construction
    - A. Contract Construction
    - B. A-E Services
    - C. U.S. Government Costs
    - D. Construction, A-E Services and Administrative Costs—MAAG Facilities
    - E. Other Construction
- R. SPECIAL ACTIVITIES
  1. International Military Headquarters
    - A. International Military Headquarters
    - B. Technical Assistance Field Teams
  2. International Forces Support
    - A. UN Forces Support in Korea
    - C. IAF Support in Dominican Republic
    - D. OAS Peace Keeping Forces
  3. Expenses, Inspector General Foreign Assistance, State (MAP 1000 System Only)
    - A. Expenses, Inspector General, Foreign Assistance, State
  4. Studies and Surveys
    - A. Studies and Survey
  5. Weapons Production Projects (MAP 1000 System Only)
    - A. Weapons Production
  6. Extraordinary Expenses
    - A. Extraordinary Expenses
  7. Ship Transfer Costs
    - A. Ship Transfer Costs
  8. Special Insurance
    - A. Special Insurance
  9. Other Special Activities
    - A. Special Activities
    - B. Nonspecific Requirements
    - C. Foreign Currency MAAG Support
    - D. Royalty Payments
  - E. Loan Fees
  - F. Contract Termination Costs
  - G. Technical Assistance Field Team (TAFT)
  - T. ADMINISTRATION (MAP 1000 System Only)
    1. Administrative Expenses, Departmental and Headquarters
      - A. Administrative Expenses, Departmental and Headquarters
    2. Military Mission Expenses
      - A. Military Mission Expenses
    3. Contractor Expenses
      - A. Contractor Expenses
    4. Administrative Surcharges—FMS
      - A. Administrative Surcharges—FMS
  - U. FOREIGN MILITARY SALES ORDER NO. 1 (FMSO) (FMS 1100 System Only)

**34. Implementation Date—1100 System**

The date when supply action on the FMS case is initiated. This date is most concurrent with or subsequent to the acceptance date if the DD Form 1513 does not contain, at the time of signing, sufficient authority for procurement of items therein. Example, a required cash payment does not accompany the DD Form 1513. The date is expressed by a five digit numeric code. The first two digits are the calendar year and the third through the fifth digits express the julian date.

**35. Implementing Agency Code**

  - a. 1000 System

The implementing agency code is assigned by DSAA and designates the agency to be the recipient of the MAP Order. It is shown in Card 5 furnished implementing agencies with MAP Orders.

Code	Implementing Agency
B	Department of the Army
D	Department of the Air Force
P	Department of the Navy
S	Office Secretary of Defense
X	Agency for International Development
Y	State Department

  - b. 1100 System

The implementing agency code is a single digit alpha code identifying the military department or agency which has made the sales on behalf of the U.S. Government. In addition, a code is provided for the Office of the Secretary of Defense to be used for docu-

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menting certain financial transactions which are performed at that level. Codes are as follows:

<i>Code</i>	<i>Implementing Agency</i>
B -----	Department of the Army
D -----	Department of the Air Force
M -----	Army Other
P -----	Department of the Navy
Q -----	DSAA (Defense Security Assistance Agency)
R -----	DLA (Defense Logistics Agency)
S -----	Commercial
U -----	DMA (Defense Mapping Agency)
V -----	DCAA (Defense Contract Audit Agency)
W -----	DARPA (Defense Advanced Research Projects Agency)
Z -----	DNA (Defense Nuclear Agency)

### 36. Issue Priority/Required Delivery Date Code—1000 System

Provision is made in the card format for programming materiel (cards 3 and P) for inclusion of Issue Priority (columns 60-61) and Required Delivery Date (columns 62-64). The purpose is to provide all necessary data for preparation of requisitions for definitized items by the Military Department upon receipt of MAP Order. Issue priority codes are those prescribed in MILSTRIP regulations; RDD is entered by punching the last digit of calendar year in first position and month of calendar year in second and third position. Military Departments can convert RDD to MILSTRIP system when requisition is prepared. These columns may also be used to identify MIMEX excess offer number. (See para 28.)

### 37. Lead Time Code—1000 System

A numeric code identifying the MAP lead time (see definition), in months, for MA articles and services as follows:

<i>Code</i>	<i>Lead Time</i>	<i>Explanation</i>
0	0 to 12 months	Delivery (articles) or expenditure of funds (services) during the same fiscal year as programmed.
1	13 to 24 months	Delivery (articles) or expenditure of funds (services) during the fiscal year

following the one in which programmed.

2	25 to 36 months	Delivery (articles) or expenditure of funds (services) during the second fiscal year following the one in which programmed.
3	37 to 48 months	Delivery (articles) or expenditure of funds (services) during the third fiscal year following the one in which programmed.
4	49 to 60 months	Delivery (articles) or expenditure of funds (services) during the fourth fiscal year following the one in which programmed.

### 38. Letter of Request—1100 System

A letter from a country requesting materials/or services which will lead to the preparation of a DD Form 1513. The LOR is the document used to initiate the entry of a Q card into the LOR/FMS system.

### 39. Major Defense Equipment Code—1100 System

A code entered in Card number 1 or A which classifies the case by category of major weapons or weapons-support items as listed in the MASM, Part III, Appendix A.

<i>Codes</i>	<i>Generic Category Description</i>
A -----	Aircraft
B -----	Missiles
C -----	Ships
D -----	Combat Vehicles
E -----	Tactical Support Vehicles
F -----	Weapons
G -----	Ammunition
H -----	Communications Equipment
K -----	Supplies

### 40. MAP Element Code—1000 System

The MAP element code is a four digit code identifying the force, unit and/or activities for which requirements are programmed. The first digit is a numeric identifying a MAP major program as follows:



**CATEGORY P:** Type I deviations reported by Implementing Agencies (see Chapter F). Program changes resulting from a change in MAP unit price of a major item will be submitted only against funded program lines; those against unfunded program lines will be effected through submission of appropriate MASL worksheets and resulting updating of MASL and master program files (see Category M).

- P1 - - - - A Type I deviation requiring prior DSAA approval.
- P2 - - - - A Type I deviation not requiring DSAA approval but reported to DSAA prior to delivery reporting.
- P3 - - - - A Type I deviation to record the actual cost for which MAP was billed at time of delivery. If the data is submitted on Card 8 (delivery), this reason code is applied by DSAA in the processing of delivery cards and is not shown on input data from Implementing Agencies. If submitted on Card P or Q, this reason code signals the machine not to accomplish cost verification (multiplication of quantity times unit price). This is because the billed cost could possibly reflect a unit price expressed in dollars and cents. Since unit prices in program records are rounded to even dollars, the multiplication of quantity times a rounded unit price would produce an erroneous final cost figure for the line.

**CATEGORY S:** A change in status of a program line in the DSAA master file. Action to change status is initiated only by DSAA; therefore, this code is not used on input data submitted by MAGG or Implementing Agencies.

- S1 - - - - DSAA change in status.

**b. Reason for Change—1100 System**

A single character code used in 4/D cards to signify the purpose of the transaction as follows:

<i>Reason for Change</i>	<i>Card Code</i>	<i>Purpose</i>
A	4	Use when adding an item detail line to the data base when the delivery quantity/value fields in the transaction are blank.

- A D Use when changing any data with the exception of delivery quantity and dollars in an item detail record.
- B 4 Use when adding an item detail record to the data base when delivery data is included in the transaction.
- B D For updating delivery quantity and value fields in an existing item detail record.

**49. Record Control Number (RCN) 1000 System**

A four position alpha/numeric code assigned each program line. The RCN, combined with Country/Activity Code and Program Year, constitutes a unique identification number which is perpetuated on MAP transactions including MILSTRIP documentation. This number may be assigned by the MAAGs for all data entries which are in their programming responsibility. The first and second digits must be alpha characters and third and fourth must be numeric except where lines are split for partial funding under CRA. When this occurs, the unfunded portion is given the same RCN as the original line except for change of fourth digit to an alpha character; i.e., zero becomes alpha X, one becomes alpha A, two becomes alpha B, etc. DSAA does not fund these lines with alpha characters, but recombines them with the funded portion having the original RCN.

**50. Record Serial Number—1100 System**

A three digit alpha or numeric code which identifies an item record within a case.

**51. Selected Item Description Number/Sequence Number and Quantity Control—All Systems**

The Selected Item Description Number is a three digit numeric code assigned by DSAA and appearing in columns 62-64 of the MASL material card. This code does not appear in program listings or program cards, but is contained in the master file record to provide a means for identification and roll-up of detail records into standard groups or categories (summary level) as shown in the

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Summary MASL (Footnote code P lines). The Selected Item Sequence Code is a three position alpha/numeric code assigned by DSAA and is used to arrange summary data in sequences prescribed by DSAA. The sequence code appears only in the Summary MASL. The quantity control is also assigned by DSAA and appears in column 59 of the materiel MASL card. This code is used to determine the quantity count as follows:

1 = Quantity is counted and accumulated into the summary line.

0 = Quantity is dropped when item is rolled to the summary line.

### 52. Source of Supply Code—1000 System

The following codes identify the source from which the supply of the article or service is anticipated.

A ----- Assigned to all records in the Republic of Korea Equipment Transfer program authorized by Public Law 95-384 at no charge to MAP.

B ----- Barter: From MAP-owned assets transferred to the U.S. as repayment in accordance with the provisions of Section 509 of the Foreign Assistance Act of 1961, as amended.

E ----- Excess: From stocks excess of Military Department/Defense Supply Agency supplied to meet MAP and FMS.

F ----- Foreign: For Grant Aid, from procurement offshore financed with foreign currencies made available under Sections 402 and 502 of PL 665, 83rd Congress, and Section 104(c) of PL 480, 83rd Congress. For Sales, from procurement offshore financed by direct citation of MAP-owned foreign currency received as repayment in accordance with the provisions of Section 508 of the Foreign Assistance Act of 1961, as amended.

I ----- Special: From special procurement solely for MAP, financed by direct citation of MAP funds. Also used to identify services to be financed by direct citation of MAP funds.

J ----- Army Depot, Japan: From MAP-owned assets at the U.S. Army Depot Command, Japan.

K ----- Procurement or Replacement: Items will be assigned this code: (1) When they

are to be provided from Military Department procurement financed initially by Military Department appropriations.

(2) When they are to be furnished from Military Department or DLA inventories, and procurement is required to replace such items. MAP items will be included in this category despite the fact that the items planned for procurement to replace the MAP delivery will be terms of the latest model (preferred item). Thus "Replacement in Kind" covers replacement of an item with the same model item, or a replacement of an acceptable substitute with a preferred item. Resources obtained from the sale of this material will be available to finance the Military Department or DLA reimbursable budget plan as it is classified for the budget document.

L ----- Replacement Not in Kind: This category will include those items which are to be provided to MAP on a reimbursable basis but when delivered to MAP are not planned to be replaced in inventories of the Military Department or DLA by the same model item or modern version. Funds received from the sale of such items will be available to finance the Military Department or DLA direct budget plan as it is classified for the budget document.

N ----- NAMSO/NHPLO: From the NATO Maintenance and Supply Organization or NATO Hawk Production and Logistics Organization. (Financed by direct citation of MAP funds.)

O ----- Offshore Procurement: From special procurement offshore (outside the United States, its possessions, and Puerto Rico) for the MAP. Accompany program change cards with narrative justification required by DOD Directive 2125.1.

R ----- Redistribution: From redistribution of MAP-supplied assets excess to holding country requirements.

S ----- F104G MAP Spares Depot: From MAP-owned assets of spares and spare parts peculiar to F104G aircraft located at Sacramento Air Materiel Area.

T ----- Transfer: From MAP-owned assets (other than those coded "B", "J" or "S") transferred from a MAP ownership account.

### 53. Spare Parts, AGE, and Equipment Attachment Codes—All Systems

The following codes are used when pro-

gramming concurrent spare parts (CSP) packages, aerospace ground equipment (AGE) packages, or equipment attachments for certain engineer equipment:

- A ----- Aerospace Ground Equipment (AGE)
- E ----- Equipment Attachment (MAP 1000 System only)
- N ----- Concurrent (Initial Issue) Spare Parts (CSP)

Chapter F, Part I gives complete instructions for entry of these codes in program cards for MAP.

#### 54. Special Supply Procedures Code—1000 System

A one character alpha code used in column 34 of program cards for MAP materiel which signifies application of a special supply procedure and/or a different and unusual reporting procedure.

- A ----- A MIMEX transaction. Indicates item is on refined shortfall list.
- C ----- This line is included in a government-to-government commitment.
- D ----- Items programmed with Source of Supply "T" (from MAPOM which were part of the MAPOM inventory on 30 June 1963.)
- J ----- Item was located in Philippines prior to delivery.
- K ----- Equipment transferred to the Republic of Korea under PL 91-652 at no cost to MAP.
- L ----- Item was located in Laos prior to delivery.
- P ----- A PAMEX (PURA) transaction.
- R ----- Item was located in Thailand prior to delivery.
- S ----- A SIMEX transaction.
- T ----- A MIMEX transaction. Indicates item is on the country gross shortfall but is not included on the refined shortfall list.
- V ----- Item was located in South Vietnam prior to delivery.
- X ----- A MAPEX transaction.

#### 55. Status Code

##### a. 1000 System

Codes used by DSAA to indicate the following approval, funding or deferral action:

- A ----- Approved requirement. Implementation is not authorized until a MAP order is issued and financed.
- B ----- Deferred by Office of Management and Budget.
- C ----- Deferred by Unified Command.
- D ----- Deferred by OSD.
- F ----- Funded requirement which has been released via MAP Order for supply implementation.
- S ----- Deferred by Department of State/AID.
- U ----- Item posted to master program file indicating a requirement over and above the ceiling of the program currently approved by the Secretary of Defense.

##### b. 1100 System

A single digit alpha code used to denote the status of a Foreign Military Sales case from its inception as an offer to a foreign government until all deliveries and financial transactions have been completed.

Status codes are as follows:

- P ----- Pre-offer. Denotes DSAA countersignature on the DD Form 1513.
- O ----- Open offer. A formal offer has been transmitted to the foreign government by DD Form 1513 and acceptance or refusal by the foreign government is awaited.
- E ----- Extended offer. An offer which has not been accepted or rejected by the country and the Offer Expiration Date (OED) has been reached. When this occurs, the case status is automatically changed to E (extended offer).
- S ----- Signed offer. Indicates an advance notice that the country intends to accept the case.
- A ----- Accepted offer. The foreign government has accepted the case by signature on the DD Form 1513. Status Code A is assigned even though the foreign government may not have made the initial down payment of cash advance required under terms of the sales agreement.
- I ----- Implemented case: A case for which the foreign government has accepted the offer and fulfilled all financial obligations necessary prior to commencement of supply action; or if financing is by DOD credit when necessary funds have been allocated by DSAA to SAAC. This code signifies that all conditions

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prerequisite to beginning supply action have been fulfilled, that SAAC has issued obligational authority to the Implementing Agency and that supply agencies of the Military Departments have been directed to begin execution of the sales agreement. In many instances, it will be possible to move directly from status "O" to status "I" because implementation occurs simultaneously with acceptance of the offer by the foreign government.

- C ----- Closed Case. A case for which (1) delivery of all items and performance of all services specified in the sales agreement have been completed by the Implementing Agency, (2) collections (or equivalent transaction) have been completed, and (3) a final accounting statement has been furnished the purchaser.
- X ----- Cancelled case. An offer which has not been accepted by the foreign government during the time period allowed; an offer withdrawn by the U.S. government; an offer declined by the foreign government; or an accepted case which is cancelled by either the foreign government or the U.S. government. Cancelled cases will be dropped from the 1100 System one year from the date of the offer.

### 56. Student Availability Code—1000 System

Indicates the quarter in which a student is to begin his initial course. Codes used are 1-5, representing the 5 quarters used in the training year. This code is located in the System Identifier field.

### 57. Student Code—1000 System

A single alphabetic code designating the civilian or military category of students, as follows:

- S ----- Senior Officer  
O ----- Officer  
E ----- Enlisted  
C ----- Civilian  
I ----- Interpreter—Officer  
J ----- Interpreter—Enlisted  
D ----- DOD Engineering and Technical Training Services. This code is used in Field Training Services (Budget Project N3)

program lines to indicate that the service will be provided by military or direct hire civilian personnel of the Department of Defense. It distinguishes such services from those provided by Contractor Technical Services Personnel.

### 58. Sub-Area Code—1100 System

The sub-area code is not contained in FMS input cards but is assigned as supplemental data for use in sorting computer products.

### 59. System Code—1100 System

The single digit alpha code S is punched in column 1 of all cards used in the FMS reporting system. The purpose of this code is to distinguish cards used in the FMS system from other card or tape data used in Security Assistance operations.

### 60. System Identifier Code—1000 System

A single digit alphabetic or numeric code used in column 70 of program change cards. Use of the system identifier code is optional; it is used normally by MAAGs for special purpose identification of a "package" of items which are in some special way related to one another. Any one of the full range of alphabetic or numeric digits may be used to identify a given "package". Training lines may reflect student availability.

### 61. Training Course Duration Code—1000 System

The duration code is a two-position alpha/numeric code, which appears in MASL card 2, Program cards 4 and Q, and indicates where applicable, the course length for formal training, expressed in weeks in the case of students and teams and man months in the case of Contractor Technical Service Personnel (CTSP). Courses in excess of 99 weeks are coded as follows:

A0-A9	-----	100-109
B0-B9	-----	110-119
C0-C9	-----	120-129

realized by the U.S. Government from the sale, transfer, or disposal of defense articles returned to the U.S. Government by a recipient country or international organization as no longer needed for the purpose for which furnished shall be credited to the respective appropriation, fund or account used to procure such defense articles or to the appropriation, fund, or account currently available for the same general purposes.”

(b) In accordance with the provisions of special country-to-country disposal arrangements under which the MAP recipient country disposes of disposable MAP property.

(2) It is preferable from the DOD standpoint to use the DPDS for disposal of disposable MAP property. However, in many cases it is not practical to exercise this option, either because there is no DPDO in-country or for practical reasons it may be more desirable to have the country dispose of the item. In some cases, agreements with the country require disposal by the country if no USG utilization is found.

**b. Demilitarization of Disposable MAP Property**

Where munitions list materiel is involved, regardless of its economical recoverability, if the MAAG is unable to ensure by physical inspection that appropriate demilitarization has been accomplished in accordance with the criteria specified in DOD Directive 4160.21, the materiel will be recovered by the U.S. and disposed of through the U.S. Property Disposal System.

**c. FAA Regarding Disposal**

(1) As regards para (1) (b) method of disposal, the 1973 legislation amended the FAA of 1961 with Section 505(f), which provides: “Effective July 1, 1974, no defense article shall be furnished to any country on a grant basis unless such country shall have agreed that the net proceeds of sale received by such country in disposing of any weapon, weapons system, munition, aircraft, military boat, military vessel, or other implement of war received under this chapter will be paid to the U.S. Government and shall be available to pay all official costs of the U.S.

Government payable in the currency of that country, including all costs relating to the financing of international, educational, and cultural exchange activities in which the country participates under the programs authorized by the Mutual Educational Cultural Exchange Act of 1961.”

(2) Section 505(f), FAA does not legally affect paragraph (1) (a) method of disposal or alter the requirements of Section 605(d), FAA with regard to disposition of sale proceeds exclusively to the parent MAP account.

(3) Section 505(f), FAA extends to disposals by the recipient countries of MAP origin defense articles if such countries are the recipient of grant aid material after 1 July 1975 whenever the articles were originally granted to any such country, even if granted prior to date of agreement required under Section 505(f). “Net proceeds of sale” means the balance of the gross proceeds of sale to be paid to the USG after reasonable administrative costs of the sale of MAP origin equipment are deducted by the foreign government.

(4) Section 505(f), FAA constitutes a condition of eligibility for recipients of grant defense articles programmed in FY 1975 and subsequently. A mandatory agreement pursuant to Section 505(f), FAA must be concluded with the countries which are programmed to receive grant aid defense articles after 30 June 1974, even though disposals may be made by DPDS in most, if not all instances.

(5) For countries other than those in (4) above no agreement pursuant to Section 505(f), FAA is legally required so long as no grant defense articles are programmed for them after 30 June 1974. Nevertheless, defense policy with regards to such other countries is to require (unless an agreement with a particular country in force on 30 June 1974 provides to the contrary) a recipient country commitment to return to USG (for deposit in Treasury miscellaneous receipts, along with funds received by USG under Section 505(f), FAA) the net proceeds of sale whenever such country requests release

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of disposable MAP property to it.

### 7. Recording MAP Property Redistribution and Disposal

#### a. Action by Chief of MAAG

(1) Redistribution of MAP materiel within the recipient country will be recorded by the MAAG in accordance with paragraph 3.a(3), and files of transfer documents reflecting turn-ins to DPDO or shipment out of country will be retained for a period of two years.

#### b. Action by Military Department

(1) Each Military Department is responsible that adequate records are kept on each country to reflect accurately the MAP property redistribution and disposal actions under its cognizance that occur each year. These records will be made available to DSAA upon request and on a case-by-case basis to answer Congressional inquiries,

GAO Reports, etc. At the minimum the detail maintained should be as shown below:

(a) Record should be maintained on a U.S. Fiscal Year basis.

(b) Value should be maintained in thousands of dollars. Materiel should be priced from the current MASL regardless of the original source or cost when initially delivered to the country.

(c) These records should reflect the following:

1. Total value declared
2. Total accepted by U.S.
  - a. For redistribution
  - b. For disposal
3. Total released to country
  - a. For country use
  - b. For disposal by country
4. Receipts from country disposal
  - a. To the U.S.
  - b. To the country

transfer of custody of the equipment by the Military Department to the foreign government. Several factors, which reduce the actual net loss to the U.S., should be considered by the Military Departments in determining the amount of the depreciation charge. Among these factors are:

1. The foreign country's obligation to maintain the loaned equipment is a fully serviceable condition at U.S. standards; hence, deterioration in the hands of the foreign country should be no greater than if retained by the U.S.

2. The fact that equipment is not normally loaned unless it is "not now needed" by the Military Department; hence, the basis for calculating depreciation should be less than the original acquisition cost.

3. The reduction in operating and maintenance costs otherwise chargeable to Military Department funds if the equipment were not on loan is an out-of-pocket savings which should be offset against the depreciation computation.

(d) Generic Code M2C, R&R of MAP loaned materiel, MASL line 0230 RRLOANS, will be used to program the cost of maintaining the loaned equipment in a fully serviceable condition, in accordance with U.S. standards, in those cases where the foreign government is unable to defray such costs from its own resources. This cost remains charged to the country program upon return of the loaned equipment to U.S. custody.

(e) In the event the equipment is lost or destroyed while on loan, the item will be programmed for transfer on a reimbursable basis to the country concerned. The program cost of the lost or destroyed item will be reduced by the amount of the loan fee charged for that item in paragraph (b) above.

(9) Commercial Type Items

(a) Commercial type items, are not authorized for grant aid programming without prior approval of DSAA. The following specific groups and classes of commercial type items are excluded from programming:

Group	Class	Description
26	10	Tires and Tubes Pneumatic
26	30	Tires Solid and Cushioned
26	40	Tire Rebuild and Tire and Tube Repair Material
31	10	Bearings Anti-Friction Unmounted
31	20	Bearings, Plain Unmounted
31	30	Bearings Mounted
34	39	Misc Welding, Soldering and Brazing Supplies and Accessories
35	50	Vending and Coin Operated Machines
35	90	Misc Service and Trade Equipment
37	ALL	Agricultural Machinery and Equipment
39	90	Misc Materiels Handling Equip
40	10	Chain and Wire Rope
40	20	Fiber Rope, Cordage and Twine
40	30	Fittings for Rope, Cable and Chain
41	20	Air Conditioning Equipment
41	41	Fans Air Circulators and Blower Equipment
45	ALL	Plumbing, Heating and Sanitary Equipment
47	10	Pipe and Tube
47	20	Hose and Tube Flexible
47	30	Fittings and Specialities: Hose/Pipe/Tube
51	10	Hand Tools, Edged, Nonpowered
51	10	Hand Tools, Nonedged, Nonpowered
51	30	Hand Tools, Power Driven
51	33	Drill Bits, Counterbores, and Counter Sinks: Hand and Machine
51	36	Taps, Dies, and Collets: Hand and Machine
51	40	Tool and Hardware Boxes
51	80	Sets, Kits and Outfits of Hand Tools
53	05	Screws
53	06	Bolts
53	07	Studs
53	10	Nuts and Washers
53	15	Nails, Keys and Pins
53	20	Rivets
53	25	Fastening Devices
53	30	Packing and Gasket Material
53	35	Metal Screening
53	40	Misc Hardware
53	45	Disk and Stones, Abrasives
53	50	Abrasive Materials
55	ALL	Lumber, Millwork, Plywood and Veneer
56	ALL	Construction and Building Materials
59	25	Circuit Breakers
59	30	Switches
59	35	Connectors, Electrical
59	40	Lugs, Terminals and Terminal Strips
59	70	Electrical Insulators and Insulation Materials
59	75	Electrical Hardware and Supplies

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<i>Group</i>	<i>Class</i>	<i>Description</i>	<i>Group</i>	<i>Class</i>	<i>Description</i>
61	35	Batteries, Primary	83	ALL	Textiles Only
61	40	Batteries, Secondary	84	ALL	Clothing Only
61	45	Wire and Cable, Electrical	85	ALL	Toiletries
62	10	Indoor and Outdoor Electrical Lighting Fixtures	87	ALL	Agricultural Supplies
62	30	Electric Hand and Portable Lighting Equipment	88	ALL	Live Animals
62	40	Electric Lamps	89	ALL	Subsistence
62	50	Ballasts, Lampholders and Starters	Except 8970		Composite Food Packages
62	60	Nonelectric Lighting Fixtures	91*	ALL	Fuels, Lubricants, Oils
65	05	Drugs, Biologicals and Official Reagents	93	10	Paper and Paperboard
65	08	Medicated Cosmetics and Toiletries	93	20	Rubber Fabricated Materials
65	10	Surgical Dressing Materials	93	30	Plastic Fabricated Materials
65	15	Medical and Surgical Instruments	93	40	Glass Fabricated Materials
65	20	Dental Instruments, Equipment, and Supplies	93	50	Refractories and Fire Surfacing Materials
65	25	X-Ray Equipment and Supplies, Medical, Dental and Veterinary	93	90	Misc Fabricated Non-Metallic Materials
65	30	Hospital Furniture, Equipment, Utensils and Supplies	94	ALL	Non-Metallic Crude Materials
65	32	Hospital and Surgical Clothing and Textile Special Purpose Items	95	05	Wire, Non-Electrical, Iron and Steel
65	40	Opticians' Instruments, Equipment and Supplies	95	10	Bars and Rods, Iron and Steel
65	45	Medical Sets, Kits and Outfits	95	15	Plate, Sheet and Strip, Iron and Steel
66	40	Laboratory Equipment and Supplies	95	20	Structural Shapes, Iron and Steel
66	45	Time Measuring Instruments	95	25	Wire, Non-Electrical, Non-Ferrous Base Metal
66	50	Optical Instruments	95	30	Bars and Rods, Non-Ferrous Base Metal
67	10	Cameras, Motion Picture	95	35	Plate, Sheet, Strip, and Foil: Non-Ferrous Base Metal
67	20	Cameras, Still Picture	95	40	Structural Shapes, Non-Ferrous Base Metal
67	30	Photographic Projection Equipment	95	45	Plate, Sheet, Strip, Foil and Wire: Precious Metal
67	40	Photo Developing and Finishing Equipment	96	ALL	Ores, Minerals and Their Primary Products
67	50	Photographic Supplies	99	ALL	Miscellaneous
68	ALL	Chemicals and Chemical Products	Except 9930		Materials; Cemeterial and Mortuary Equipment and Supplies
71	ALL	Furniture			
72	ALL	Household, Commercial Furnishings and Appliances			
74	ALL	Office Machines, Visible Record Equipment and Data Processing Equipment			
75	ALL	Office Supplies and Devices			
Except 7540		Standard Forms			
77	ALL	Musical Instruments, Phonographs and Home-type Radios			
78	ALL	Recreational and Athletic Equipment			
79	ALL	Cleaning Equipment and Supplies			
Except 7930		Cleaning and Polishing Compounds and Preparations			
80	ALL	Brushes, Paints, Sealers and Adhesives			
Except 8030		Preservatives and Sealing Compounds			
Except 8040		Adhesives			
81	05	Bags and Sacks			
81	15	Boxes, Cartons and Crates			
81	35	Packaging and Packing Bulk Material			

\* Note: Exclusions do not apply to foreign sales made for drop-in support at airbases and naval installations, or to international agreements for use of POL facilities.

(b) Unified Commands and MAAGs will designate articles and services that, in addition to those groups and classes listed in (a) above, fall under the definition of "commercial type items" in their particular area country and should be excluded from programming.

(c) Requests for exception to these instructions will be directed to DSAA and will include:

1. Identification of specific items to be excepted.

2. Justification for exception, to include a statement as to availability of the



include the specific statement "leave authorized at no additional expense to the U.S. Government."

(c) Types of Tours

The following types of tours are authorized for IMET programming. When submitting orientation tour requirements, the positions held by the visiting officers will be indicated for the appropriate type of tour selected.

1. Orientation Tours for Distinguished Visitors (DV). Orientation tours/DV are authorized for the purpose of providing an orientation tour for senior country officials below the equivalent U.S. position of Chief of Staff or Chief of Naval Operations, holding positions of major importance and higher authority. DV tours are restricted to not more than one per service per year subject to U.S. Military Department capability to implement the tour. DV tours are normally for a period not to exceed 15 days plus overseas travel time and to not more than five visitors per tour. Travel arrangements, mode of transportation for transoceanic and domestic travel and accommodations should be comparable to those provided U.S. personnel under similar circumstances. Instructions contained in paragraphs e.(1)(a) and (b) above, apply.

2. Orientation Training Tours. Orientation training tours are authorized for the purpose of providing an orientation tour for selected students who may become future leaders and policy makers, but do not presently qualify as a DV. Tours should be restricted in number to the extent possible and limited primarily to foreign military students. Overall target should be to reduce cost of tour in maintaining number of participants involved. Instructions contained in paragraphs e.(1)(a) and (b) above, apply.

(2) Observer Training

(a) Observer Training is training during which the student observes methods of operation, techniques, and procedures as a medium of instruction. Observer training is

not related to a formal course of instruction.

(b) Observer training will be authorized only when no course covering the desired training is available. This includes specialist-type training.

(c) Observer training or on-the-job training (OJT) in overseas schools and installations will be provided in accordance with the policies established by the Commander of the Unified Command concerned.

(3) DOD Informational Program

(a) In accordance with DOD Directive 5410.17, each trainee attending course in the CONUS is given the opportunity to participate in the DOD Informational Program (IP). The objective of the program is to assist trainees in acquiring a balanced understanding of U.S. society, institutions, and goals, in addition to his military experience while in the CONUS. Such activities as visits to private homes, local industries, industrial and cultural exhibits, farms, schools, historical points of interest, sports events, and civic activities are to be encouraged. In the interest of fostering understanding and goodwill, the program should include frank explanation and free discussion with the trainees of our governmental structure, our judicial system, the two-party system, the role of our free press and other communications media, minority problems, the purpose and scope of labor unions, our economic system, our educational institutions and the way in which all these elements reflect the U.S. commitment to the basic principles of internationally recognized human rights.

(b) Military Departments are responsible for implementation of the IP. Unified Commands are authorized to submit NIH dollar requirements for IP activities for MAP funded students as a regional requirement. Requirements will be calculated on the basis of \$250.00 for each MAP funded officer student programmed to receive training in the CONUS. MAP funding of IP activities for sales students is not authorized.

## MILITARY ASSISTANCE AND SALES MANUAL—PART II

Financial support for IP activities for DAV students is the responsibility of the appropriate Military Department and will be programmed in country program.

(c) Extraordinary expense funds (N60) are also authorized for use in conducting certain IP activities.

(d) In arranging IP activities maximum use will be made of local civic groups, organizations, agencies, facilities and historical attractions. Of particular interest is the development of a student sponsorship program to include both U.S. military and civilian participants. Emphasis should also be placed on activities in the civilian sector of the community in which the trainee is training as a means of providing the best possible exposure to the civil aspects of the program. When local possibilities are unable to satisfactorily meet program objectives, visits to other communities are authorized.

(e) Informational Program activities include transportation, meals, lodging, admissions, programs and incidental costs thereof. The student will be required to assume personal costs for laundry, cleaning, telephone services and all other costs not directly associated with the programmed tour.

(f) A major goal of the IP is to enable each officer student undergoing training in the CONUS to visit Washington, D.C. A maximum of four days for this aspect of the tour is authorized, not to include travel time. Training schedules, weather and other variables may preclude achievement of this goal. In this regard, priority attention is to be given to fulfillment of the primary training objective for which the student was sent to the CONUS with the IP assuming a subordinate role.

(g) Entertainment and social aspects should not be a predominant element of the program. Social activities arranged for foreign trainees should include proportional number of U.S. military, civilian guests and trainees whenever possible.

(h) Trainees participating in IP tours are considered to be in a duty status. The living allowances authorized the trainees at

their training centers in accordance with Table E-1 will be continued throughout the duration of the tour.

(i) Dependents who have accompanied FMTs to the CONUS will be encouraged to participate in IP activities including trips to Washington, but at no additional cost to the program.

(j) IP funds (NIH) may be used to finance the cost of distinctive medallions, plaques, ornaments or mementos that serve to commemorate the student's experience in participating in a particular IP activity. They should be distinctive in design and nominal in cost so as to eliminate the thoughts of reciprocation.

### f. On the Job Training

(1) On the Job Training (OJT) is training conducted on a planned program of supervised instruction devoted to practical application of a previously achieved skill usually related to a formal course of instruction.

(2) Programmed on-the-job training will normally supplement formal technical training received at a school. This training will be planned in advance in the country's training program and will include detailed requirements for training in specific areas of interest and on types of materiel used by the country concerned. On-the-job training conducted independently and not in conjunction with formal courses of instruction will be authorized in CONUS only when no course covering the desired training is available.

### g. Minimum Duration Limits for CONUS Student Training

Student training in CONUS of a duration of less than eight weeks will not be programmed unless approved for cogent reasons on an exceptional basis by the Unified Commander involved. Mandatory CONUS personnel processing or English Language training will not be considered as part of the 8 week requirement. This limitation does not apply to grant aid training for countries which bear the cost of transporting their trainees, or to orientation training.

Figure J-3

CATEGORIES/DESCRIPTIONS	UNCLASSIFIED									
	DSAA - GRANT AID									
	SELECTED ITEM SUMMARY									
PROTONIA	LATIN AMERICA					ALL IMPLEMENTING AGENCIES				
	PROGRAMS									
	CUM FY 50-68	FY 69	FY 70	FY 71	FY 72	FY 73	FY 74	FY 75		
	( QTY ) ( VALUE )	( QTY ) ( VALUE )	( QTY ) ( VALUE )	( QTY ) ( VALUE )	( QTY ) ( VALUE )	( QTY ) ( VALUE )	( QTY ) ( VALUE )	( QTY ) ( VALUE )	( QTY ) ( VALUE )	( QTY ) ( VALUE )
AIRCRAFT CARGO C-47			2							
AIRCRAFT UTILITY U-1					38					
AIRCRAFT SPARE PARTS				77	37	59	65	68		53
TOTAL AIRCRAFT (+ SP) \$				77	75	59	65	68		53
RESCUE BOATS	2	247								
SHIP SPARE PARTS		13	14	8	7	10	6	12		12
TOTAL SHIPS (+ SP) \$		260	14	8	7	10	6	12		12
TRUCKS 1/4T ALL TYPES	7	14	5	10	3				20	
CARBINES	878	27	39	1						
TOTAL VEH + WPNS (+ SP) \$		41	11	7						
CART UP THRU 20MM (THOUS)*	384	30								
OTHER AMMO AND COMPONENTS		11								
TOTAL AMMUNITION \$		41								
RADIOS TACTICAL	* 59	36	32	19	8					
OTHER COMMUNICATIONS EQP		3								
TOTAL COM EQPT (+ SP) \$		39	19	4						
TRACTORS CRLR + WHLD	* 5	56								
TOTAL OTHER EQPT (+ SP) \$		56								
TRAINING		1292	72	140	280	255	285	261		329
TOTAL TRAINING \$		1292	72	140	280	255	285	261		329
TOTAL PROGRAM \$		1729	116	236	362	324	356	341		394
NET MAP COST \$		1729	116	236	362	324	356	341		394

DOLLARS IN THOUSANDS  
 PROCESS DATE 30 JUL 75  
 RCS 1000-SIPGM(C)-GC

\* 5L-63 DELIVERY QTYS NOT AVAILABLE

\*\* LESS THAN 500

= QTY IS MISSILES  
 DELIVERY DATE 31 MAR 75  
 PAGE 2

\$ INCLUDES SUPPORT EQUIPMENT  
 PROGRAM DATE 30 JUN 75

UNCLASSIFIED

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Figure J-4

UNCLASSIFIED												
DSAA - GRANT AID												
SUMMARY OF PROGRAMS												
PROTONIA												
L A T I N A M E R I C A												
ALL IMPLEMENTING AGENCIES												
CATEGORIES/DESCRIPTIONS	CUMULATIVE FY 50-65	FY 66	FY 67	FY 68	FY 69	FY 70	FY 71	FY 72	FY 73	FY 74	FY 75	CUMULATIVE FY 50-75
AIRCRAFT CARGO C-47						2		1				3
TOTAL AIRCRAFT (+ SP) \$						77	75	59	65	68	53	397
RESCUE BOATS	1	1										2
TOTAL SHIPS (+ SP) \$	102	151	2	5	14	8	7	10	6	12	12	329
TRUCKS 1/4T ALL TYPES	4	2		1	5	3				20		35
CARBINES	838	40			39							917
TOTAL VEH + WPNS (+ SP) \$	34	5		2	11	7						59
CART UP THRU 20MM (THOUS)*	3	49	89	243								384
TOTAL AMMUNITION \$	11	3	7	20								41
RADIOS TACTICAL *	24	19		16	32	8						99
TOTAL COM EQPT (+ SP) \$	12	21		6	19	4						62
TRACTORS CRLR + WHLD *	1	1	3									9
TOTAL OTHER EQPT (+ SP) \$	11	11	34									56
TOTAL TRAINING \$	832	211	163	86	72	140	280	255	285	261	329	2914
TOTAL PROGRAM \$	1002	402	206	119	116	236	362	324	356	341	394	3858

DOLLARS IN THOUSANDS  
PROCESS DATE 30 JUL 75  
RCS, 1000-PROGMS(A)-GA

\* 50-63 DELIVERY QTYS NOT AVAILABLE

\*\* LESS THAN 500

= QTY IS MISSILES  
DELIVERY DATE 31 MAR 75  
PAGE 2

\$ INCLUDES SUPPORT EQUIPMENT  
PROGRAM DATE 30 JUN 75

UNCLASSIFIED

mination will be based on physical inspection by qualified U.S. personnel. In the case of lack of resources, however, classification by the foreign government authorities may be accepted.

(a) Economic repairability will be determined in accordance with DOD Instruction 7220.21.

(b) Standard condition codes as set forth in the Defense Disposal Manual (DOD 4160.21M) will be used.

(2) If materiel declared excess by the foreign country is determined to be unserviceable and not economically repairable by overseas standards, it will be treated as disposable MAP property and processed in accordance with paragraph 6, below.

(3) MAAGs will screen reported excess MAP materiel against other MAP user requirements within the recipient country. (Non-MAP supported forces and requirements in countries where grant materiel assistance has been terminated are excluded). Where such requirements exist and where the MAP property would continue to serve a MAP purpose, the MAAG Chief may authorize continued use within the country. The MAAG will maintain local records of internal transfers made under the authority of this paragraph identifying the item, quantity, materiel condition, and the loaning and gaining MAP elements.

(4) If excess MAP materiel is not redistributed within the holding country, the Chief of MAAG will report major items (programmed as "each" items listed in the MASL with unit of issue other than "XX") and secondary items, with a value of \$1500 or more per line item value, to the designated agency in the format specified by Military Department directives with information copy to the Unified Command. Excess reports will include recommendations for disposition by the Chief of MAAG, as appropriate.

**b. Action by Military Department**

(1) The Military Departments will provide detailed procedures for reporting and screening MAP excess major and secondary items (including standard and non-standard materiel) under their cognizance. Procedures shall include identification of reporting

channels, screening agencies, and reporting formats.

(2) Major and secondary MAP excess materiel will be screened by the Military Department against world-wide approved and funded MAP. Should such requirements not exist however, the following actions will be taken:

(a) Major items will be offered under the MIMEX system.

(b) Secondary items will be screened for not more than 30 days against other MAP requirements within the reporting theater.

(3) Upon conclusion of screening, all requirements received from the MAAGs will be reviewed. Appropriate transfer actions will be initiated by the Military Departments pursuant to allocations of major items by DSAA. Redistribution actions for secondary items will be initiated by the cognizant Military Department in accordance with established procedures and MAP priorities. Comments on an exception basis from the Unified Command shall be considered in making redistribution decisions.

(4) Major items not allocated under MIMEX, and all secondary items not required for MAP will be utilized by the Military Departments to meet other than MAP requirements as appropriate. Any materiel not so utilized will be reported to Defense Property Disposal Service.

**4. Transfer of MAP Excess Material**

**a. Submission of Requirements**

(1) MAAGs shall screen program requirements against MIMEX offers and secondary item screening lists and advise DSAA/Military Departments, with information copy to Unified Command, requirements for acceptable MAP excess materiel. The Unified Command is allowed five days to comment on the country's requirements. No comment will be construed as no objection.

(2) A MAAG holding MAP excess materiel, previously reported for screening, will accomplish transfer of the MAP materiel in accordance with redistribution or disposal instructions received from the cog-

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nizant Military Department or agency.

(3) MAAAGs receiving redistributable MAP property will:

(a) Advise the appropriate Military Department or agency on a case-by-case basis when transfer of the last article has been completed.

(b) Ensure that all due-ins or outstanding requisitions for items received are cancelled.

(c) Submit appropriate program change data to DSAA.

### (4) Reimbursable Transfers

MAP property used for any purpose other than to meet approved MAP (grant aid) or other DOD requirements, including transfer for disposal, will be transferred on a reimbursable basis. Proceeds of the transfer will be reimbursed to MAP accounts in U.S. dollars, except where special government-to-government arrangements specify otherwise.

### b. Assessorial Charges and Rehabilitation Costs

(1) MAP property, other than MIMEX Offer allocations, ships and aircraft, will be delivered by the releasing country.

(a) Free along side vessel for redistributable MAP items. MAP will pay for unloading from carrier and loading items aboard ship for redistributed items.

(b) Free along side vessel for items being returned for U.S. Military Department stock or disposal. U.S. Military Department will pay for unloading from carrier and loading items aboard ship for such items.

(c) To the releasing country border at its expense when MAP property is shipped via rail or highway. MAP will pay costs from the country border to the MAP country receiving redistributable MAP property. U. S. Military Departments will pay costs from the country border to designated overseas storage location.

(2) Redistributable MAP property sold under Foreign Military Sales (FMS): the purchasing country will pay all inland carrier, loading, unloading and ocean costs. Redistributable MAP property allocated under MIMEX offers: the receiving country will

pay all inland carrier, loading, unloading and ocean costs.

(3) Ships and aircraft will be delivered in accordance with arrangements made between the USG and the releasing country.

(4) Packing, crating and handling costs will be borne by the releasing country for:

(a) Redistributable MAP property, and

(b) Items being returned for U.S. Military Departments stock or disposal.

(5) Packing, crating and handling costs will be borne by the purchasing country for redistributable MAP property sold under FMS.

(6) Rehabilitation costs will be borne:

(a) By the receiving country current year MAP program for redistributable MAP property.

(b) By the U. S. Military Department for property being returned to Military Department stock.

(c) By the country purchasing the redistributable MAP property under FMS.

(7) Assessorial charges will be applied in accordance with DOD Instruction 7510.4.

## 5. Cannibalization and Retention

Requests for cannibalization and retention of MAP Grant property will be addressed jointly to Department of State and Secretary of Defense. DSAA will provide response which will be cleared in the Department of State. The Department of State will transmit the response to the U.S. mission in the country concerned.

## 6. Disposal of MAP Property

### a. Methods of Disposal

(1) Assuming an item has survived screening for further utilization and has been determined to be disposable MAP property, it may be disposed of in one of two ways:

(a) In accordance with the provisions of the Defense Disposal Manual (DOD 4160.21M) through the DPDO's, in which case net funds generated thereby are deposited in the parent MAP account. Section 605(d) of the FAA of 1961 provides: "Funds

When the duration in the MASL card 2 is code "VA" (variable), it signifies that the training line item has a non-specific variable duration which should be determined separately.

**62. Type of Assistance Code**

**a. 1000 System**

This code is used in the MILSTRIP system to distinguish between various types of U.S. Military Assistance transactions. In MAP the code is used to distinguish the various types of Military Assistance, as well as to identify certain Military Assistance requirements programmed under special financing (e.g., Code "C" and "H") or supply (e.g., Codes "K", "L", and "N") arrangements.

- 1 ----- Grant Aid rendered under the authority of the Foreign Assistant Act of 1961, as amended, for which the United States receives no reimbursement.
- 2 ----- Grant Aid rendered under special Presidential Determination.
- 9 ----- Used to identify PCH&T for IMET Publications and Training Aids in Budget project N9.
- C ----- Presidential Determination to order defense articles from stock and performance of defense services to satisfy Grant Aid requirements with reimbursement from subsequent military assistance appropriations. (Section 506 FAA of 1961, as amended.)
- D ----- Military Assistance Service Funded. Grant Aid programs transferred to the Department of Defense budget, which were not controlled and implemented through the MAP documentation and ADP system.
- H ----- Grant Aid share of cost sharing agreements.
- K ----- Grant Aid of MAP-owned assets obtained through barter arrangements with Federal Republic of Germany (used in conjunction with Source of Supply Code "B" only).
- L ----- Grant Aid provided through the NATO Hawk Production and Logistics Organization (NHPLO) for maintenance

support of Hawk Missile System (used in conjunction with Source of Supply Code "N" only).

- N ----- Grant Aid of articles or services available as a result of liquidation of MAP's investment in the spare parts stock of the NATO Maintenance Supply Organization (NAMSO).
- P ----- Grant Aid Programs transferred to the Department of Defense budget which were controlled and implemented through the MAP documentation and ADP system.
- R ----- Grant Aid of U.S. recovered material resulting from liquidation of NAMSA excess stockage.
- S ----- Assigned to all records in the Republic of Korea Equipment Transfer program authorized by Public Law 95-384 at no charge to MAP. This code is also assigned to all PY 71 & 72 equipment transferred to the ROK under Public Law 91-652 at no cost to MAP.
- T ----- Used to identify EDA located overseas in the EDA actual value card.

*Type of Assistance Codes used in other than Military Assistance transactions:*

- F ----- Training provided as a part of an FMS case. This data is maintained in the DSAA Grant Aid data base purely as a service to assist the Military Departments in accounting for students' spaces provided under FMS. Not used in MILSTRIP.

**b. 1100 System**

This code distinguishes various types of Foreign Military Sales agreements for MILSTRIP requisitioning purposes. The Implementing Agency enters one or more of the following symbols as appropriate in the "Terms" block of the Letter of Offer, in accordance with the instructions in Part III, Chapter G. paragraph 3:

- 3 ----- Cash Sale for Stock with Payment in Advance
- 4 ----- Source of Supply not Predetermined
- 5 ----- Cash Sale from Procurement with Payment in Advance
- 6 ----- Cash Sale from Stock with Payment on Delivery

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- 7 ----- Cash Sale from Procurement with 120 Day Payment
- 8 ----- Cash Sale from Stock with 120 Day Payment
- U ----- Foreign Military Sales Order (FMSO) No. 1
- V ----- Foreign Military Sales Order (FMSO) No. 2
- Z ----- DOD Direct or Guaranteed FMS Credit

### 63. Unified Command Code—All systems

Unified Command codes are not contained in cards but are assigned as supplemental data in DSAA records for use in selecting and sorting program data by Unified Command. This code identifies the Unified Command having responsibility for each recipient, except non-regional, and is the key for segregating ADP listings and feedback card data by Unified Commands. Unified Command Codes are:

- E ----- European Command
- P ----- Pacific Command
- S ----- Southern Command
- N ----- Non-Regional

### 64. Unit of Issue—All systems

The following unit of issue abbreviations in the Federal Supply catalog are applicable

to Military Assistance:

- BT ----- Bottle
- DR ----- Drum
- CN ----- Can
- EA ----- Each
- PR ----- Pair
- CY ----- Cubic Yard
- FT ----- Foot
- RE ----- Reel
- DM ----- Dram
- LB ----- Pound
- SE ----- Set

In addition, the following (exception codes) are used:

- MX ----- Thousands of Rounds (ammunition)
- XX ----- Dollars

### 65. Worksheet Control Number (WSCN)—1000 System

The worksheet control number is a 5 position alpha numeric code in columns 61-65 of program cards 4, Q and R which designates a single item or sequence of training for the Military Departments. The unit position is used to identify cross training which is entered in alphabetical sequence, i.e., 1234Z, 1234A, etc. Where no cross training is programmed, the units position is blank.



## CHAPTER A

## ELIGIBILITY FOR FOREIGN MILITARY SALES

**1. General Authority**

No defense article or defense service may be sold to any country or international organization unless the President finds, in accordance with Section 3 of the Arms Export Control Act, as amended (hereafter referred to as the AECA), that

(1) the furnishing of defense articles and defense services to such country or international organization will strengthen the security of the United States and promote world peace;

(2) the country or international organization shall have agreed not to transfer title of, or possession of, any defense article or related training or other defense service so furnished to it to anyone not an officer, employee, or agent of that country or international organization and not to use or permit the use of such article or related training or other defense service for purposes other than those for which furnished unless the consent of the President has first been obtained;

(3) the country or international organization shall have agreed that it will maintain the security of such article and will provide substantially the same degree of security protection afforded to such article by the United States Government; and

(4) the country or international organization is otherwise eligible to purchase defense articles or defense services (see para 2, below).

**2. Conditions of Eligibility**

Countries or international organizations found eligible to purchase defense articles

and defense services under the Presidential finding are also subject to other provisions of the AECA. A summary of the major restraints on FMS and FMS Credits is included under MASM III, Chapter B, Foreign Military Sales Policies, Guidelines and Restrictions, para 3.

**3. Eligible Countries and International Organizations**

The current list of eligible countries and international organizations as determined by the President is appended as Table A-1.

**4. Special Approval Requirements**

The Department of State has primary responsibility for approving all requests for the purchase of defense articles and defense services. To aid in this approval process, all requests for defense articles and defense services have been divided into two kinds: "Significant Combat Equipment" (as listed in the International Traffic in Arms Regulation (ITAR)) and "All Other Defense Articles and Services". However, within these two categories, the Department of State has authorized certain types of requests to be forwarded directly to the Department of Defense for processing. For this purpose, Table A-2 indicates the Department of State approved channels for the submission of a request for the purchase of "Significant Combat Equipment" or "All Other Defense Articles and Services". Those approval channels designated as the Department of Defense shall be considered Category A requests and those approval channels designated as the Department of State shall be considered Category B requests. The procedures for the submission of such requests are covered in Chapter C, paragraph 6

Table A-1

FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS ELIGIBLE TO PURCHASE DEFENSE ARTICLES AND DEFENSE SERVICES UNDER THE AUTHORITY OF THE ARMS EXPORT CONTROL ACT<sup>1</sup>

COUNTRIES

*Africa*

Benin	Malagasy Republic
Cameroon	Mali
Chad	Mauritius
Ethiopia*	Morocco
Gabon	Niger
Ghana	Nigeria
Guinea	Senegal
Ivory Coast	Sudan
Kenya	Tunisia
Liberia	Upper Volta
Libya*	Zaire

*Near East and South Asia*

Afghanistan	Nepal
Bahrain	Oman
Egypt	Pakistan
Greece	Qatar
India	Saudi Arabia
Iran	Sri Lanka (Ceylon)
Israel	The United Arab Emirates
Jordan	Turkey
Kuwait	Yemen Arab Republic
Lebanon	

*Europe*

(Less Greece & Turkey)

Austria	Malta
Belgium	Netherlands
Denmark	Norway
Finland	Portugal
France	Spain
Germany	Sweden
(Fed Rep of)	Switzerland
Iceland	United Kingdom
Ireland	(Incl Crown Agents)
Italy	Yugoslavia
Luxembourg	

*Western Hemisphere*

Argentina*	Haiti
Bahamas	Honduras
Bolivia	Jamaica
Brazil*	Mexico
Canada	Nicaragua*
Chile*	Panama
Colombia	Paraguay
Costa Rica	Peru
Dominican Republic	Surinam
Ecuador	Trinidad and Tobago
El Salvador	Uruguay
Guatemala	Venezuela

*Far East*

Australia	Korea, Rep of
Brunei	Laos*
Burma	Malaysia
China, Rep of	New Zealand
Fiji	Philippines
Indonesia	Singapore
Japan	Thailand
Kampuchea (Cambodia)*	Vietnam, Rep of*

*International Organizations*

North Atlantic Treaty Organization (NATO) and its agencies  
 Organization of American States (OAS)  
 United Nations (UN) and its agencies to include International Civil Aviation Organization (ICAO)

1. As of 1 March 1978

\* Sales to these countries have been suspended.

TABLE A-2

**Channels of Submission and Approval<sup>1</sup>  
for Requirements for the Purchase of Defense Articles and Defense Services**

<i>Eligible Countries</i>	<i>Significant Combat<sup>2</sup> Equipment in ITAR</i>	<i>All Other Defense Articles and Services</i>	<i>Authorized Direct<sup>3</sup> Arrangements for Dependable Undertaking</i>	<i>Authorized Receipt<sup>4</sup> DLA Excess Property Listings</i>
<i>NATO Countries</i>				
Belgium -----	DOD <sup>5</sup>	DOD	YES	YES
Canada -----	DOD	DOD	YES	YES
Denmark -----	DOD	DOD	YES	YES
France -----	DOD	DOD	YES	YES
Germany (Federal Republic of) <sup>7 8</sup> -----	DOD	DOD	YES	YES
Greece -----	STATE <sup>6</sup>	DOD	YES	YES
Iceland -----	STATE	DOD	YES	YES
Italy -----	DOD	DOD	YES	YES
Luxembourg -----	DOD	DOD	YES	YES
Netherlands -----	DOD	DOD	YES	YES
Norway -----	DOD	DOD	YES	YES
Portugal -----	STATE	DOD	YES	YES
Turkey -----	STATE	DOD	YES	YES
United Kingdom -----	DOD	DOD	YES	YES
<i>Other European Countries</i>				
Austria -----	STATE	DOD	YES	YES
Finland -----	STATE	DOD	NO	NO
Ireland -----	STATE	DOD	YES	YES
Malta -----	STATE	DOD	YES	YES
Spain -----	STATE	DOD	YES	YES
Sweden -----	STATE	DOD	YES	YES
Switzerland -----	STATE	DOD	YES	YES
Yugoslavia -----	STATE	DOD	YES	YES
<i>Near East and South Asia Countries</i>				
Afghanistan -----	STATE	STATE	NO	NO
Bahrain -----	STATE	STATE	YES	YES
Egypt -----	STATE	STATE	NO	NO

TABLE A-2

<i>Eligible Countries</i>	<i>Significant Combat<sup>a</sup> Equipment in ITAR</i>	<i>All Other Defense Articles and Services</i>	<i>Authorized Direct<sup>a</sup> Arrangements for Dependable Undertaking</i>	<i>Authorized Receipt<sup>a</sup> DLA Excess Property Listings</i>
<i>Near East and South Asia Countries (continued)</i>				
India -----	STATE	STATE	YES	YES
Iran -----	STATE	DOD	YES	YES
Israel -----	STATE	DOD	YES	YES
Jordan -----	STATE	DOD	YES	YES
Kuwait -----	STATE	DOD	YES	YES
Lebanon -----	STATE	STATE	YES	YES
Nepal -----	STATE	DOD	YES	YES
Oman -----	STATE	DOD	NO	NO
Pakistan -----	STATE	STATE	YES	YES
Qatar -----	STATE	DOD	YES	YES
Saudi Arabia -----	STATE	DOD	YES	YES
Sri Lanka (Ceylon) -----	STATE	DOD	NO	YES
The United Arab Emirates -----	STATE	DOD	YES	YES
Yemen Arab Republic -----	STATE	DOD	YES	YES
<i>Far East Countries</i>				
Australia -----	DOD	DOD	YES	YES
Burma -----	STATE	DOD	NO	YES
Brunei -----	STATE	STATE	YES	YES
China, Republic of -----	STATE	DOD	YES	YES
Fiji -----	STATE	DOD	NO	NO
Indonesia -----	STATE	DOD	YES	YES
Japan -----	DOD	DOD	YES	YES
Kampuchea (Cambodia)* -----	STATE	STATE	NO	NO
Korea -----	STATE	DOD	YES	YES
Laos* -----	STATE	STATE	NO	NO
Malaysia -----	STATE	DOD	YES	YES
New Zealand -----	DOD	DOD	YES	YES
Philippines -----	STATE	DOD	YES	YES
Singapore -----	STATE	DOD	YES	YES
Thailand -----	STATE	DOD	YES	YES
Vietnam* -----	STATE	STATE	NO	NO

TABLE A-2

<i>Eligible Countries</i>	<i>Significant Combat<sup>2</sup> Equipment in ITAR</i>	<i>All Other Defense Articles and Services</i>	<i>Authorized Direct<sup>3</sup> Arrangements for Dependable Undertaking</i>	<i>Authorized Receipt<sup>4</sup> DLA Excess Property Listings</i>
<i>African Countries</i>				
Cameroon -----	STATE	DOD	NO	NO
Chad -----	STATE	DOD	NO	NO
Benin -----	STATE	STATE	NO	NO
Ethiopia* -----	STATE	STATE	NO	NO
Gabon -----	STATE	DOD	NO	NO
Ghana -----	STATE	DOD	NO	NO
Guinea -----	STATE	STATE	NO	NO
Ivory Coast -----	STATE	DOD	NO	NO
Kenya -----	STATE	DOD	YES	NO
Liberia -----	STATE	DOD	YES	YES
Libya* -----	STATE	STATE	NO	NO
Malagasy Republic -----	STATE	STATE	NO	NO
Mali -----	STATE	STATE	NO	NO
Mauritius -----	STATE	DOD	NO	NO
Morocco -----	STATE	DOD	YES	YES
Niger -----	STATE	DOD	NO	NO
Nigeria -----	STATE	DOD	YES	NO
Senegal -----	STATE	DOD	NO	NO
Sudan -----	STATE	DOD	NO	NO
Tunisia -----	STATE	DOD	YES	YES
Upper Volta -----	STATE	DOD	NO	NO
Zaire -----	STATE	DOD	NO	YES
<i>Latin American Countries</i>				
Argentina* -----	STATE	STATE	NO	NO
Bahamas -----	STATE	DOD	YES	YES
Bolivia -----	STATE	DOD	YES	YES
Brazil* -----	STATE	STATE	NO	NO
Chile* -----	STATE	STATE	NO	NO
Colombia -----	STATE	DOD	YES	YES
Costa Rica -----	STATE	DOD	YES	YES
Dominican Republic -----	STATE	DOD	YES	YES
Ecuador -----	STATE	DOD	YES	YES

TABLE A-2

<i>Eligible Countries</i>	<i>Significant Combat<sup>a</sup> Equipment in ITAR</i>	<i>All Other Defense Articles and Services</i>	<i>Authorized Direct<sup>a</sup> Arrangements for Dependable Undertaking</i>	<i>Authorized Receipt<sup>a</sup> DLA Excess Property Listings</i>
<i>Latin American Countries (continued)</i>				
El Salvador -----	STATE	STATE	YES	YES
Guatemala -----	STATE	STATE	YES	YES
Haiti -----	STATE	STATE	YES	YES
Honduras -----	STATE	DOD	YES	YES
Jamaica -----	STATE	DOD	NO	NO
Mexico -----	STATE	DOD	YES	YES
Nicaragua* -----	STATE	STATE	NO	YES
Panama -----	STATE	DOD	YES	YES
Paraguay -----	STATE	STATE	NO	YES
Peru -----	STATE	STATE	YES	YES
Surinam -----	STATE	DOD	NO	NO
Trinidad and Tobago -----	STATE	DOD	NO	NO
Uruguay -----	STATE	STATE	NO	YES
Venezuela -----	STATE	DOD	YES	YES
<i>International Organizations</i>				
NATO (North Atlantic Treaty Organizations and its agencies) -----	DOD	DOD	YES	YES
Organization of American States (OAS) -----	STATE	DOD	NO	NO
United Nations and its agencies to include International Civil Aviation Organization (ICAO) -----	STATE	STATE	NO	NO

\*Sales to these countries have been suspended.

data which otherwise is sensitive to United States interests.

**b. Discussions with Foreign Governments**

Economic, production and budget uncertainties all contribute to Military Department and DSA difficulties in making accurate price and availability estimates. The large volume of price and availability estimates which are processed also increase the likelihood of error. It is imperative that the utmost discretion be exercised by members of the country team or other U.S. officials in discussions with foreign government officials of price, availability and equipment condition. Discussions of specifics related to FMS cash or credit sales should be based on current program data. Only specific data provided by the Military Departments, DSA or the Defense Security Assistance Agency (DSAA) should be used. In all discussions, it should be clearly noted that price quotations are estimates only and are subject to change. Final prices charged to purchasers under Foreign Military Sales contracts are governed by United States legal requirements. Purchasers must recognize that prices contained in Letters of Offer are in reality estimates, and by law the United States must finally be reimbursed for the actual costs to the U.S. Government of the equipment and services provided.

**c. Importance of Accurate Statements of Condition of Equipment**

The condition of used equipment suggested for consideration should be ascertained, and any commitments made must be explicit in order to preclude misunderstandings. If data on equipment condition is not available in adequate detail, the DOD components concerned should obtain and provide specifics before commitments are made.

**d. Two Basic Categories of Estimates: "P&B" and "P&A"**

Estimates of price and availability information can be grouped into two basic categories. (1) "P&B" estimates which are for planning and/or budgeting purposes only

(that is, not at that time meant to trigger the preparation of a DD Form 1513), and (2) "P&A" estimates which are intended for use in the processing of a DD Form 1513 (Letter of Offer and Acceptance). In order to minimize uncertainty, reduce overall average response time and lighten workload, requests for price and availability estimates shall be treated according to the type they represent.

**e. Coordination of Requests for P&B data, P&A data, or a LOA**

The Joint Chiefs of Staff must be advised of all new FMS requests which meet the following criteria:

(1) All requests for major defense equipment as defined in Appendix A, Part III of the MASM, and

(2) All requests for coproduction or licensing agreements.

All requests received directly by the Military Department, under Category A procedures, which meet these above two criteria should be referred to DSAA for review with the JCS. This referral to DSAA can be done simultaneously with the implementation of action within the Military Departments to obtain the information requested. In no case should such requests be answered without the prior approval of DSAA having first been obtained.

**f. Processing Requests for P&B Estimates**

(1) Requests for "Planning and/or Budgetary" purpose shall be known as "P&B" requests; responses to such requests shall be known as "P&B" estimates. These estimates should be sufficiently accurate to serve the planning purposes of the particular case, but normally will not be developed as fully or coordinated as widely as "P&A" estimates (see below). Accordingly the workload and response time associated with responding to P&B requests may be less than that associated with P&A requests.

(2) Generally, P&B estimates are developed on the basis of available information, using standard Military Department config-

## MILITARY ASSISTANCE AND SALES MANUAL—PART III

urations and program data, unless more specific country data are provided. Standard Military Department factors may be applied to basic system estimates to derive support data. Normally contractor participation in developing "P&B" data is not desired. P&B estimates are specifically not considered to be valid for purposes of DD Form 1513 preparation.

(3) Channels for the submission of requests for P&B data are the same as those used for requests for P&A data and Letters of Offer. See paragraph 6, this Chapter. DOD components will provide an information copy of P&A estimates for both Category A and B requests to DSAA and (except for 'All other defense articles and services,' if the value of such is less than \$25 million for Category A) to the Department of State.

(4) Responses to P&B requests will state that the data is for planning/budgetary purposes only and is not valid for Letter of Offer (DD Form 1513) purposes. Any potential additional costs which have not been included in the estimates, such as accessorial and transportation changes, spare parts and support equipment and training will be clearly identified. Emphasis shall be placed on timeliness and such estimates should be transmitted to the requestor not later than 30 days after receipt by the Military Department. If this date cannot be met, an interim reply will be sent.

### **g. Processing Requests for P&A Estimates**

Requests which are intended to lead directly to the processing of a DD Form 1513 shall be known as P&A requests; estimates prepared in response to such requests shall be known as P&A estimates. These estimates will be as accurate as possible, and will represent the best estimate of the DOD component concerned, within the limits of timeliness and practicality. If the last contract price of an item is not known to be valid, it will be revalidated before providing a "P&A" estimate. Such estimates shall be provided within 60 days after receipt of the request by the DOD component concerned. If these dates cannot be met, the DOD component will

send an interim reply to the requestor. In the event the estimate is being provided separately from a LOA, it will require the DSAA coordination along the same guidelines as apply for the submission of actual Letters of Offer. An information copy of P&A estimates, for both Category A and B requests, will be provided DSAA.

Requests for P&A data should be submitted in accordance with the guidelines contained in paragraph 6, this Chapter. Should a DOD component receive a Category B request for P&A data, that request should be promptly referred to DSAA.

### **h. Estimates Are Not Commitments**

All responses to P&A or P&B requests will include the following note: "The foregoing P&B (or P&A) estimates do not constitute an agreement between the U.S. Government and the Government of (insert the appropriate foreign country), nor a U.S. Government commitment to provide items or services for which these estimates are provided."

### **i. Need for Clarity and Completeness in Requesting Estimates**

In all cases requests for P&B or P&A estimates should be as clear and complete as possible, so that they are understood and can be properly estimated by the DOD components concerned. USG officials who initially accept such requests for transmittal to the DOD components concerned should review them to ensure that (1) they are sufficiently specific to be understood and provide a firm basis for preparing estimates, and (2) requests state specifically whether they are for P&A or P&B data. When requests for estimates are received that do not specify whether they are for P&A or P&B data, the recipient initially receiving the request shall notify the requestor of this requirement and hold action on the request until the information is received. Training requirements included in the requests will be definitized and those requests which do not include training requirements will contain a statement to this effect. Other factors which should be included (as appro-



appropriate) are type or model designation, any special extra capabilities or features, concurrent and follow-on spares and components, ancillary support equipment, ancillary construction, number of locations, types of maintenance, special maintenance and technical services anticipated, any training facilities and training aids, and the approximate time-frame for proposed delivery. If a request is incomplete, it may be returned to the requestor for the additional information required. Also the requestor should be advised at the time estimates are provided of additional costs which are included in an LOA but may not be included in a P&B estimate, such as PCH&T costs, quality assurance and government provided engineering services, insurance if requested by the customer, medical and billeting costs for students, credit charges, contingencies, and the administrative surcharge.

When appropriate to ensure that complete information is provided, as in the case of a major weapons system, the responsible DOD component will provide the requestor with a checklist of planning information. In sum, care should be taken to ensure that requests for estimates are clear and complete, and that there is a mutual understanding concerning the elements which make up or are associated with the item requests. In turn, the estimates provided should also be clear and complete, and the components thereof fully described so that there is no misunderstanding between the parties.

NOTE: All requests for information falling in Category B, no matter how informal the request, e.g., oral, letter, message, etc., (other than P&A requests intended to lead to the preparation of a Letter of Offer) are considered to be P&B requests and required the same channels of submission outlined in paragraph 7.e(3).

**j. Requests for P&B data, P&A data or LOA Which Involves a Less than Economic Order Quantity (EOQ)**

When a request is received for P&B, P&A

or a Letter of Offer which involves orders which cannot be supplied from stock, and cannot be immediately obtained from normal procurement because it represents less than an Economic Order Quantity (EOQ) the response to such requests should provide the following information to the country:

(1) Whether the contractor would be willing to provide the quantity requested under separate procurement, and if so at what price and availability date, and

(2) Whether a U.S. Government procurement is planned for the near future, the anticipated price of such procurement and the anticipated delay in supplying the item if the requirement were held pending such procurement. All such responses to a foreign country must be coordinated with DSAA Operations.

**8. Pricing of FMS Transactions**

Defense policy outlined in DOD Instruction 2140.1, 9 March 1977, calls for uniform DOD application of pricing and cost criteria for sales of Defense articles and services to eligible foreign governments and international organizations. In general terms, this means that DOD pricing and procedures will provide for the charging of all DOD direct and indirect costs, including those referred to as an "administrative charge" for the use of the DOD logistics system.

To assure that all such costs are covered in the DOD pricing, quotations on defense articles and services will be estimated and final adjustments will take place after delivery of the items or rendering of the services. DD 1513, Letter of Offer and Acceptance, provides for such estimated prices.

**a. Items From Defense Stocks**

Pricing of defense items from stock inventories will be handled according to DOD Instruction 2140.1. For example, standard prices will govern when nonexcess materiel is to be sold. This includes all items in the United States military supply system, except such major items as complete ships, aircraft and missiles, space vehicles, and plant and

production equipment.

Standard prices will include the current market or procurement cost of the item at the time the price is established or re-established. As a general rule, standard prices for items currently procured are revised once a year and revised when significant changes occur. Reductions in inventory standard prices may be made for sale of nonexcess materiel:

- (1) when material is in long supply, or
- (2) when there is a determination by the inventory manager that there is an actual difference in utility or desirability of an item due to age, condition or model. Sales of excess materiel will be priced as prescribed in DOD Instruction 2140.1.

**b. Items From New Procurement**

Prices of defense articles and services procured for eligible foreign governments or international organizations pursuant to Section 22 of the AEC Act will be cited to recover full DOD contract costs (including the cost of government materiel). In addition, the purchaser shall be required to obligate itself to pay any damages or costs that may accrue from the purchaser's cancellation of the contract. Authorized surcharges specified in Section 9 below will be added to the contract cost and included in the billing.

In general, defense articles shall be priced on the same basis as the cost principles used in pricing defense contracts for items of DOD use. However, recognition shall be given to reasonable and allocable contractor costs which are justified in connection with a particular sale (see ASPR 6-1304.3).

The cost of deviations from United States configuration and special technical data desired by a foreign government will be included as a charge to the foreign government additional to the average unit standard price or other U.S. normal charges.

**9. Authorized Surcharges**

Prices of defense articles and services sold to eligible foreign governments and international organizations will include the following charges:

**a. Accessorial Costs**

These represent certain expenses incident to issues, sales, and transfers of materiel which are not included in the standard price or contract cost of materiel, such as:

- (1) Packing, handling and crating costs (known as PCH&T costs when transportation is included). These are costs incurred for labor, materials, or services in preparing the materiel for shipment from the storage or distribution points.

- (2) Transportation costs. Inland and ocean transportation costs, representing shipments by land, sea, and air, inland and coastwise waterways, vessel or air, and including parcel post via surface or air.

- (3) Port loading and unloading costs. These are costs for labor, materials or services at ports of embarkation or debarkation.

- (4) Prepositioning costs. Supply distribution costs incurred at locations outside the United States in anticipation of support to other authorized customers. These costs are applicable when shipments are made from overseas storage and distribution points, except that no positioning costs shall be assessed on "long supply" stocks.

**b. Administrative Charges**

An administrative charge for the use of the DOD logistics system shall be added to prices of contractual services and nonexcess materiel sold to eligible foreign governments and international organizations, for the purpose of recovering the DOD costs. Such a charge will be made in lieu of separate computations of charges for the costs of general management and administrative expenses pertaining to supply and procurement and services and other DOD costs (except Seat of Government costs).

The rate charge for administrative costs will be prescribed in DOD Instruction 2140.1, 9 March 1977. Supply support arrangements will include an administrative charge of 5 percent added to the basic sales prices of contractual services and materiel to be provided. Foreign Military Sales other than

supply support arrangements will include an administrative charge of 3 percent added to the cost price of contractual services, new procurements, or materiel from stock to be provided.

Rates for accessorial and administrative costs will be subject to review at least every two years. Requests for exceptions to the pricing policies prescribed herein, in the case of unresolved disputes, or deviations from any price or service charge when it can be shown that such deviations is in the best interests of the United States Government shall be submitted through the Director, DSAA, to be forwarded to the Assistant Secretary of Defense (Comptroller) for resolution or approval. Such requests will contain the basis or justification and supporting data for the exception.

**c. Nonrecurring Cost Recovery**

Defense policy, DOD Directive 2140.2, 5 January 1977, calls for the inclusion of DOD

nonrecurring costs associated with the research, development and production of major defense equipment offered for sale to foreign governments and international organizations. The calculated equitable share of such costs to be borne by the foreign buyer shall be included in the sales price unless waived as described below.

Waivers, in whole or in part, can only be made in accordance with the conditions set forth in DOD Directive 2140.2, Section VI. Requests for such waivers will be submitted to the Director, DSAA.

**d. Asset Use Charge and Rental Charge for Government-owned Tooling**

Sales of defense articles which involve the use of government-owned facilities, shall be priced to include a 4 percent asset use charge in accordance with DOD Instruction 2140.1, Section X. Sales of defense articles which involve the use of government-owned tooling

unit produced for third country sale will be charged.

(c) The charge for "in-country" consumption only may be waived when the foreign applicant is a current recipient of grants under the MAP materiel program.

(d) Where the item to be produced is obsolete and no longer being manufactured for United States Military Departments and/or is not available in the Military Departments inventories, the 5 percent royalty fee for "in-country" consumption or the royalty fee of 8 percent where the DOD has specifically approved "in-country" production for third country sale may be reduced. The authorized sale price will be determined by DSAA in collaboration with ODDR&E based on cost of the most similar U.S. items in production.

(e) Where the pricing of the TDP is subject to an international agreement to which the DOD is a party or is otherwise bound, the sale will be determined consistent with the terms of that agreement.

(f) Where the item(s) to be produced is in long supply in a U.S. military department inventory, or if the item is being produced in the United States, requests for foreign production of the item(s) will normally be denied.

(g) In the case of TDPs related solely to processes, machinery or other items to be used in production, rather than to an end-item itself, and sold separately from a TDP for an end-item, the royalty fee will be based on the production of the end-item using the related TDP. In such cases, the authorized production under the TDP and other terms and conditions will be specified as in the case of TDPs for manufacture of end-items. However, if TDPs for processes, machinery or other items related to production are sold in conjunction with or subsequent to the sale of a TDP for manufacture of a related end-item, only one royalty will be charged based on production of the end-item.

(3) The Military Departments shall include on the Letter of Offer the applicable notes listed in (a), (b) and (c), below:

(a) The following note should be placed on all Letters of Offer involving the sale of a TDP and/or assessment of a royalty fee:

NOTE: The above stated royalty fee applies to the above quantity only. Any production in excess of the above quantity will be subject to a recalculation of royalty fee and the issuance of a new or amended Letter of Offer and Acceptance.

(b) The following note should be placed on the LOA if the TDP is to be used to manufacture items for in-country use only:

NOTE: The technical data and items to be manufactured therefrom are for recipient's indigenous purposes only, and neither the data nor the items manufactured therefrom will be sold or transferred to a third country without the written consent of the U.S. Government and the execution of a new or amended Letter of Offer and Acceptance for an additional royalty fee. It is understood that the furnishing of this data does not in any way constitute a license to make, use, or sell the subject matter of any privately-owned inventions which may be embodied or described therein except at the risk of the recipient.

(c) The following note should be added if the TDP is to be used to manufacture items for third country sale:

NOTE: The items to be manufactured for third-country sale will not be sold or transferred to third countries other than . . . (insert country name/names) . . . without the written consent of the U.S. Government.

(d) In all cases, care will be taken to insure that the TDP bears clear identifying markings stating any restrictions, such as classifications, which may apply.

(e) For reporting purposes, the royalty fee line on the LOA will be reported as code R9D in the 1100 system. Technical data packages (TDP's) will be recorded in the 1100 system under generic code M1F pseudo NSN 0208000000 TDP.

**d. Internal Monitoring of Royalty Fee Payments**

The SAAC will maintain a file of all LOAs for the production of items from the sale of a technical data package (TDP). After a reasonable period of time (at least one year, but no later than two years, after acceptance of the LOA), if no royalty fee payment was received, SAAC will provide pertinent data to security assistance team in-country so that they may query the country as to production and payment status.

**15. Principles Regarding Coproduction Projects**

Defense policy, expressed in DOD Directive 2000.9, dated 23 January 1974, states that initiation of coproduction project agreements will be encouraged and supported by all elements of DOD under the following circumstances:

a. When they advance the ability of participating countries to improve their military readiness through expansion of their technical and military support capability, while promoting U.S.-allied standardization of military materiel and equipment thus generating uniform logistics support and multi-national operational capabilities.

b. When they directly benefit the U.S. through increased capability to support the deployment of U.S. forces, strengthen international military operations in times of emergency or hostilities, encourage the unitization of common military materiel, and improve mutual support capability of friendly allied nations.

c. When they supplement and reinforce the U.S. FMS program.

d. When they are in the best interest of the U.S.

A coproduction project may be limited to the assembly of a few end-items with a small input of local country parts, or it may extend to a major manufacturing effort requiring the build-up of capital industries. Coproduction is a program under the aegis of the U.S. Government, by diplomatic or DOD agreement, either directly through the FMS pro-

gram or indirectly through specific licensing arrangements by designated commercial firms, which enables an eligible foreign government, international organization, or designated foreign commercial producer to acquire the "know-how" to manufacture or assemble, repair, maintain and operate, in whole or in part, a specific weapon, communication or support system, or an individual military item.

The "know-how" furnished through coproduction programs may include research, development production data and/or manufacturing machinery or tools, raw or finished materiel, components or major sub-assemblies, managerial skills, procurement assistance or quality-control procedures. Third 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 will 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 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 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 regarding the proposed transaction, including, but not limited to, a description of the particular defense article or articles which would be produced under license or coproduction, and the probable impact of the proposed trans-

action on employment and production within the United States.”

#### **16. Processing Letters of Offer for \$25 Million or More or for Major Defense Equipment of \$7 Million or More**

a. In compliance with Section 36 of the Arms Export Control Act, Congress must be provided with notification of all Letters of Offer to sell any defense articles or services for \$25 million or more, or any major defense equipment of \$7 million or more, before such Letter of Offer is issued. OSD General Counsel has determined that the term “Letter of Offer” used in the AEC Act pertains to any proposed sale of defense articles or services to any foreign government, whether or not the initial document (or set of documents) to be used to consummate the sale is a DD Form 1513 or a document bearing another name. If a document other than a DD Form 1513 is used for this purpose, a DD Form 1513 shall be subsequently executed to conclude the final details of the agreement unless an exception is authorized by the Director, DSAA. The statutory requirement for reporting, as well as the requirement for advance notification to Congress, extends to any undertaking by the Department of Defense to establish an FMS transaction. This includes, but is not limited to FMS transactions embodied in the following:

- (1) Memorandum of Understanding for Coproduction of military items,
- (2) Cooperative Research and Development Agreements, and
- (3) Providing specific items or services under any existing general agreements, such as the Engineering Assistance Agreement entered between the Army Corps of Engineers and the Saudi Arabian Government in 1965.

In order to provide the Congress with sufficient time to review such cases, DSAA has agreed to provide the Congress with 20 days advance notification of such cases prior to the formal submission of the statutory notification. The Arms Export Control Act provides that the Letter of Offer shall not be

issued if Congress, within 30 calendar days after receiving the notification, adopts a concurrent resolution stating that it objects to the proposed sale, unless the President, in his notification to Congress, certifies 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 the Congress. To minimize delays in processing such notifications, consistent with the legislative and other requirements, the procedures at Appendix B are placed in effect.

b. In compliance with Section 813 of the DOD Appropriation Authorization Act, 1976, as amended, all Letters of Offer to sell or any proposal to transfer defense articles valued at \$25 million or more from U.S. active forces' inventories (that is, excluding sales from the stocks of U.S. reserve forces) or from current production must be reported to the Congress. This additional report must be provided in the form prescribed in Appendix B at the time the formal notification is made to the Congress under the Section 36(b) AECA procedures described above.

#### **17. Sales Commissions and Fees**

ASPR 1-505 sets forth the criteria to be used by the contracting officer or head of the procuring activity (HPA) in determining whether an agent(s) is *bona fide*. When an agent(s) has been determined to be *bona fide*, based on ASPR 1-505, the following procedures will be followed with regard to the inclusion of sales commissions and fees in FMS cases:

##### **a. Prior Notification to Purchasing Government**

Unless the purchasing government has indicated to the contrary, all sales commissions and fees anticipated to be included in FMS cases shall be made known to the purchaser prior to or in conjunction with the submission of the Letter of Offer and Acceptance (DD Form 1513) to the purchaser. Such advice will include: (a) the name and address of the agent(s); (b) the estimated amount of the proposed fee, and the percent-

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age of the sale price; and (c) a statement indicating one of the following, whichever is applicable: (1) appropriate officials of the U.S. Department of Defense consider the fee to be fair and reasonable; (2) in the event that only a portion of the proposed fee is considered to be fair and reasonable, a statement to this effect together with the rationale therefor; or (3) the U.S. Government cannot determine the reasonableness of the proposed fee. This statement will normally be included as a "Note" to the Letter of Offer. Such a Note may also include the contractor's explanation and/or justification for the proposed fee, together with any other data requested by the purchasing governments. The Note will also include a statement that acceptance of the Letter of Offer by the purchasing government, with inclusion of the Note, will constitute that governments' approval of the sales commissions and fees involved.

### b. Ex-Post Facto Notification to Purchasing Government

When it is not possible to determine prior to presentation of the Letter of Offer whether the price quoted for the articles or services includes sales commissions and fees, the purchasing government will be notified as soon as possible if, in the course of subsequent contract negotiations, it appears that a charge for sales commissions and fees will be claimed by the contractor. This notification will include the information in paragraph a above, along with a statement that, unless contrary advice is received from the purchasing government within 30 days of the data of the notification, the Department of Defense will determine whether or not to accept such a charge as a valid cost in the contract. No sales commissions and fees will be accepted by the contracting officer prior to expiration of the 30 day period.

### c. Coordination with DSAA

(1) All Letters of Offer which specify that a sales commission or fee is included in the case will be coordinated with DSAA, regardless of the dollar value of the case,

prior to LOA dispatch to the requesting government. (Note: Letters of Offer which carry the notation that no sales commissions and fees are included in the case do not require coordination with DSAA except as may be required by other policies and procedures which may be in effect.)

(2) All correspondence with a foreign country on the subject of agent's fees will be coordinated with DSAA prior to dispatch.

(3) All ex post facto notifications of an agent's fee to a foreign country will be coordinated with DSAA prior to dispatch.

(4) The submission to DSAA of all LOAs or ex post facto notifications for coordination shall be in writing, shall contain a certification that the agent is *bona fide* in accordance with the criteria set forth in ASPR 1-505, and shall provide the rationale for reasonableness or an explanation if the reasonableness of the fee cannot be determined.

### d. Disallowance of Agent's Fees

No fee shall be accepted by the contracting officer if disapproved by the purchasing government.

If, in making the determination required by ASPR 1-505, the contracting officer or head of the procuring activity (HPA) determines that an agent is not *bona fide* for reasons other than reasonableness of fee, no Letter of Offer will be tendered pending withdrawal by the prospective contractor of the fee for such agent from his proposal.

### e. Exceptions

The procedure contained in paragraph 2, above, will not be followed in the case of Australia, China Rep. of, Egypt, Greece, Iran, Israel, Japan, Jordan, Korea Rep. of, Kuwait, Pakistan, Saudi Arabia, Turkey and the Royal Thailand Air Force (RTAF). These governments and the RTAF have requested that the following statement be included in all Letters of Offer:

The procedure contained in paragraph a,

## MILITARY ASSISTANCE AND SALES MANUAL—PART II

above, will not be followed in the case of Australia, Egypt, Greece, Iran, Israel, Japan, Jordan, Kuwait, Pakistan, Saudi Arabia, Turkey and the Royal Thailand Air Force (RTAF). These governments and the RTAF have requested that the following statement be included in all Letters of Offer:

'All U.S. Government contracts resulting from this Offer and Acceptance shall contain one of the following provisions, unless the sales commission and fee have been identified and payment thereof approved in

writing by the Government of (\_\_\_\_) before contract award:

'(A) For firm fixed-price contracts or fixed-price contracts with economic price adjustment:

'The contractor certifies that the contract price (including any subcontracts awarded hereunder) does not include any direct or indirect costs of sales commissions or fees for contractor sales representatives for the solicitation or promotion or otherwise to secure the conclusion of the sale of any of the



or Amendment, or (2) the time sensitivity of any information included in the Offer or Amendment, then the shorter expiration period should appear on the LOA or Amendment, and a note placed on the Letter of Offer which explains why the expiration period is less than 60 days.

c. Requests by the purchasers for extensions to expiration dates will be honored only after a full review by the preparing agency and DSAA to insure that all data included in the Offer remains valid, to include ceiling availability. The foreign country should be advised of the new expiration date via message along with authorization to make a pen and ink change to the expiration date listed on the LOA or amendment. The Security Assistance Accounting Center and Defense Security Assistance Agency should be provided an information copy of the message.

d. Upon the receipt of each accepted Letter of Offer (DD Form 1513), accepted Amendment (DD Form 1513-1) or acknowledgement of receipt of a Notice (DD Form 1513-2), the initiating DOD component will provide a copy to the Ceiling Management Division (CMD), DSAA Comptroller.

## 5. Information Conveyed by Letters of Offer

The Letter of Offer and Acceptance, when signed, is an official agreement between the United States and the purchasing nation regarding terms and conditions pertaining to furnishing certain goods or services. As such, the DD Form 1513 and its enclosures must provide sufficient detailed information so as to make clear the obligations of the United States and the Purchaser. The type and amount of information which must be conveyed will vary depending on the nature of the sale. However, at least some information which is supplemental to the preprinted "General Conditions" of Annex A of the DD Form 1513 must be provided for each sale. The normal method of accomplishing this is in the form of explanatory "Notes" which are cross-referenced to information in-

cluded on the face of the DD Form 1513. Inclusion of this information as a complete package within the Offer, rather than orally or by separate correspondence, reduces misunderstandings over FMS Cases.

## 6. Supplemental Information for Letters of Offer

Figure D-5 indicates that information must be provided to purchasers in the form of Notes or Supplemental Terms and Conditions, depending upon the nature of the material and/or services being sold. Items indicated by X must be addressed in Notes or Supplemental Terms and Conditions to the DD Form 1513; those indicated as being on an as required basis (A/R) should be addressed if the nature of the transaction so warrants. The following subparagraphs include instructions and discussion regarding the nature of this supplemental information. The subparagraphs are aligned to the column "Supplementary Information for Letters of Offer" of Figure D-5. The Checklist shown in Figure D-6 must accompany each case submitted to the Defense Security Assistance Agency (DSAA).

### a. Transportation instructions

(1) There must be clear understanding between the USG and the purchaser as to where and how purchased material will be shipped. Blocks (19), (20), (33) and (34) of the DD Form 1513 are designed to fulfill this purpose under the normal Foreign Military Sales (FMS) method of shipment (i.e., by collect commercial bill of lading to freight forwarders), by the use of codes prescribed in DOD Directive 4140.17-M. However, supplementary instructions are required to enable purchasers to fill out Blocks (33) and (34) properly. Figure D-7 shows the instructions furnished by the Defense Logistics Agency (DLA) to meet this need; it should be used by all DOD components concerned as a guide.

(2) The normal method of movement of FMS materiel is by commercial carrier to a freight forwarder designated by the purchaser. The use of the DOD Transportation

## MILITARY ASSISTANCE AND SALES MANUAL—PART III

System (DTS) is authorized as an exception to this policy for the shipment of classified materiel, firearms, all classes of explosives, lethal chemicals, other hazardous cargo and materiel outsized to the capability or availability of commercial air carriers, and waivers previously approved by the Defense Security Assistance Agency (DSAA). Any other exceptions must be specifically approved by DSAA on a case-by-case basis. Use of the DTS, to include all related terms and conditions for movement, must be stated in the DD Form 1513. Each request for an exception to use the DTS must be supported with a statement that addresses projected tonnage, special transportation requirements, and other relevant information that will justify the commitment of DOD transportation assets. Upon approval, the extent of authorization must be clearly delineated in the supplementary conditions in the DD Form 1513. This would include identification, by specific item, when certain items in the DD Form 1513 are to be shipped via DTS and others are to be shipped via country freight forwarders.

### **b. Delivery Schedules of Items**

Block (18) of the DD Form 1513 provides the appropriate leadtime from the date of order of material to the date of delivery. This provides sufficient information for most cases, unless delivery of major end items (i.e., airplanes, ships, missiles, or major combat vehicles) is involved. A schedule of estimated in-country or CONUS equipment deliveries by month, will be provided for major end items. When appropriate, the schedule of deliveries will include required delivery dates for items not to be delivered earlier than a specified date.

### **c. Personnel Movement to and from Country**

Cases which provide for the provision of technical assistance services, either by contractor or military personnel, should specify to the extent known:

- (1) The number of personnel who will perform the task.
- (2) Planned date of arrival in-country.
- (3) In-country destination and "home

station".

(4) Extent of in-country travel required to perform the mission.

(5) Planned duration of stay in-country, and planned departure date.

### **d. Qualifications Regarding Price and Availability Data Furnished on the DD Form 1513**

(1) There must be as clear an understanding as possible of the limitations of the validity of data included in the Letter of Offer; much of the "boilerplate" of the DD Form 1513 is designed for this purpose.

However, any of the following data which is pertinent to the case must be provided as "Notes" to the Letter of Offer.

(a) Any deviations or substitutions to quantities or equipment which was included in the country request for Letter of Offer, with explanation for the deviation or substitution.

(b) The last date of validity of either price or availability data included in the Letter of Offer, with an explanation of the reason why, if the Offer is time-sensitive. Even though each Offer carries an expiration date, it is important that the purchaser be aware of any criticality in that date.

(c) Any particular reservations regarding the price quoted in the Offer should be noted and explained.

(d) The extent to which either the price or availability quoted is dependent upon an action yet to be taken by the USG (e.g., the selection of the equipment for U.S. forces).

### **e. Agreements to Safeguard Status or Provide Facilities for USG or Contractor Personnel While in Host Country**

(1) The Letter of Offer should include those conditions required to insure that U.S. personnel can operate to the extent possible in safety, immunity, and under U.S.-type conditions. Agreements required will vary due to both the nature of the project and the nature of the country involved. The appropriate legal office of the Service concerned should be consulted to provide the salient

agreements which protect that status of U.S. personnel in a given country.

(2) Figure D-8 sets forth sample terms and conditions which can be used as a guide for negotiating agreements with countries on programs involving the introduction of substantial numbers of contractor personnel. It

is based on an actual agreement negotiated with the Government of Iran. These conditions may be used as a guide in developing similar agreements for countries for which no Status of Forces Agreement (SOFA) exists. Where a SOFA exists, references should be made to the SOFA.

## MILITARY ASSISTANCE AND SALES MANUAL—PART III

<b>UNITED STATES DEPARTMENT OF DEFENSE OFFER AND ACCEPTANCE</b>		(1) PURCHASER (Name and Address) (Zip Code)						
(2) PURCHASER'S REFERENCE	(3) CASE IDENTIFIER							
<b>OFFER</b>								
Pursuant to the Arms Export Control Act, the Government of the United States (USG) hereby offers to sell to the above purchaser the defense articles and defense services listed below (hereinafter referred to collectively as "items" and individually as "defense articles" or "defense services"), subject to the terms contained herein and conditions set forth in Annex A, and to such other special terms and conditions which may be a part of, and appended to, this Offer and Acceptance.								
(4) Signature (US Dept./Agency Authorized Representative)		(9) Countersignature (Office of the Comptroller, DSAA)						
(5) Typed Name and Title		(10) Typed Name and Title						
(6) ADDRESS:		(11) DSAA ACCOUNTING ACTIVITY						
(7) DATE:								
(8) THIS OFFER EXPIRES:								
ITEM OR REF. NO. (12)	ITEM DESCRIPTION (Including Stock Number if applicable) (13)	QUANTITY (14)	UNIT OF ISSUE (15)	UNIT COST (16)	TOTAL COST (17)	AVAILABILITY AND REMARKS (18)	OFFER RE-LEASE CODE (19)	DELIVERY TERM CODE (20)
(21) ESTIMATED COST				\$				
(22) ESTIMATED PACKING, CRATING, AND HANDLING COST								
(23) ESTIMATED GENERAL ADMINISTRATIVE COSTS								
(24) ESTIMATED CHARGES FOR SUPPLY SUPPORT ARRANGEMENT								
(25) OTHER ESTIMATED COSTS (Specify)								
(26) ESTIMATED TOTAL COSTS				\$				
(27) TERMS				(28) AMOUNT OF INITIAL DEPOSIT - \$				
<b>ACCEPTANCE</b>								
(29) I am a duly authorized representative of the Government of _____ and upon behalf of _____				(33) MARK FOR CODE _____				
said Government, accept this offer under the terms and conditions contained herein (30) this _____ day of _____ 19 _____				(34) FREIGHT FORWARDER CODE _____				
(31) SIGNATURE				(35) PROCURING AGENCY _____				
(32) TYPED NAME AND TITLE				(36) DESIGNATED PAYING OFFICE _____				
				(37) ADDRESS OF DESIGNATED PAYING OFFICE _____				

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PREVIOUS EDITIONS ARE OBSOLETE.

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**Figure D-1**

**MILITARY ASSISTANCE AND SALES MANUAL—PART III**

<b>UNITED STATES DEPARTMENT OF DEFENSE</b>			<small>(1) PURCHASER (Name, Address, Zip Code)</small>			
<b>NOTICE OF MODIFICATION OF OFFER AND ACCEPTANCE</b>						
<small>(2) PURCHASER'S REFERENCE</small>	<small>(3) NOTICE NO.</small>	<small>(4) CASE DESIGNATOR</small>				
<b>NOTICE OF MODIFICATION</b>						
The Government of the United States hereby notifies the purchaser of modification of the above designated case, as specified below. All other terms and conditions remain unchanged.						
<small>(5) SIGNATURE AND TYPED NAME AND TITLE OF AUTHORIZED U.S. REPRESENTATIVE</small>						
<small>(6) DATE</small>			<small>(7) U.S. DEPARTMENT OF</small>			
<small>(8) DESCRIPTION OF AND REASON(S) FOR MODIFICATION</small>						
<small>CASE ITEM OR REF NO. (9)</small>	<small>ITEM DESCRIPTION (Including Stock Number, if applicable) (10)</small>	<small>QUANTITY (11)</small>	<small>UNIT OF ISSUE (12)</small>	<small>ESTIMATED</small>		<small>AVAILABILITY AND REMARKS (15)</small>
				<small>UNIT COST (13)</small>	<small>TOTAL COST (14)</small>	
<small>RECAPITULATION OF TOTAL DD FORM 1513</small>		<small>(a) PREVIOUS COST</small>		<small>(b) REVISED COST</small>		
<small>(16) ESTIMATED COST</small>		\$		\$		
<small>(17) ESTIMATED PACKING, CRATING AND HANDLING</small>		\$		\$		
<small>(18) ESTIMATED ADMINISTRATIVE CHARGE</small>		\$		\$		
<small>(19) ESTIMATED CHARGES FOR SUPPLY SUPPORT</small>		\$		\$		
<small>(20) OTHER ESTIMATED COSTS (Specify)</small>		\$		\$		
<small>(21) ESTIMATED TOTAL COSTS</small>		\$		\$		
<b>ACKNOWLEDGEMENT OF RECEIPT</b>						
<small>(22) I am a duly authorized representative of the Government of _____ and upon behalf of said Government acknowledge receipt of this notice of modification, this (23) _____ day of _____ 19 _____</small>						
<small>(24) TYPED NAME AND TITLE</small>				<small>(25) SIGNATURE</small>		

**DD FORM 1513-2**  
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**Figure D-3**

MILITARY ASSISTANCE AND SALES MANUAL—PART III

(26) CONTINUATION

REMARKS

1. DD Form 1513-2 is utilized to record modifications to an existing DD Form 1513, but only for those modifications which do not constitute a change in scope. Modifications appropriate for DD Form 1513-2 include all notifications of price increases and related changes in payment schedules.
2. Changes in scope of a DD Form 1513 require a formal amendment, utilizing DD Form 1513-1. Such changes are those which affect the type or number of major items and/or services to be provided or which significantly alter system configuration or functions. Such changes must be made by utilization of DD Form 1513-1.
3. DD Form 1513-2 does not require acceptance by the recipient country (customer) but merely acknowledgement of receipt. (DD Form 1513-1 does require acceptance).
4. All terms and conditions of an existing DD Form 1513 and any related amendments thereto not specifically noted to be modified by a DD Form 1513-2 are understood to remain unchanged and in effect.

Figure D-3

MILITARY ASSISTANCE AND SALES MANUAL—PART III

UNITED STATES DEPARTMENT OF DEFENSE LETTER OF INTENT	PURCHASER (Name and address)
(Purchaser's Reference)	(Case Designator)

The Government of \_\_\_\_\_ acting through its Ministry of Defense (*hereinafter referred to as the "Purchaser"*) hereby declares its firm intent to procure, under United States Foreign Military Sales Act (*FMS*) procedures, from the Government of the United States, the following defense articles and defense services.

1. It is understood that the United States Department of the \_\_\_\_\_ plans to present to the Purchaser a Letter of Offer and Acceptance (*DD Form 1513*) within \_\_\_\_\_ days after signature of this Letter of Intent. Purchaser intends to sign said Letter of Offer and Acceptance not later than \_\_\_\_\_ days after receipt. Except to the extent directly inconsistent with the provisions hereof, the terms and conditions set forth on the reverse side of *DD Form 1513* will apply to all activities undertaken pursuant to this Letter of Intent, and the estimated costs of such activities will be included in the Letter of Offer and Acceptance. In particular, Conditions B.7, B.8, and C on the reverse side of *DD Form 1513* are hereby incorporated by reference and made an integral part of this Letter of Intent. This Letter of Intent shall be superseded upon Purchaser's signature of the Letter of Offer and Acceptance.

2. In anticipation of the Purchaser's signature of the above-mentioned Letter of Offer and Acceptance the Purchaser commits his Government to the following:

(a) In order to permit the United States Government to proceed immediately with the purchase of long lead time items and to cover associated administrative expenses, the United States Department of the \_\_\_\_\_ is herewith authorized to incur obligations and expend up to the sum of \$\_\_\_\_\_ (*which includes all estimated termination costs*) on an *FMS* dependable undertaking basis, to be exceeded only in the event of a decision by either a Court or Board which increases the contractor's entitlement.

(b) The Purchaser agrees to pay the full amount of such authorized obligations and to make funds available in such amounts and at such times as may be requested by the United States Government for expenditures against such obligations.

(c) It is estimated that the cost of the long lead time items, associated administrative expenses and estimated termination costs will not exceed the amount set forth in subparagraph (a) of this paragraph. However, if at anytime prior to Purchaser's signature of the above-mentioned Letter of Offer and Acceptance, the United States Department of the \_\_\_\_\_ has reason to believe that the costs which it expects to incur in the performance of this Letter of Intent will exceed the amount set forth in subparagraph (a) of this paragraph, it shall promptly notify the Purchaser in writing to that effect. The notice shall state the estimated amount of and the date by which

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**MILITARY ASSISTANCE AND SALES MANUAL—PART III**

the additional obligational authority (*by a new or modified Letter of Intent*) will be required from the Purchaser in order to continue performance under this Letter of Intent. If, after such notification, the additional obligational authority is not granted by the date set forth in the notification, the United States Government is authorized, in its discretion, to terminate any and all activities under this Letter of Intent at Purchaser's expense, in accordance with subparagraph (b) above, in an amount not to exceed the amount set forth in subparagraph (a) of this paragraph.

3. This Letter of Intent does not prejudice the Purchaser's decision on the acceptance of the Letter of Offer. Moreover, the Purchaser may cancel all or any part of this Letter of Intent at anytime by notifying the United States Government. Upon receipt of such notification the United States Government is authorized to terminate any and all activities initiated hereunder, at Purchaser's expense, in accordance with paragraph 2(b), in an amount not to exceed the amount set forth in paragraph 2(a).

4. In the event of such cancellation or termination, the United States Government will use its best efforts to minimize any termination costs.

5. Certain items for which procurements may be initiated hereunder are normally the subject of definitization or provisioning conferences, at which specific items and quantities are agreed upon. If it is necessary to place any such items on order prior to any such conference, the United States Department of the \_\_\_\_\_ is authorized to do so, using its best judgment, and will furnish a list of the items so ordered at the conference.

Dated \_\_\_\_\_

\_\_\_\_\_  
(Typed Name and Title)

Accepted this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_.

\_\_\_\_\_  
U.S. Department of the \_\_\_\_\_

**Figure D-13**



## CHAPTER G

### FINANCIAL PROCEDURES

---

#### 1. Purpose

This chapter provides a general description of the financial principles and procedures which apply for various FMS transactions. It is designed to provide an overview of FMS financing and the responsibilities of concerned activities. Detailed guidance on the financial functions of pricing, preparation of billings, and accounting is included in DOD Instructions 2140.1, 2140.3 and 2110.29.

#### 2. Basic Principles

##### a. Recovery of Costs

The goal of FMS management is to conduct the FMS program at no cost to the US Government, while insuring prompt and complete service to the customer nation. Achievement of this goal requires a thorough understanding of procedures for pricing items or services furnished, administering FMS cases, and reporting of deliveries of materiel or services. The DD Form 1513 Offer and Acceptance contract makes it mandatory for the purchaser to pay for the full value of the transaction, regardless of terms of sale specified for the individual case.

##### b. Administration of Cash Sales Program

(1) Separate trust funds (account XX-11X8242.XX) have been established for each Military Department to account for payments received from customers and disbursements to suppliers for FMS cash sales. These funds can be either cited directly on contracts for FMS items for that customer, or can be used to reimburse Military De-

partment appropriations for deliveries (or progress payments made) of items initially procured by those appropriations.

(2) Each Military Department has established a central office to dispatch billings to, and receive payments from, FMS customers. This provides the customer with a single source to which payments can be made, and to which queries concerning these payments can be addressed.

(3) Cash payments deposited to the customer trust fund, other than for cash-in-advance sales, are based on requests for funds or billings submitted by the Military Department. Requests for funds under a dependable undertaking transaction will be submitted so as to insure receipt of customer payments in advance of delivery or contractor requirement for funds, regardless of whether Military Department appropriations or trust funds are cited on procurement contracts. Billings for Foreign Military Sales under 120 day payment transactions should be submitted at time of delivery. The accumulation of large unexpended balances in customer trust accounts, for substantial periods, should be avoided.

(4) Cash payments often will be received, for an individual FMS case, which are in excess of the final value of that particular case. With customer approval, these funds can be retained in the customer's trust fund and applied against other FMS cases. Upon customer demand, however, these overpayments will be refunded at the time the FMS case is closed, provided there are no collection delinquencies for other FMS cases for that customer.

## MILITARY ASSISTANCE AND SALES MANUAL—PART III

### c. Administration of FMS Credit Program

(1) The FMS credit appropriation provides initial funding of FMS or commercial sales under medium-term credit terms. Annual appropriation requirements are defended before Congress by OSD/DSAA. The appropriation is administered by DSAA.

(2) Customer payments of principal and interest, for items received under medium-term credit sales, are based upon the terms of individual credit agreements.

### d. Preparation and Implementation of DD Form 1513 Letters of Offer

Military Departments are responsible for preparing DD 1513's and for establishing estimated prices and availabilities of defense articles and services offered for sale thereon, and for initiating and processing such amendments or modifications to the DD Form 1513's as may be appropriate. Military Departments are responsible for negotiating terms of sale for cash sales, in accordance with policy guidance provided by DSAA. They are responsible for establishing management systems necessary to insure prompt implementation of FMS cases, including those systems required to finance, account, and report accomplishment for each individual case. Copies of all DD 1513's and amendments thereto citing credit funding will be provided to the Comptroller, DSAA, at the time that they are submitted to the country.

## 3. Terms of Sale; Type of Assistance Codes

### a. General

(1) A Letter of Offer for a sale of defense articles and services may involve one or more of the following sections of the Arms Export Control Act:

- Section 21. Cash sale from DOD stocks.
- Section 22. Cash sale from DOD procurement.
- Section 23. DOD direct credit extended to a purchaser to finance a sale from DOD stocks or procurement.
- Section 24. DOD guaranteed credit extended by a lending institution to a purchaser to finance a sale from DOD stocks or procurement.

(2) Terms of Sale and accompanying Type of Assistance codes indicate the statutory authority for a Foreign Military Sale; the time of payment for the sale; whether the sale is to be from DOD stocks or procurement; and whether the sale is to be financed on a cash or credit basis. The implementing agency enters the appropriate Terms of Sale and accompanying Type of Assistance codes in the "Terms" block of the Letter of Offer. The implementing agency uses Type of Assistance codes for MILSTRIP requisitioning purposes. Paragraphs b.(1)-(9) below list the Type of Assistance codes and Terms of Sale. If a Letter of Offer involves more than one of the Type of Assistance codes and Terms of Sale specified in paragraphs b.(1)-(9) below, the implementing agency will cite on the Letter of Offer all of the applicable Terms of Sale, associated dollar amounts, and Type of Assistance codes.

(3) The purchaser must pay cash in full with acceptance or make an initial cash deposit with acceptance as specified in paragraphs b.(1), (2), (3), (7), and (8) below. Where such payment is required, the purchaser must pay at the time of and as an integral part of acceptance of the Letter of Offer; in the absence of such payment, there is no legally binding Foreign Military Sales agreement.

(4) For that portion of the sale price for which the purchaser need not pay cash upon acceptance, the Security Assistance Accounting Center will bill the purchaser as required by paragraph b.(1)-(9) below, and in accordance with DOD Instruction 2140.3, "Foreign Military Sales Billing Procedures".

### b. Type of Assistance Codes and Terms of Sale (Refer also to Table G-1)

(1) Cash Sale from Stock with Payment in Advance—Type of Assistance Code 3.

This type of Assistance applies to cash payments in advance of delivery/performance for a Foreign Military Sale which the implementing agency determines at the time of the offer will be from DOD stocks under

Figure L-1

UNCLASSIFIED							
DSAA - FOREIGN MILITARY SALES							
STATUS OF CREDIT PROGRAMS							
D O L L A R A M O U N T S							
SEQUENCE: SUB AREA, TC							
CTRY/COT AFR/STATUS	ARMY	NAVY	AIR FORCE	COMMERCIAL	TOTAL IA'S UNDISTRIBUTED	TOTAL CRED PROGRAM	
ARGENTINA							
632 OFFERED (P, O, E)							
ACCEPTED (S, A, I, C)	5,191,482	581,326			5,772,808		
CANCELLED (X)							
TOTAL	5,191,482	581,326			5,772,808		5,772,808
661 OFFERED (P, O, E)							
ACCEPTED (S, A, I, C)		7,869,560			7,869,560		
CANCELLED (X)							
TOTAL		7,869,560			7,869,560	3,558,154	11,427,714
662 OFFERED (P, O, E)							
ACCEPTED (S, A, I, C)		1,220,907			1,220,907		
CANCELLED (X)							
TOTAL		1,220,907			1,220,907	14,505	1,235,412
671 OFFERED (P, O, E)							
ACCEPTED (S, A, I, C)	2,509,231	62,771	6,057,559	133,473	8,763,034		
CANCELLED (X)							
TOTAL	2,509,231	62,771	6,057,559	133,473	8,763,034	8,262,181-	500,853
681 OFFERED (P, O, E)							
ACCEPTED (S, A, I, C)			3,921,622	67,593	3,989,215		
CANCELLED (X)							
TOTAL			3,921,622	67,593	3,989,215	1,664	3,990,879
682 OFFERED (P, O, E)							
ACCEPTED (S, A, I, C)		2,995,193			2,995,193		
CANCELLED (X)							
TOTAL		2,995,193			2,995,193		2,995,193
683 OFFERED (P, O, E)							
ACCEPTED (S, A, I, C)	642,051	262,737	316,787	436,568	1,658,143		
CANCELLED (X)							
TOTAL	642,051	262,737	316,787	436,568	1,658,143	145,780	1,843,923
RCS 1100-CREDIT (A)-AA					DATE 17 JAN 78 PAGE 1		

UNCLASSIFIED

MILITARY ASSISTANCE AND SALES MANUAL-PART III

Figure L-2

UNCLASSIFIED  
OSAA - FOREIGN MILITARY SALES

MILITARY ASSISTANCE AND SALES MANUAL-PART III

FISCAL YEAR ACTIVITY			
SEQUENCE:	SUB AREA, CC	IMPLEMENTING AGENCY: ALL	
UNIFIED COMMAND: SOUTHERN COMMAND			AREA:
CTRY/PROG YR	CASH	CREDIT	TOTAL
<b>EQUADOR</b>			
63 + PRIOR	2,619		2,619
64	34		34
66	120		120
67	111		111
68	758	638	1,397
69	14		14
70	20		20
71	411		411
72	5		5
75	15,183		15,183
76 + 77	2,556	373	2,923
77	24,864	206	25,070
78	9,214	1,640	10,854
TOTAL	55,904	2,857	58,761
<b>EL SALVADOR</b>			
63 + PRIOR	874		874
64	3		3
65	18		18
66	35		35
67	15		15
68	514		514
69	6		6
71	2		2
72	**		**
73	52		52
74	326	59	385
75	302	139	432
76 + 77	443	357	793
77	306		306
78	75		75
TOTAL	2,971	546	3,517

DOLLARS IN THOUSANDS, \*\* LESS THAN 500 DOLLARS  
RGS 1100-CGACTIVE (B)-BT

AS OF 10 APR 78 PROCESSED 17 APR 78 PAGE 5

UNCLASSIFIED

Figure L-11

UNCLASSIFIED  
 DSAA - FOREIGN MILITARY SALES  
 CREDIT PROGRAM STATUS REPORT  
 CASE SUMMARY

COUNTRY: BRAZIL				SEQUENCE: CTY, IA, CASE, CDT ARR		DISBURS TO MIL DEPT	IMPLEMENTING AGENCY: ALL	
CC	I A	CASE NO	S T	CDT ARR	CASE CREDIT	RESERVED AMOUNT	UNDISBUR AMOUNT	
BR	B	UBDD	C	662	2,129,460	2,129,460	2,129,460	
BR	B	UBKD	C	662	177,725	177,725	177,725	
BR	B	UBLD	C	662	456,594	456,594	456,594	
BR	B	UGYD	I	671		554,750	554,749	
BR	B	UGYD	I	672		2,500,000	2,500,000	
CASE TOTAL					3,054,750	3,054,750	3,054,749	1
BR	B	UIYD	C	671	425,016	425,016	425,016	
I/A TOTAL					6,243,545	6,243,545	6,243,544	1
BR	D	AAAQ	C	681	34,888	34,888	34,888	
BR	D	DAAQ	C	681	2,977,879	2,977,879	2,977,879	
BR	D	SAAQ	C	681	5,965,111	5,965,111	5,965,111	
BR	D	SGTD	C	661	1,067,169	1,067,169	1,067,169	
BR	D	SGWD	C	661	122,598	122,598	122,598	
BR	D	SGYD	C	661	106,799	106,799	106,799	
BR	D	SHBD	C	661	5,970	5,970	5,970	
BR	D	SHCD	C	661	190,574	190,574	190,574	
BR	D	SHBD	C	661	2,850,000	2,850,000	2,850,000	
BR	D	SMJD	C	674	6,988,951	6,988,951	6,988,951	
BR	D	SQRD	C	674	44,667	44,667	44,667	
I/A TOTAL					20,354,606	20,354,606	20,354,606	
BR	P	BALD	C	663		3,000,000	3,000,000	
BR	P	BALD	C	672		2,399,003	2,399,003	
CASE TOTAL					5,399,003	5,399,003	5,399,003	

MILITARY ASSISTANCE AND SALES MANUAL-PART III

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Figure L-12

UNCLASSIFIED

DSAA - FOREIGN MILITARY SALES (LOR SUB-SYSTEM)

WEEKLY NEW REQUESTS/AMENDMENT SUMMARY

MILITARY ASSISTANCE AND SALES MANUAL - PART III

AIR FORCE

CC	FY	CASE	I A	DATE OF REQUEST	DATE IA RECEIVED	DATE DSAA RECEIVED	TENDER OFFER NL1	QUANTITY	DESCRIPTION	C L
***AT	77	SC00	F	24 FEB 77	25 FEB 77	06 APR 77	03 JUN 77		PEACE KOALA C-130 LC*SCD	03E U
AT	77	SD80	F	24 FEB 77	01 APR 77	06 APR 77	03 JUN 77		MATERIAL STAGEING AREA	E U U
CN	77	MAT0	F	24 MAR 77	05 APR 77	06 APR 77	03 AUG 77		TACAN MAINT	A U U
CN	77	PBZ0	F	21 MAR 77	05 APR 77	06 APR 77	03 AUG 77		TECH DATA	A U U
EC	77	PAH0	F	24 MAR 77	05 APR 77	06 APR 77	03 AUG 77		STD PUBS	A U U
GR	77	FAP0	F	18 FEB 77	20 FEB 77	06 APR 77	29 APR 77		TRAINING FILM	F U U
GR	77	GCK1	F	28 MAR 77	05 APR 77	06 APR 77	03 AUG 77		ADD \$ TO GCK0	A U U
GR	77	MAT0	F	10 MAR 77	05 APR 77	06 APR 77	03 AUG 77		ENG OVRHL	A U U
GR	77	YAND	F	05 APR 77	05 APR 77	06 APR 77	04 JUL 77		QEC KITS	A U U
GT	77	MAR0	F	22 MAR 77	05 APR 77	06 APR 77	03 AUG 77		ENG OVRHL	A U U
GY	77	CANO	F	27 MAR 77	05 APR 77	06 APR 77	03 AUG 77		TO REPLACE GY-D-CAK0	A U U
GY	77	NAA0	F	23 FEB 77	01 MAR 77	06 APR 77	30 MAY 77		DEPOT SUPPORT FOR RADAR	W U U
GY	77	NAB0	F	10 MAR 77	15 MAR 77	06 APR 77	13 JUN 77		DEPOT SUPPORT FOR RADAR	W U U
IN	77	TAA0	F	02 MAR 77	04 MAR 77	06 APR 77	02 JUL 77		FLT SAFETY OFF TNG	T U U
IS	77	FCP0	F	15 MAR 77	18 MAR 77	06 APR 77	17 MAY 77		TRAINING FILM	F U U
IT	77	FAH0	F	26 JAN 77	28 FEB 77	06 APR 77	29 APR 77		TRAINING FILM	F U U
JA	77	RBE0	F	29 MAR 77	05 APR 77	06 APR 77	03 AUG 77		MISAWA ANNUAL REQ CASE	A U U
JA	77	RBF0	F	29 MAR 77	05 APR 77	06 APR 77	03 AUG 77		ANNAUL REQ CASE	A U U
JA	77	TBF0	F	30 JAN 77	30 JAN 77	06 APR 77	30 MAY 77		ACSC	T U U
K2	77	BUY0	F	22 MAR 77	05 APR 77	06 APR 77	03 AUG 77		F-104 SPARES	A U U
KS	77	LDL0	F	22 FEB 77	05 APR 77	06 APR 77	03 AUG 77		PHEL LAB	A U U
KS	77	LON0	F	04 MAR 77	05 APR 77	06 APR 77	03 AUG 77		ENG OVRHL AGE	A U U
MF	77	VAC0	F	28 MAR 77	05 APR 77	06 APR 77	03 AUG 77		CLASS IV MODS	A U U
NE	77	KAU1	F	22 MAR 77	05 APR 77	06 APR 77	03 AUG 77		SSA FMSO I	A U U
NO	77	CBT0	F	16 MAR 77	05 APR 77	06 APR 77	03 AUG 77		CAD/PAD ITEMS	A U U
PE	77	CBL0	F	31 JAN 77	05 APR 77	06 APR 77	03 AUG 77		CAD/PAD ITEMS	A U U
PE	77	GAE1	F	10 MAR 77	05 APR 77	06 APR 77	03 AUG 77		TECH ASSIST	A U U
PE	77	LBS0	F	29 MAR 77	05 APR 77	06 APR 77	03 AUG 77		T37B ENG	A U U
PE	77	MAD0	F	29 MAR 77	05 APR 77	06 APR 77	03 AUG 77		ENG OVRHL	A U U
PT	77	FAB0	F	18 MAR 77	23 MAR 77	06 APR 77	22 MAY 77		TRAINING FILM	F U U
SN	77	PAB0	F	29 MAR 77	05 APR 77	06 APR 77	03 AUG 77		TECH ORDRS	A U U
SN	77	PAC0	F	29 MAR 77	05 APR 77	06 APR 77	03 AUG 77		STD FORMS	A U U
SN	77	PAD0	F	29 MAR 77	05 APR 77	06 APR 77	03 AUG 77		USAF STKLST & CAT	A U U
SN	77	PAE0	F	29 MAR 77	05 APR 77	06 APR 77	03 AUG 77		ENG DRNGS	A U U
SN	77	TAG0	F	31 MAR 77	31 MAR 77	06 APR 77	29 JUL 77		FLT SAFETY OFF TNG	T U U
SP	77	LGZ0	F	24 MAR 77	05 APR 77	06 APR 77	03 AUG 77		GRND EQUIP	A U U
TM	77	BAT0	F	04 MAR 77	05 APR 77	06 APR 77	03 AUG 77		BAK-12 SYSTEM	A U U
UK	77	NAA0	F	10 MAR 77	11 MAR 77	06 APR 77	10 MAY 77		DEPOT SUPPORT FOR RADAR	W U U
UK	77	NAB0	F	10 MAR 77	11 MAR 77	06 APR 77	10 MAY 77		NOTAM SERVICE	W U U
VE	77	TAR0	F	29 MAR 77	31 MAR 77	06 APR 77	29 JUL 77		OPEN END TNG CASE	T U U

\*TOTAL\* AIR FORCE REQUESTS THIS PERIOD - 40

TOTAL TO DATE - 2469

\*\*\* = AMENDMENT

RCS 1100-NEWREQ

FROM 31 MAR 77 THRU 06 APR 77

PROCESSED 07 APR 77

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## APPENDIX A

## MAJOR DEFENSE EQUIPMENT LIST

**CATEGORY I—FIREARMS**

Rifle, 5.56MM, M-16 (A)

**CATEGORY II—ARTILLERY AND PROJECTORS**

Gun, 20MM (A) (AF) (N)

Gun, GAU-8, 30MM (AF)

**CATEGORY III—AMMUNITION**

Cartridge, 20MM (N) (AF)  
 Cartridge, 30MM (GAU8) (AF)  
 Cartridge, 40MM (HE) (A)  
 Cartridge, 60MM (HE) (A)  
 Cartridge, 81MM (HE) (A)  
 Cartridge, 105MM (HE) (A)  
 Cartridge, 4.2 inch (HE) (A)  
 Projectile, 5"/38 Cal (N)  
 Projectile, 5"/54 cal (N)  
 Projectile, 155MM (HE) (A)  
 Projectile, 155MM (XM712) (A)  
 Projectile, 175MM (HE) (A)  
 Projectile, 8 inch (HE) (A)

**CATEGORY IV—LAUNCH VEHICLES, GUIDED MISSILES, BALLISTIC MISSILES, ROCKETS, TORPEDOES, BOMBS AND MINES**

ASROC (Anti-Submarine Rocket) (N)  
 Bomb, Combined Effects Bomblet (CBU 87) (AF)  
 Bomb, MK-20, Cluster Bomb, Rockeye (N) (AF)  
 Bomb, MK-82, 500#, General Purpose (N) (AF)  
 Bomb, MK-83, 1,000#, General Purpose (N)  
 Bomb, MK-84, 2,000#, General Purpose (N) (AF)  
 Bomb, M-117, 750#, General Purpose (AF)  
 Fuel Air Explosive Weapons (FAE II) (AF)

Launcher, TOW (A)

Light, Anti-Tank Weapon 66MM (LAW) (A)

Mine, Naval Warfare

(QUICKSTRIKE—MK-62 Mod 0, MK-63 Mods 0 and 1, MK-64 Mods 0 and 1, MK-65 Mods 0 and 1) (N)

Mine, Naval Warfare, MK-68, Mod 0 (PRAM) (N)

Missile, Advanced Strategic Air Launched, ASALM (AF)

Missile, AIM-4, Falcon (AF)

Missile, AIM-7, Sparrow (N) (AF)

Missile, AIM-9, Sidewinder (N) (AF)

Missile, AGM-12, Bullpup (N)

Missile, AGM-45, Shrike (N) (AF)

Missile, AGM-65A, E/O, Maverick (AF)

Missile, AGM-65C (AF)

Missile, AGM-69A, Short Range Attack, SRAM (AF)

Missile, Chaparral (A)

Missile, Cruise (AF)

Missile, Dragon (A)

Missile, Harm (N) (AF)

Missile, Harpoon (N)

Missile, Hawk (A)

Missile, Improved Hawk (A)

Missile, Lance (A)

Missile, Pershing (A)

Missile, Phoenix (N)

Missile, Redeye (A)

Missile, Walleye (N)

Missile, Nike Hercules (A)

Missile, Patriot (A)

Missile, Roland (A)

Missile, Standard Arm (N) (AF)

Missile, Standard ER RIM-67A (N)

Missile, Standard MR RIM-65A (N)

Missile, Tartar (N)

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Missile, Terrier (N)  
Missile, Tomahawk (N)  
Missile, TOW (A)  
Missile, M-65 Airborne TOW (A)  
Rocket, 2.75 inch (A) (AF)  
Torpedo, MK-46 (N)  
Torpedo, MK-48 (N)

### CATEGORY V—PROPELLANTS, EXPLOSIVES AND INCENDIARY AGENTS

Items in this category which meet the dollar criteria for major defense equipment are not significant combat equipment as defined in the U.S. Munitions List.

### CATEGORY VI—VESSELS OF WAR AND SPECIAL NAVAL EQUIPMENT

CC—Guided Missile Cruiser (N)  
DD-963—Destroyer (SPRUANCE Class) (N)  
DD—Destroyer (N)  
DDG—Guided Missile Destroyer (N)  
FFG—Guided Missile Frigate (N)  
LCM/LCU/LCVP—Amphibious Landing Craft (N)  
LPD—Amphibious Transport Dock (N)  
LSD—Dock Landing Ship (N)  
LST—Tank Landing Ship (N)  
LKA—Amphibious Cargo Ship (N)  
LPA—General Purpose Amphibious Assault Ship (N)  
MSO—Minesweeper, Ocean (Non-Magnetic) (N)  
PHM—Patrol Combatant Missile (Hydrofoil) (N)  
SS—Submarine (Conventionally Powered) (N)

### CATEGORY VII—TANKS AND MILITARY VEHICLES

Armored Reconnaissance Airborne Assault Vehicle M-551 (A)  
Carrier, Armored Personnel, M-113 (A)  
Carrier, Command Post, M-577 (A)  
Carrier, Cargo, M-548 (A)  
Combat Engineering Vehicle, M-728 (A)  
Gun, Self-Propelled, 175MM, M-107 (A)  
Howitzer, Self-Propelled, 8-inch, M-110 (A)

Howitzer, Self-Propelled, 155MM, M-109 (A)  
Howitzer, Med, Towed, 155MM, M-198 (A)  
Mechanized Infantry Combat Vehicle, XM-723 (A)  
Tank, M-48 Series (A)  
Tank, M-60 Series (A)  
Tank, XM-1 (A)  
Vehicle, Tank Recovery, M-88A1 (A)  
Vehicle, Amphibious, LVTP (Marine Corps)  
Vulcan Air Defense System (A)

### CATEGORY VIII—AIRCRAFT, SPACECRAFT, AND ASSOCIATED EQUIPMENT

Advanced Tanker Cargo Aircraft (ATCA) (AF)  
A-4 (N)  
A-6 (N)  
A-7 (N)  
A-10 (AF)  
A-37 (AF)  
AH-1S (A)  
AH-1J (N)  
AMST (AF)  
AV-8B (N)  
C-5 (AF)  
C-130 (AF)  
C-141 (AF)  
CH-47 (A)  
E-2C (N)  
E-3A (AF)  
E-4 (AF)  
EA-6 (N)  
F-4 (N) (AF)  
F-5 (AF)  
F-8 (N)  
F-14 (N)  
F-15 (AF)  
F-16 (AF)  
F-18 (N)  
F-100 (AF)  
F-101 (AF)  
F-102 (AF)  
F-104 (AF)  
F-106 (AF)  
F-111 (AF)  
H-3 (N) (AF)



H-46 (N)  
 H-53 (N) (AF)  
 H-65 (N)  
 OV-1 (A)  
 OV-10 (N)  
 P-3 (N)  
 S-2 (N)  
 S-3 (N)  
 S-65 (N)  
 SH-60B (LAMPS MARK III) (N)  
 SH-2D/F (LAMPS MARK I) (N)  
 T-2 (N)  
 T-33 (AF)  
 T-37 (AF)  
 UH-1H (A)  
 UH-1N (N)  
 UH-60A (UTTAS) (A)

Engines

F-100 (AF)  
 F-401 (N)  
 F-404 (N)  
 J-47 (AF)  
 J-52 (N)  
 J-57 (N) (AF)  
 J-75 (AF)  
 J-79 (AF)  
 J-85 (AF)  
 P-100 (AF)  
 T-33-P-100 (AF)  
 T-53 (A) (N) (AF)  
 T-55 (A)  
 T-56 (N) (AF)  
 T-58 (N) (AF)  
 T-64 (A) (N) (AF)  
 T-700 (A)  
 TF-30 (N) (AF)  
 TF-34 (N) (AF)  
 TF-39 (AF)  
 TF-41 (N) (AF)

**CATEGORY IX—MILITARY TRAINING EQUIPMENT**

No items in this category are defined in the U.S. Munitions List as significant combat equipment.

**CATEGORY X—PROTECTIVE PERSONNEL EQUIP-**

Change 1, 15 December 1978

**MENT**

No items in this category are defined in the U.S. Munitions List as significant combat equipment.

**CATEGORY XI—MILITARY AND SPACE ELECTRONICS**

Air Weapons Control System, 412L (AF)  
 AN/TTC-39 (A)  
 Backup Interceptor Control, 416M (AF)  
 BEACON, AN/TRN-26 (AF)  
 Combat Operations Center, 425L (AF)  
 Combat Operations Center, 427L (AF)  
 DOD AIMS, 499L (N)  
 ECM, ALQ-94 (N) (AF)  
 ECM, ALQ-119 (AF)  
 Joint Tactical Information Distribution System (JTIDS) (AF)  
 Over-the-Horizon Backscatter Radar (AF)  
 Radar, AN-389/FPS (AF)  
 Radar, AN/MPS-11 (AF)  
 Radio, AN/ARA-54 (N)  
 Radio, AN/VCR-12 (A)  
 Single Channel Ground and Airborne System (SINGARS) (A)  
 TACAN, AN/TRN-26 (AF)  
 Tactical Air Control System, 407L (AF)  
 Tactical Air Control System, 485L (AF)

**CATEGORY XII—FIRE CONTROL, RANGE FINDER, OPTICAL AND GUIDANCE AND CONTROL EQUIPMENT**

Computer, Fire Control MK1A (N)  
 Close In Weapon System (CIWS), PHALANX (N)  
 Director, Fire Control, MK 51-2 (N)  
 Goggles, Night Vision, AN/PVS-5 (A)  
 Gunsight, MK-14 (N)  
 Gunsight, MK-15 (N)  
 Position Location Reporting System (PLRS) (A)  
 Radar, AN/TPQ-36 (A)  
 Radar, AN/TPQ-37 (A)  
 Radar, APG-63 (AF)

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Radar, Fire Control, MK-25 (N)  
System, Fire Control, MK-86 (N)  
System, Fire Control, MK-105 (N)  
System, Missile Fire Control, MK-76  
(N)  
System, Fire Direction, AN/GSG-  
10(V) (A)  
System, Gun Fire Control, MK-56 & 63  
(N)  
Tactical Operations System (TOS) (A)  
Target Designator AN/AVQ-26 (AF)

TSEC/KY 57 (A)  
Guided Bomb Unit (GBU 12) (AF)  
Guided Bomb Unit (GBU 15) (AF)

**CATEGORY XIII—AUXILIARY MILITARY EQUIP-  
MENT**

No items in this category are defined in the U.S. Munitions List as significant combat equipment.

## APPENDIX B

PROCEDURES FOR PROCESSING FMS LETTERS OF OFFER  
WHICH MUST BE REPORTED TO CONGRESS**1. Section 36(b) Procedures under the  
Arms Export Control Act**

The following procedures will be followed in preparing and processing Letters of Offer for \$25 million or more, or for the sale of major defense equipment for \$7 million or more.

(1) An advance notification will be provided to DSAA in the format shown at Figure App. B-1 for any current case projected to be in the amount of \$25 million or more or for any current case for the sale of major defense equipment for \$7 million or more, for which either:

(a) A Letter of Offer/Acceptance (LOA) is under preparation; or

(b) A Letter of Intent (pursuant to DSAA memorandum I-12188/75, 24 November 1975) is authorized to be accepted by a military department.

The advance notification will be submitted to DSAA/TC through DSAA/TS within 10 working days after preparation of an LOA is initiated, or whenever an LOA already under preparation appears likely to exceed the \$25 million or \$7 million for major defense equipment threshold. This advance notification will be treated as Confidential; however, the formal submission of the LOA will remain in accordance with established classification procedures. No statutory notification will be submitted to the Congress until the advance notification has been provided. Any exception must be for extraordinary circumstances and must be fully justified.

(2) Following the submission of the advance notification provided for in para 1 above, a copy of each letter of offer for \$25 million or more or for major defense equip-

ment for \$7 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 90 days after the date on which the copy of the letter of offer is provided through DSAA Operations to Comptroller, DSAA. A memorandum in the form of Figure App. B-2 will be provided 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-3. This will be done only after receiving express authority from 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 30 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 the DD Form 1513. The Military Department will forward the signed LOA to the Joint Financial Management Office, DSAA for counter-signature prior to release to the purchaser by the Mili-

tary Department. If the Congress adopts a concurrent resolution objecting to a proposed sale, the Director, DSAA, will promptly notify the applicable Military Department of that fact, and in view of the President's Signing Statement of 1 July 1976 on H.R. 13680, 94th Congress (P.L. 94-329), seek the guidance of the President as to the course of action which should be taken. The provisions of Section 36 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, and to any amendment adding a major defense equipment for \$7 million or more. 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 require-

ment which normally would be covered by amendment.

**2. Section 813 Procedures under the DOD Appropriation Authorization Act, 1976**

At the time of the statutory notification as required by Section 36(b), a statutory notification under Section 813, the Department of Defense Appropriation Authorization Act, 1976, as amended (P.L. 95-79, approved July 30, 1977) is also required. This applies to any LOA to sell (FMS) or any proposal to transfer defense articles which are valued at \$25 million or more from U.S. active forces' inventories or from current production. A memorandum in the form of Figure App B-4 will be provided to DSAA at the same time as the Letter of Offer is forwarded as prescribed in para 1, Appendix B.

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 Arms Export Control Act requires that notification be given to the Congress of the United States before the Department of Defense issues any offer to: (1) sell defense articles and services, the estimated total costs of which are \$25,000,000 or more, or (2) sell major defense equipment, the estimated total costs of which are \$7,000,000 or more. Section 36 further provides that the offer to sell not be issued if the Congress, within thirty (30) 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,

**MILITARY ASSISTANCE AND SALES MANUAL—PART III**

**MEMORANDUM FOR THE COMPTROLLER, DSAA**

**SUBJECT:** Reporting Requirement of Section 813 of the Department of Defense Appropriation Authorization Act 1976, as amended (P.L. 95-55, Approved July 30, 1977)

The following is provided in accordance with the Congressional reporting requirement, above subject:

- a. Purchasing Country:
- b. Selling Military Department:
- c. Type of Quantity of Equipment:
- d. Total Estimated Value:
- e. Source of Supply:
- f. Impact of Sale of Articles on Current Readiness of U.S. Forces:
- g. Adequacy of Reimbursements to Cover Replacement Cost:
- h. (1) The Initial Issue Quantity (IIQ) requirement for U.S. Forces:  
(2) Percentage of such requirement already delivered to U.S. Forces or contracted for at this time:  
(3) The timetable for meeting the requirement absent the proposed sale:  
(4) The timetable for meeting the requirement if the sale is approved:

The above report applies to any Letter of Offer, meeting the reporting criteria (\$25 million in defense articles) not signed and dated by a U.S. official as of 30 July 1977.