

25 August 1992

SUBJECT: Publication of Change 5 to the SAMM

The more significant changes in the attached package are listed below in the order of the first page of each change (1 through 206) circled at the bottom of each page. Memo or message guidance incorporated is bracketed for use by DISAM in developing the change summary:

<u>Tab</u>	<u>Description of Change</u>	<u>Page</u>
1	Comoros added to Table 600-1; Tables 600-1 (AECA-eligible), 802-1 (DTS), 1301-3 (DU), and D-5 (country codes) consolidated [101744Z Aug 92 msg]	6
2	New section 603, GFE/GFM sales (guidance moved from DoDD 4175.1 and updated [I-02889/92])	31
3	Section 700 changes; new LOI [I-02862/92, 19 Jun 92]; removed remaining prohibition on use of BO LOAs for EDA; OUSD(A) Offer approval when OT&E are incomplete; updated MDE list (Table 700-6)	35
4	New section 701 LOA formats and guidance; general rewrite; PCS personnel guidance [262147Z Feb 91]; add responsible person name in LOA note; updated tables [I00555/92, 2 Mar 92; I-01571/92, 2 Apr 92; 040640Z Apr 92 msg; 140446Z Aug 92 msg]	65
5	New section 702, adds contingency and overseas CAS LOA lines	101
6	Section 801, Acquisition updates	105
7	Section 80202 change to clarify secondary item support [I-02862/92, 19 Jun 92]	108
8	Section 803 (EDA) update [171720Z msg; 242349Z]	111
9	New section 804 Amendment and Modification formats and guidance [I-00555/92, 2 Mar 92; I-01571/92, 2 Apr 92; 040640Z Apr 92 message]	113
10	Section 902 commercial FMF guidelines replaced	129
11	Section 110001 MAP title transfer guidance [I-05674/91, 10 Feb 92]	146
12	Chap 12 lease guidance changes	148
13	New section 1504, SA Network [I-02886/92, 13 Jul 92; I-01109/92, 4 Feb 92; 301715Z Jan 92 message]	165
14	Acronymns, Annex A, minor changes	181
15	Glossary, Annex B, general update	183

SECURITY ASSISTANCE MANAGEMENT MANUAL (SAMM)**FORMAL CHANGE NO. 5 INCLUDES THE FOLLOWING INFORMATION:****MAJOR CHANGES** (by Chapter) are as follows:

CHAPTER 6 Table 600-1, pages 600-7 through 600-13. The table has been retitled, revised, and expanded. The new title is, *Country and International Organization Information*. Table 600-1 now contains the following information: Country/Organization Code, Unified Command Area designator, Region/Congressional Grouping, AECA FMS eligibility indicator, Dependable Undertaking authorization indicator, and Defense Transportation Service authorization indicator. Comoros, Zambia, Estonia, Larvia, Lithuania, Russia, Ukraine and NAMSA, M60 have been added. [Reference DSAA/OPS-E msg 101744Z Aug 92, *Country Information Changes In The SAMM*.]

Section 603 - Sale of GFE, GFM, and Related Services. A new section. [Reference DSAA memorandum, 13 Jul 92, I-02889/92, *Proposed SAMM Change, GFE - GFM Sale*.]

CHAPTER 7 Section 700. New U.S. DoD Letter of Intent (LOI) format, LOI Standard Terms and Conditions and Amendment. [Reference DSAA memorandum 19 Jun 92, I-02862/92, *Proposed SAMM Change*.]

Section 700, paragraph 70002.C.2.g., page 700-4. Change removes prohibition on use of Blanket Order LOAs for Excess Defense Articles (EDA).

Section 700, paragraph 70002.C.3.b., page 700-4. Changes FMSO II ordering period.

Section 700, paragraphs 70003.A.2.f (added) and 70003.C.2. (added). Concerns DSAA and OUSD(A) requirements for LORs regarding any MDE item that has not completed Operational Testing and Evaluation. [Reference DSAA memorandum, 14 Jan 92, I-046229/91, *Foreign Military Sales of Major Defense Systems which Have Not Completed Operational Test and Evaluation (OT&E) Satisfactory*.] Also, DSAA memorandum, 25 Feb 92, I-00511/92, same subject.

Table 700-6, Major Defense Equipment List (MDEL), updated.

Section 701, Preparation and Processing of LOAs. This section has been completely rewritten with a new LOA format, LOA Standard Terms and Conditions, and LOA Information included. (References: DSAA memorandum, 2 Mar 92, I-00555/92, *Letter of Offer and Acceptance (LOA) Revision*; DSAA memorandum, 2 Apr 92, I-01571/92, *Letter of Offer and Acceptance Revision*; DSAA/OPS-E message 040640Z Apr 92, *SAMM Change, LOA Revision*). Additionally, the following memorandum and messages have been included in this Section: DSAA memorandum 28 Jan 91, I-001082/91, *ROD Processing For Items In Consolidated Shipments*, DSAA/Plans/TO&MD 262147Z Feb 91, I-001048/91, *Review of In-country Personnel Requirements in FMS Cases*, and DSAA/OPS-E message 140446Z Aug 92, *Reports of Discrepancy (RODs)*.

DOD 5105.38-M

Section 702, *Specialized LOA Lines.* Complete rewrite. Adds information regarding contingency and overseas CAS LOA lines.

CHAPTER 8 Section 801, *Acquisition For FMS.* Updated FAR and FAR Supplement references.

Section 802, paragraph 80202, page 802-1. *Secondary Item Support.* Clarification. Specifically concerns CLSSAs. (Reference DSAA memorandum, 19 Jun 92, I- 02862/92, *Proposed SAMM Change.*)

Section 803, paragraph 80303, page 803-2. *EDA Control/Congressional Notification.* Update. [Reference DSAA OPS/E message 242349Z Aug 92, *Surveys For Excess Defense Articles (EDA) Requirements. Ref: SECDEF USDP Msg DTG 171720Z Apr 92. Subject: Policies For Processing EDAA Sales and Transfers (Update).*]

Section 804. *Amendments and Modifications.* A complete rewrite. New Amendment and Modification formats. [Reference DSAA memorandums 2 Mar 92 (I-00555/92) and 2 Apr 92 (I-01571/92) and DSAA message 040640Z Apr 92.] These memoranda and messages, with their subjects, are also included under Section 701.

CHAPTER 9 Section 902, paragraph 90209, *Direct Commercial Purchases.* The former paragraph, 90209.A.1., *FMS Credit Guidelines* has been rewritten as Table 902-SA, *Guidelines For Foreign Military Financing of Direct Commercial Contracts.* The new Table incorporates numerous changes to the Guidelines.

CHAPTER 11 Section 1100, paragraphs 110001.A.5. and 110001.A.6. Additional MAP title transfer guidance. (Reference DSAA memorandum, 10 Feb 92, I-05674/91, *Proposed SAMM Change*)

CHAPTER 12 Section 1200. *Leases.* Numerous changes.

CHAPTER 15 Section 1504. *SA Network.* A new section. Reference DISAM message, 301715Z Jan 92, *Security Assistance and Communications Network*; DSAA memorandum 4 Feb 92, I-01109/92, *Draft SAMM Guidance Concerning the Security Assistance (SA) Database and Communications Network System*; and DSAA memorandum, 13 Jul 92, I-02886/92, *Guidance To Be Published In The SAMM Concerning The Security Assistance (SA) Database and Communications Network System*).

APPENDIX B *Glossary of Selected Terms.* Rewritten and updated.

NOTES

1. The new LOA referenced in Chapter 7, Section 701, the new LOA Amendment and the new LOA Modification referenced in Chapter 8, Section 804, and the new LOI and new LOI Amendment referenced in Chapter 7, Section 700 have all superseded DD Forms 1513, 1513-1, 1513-2 and DD Forms 2012, 2012-1 and 2012-2. Until such time as the entire SAMM is updated, it should be understood that current terminology applies wherever the superseded form numbers appear.

2. The Security Assistance Accounting Center (SAAC), Denver, Colorado, is currently referred to as Defense Finance and Accounting Service - Denver Center/Security Assistance Accounting Center (DFAS-DE/F). This issue of the SAMM uses the following acronyms when referring to the "Center:" DFAS, DFAS-DE/F, DFAS-DE/F(SAAC), and SAAC. When the entire SAMM is updated the acronyms will be standardized.

3. Following is a summary of memorandum and messages included in this change:

Memorandum/Message	DSAA "I" Number
DSAA 28 Jan 91	I-001082/91
DSAA 262147Z Feb 91	I-001048/91
DSAA 14 Jan 92	I-046229/91
DISAM 301715Z Jan 92	none
DSAA 4 Feb 92	I-01109/92
DSAA 10 Feb 92	I-05674/91
DSAA 25 Feb 92	I-00511/92
DSAA 2 Mar 92	I-00555/92
DSAA 2 Apr 92	I-01571/92
DSAA 040640Z Apr 92	none
DSAA 19 Jun 92	I-02862/92
DSAA 13 Jul 92	I-02886/92
DSAA 13 Jul 92	I-02889/92
DSAA 101744Z Aug 92	none
DSAA 140446Z Aug 92	none
DSAA 242349Z Aug 92	none

USD/P INTEROFFICE COORDINATION SHEET

DATE (YYMMDD)
920820

1-02929/92

SUBJECT SAMP Change 5 Letter of Transmittal

CURRENT SUSPENSE DATE (YYMMDD)

SUMMARY (Describe briefly the origin, purpose, action recommended and coordination - (Attach original tasking - SD Form 14, etc.))

Background. Tab A contains edit and policy refinements since publication of SAMP Change 4 (Mar 92). Some are difficult to read, I will work with DISAM to make certain the changes are as we expect. The cover Letter of Transmittal at the Signature Tab is needed to complete the package.

Recommendation. Sign proposed Letter of Transmittal at Signature Tab.

SEQ NO.	DIR / OFC	INITIAL	DATE (Mo, Day)	SEQ NO.	DIR / OFC	INITIAL	DATE (Mo, Day)	SEQ NO.	DIR / OFC	INITIAL	DATE (Mo, Day)
	OUSD/P				ISP (Continued)				PDUSD / S&R (Cont'd)		
	USD / P				DIR EUR POL				ADUSD(SEE)		
	AT USDP								ADUSD(R&P)		
	MA				DASD / NF&ACP				D / CSO		
	SA				MA				NET ASSESSMENT		
	ADMIN				TNF				NA		
					STRAT FORCES				ODUSD / SP		
					SACP				DUSD / SP		
									MA		
					DASD / SDS&VP				ADUSD / CI&S		
					MA				DIS		
					VERIF POL				POL SUPPORT		
					SD & SPACE				EMERG PLAN		
					SPACE POLICY				CCC		
									SPEC ADV STF		
					DASD / CF&ACP				PSYOP		
					MA				ODUSD / TSP		
					EUR SEC NEGOT				DUSD / TSP		
					MULTI-NEGOT				MA		
					SO-LIC				ADUSD / TSP		
					ASD / SO-LIC				DTSA		
					MA				DIR		
					PDASD / SO-LIC				DEP DIR		
					MA				RESOURCE MGT		
									IGA		
	DASD / NESA				DASD / F&R				MUNITIONS		
	NESA				DIR, PA				MUN TECH		
					DIR, B&E				WPNS SEC PLAN		
	PDASD / GA				DIR, A				STRAT TRADE		
	HUMAN ASSIST								TECH COOP & SEC		
	NON-PROLIF				DASD / P&R				TECH SEC OPS		
	ISP				DIR, PP				DSAA		
	ASD / ISP				DIR, R			X	DIR		
	MA							X	DEP DIR		
	SEC DEF REPS				DASD / M&A				EXEC OFFICER		
	PDASD / ISP				DIR, MA				COUNSEL		
	MA				DIR, CT				PLANS		
					PDUSD / S&R				CONG REL		
	DASD / EUR-NATO				PDUSD / S&R				COMPT		
	EXEC OFFICER				AT PDUSD / S&R			X	OPS		
	PD EUR-NATO				MA				OTHER		
	DIR NATO POL				ADUSD(PP)			X	OPS-E		

Please do not mail.
Call W. Wells for
signs when signed -
Thanks.

WJW 8-26-92
JLL 8/26
WJW 8-26-92
WJW 8/26

NAME OF ORIGINATOR: wells
DIRECTORATE / OFFICE: OPS - E
EXTENSION: 78108
SIGNATURE: Wayne Wells



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

27 Aug 92

MEMORANDUM FOR CHIEF, COMMUNICATIONS MANAGEMENT DIVISION, OUSD(P)

SUBJECT: Request for Use of Express Mail

This request is provided in accordance with the Policy Cluster Postal Guide, June 1989, in order to justify use of USPS Express Mail. The Pentagon Post Office has previously confirmed that Express Mail is available to the destination zip code.

The document to be mailed consists of substantial changes to a Department of Defense manual. The document is in final draft form and is being mailed for publication. The manual to be changed provides day-to-day operating guidance for 5,000 DoD recipients and is a reference for an additional 2,000 paying commercial subscribers. Considerable effort is expended in keeping it current since prompt changes reduce the added work and confusion which would be involved in numerous messages, memoranda, or other less formal change notices. It is also important that the document not go astray in the mailing process. Fast and verifiable mailing is required to avoid a gap in the preparation process and to help ensure that the change is published in a timely manner.

A handwritten signature in black ink, reading "Susan C. Ludlow-MacMurray", is positioned above the typed name.

Susan C. Ludlow-MacMurray
Division Chief
Operations Management Division

psrmo



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

27 Aug '92

In reply refer to:
I-02929/92

MEMORANDUM FOR COMMANDANT, DEFENSE INSTITUTE OF SECURITY
ASSISTANCE MANAGEMENT

SUBJECT: Publication of Change 5 to the SMM

The attachment is provided for publication as Change 5 to DOD 5105.38-M, Security Assistance Management Manual. Questions may be directed to Mr. Wayne Wells, DSAA/OPS-E, DSN 227-8108.

A handwritten signature in cursive script, reading "H. Diehl McKalip", is positioned above the typed name.

H. Diehl McKalip
Director

Security Assistance Operations

Attachment
As stated



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

DISAM will
add the date
at the time
of publication -

Letter of Transmittal

It is recommended that the attached Change 5 to the 1 October 1988 SAMM be reviewed as it is collated into the manual in order that changes to current policies and procedures may be noted.

Your suggestions for improving DoD 5105.38-M continue to be welcome. Any recommended changes should be submitted as shown in Chapter 1, Section 10008.

A handwritten signature in cursive script, reading "Teddy G. Allen", is positioned above the typed name and title.

**Teddy G. Allen
Lieutenant General, USA
Director**

**Attachment
As stated**

Projected Date:

2 Nov '92

(wells - Ebert. Prepared,
requires proofing, index
development. 9/9/92 Expected to
print ~9/15/92-)

20301.I.

I. The USG 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 USG policy regarding the sale of such items:

1. Napalm, including napalm thickener, dispensers, and fuses will not be provided through FMS or on a commercial basis.

2. Requests for white phosphorus munitions should be submitted in accordance with the procedures established for SME (see Chapter 7, Section 700 of this manual). Requests should indicate, by type of ammunition requested, the quantity and intended use of the ammunition. Requests should be accompanied by the U.S. mission's opinions 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 also contain assurance from the host government that the white phosphorus munitions will be used only for purposes such as signalling and smoke screening. DSAA will be responsible for coordinating approval of the request. Upon 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.

3. Riot control agents may not be provided via 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.

20302 SHIP TRANSFERS.

A. Vessels 20 years old or more and no more than 3,000 tons (light load displacement) or less may be transferred after 30 continuous days of the date that the USN notifies Congress of its intent to make the transfer. Naval vessels less than 20 years old or more than 3,000 tons may be transferred only after enactment of specified legislation authorizing the transfer. These criteria and Congressional oversight provisions are prescribed by 10 USC 7307.

B. Regardless of the method of transfer (sale or lease) the foreign government will normally pay all costs incidental to the transfer.

C. Leasing of ships must be in accordance with the AECA, Chapter 6, unless otherwise expressly authorized by separate legislation. Such leasing is reserved for exceptions where a sale is not feasible.

D. Ship transfer and approval procedures:

1. The foreign government normally requests price and availability (P&A), followed by a formal request for transfer expressed in diplomatic notes. The latter is a prerequisite to Congressional notification under the AECA for a lease, and to submitting notification to the Congress or requesting authorizing legislation under 10 USC 7307.

2. Ship transfers are coordinated by the Director, Navy ~~Office of Technology Transfer and Security Assistance (NAVOTTSA)~~ ^{International Programs Office} and DSAA. DSAA coordinates all transfers within OSD and with the Department of State. DSAA ensures compliance with statutory notification and authorizing legislation requirements. The Navy prescribes policies and procedures for ship transfers in OPNAV Instruction 4900.90 series.

3. ~~NAVOTTSA~~ ^{Navy IPO} submits each request for sale to the Director, DSAA. This takes the form of either a draft Congressional notification letter or a draft ship transfer bill, pursuant to 10 USC 7307. Each request will include a statement of approval from the Secretary of the Navy or his designee.

Change 5

20302.D.4.

4. Lease procedures are found in Chapter 12 of this manual. Leases entered into under the authority of specific legislation (per 10 USC 7307) will be coordinated and staffed on a case-by-case basis. Director, DSAA, will coordinate all ship lease requests and advise NAVOTSSA of approval or disapproval. If approved, NAVOTSSA may offer the ship to the requesting country concerned, when statutory notification of legislative authorization requirements have been met.

20303 SECURITY NOTES RELATED TO MAN-PORTABLE AIR DEFENSE SYSTEMS SALES.

A. The following notes should apply to sales to NATO, NATO Nations, Japan, Australia, and New Zealand:

"Purchaser agrees to adhere to the following additional security requirements associated with MANPADS. Modification of specified requirements to meet indigenous conditions may be approved by the Office of the Deputy Chief of Staff for Operations and Plans (DAMO-ODL-S), U.S. Army.

1. **Physical Security:** The (insert appropriate missile) will be stored in magazines that are at least equivalent in strength to U.S. Army requirements as specified in subparagraph (a) below. The purchaser also agrees to comply with U.S. Army specified requirements for lighting, doors, locks, keys, fencing, and surveillance and guard systems. Specific requirements will be agreed upon and installed prior to delivery of the missile system. U.S. Army representatives will be allowed to verify security measures and procedures established for implementation of these requirements.

a. **Magazines:** Reinforced concrete, arch type, earth covered whose construction is at least equivalent in strength to the requirements of Chapter 5, Department of Defense Manual 6055.9 - STD, *Ammunition and Explosive Safety Standards*, July 1984, will be used for storage (standards of which will be provided to the purchaser).

b. **Lighting:** Lighting will be provided for exterior doors and along perimeter barriers. Security lighting requirements will conform to the ammunition and safety requirements of Appendix C, U.S. Army Technical Manual 9-1300-206 (standards of which will be provided to the purchaser).

c. **Doors, Locks, and Keys:** Exterior doors will be class five steel vault doors secured by two key-operated high security padlocks and a high security shrouded hasp. Keys will be secured separately to ensure effective two-man control of access (i.e., two authorized persons must be present to enter). Use of a master or multiple key system is prohibited.

d. **Fencing:** Fencing will be six foot (minimum) steel chain link with a one foot overhang mounted on steel or reinforced concrete posts over firm base. Clear zones will be established 30 feet inside and 12 feet outside the perimeter fence (provided there is adequate space).

e. **Surveillance and Guard:** A full-time guard force or combination guard force and intrusion detection system (IDS) will be provided. When the IDS is not operational, 24 hour guard surveillance is required.

f. **Access to Storage Facilities:** Two authorized persons will be required to be present during any activity which affords access to storage facilities containing MANPADS. Lock and key procedures will be developed to ensure that no

3. **Coproduction.** For all countries and international organizations, information which indicates by specific type any item of MDE (e.g., F-16 aircraft) is classified in coproduction proposals only. Such information will be declassified upon termination of negotiations. Such information will be marked:

*"CLASSIFIED BY SAMM (DOD 5105.38-M), DECLASSIFY ON
TERMINATION OF NEGOTIATIONS"*

4. **NRC Recoupment Charges.** Worksheets showing calculations which contain projections of dollar levels of future U.S. investment in the development of a defense item and projections of future multiple foreign requirements will be classified (see Chapter Seven of this Manual). Worksheets will be declassified when the defense item becomes obsolete to U.S. requirements. Worksheets will be marked:

*"CLASSIFIED BY SAMM (DOD 5105.38-M), DECLASSIFY UPON
NOTIFICATION BY THE ORIGINATOR"*

5. **Section 36(b) Notifications.** Specific classification directions and guidelines for Section 36(b) notifications and input data elements for these documents are specified in Chapter Seven of this Manual.

50203 RELEASE OF INFORMATION.

A. **Unclassified.** It is DOD policy to comply fully with both the specified provisions and the general intent of the Freedom of Information Act (FOIA), as amended. Release under the FOIA of records containing SA-related information, including LOAs and FMS procurement contracts, will be in accordance with procedures established by DODD 5400.7-R and DODI 5400.10. **

1. Under FOIA exemption (B)(4), commercial or financial information provided to the USG in confidence by a person (including a foreign government or a US or foreign business) may be exempt from disclosure to the public if it is not the type of information that is usually released by the originator, if disclosure is likely to cause substantial competitive harm to the originator, if disclosure is likely to impair the ability of the USG to obtain necessary commercial or financial information in the future, or if disclosure is likely to impair some other legitimate USG interest.

2. Any request under the FOIA for an LOA or FMS procurement contract should be referred to the appropriate counsel of the DOD component for action. If a DOD component determines that it may be required to disclose commercial information obtained in confidence from a person, corporation, or foreign government, it shall notify the submitter of the information in accordance with DODD 5400.7-R. Final decisions to withhold or release, in whole or in part, LOAs already accepted or in preparation shall be coordinated with DSAA.

*notification Procedures for Confidential and Executive Order 12600, 23 June 1987, "Pre-disclosure
Commercial Information", 5 USC 552 note.*

3. The DSAA 1200 FMS information system is a frequent source for providing information to the public. DSAA maintains a consolidated data base which contains information about each FMS case by collecting essential data from a variety of sources over the life of each case. The 1200 system is the exclusive source for such consolidated data and contains records from the inception of the FMS program.

4. Unclassified information may be released to the concerned country or international organization as appropriate for purposes related to security assistance. Price data may be released to MAP and IMET recipient countries and international organizations, subject to recipients' understanding that prices are provided for procurement planning and related purposes only, and that prices quoted are estimates and are not necessarily those which have been or will be applied to

6-15-92

Change 5
Background

Wayne

I'd like to have para. 50203.A.2
changed to read: "... it shall notify the
submitter of the information IAW DODD 5400.7-R
AND Executive Order 12600, June 23, 1987,
subject "Pre-disclosure Notification Procedures
for Confidential Commercial Information"
5 USC 552 note."

Jerry Silver

EXECUTIVE ORDER NO. 12400

June 28, 1987, 52 F.R. 23781

PREDISCLOSURE NOTIFICATION PROCEDURES FOR
CONFIDENTIAL COMMERCIAL INFORMATION

By the authority vested in me as President by the Constitution and statutes of the United States of America, and in order to provide predisclosure notification procedures under the Freedom of Information Act [this section] concerning confidential commercial information, and to make existing agency notification provisions more uniform, it is hereby ordered as follows:

Section 1. The head of each Executive department and agency subject to the Freedom of Information Act shall, to the extent permitted by law, establish procedures to notify submitters of records containing confidential commercial information as described in section 3 of this Order, when those records are requested under the Freedom of Information Act [FOIA], 5 U.S.C. 552, as amended, if after reviewing the request, the responsive records, and any appeal by the requester, the department or agency determines that it may be required to disclose the records. Such notice requires that an agency use good-faith efforts to advise submitters of confidential commercial information of the procedures established under this Order. Further, where notification of a voluminous number of submitters is required, such notification may be accomplished by posting or publishing the notice in a place reasonably calculated to accomplish notification.

Sec. 2. For purposes of this Order, the following definitions apply:

(a) "Confidential commercial information" means records provided to the government by a submitter that arguably contain material exempt from release under Exemption 4 of the Freedom of Information Act, 5 U.S.C. 552(b)(4) (subsec. (b)(4) of this section), because disclosure could reasonably be expected to cause substantial competitive harm.

(b) "Submitter" means any person or entity who provides confidential commercial information to the government. The term "submitter" includes, but is not limited to, corporations, state governments, and foreign governments.

Sec. 3. (a) For confidential commercial information submitted prior to January 1, 1988, the head of each Executive department or agency shall, to the extent permitted by law, provide a submitter with notice pursuant to section 1 whenever:

- (i) the records are less than 10 years old and the information has been designated by the submitter as confidential commercial information; or
- (ii) the department or agency has reason to believe that disclosure of the information could reasonably be expected to cause substantial competitive harm.

(b) For confidential commercial information submitted on or after January 1, 1988, the head of each Executive department or agency shall, to the extent permitted by law, establish procedures to permit submitters of confidential commercial information to designate, at the time the information is submitted to the Federal government or a reasonable time thereafter, any information the

disclosure of which the submitter claims could reasonably be expected to cause substantial competitive harm. Such agency procedures may provide for the expiration, after a specified period of time or changes in circumstances, of designations of competitive harm made by submitters. Additionally, such procedures may permit the agency to designate specific classes of information that will be treated by the agency as if the information had been so designated by the submitter. The head of each Executive department or agency shall, to the extent permitted by law, provide the submitter notice in accordance with section 1 of this Order whenever the department or agency determines that it may be required to disclose records:

- (i) designated pursuant to this subsection; or
- (ii) the disclosure of which the department or agency has reason to believe could reasonably be expected to cause substantial competitive harm.

Sec. 4. When notification is made pursuant to section 1, each agency's procedures shall, to the extent permitted by law, afford the submitter a reasonable period of time in which the submitter or its designee may object to the disclosure of any specified portion of the information and to state all grounds upon which disclosure is opposed.

Sec. 5. Each agency shall give careful consideration to all such specified grounds for nondisclosure prior to making an administrative determination of the issue. In all instances when the agency determines to disclose the requested records, its procedures shall provide that the agency give the submitter a written statement briefly explaining why the submitter's objections are not sustained. Such statement shall, to the extent permitted by law, be provided a reasonable number of days prior to a specified disclosure date.

Sec. 6. Whenever a FOIA requester brings suit seeking to compel disclosure of confidential commercial information, each agency's procedures shall require that the submitter be promptly notified.

Sec. 7. The designation and notification procedures required by this Order shall be established by regulations, after notice and public comment. If similar procedures or regulations already exist, they should be reviewed for conformity and revised where necessary. Existing procedures or regulations need not be modified if they are in compliance with this Order.

Sec. 8. The notice requirements of this Order need not be followed if:

- (a) The agency determines that the information should not be disclosed;
- (b) The information has been published or has been officially made available to the public;
- (c) Disclosure of the information is required by law (other than 5 U.S.C. 552);
- (d) The disclosure is required by an agency rule that (1) was adopted pursuant to notice and public comment, (2) specifies narrow classes of records submitted to the agency that are to be released under the Freedom of Information Act, and (3)

provides in exceptional circumstances for notice when the submitter provides written justification, at the time the information is submitted or a reasonable time thereafter, that disclosure of the information could reasonably be expected to cause substantial competitive harm;

(e) The information requested is not designated by the submitter as exempt from disclosure in accordance with agency regulations promulgated pursuant to section 7, when the submitter had an opportunity to do so at the time of submission of the information or a reasonable time thereafter, unless the agency has substantial reason to believe that disclosure of the information would result in competitive harm; or

(f) The designation made by the submitter in accordance with agency regulations promulgated pursuant to section 7 appears obviously frivolous; except that, in such case, the agency must provide the submitter with written notice of any final

administrative disclosure decision within a reasonable number of days of the specified disclosure date.

Sec. 9. Whenever an agency notifies a submitter that it may be required to disclose information pursuant to section 1 of this Order, the agency shall also notify the requester that notice and an opportunity to comment are being provided the submitter. Whenever an agency notifies a submitter of a final decision pursuant to section 5 of this Order, the agency shall also notify the requester.

Sec. 10. This Order is intended only to improve the internal management of the Federal government, and is not intended to create any right or benefit, substantive or procedural, enforceable at law by a party against the United States, its agencies, its officers, or any person.

RONALD REAGAN

CROSS REFERENCES

Availability of information to and inspection of records by Comptroller General, see section 716 of Title 31, Money and Finance.

Motor Carrier Safety Act, proceeding on complaint under, nondisclosure of identity of com-

plaintant notwithstanding this section, see section 2511 of Title 49, Transportation.

Reports and records on monetary instruments transactions exempt from disclosure under this section, see section 5319 of Title 31.

FEDERAL PRACTICE AND PROCEDURE

Affidavits in support of or in opposition to summary judgment, see Wright, Miller & Kane: Civil 2d § 2738.

Attorney fees

Generally, see Wright, Miller & Kane: Civil 2d § 2673.

Award to nonlawyer pro se litigants, see Wright, Miller & Kane: Civil 2d § 2672.

Burden of proof and presumptions on motion for summary judgment, see Wright, Miller & Kane: Civil 2d § 2727.

Denial of plaintiff's motion to make discovery and issuance of summary judgment on basis of agency's submissions, see Wright, Miller & Kane: Civil 2d § 2741.

Discretion of court in deciding summary judgment motion, see Wright, Miller & Kane: Civil 2d § 2728.

WEST'S FEDERAL PRACTICE MANUAL

Access to procurement records, see § 1527.

Advisory memoranda, National Labor Relations Board, see § 11383.

Availability of documents and records, see § 61 et seq.

Collective bargaining, witnesses, see § 11525.

Defense contract Renegotiation Board, see § 1679.

Exemptions, in general, see § 68.
Federal Trade Commission, confidential information, see § 2924.

Existence of issues of material fact pertaining to production of data as precluding summary judgment, see Wright, Miller & Kane: Civil 2d § 2725.

Mooting of action to compel production of documents, see Wright, Miller & Cooper: Jurisdiction 2d § 3533.

Presentation of genuine case or controversy in action to compel government agency to produce documents, see Wright, Miller & Cooper: Jurisdiction 2d § 3530.

Privilege of documents relating to policy matter and not factual data, see Wright & Miller: Civil § 2019.

Scope of Federal Rules of Evidence, see Wright & Graham: Evidence § 5011 et seq.

Summary judgment in actions involving United States, see Wright, Miller & Kane: Civil 2d § 2733.

CRIMINAL PROCEDURE

Pretrial discovery, defense, see LaFave and Israel § 19.3.

ADMINISTRATIVE LAW

Access to information about advisory committees, see Koch § 11.10.

Freedom of Information Act as discovery tool, see Koch §§ 4.46, 3.62.

Nature of agency, see Koch § 1.5.

Openness in disclosure of internal agency policy, see Koch § 3.26.

Change 5 Back ground

5

TABLE OF CONTENTS

CHAPTER SIX

MILITARY EXPORT SALES POLICIES AND CONSIDERATIONS

	Page	
Section 600 - Policy Considerations	600-1	**
60001 General	600-1	
60002 Disbursing Agent/Non-US Administrative Support Costs	600-2	
60003 Proper Use of US-Origin Items	600-2	
60004 Third Party Transfer Certification	600-3	
60005 Foreign Military Design and Construction Sales	600-4	
60006 Communications Security (COMSEC) Programs	600-5	
60007 Translation Services	600-5	
60008 Exclusive Licensing Arrangements	600-5	
Table 600-1 - Security Assistance Surveys Authorized Intermediaries <i>Country and International Organization</i>	600-7	
Foreign Countries and International Organizations Eligible to Purchase Defense Articles and		
Section 601 - Contractor Preference for Direct Commercial Sales	601-1	<i>Defense Service</i>
60101 Purpose	601-1	<i>under the</i>
60102 General	601-1	<i>Authority of</i>
60103 Guidelines	601-2	<i>the AECDA</i>
60104 Commercial Source Responsibilities	601-3	
60105 DSAA Responsibilities	601-3	
60106 DOD Component Responsibilities	601-3	
Section 602 - SAO-Industry SA Relations	602-1	
60201 Purpose	602-1	
60202 SAO Guidelines	602-1	
60203 Guidelines for Industry Interface with SAOs	602-3	

The following acronyms or abbreviations are used in this table:

Country/Organization and Code. The short names and two digit Code listed are those assigned for FMS purposes (e.g., for assignment of LOA identifiers or SA communications) and are generally consistent with National Institute of Standards and Technology (NIST) codes in "Status of the World's Nations", DoS Office of the Geographer Publication 9694. If a territory, the central country code is listed in parenthesis to the right of the "Country/Organization" name. Where FMS and NIST codes differ, NIST codes are listed parenthetically to the right of the SA Code. "INC" in the Code field indicates the corresponding Code was established for the specific country listed for the purpose of International Narcotics Control.

UCOM (unified command area). NR - Nonregional, AT - Atlantic Command, CE - Central Command, EU - European Command, PA - Pacific Command, and SO - Southern Command

Reg (Region/Congressional grouping). AFR - Africa Region, AR - American Republic, EUR - European, EAP - East Asia and Pacific, NESAs - Near East and South Asia

FMS (AECA eligibility). An "F" shows Countries/Organizations determined by the President under AECA Sec 3(a)(1) to be eligible to purchase defense articles and defense services under authority of the AECA. A determination by itself does not signify that sales will be made since sales may have been suspended for legal or policy reasons. Questions regarding eligibility may be referred to DSAA Operations.

DU (dependable undertaking). A "U" denotes those authorized terms of sale DU.

DTS (defense transportation service). A "T" shows Countries authorized to use DTS for all FMS shipments. Not all countries authorized DTS have active FMS programs. No international organization has been granted this authority.

<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</u>
Afghanistan	AF	CE	NESA	F*		
Albania	AL	EU	EUR			
Algeria	AG	EU	NESA	F	U	
Andorra	AN	EU	EUR			
Angola	AO	EU	AFR			
Anguilla	AV	AT	AR			
Antigua & Barbuda	AC	AT	AR	F		T
Argentina	AR	SO	AR	F	U	
Australia	AT (AS)	PA	EAP	F	U	
Austria	AU	EU	EUR	F	U	
Bahamas	BF	AT	AR	F	U	
Bahrain	BA	CE	NESA	F	U	
Bangladesh	BG	PA	NESA	F	U	
Barbados	BB	AT	AR	F	U	T
Belgium	BE	EU	EUR	F	U	
Belize	BH	SO	AR	F		T

Change 5

<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</u>
Benin	DA (BN)	EU	AFR	F		T
Bermuda(UK)	BD	AT	AR			
Bhutan	BT	PA	NESA			
Bolivia	BL	SO	AR	F		T
Bolivia	D1 (INC)	SO	AR	F		T
Botswana	BC	EU	AFR	F	U	T
Brazil	BR	SO	AR	F	U	
British Indian Ocean(UK)	IO	PA	NESA			
British Virgin Islands(UK)	VI	AT	AR			
Brunei	BX	PA	EAP	F	U	
Bulgaria	BU	EU	EUR			
Burkina Faso	UV	EU	AFR	F		T
(Burma) See Myanmar	-	-	-			
Burundi	BY	EU	AFR	F		T
Cambodia	CB	PA	EAP	F*		
Cameroon	CM	EU	AFR	F	U	T
Canada	CN (CA)	NR	EUR	F	U	
Cape Verde, Republic of	CV	AT	AFR	F		T
Cayman Islands(UK)	CJ	AT	AR			
Central African Republic	CT	EU	AFR	F		T
Chad	CD	EU	AFR	F		T
Chile	CI	SO	AR	F		
China	CH	PA	EAP	F	U	
Colombia	CO	SO	AR	F	U	T
Colombia	D5 (INC)	SO	AR	F	U	T
Comoros	CR (CN)	PA	AFR	F		
Czech & Slovak	CZ	EU	EUR	F		
Congo	CF	EU	AFR	F		
Costa Rica	CS	SO	AR	F	U	T
Cuba	CU	AT	AR			
Cyprus	CY	EU	EUR			
Denmark	DE (DA)	EU	EUR	F	U	
Djibouti	DJ	CE	AFR	F		T
Dominica	DO	AT	AR	F	U	T
Dominican Republic	DR	AT	AR	F	U	T
Ecuador	EC	SO	AR	F	U	T
Egypt	EG	CE	NESA	F	U	
El Salvador	ES	SO	AR	F	U	T
Equatorial Guinea	EK	EU	AFR	F		T
Estonia	EN	EU	EUR			
Ethiopia	ET	CE	AFR	F*		T
Falkland Islands(UK)	FA	AT	AR			
Faeroe Islands	FO	AT	EUR			
Fiji	FJ	PA	EAP	F		
Finland	FI	EU	EUR	F	U	
France	FR	EU	EUR	F	U	
French Guiana(FR)	FG	SO	AR			
French Polynesia(FR)	FP	PA	EAP			
Gabon	GB	EU	AFR	F		T
Gambia	GA	EU	AFR	F		T
Germany	GY (GM)	EU	EUR	F	U	
Ghana	GH	EU	AFR	F		T
Gibraltar(UK)	GI	EU	EUR			

Handwritten notes:
 1. 2
 2. 1
 3.

Change 5

<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</u>
Greece	GR	EU	EUR	F	U	
Greenland(DE)	GL	AT	AR			
Grenada	GJ	AT	AR	F		T
Guadeloupe(FR)	GP	AT	AR			
Guatemala	GT	SO	AR	F	U	T
Guinea	GV	EU	AFR	F		T
Guinea-Bissau	PU	EU	AFR	F		T
Guyana	GU	SO	AR			
Haiti	HA	AT	AR	F	U	T
Honduras	HO	SO	AR	F	U	T
Hong Kong(UK)	HK	PA	EAP			
Hungary	HU	EU	EUR	F		
Iceland	IL (IC)	AT	EUR	F	U	
India	IN	PA	NESA	F	U	
Indochina	IC	PA	EAP			
Indonesia	ID	PA	EAP	F	U	
Iran	IR	CE	NESA	F*		
Iraq	IQ	CE	NESA			
Ireland	EI	EU	EUR	F	U	
Israel	IS	EU	NESA	F	U	
Italy	IT	EU	EUR	F	U	
Ivory Coast	IV	EU	AFR	F		T
Jamaica	JM	AT	AR	F	U	T
Japan	JA	PA	EAP	F	U	
Jordan	JO	CE	NESA	F	U	
(Kampuchea) See Cambodia	-	-	-			
Kenya	KE	CE	AFR	F	U	T
Kiribati	KR	PA	EAP			
Korea (Seoul)	KS	PA	EAP	F	U	
Kuwait	KU	CE	NESA	F	U	
Laos	LA	PA	EAP	F*		
Latvia	LG	EU	EUR			
Lebanon	LE	EU	NESA	F	U	
Lesotho	LT	EU	AFR	F		T
Liberia	LI	EU	AFR	F	U	T
Libya	LY	EU	NESA	F*		
Liechtenstein	LS	EU	EUR			
Lithuania	LH	EU	EUR			
Luxembourg	LX (LU)	EU	EUR	F	U	
Macau(PT)	MC	PA	EAP			
Madagascar	MA	PA	AFR	F		T
Malawi	MI	EU	AFR	F		T
Malaysia	MF (MY)	PA	EAP	F	U	
Maldives	MV	PA	NESA			
Mali	RM (ML)	EU	AFR	F		T
Malta	MT	EU	EUR	F	U	
Martinique(FR)	MB	AT	AR			
Mauritania	MR	EU	AFR	F		T
Mauritius	MP	PA	AFR	F		T
Mexico	MX	SO	AR	F	U	
Monaco	MN	EU	EUR			

<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</u>
Mongolia	MG	PA	EAP			
Montserrat(UK)	MH	AT	AR			
Morocco	MO	EU	NESA	F	U	T
Mozambique	MZ	EU	AFR	F		T
Myanmar (formerly Burma)	BM	PA	EAP	F		
Namibia	WA	EU	AFR	F		T
Nauru	NR	PA	EAP			
Nepal	NP	PA	NESA	F	U	
Netherlands	NE (NL)	EU	EUR	F	U	
Netherlands Antilles(NE)	NA (NT)	AT	AR			
New Caledonia(FR)	NC	PA	EAP			
New Zealand	NZ	PA	EAP	F	U	
Nicaragua	NU	SO	AR	F*		
Niger	NK (NG)	EU	AFR	F		T
Nigeria	NI	EU	AFR	F	U	T
Niue	NQ	PA	EAP			
Norfolk Islands(AT)	NF	PA	EAP			
Norway	NO	EU	EUR	F	U	
Oman	MU	CE	NESA	F	U	
Pakistan	PK	CE	NESA	F*	U	
Panama	PN (PM)	SO	AR	F*	U	
Papua-New Guinea	PP	PA	EAP	F		
Paraguay	PA	SO	AR	F		
Peru	PE	SO	AR	F	U	T
Peru	D3 (INC)	SO	AR	F	U	
Philippines	PI (RP)	PA	EAP	F	U	
Pitcairn(UK)	PC	PA	EAP			
Poland	PL	EU	EUR	F		
Portugal	PT (PO)	EU	EUR	F	U	
Qatar	QA	CE	NESA	F	U	
Reunion(FR)	RE	PA	AFR			
Romania	RO	EU	AFR			
Russia	RS	EU	EUR			
Rwanda	RW	EU	AFR	F		T
San Marino	SM	EU	EUR			
Sao Tome & Principe	TP	AT	AFR	F		T
Saudi Arabia	SR (SA)	CE	NESA	F	U	
Senegal	SK (SG)	EU	AFR	F		T
Seychelles	SE	PA	AFR	F		T
Sierra Leone	SL	EU	AFR	F		T
Singapore	SN	PA	EAP	F	U	
Solomon Islands	BP	PA	EAP			
Somalia	SO	CE	AFR	F		T
South Africa	UA (SF)	EU	AFR			
Spain	SP	EU	EUR	F	U	
Sri Lanka	CE	PA	NESA	F		
St Helena(UK)	SH	AT	AFR			
St Kitts & Nevis	SC	AT	AR	F		T
St Lucia	ST	AT	AR	F	U	T
St Pierre & Miquelon(FR)	SB	AT	AR			
St Vincent & Grenadines	VC	AT	AR	F	U	T

Change 5

<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</u> ^{Change 5}
Sudan	SU	CE	AFR	F	U	T
Suriname	NS	SO	AR	F	U	
Swaziland	WZ	EU	AFR			T
Sweden	SW	EU	EUR	F	U	
Switzerland	SZ	EU	EUR	F	U	
Syria	SY	EU	NESA			
Taiwan	TW	PA	EAP	F	U	
Tanzania	TZ	EU	AFR	F		T
Thailand	TH	PA	EAP	F	U	
Togo	TO	EU	AFR	F		T
Tokelau(NZ)	TL	PA	EAP			
Tonga	TN	PA	EAP	F		
Trinidad-Tobago	TD	AT	AR	F	U	
Tunisia	TU (TS)	EU	NESA	F	U	
Turkey	TK (TU)	EU	EUR	F	U	
Turks & Caicos(UK)	TS	AT	AR			
Tuvalu	TV	PA	EAP			
Uganda	UG	EU	AFR	F		T
Ukraine	UP	EU	EUR			
United Arab Emirates	TC	CE	NESA	F	U	
United Kingdom	UK	EU	EUR	F	U	
Uruguay	UY	SO	AR	F	U	
Vanuatu	NH	PA	EAP			
Venezuela	VE	SO	AR	F	U	
Vietnam	VS (VM)	PA	EAP	F*		
Western Samoa	WS	PA	EAP			
Yemen	YE (YM)	CE	NESA			
Yugoslavia	YU (YO)	EU	EUR	F	U	
Zaire	CX (CG)	EU	AFR	F		T
Zambia	ZA	EU	AFR	F		
Zimbabwe	ZI	EU	AFR	F		T

<u>Organization ** /Other</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>
Africa Region	R6	EU	AFR		
American Republic Region	R5	SO	AR		
Central Treaty Org (CENTO)	T3	NR	NR		
Department of Defense	00	NR	NR		
General Cost, MAP(GC-MAP)	22	NR	NR		
East Asia & Pacific Region	R4	PA	EAP		
European Participating Grp F16 CAS	EP	NR	NR		
European Region	R2	EU	EUR		
Expanded IMET (Nonspecific)	66	NR	NR		
Intl Civil Def Org (ICDO)	T8	NR	NR		
MAP Prop Sales & Disposal (MAPSAD)	M2	NR	NR		

TABLE 600-1. Country and International Organization Information (Pg 5 of 6)

Change 5

<u>Organization ** /Other</u>	<u>Code</u>	<u>UCOM</u>	<u>Req</u>	<u>FMS</u>	<u>9U</u>
Mutual Weapons Dev Prog (MWDP) ***	N8	NR	NR		
NATO	N2	NR	NR	F	U
Headquarters	N6	NR	NR	F	U
Infrastructure	N5	NR	NR	F	U
Airborne Early Warning & Control (AEW+C) Component Command (COMP)	K9	NR	NR	F	U
Grnd Envirnmntl Interface (GEI)	K8	NR	NR	F	U
Operations & Support Budget (O+S) Prog Mgt Ofc (NAPMO)	K7	NR	NR	F	U
Commun & Info Sys Agency (NACISA)	N1	NR	NR	F	U
Euro Fighter Acft Dev, Prod, & Log Mgt Agency (NEFMA)	K4	NR	NR	F	U
HAWK Prod & Log Org (NHPL0)	M1	NR	NR	F	U
Missile Firing Installation (NAMFI)	M6	NR	NR	F	U
Multi-Role Combat Acft (MRCA) Dev & Prod Agency (NAMMA)	N9	NR	NR	F	U
NAMSA, F104	K3	NR	NR	F	U
NAMSA General, Nike	K2	NR	NR	F	U
NAMSA General, Other	N4	NR	NR	F	U
NAMSA, HAWK	M9	NR	NR	F	U
NAMSA, M60 Series Tanks	N7	NR	NR	F	U
NAMSA Nike Training Center (NNTC)	N4	NR	NR	F	U
NAMSA, Patriot	K6	NR	NR	F	U
NAMSA, Weapons	M8	NR	NR	F	U
Supr Allied Cdr Atlantic (SACLANT) Southern Region Signal & Commun	M5	NR	NR	F	U
Supreme HQ, Allied Powers, Europe (SHAPE)	K5	NR	NR	F	U
Near East & South Asia (NESA) Region	M7	NR	NR	F	U
<i>Organization of African Unity (OAU)</i>	A2	EU	EUR	F	U
Organization of American States (OAS)	R3	EU	NESA		
Pan Canal Area Mil Schools (PACAMS)	A3	NR	NR	F	
Seasparrow (Sec 1004, PL 98-525) ***	A1	NR	NR	F	
Sinai Peacekeeping Force	11	SO	AR		
Southeast Asia Treaty Org (SEATO)	N3	NR	NR		
Special Defense Acquis Fund (SDAF)	S2	NR	NR		
United Nations	T4	NR	NR		
Intrnatnl Civ Aviation Org (ICAO)	D2	NR	NR		
Weapons Production Program (WPP) ***	T9	NR	NR	F	
	T7	NR	NR	F	

* Program is currently restricted or suspended (suspension is noted only if extant for a prolonged period).

** International Treaty Organizations include:
 North Atlantic Treaty Organization (NATO) and its agencies
 Organization of American States (OAS)
 United Nations (UN) and its agencies, including the International Civil Aviation Organization (ICAO)
 Intl Commission of Control and Supervision in Vietnam (inactive)
 Intl Commission of Control and Supervision in Laos (inactive)

*** Affiliated with, but not eligible for FMS sales as part of, NATO.

THE WHITE HOUSE
WASHINGTON

Change 5
Background

August 25, 1992

Presidential Determination
No. 92-44

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Eligibility of the Organization of African Unity (OAU) to be Furnished Defense Articles and Services Under the Foreign Assistance Act and the Arms Export Control Act

Pursuant to the authority vested in me by section 503(a) of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2311(a)), and section 3(a)(1) of the Arms Export Control Act, as amended (22 U.S.C. 2753(a)(1)), I hereby find that the furnishing of defense articles and services to the Organization of African Unity will strengthen the security of the United States and promote world peace.

You are directed to report this finding to the Congress and to publish it in the Federal Register.

C. B.

202-647-2250
8/28/92 - wells-D'Angela Bottomo, DOS o/c of Geographers reports they do not assign codes to international organizations. Confirmed with Nora Sparks, DOS, 202-647-3602, who handles FIPs/joint data. Says they assign no codes with numerics (done by using Agency).

FM SCRO (J. Frey) concurs with use of "A3".

Info'd J. Farnon, OPS-MAA.

FAxed to DISAM, with annotated page (2), 8/31/92.

TO DISAM 8/31/92

UNCLASSIFIED

**DEFENSE SECURITY ASSISTANCE AGENCY
OPERATIONS DIRECTORATE
MANAGEMENT DIVISION
WASHINGTON, D.C. 20301-2800**

FACSIMILE TRANSMISSION

TO: Ms. Vicki Ebert

PHONE NUMBER: DSN 785-2994

OFFICE: DISAM

TELECOPIER NUMBER: 513-255-4319

REMARKS, INSTRUCTIONS, COMMENTS:

Vicki, This is a substitution for the circled page 12 in the SAMM Change 5 package. It is new, and was also not included in the IDSS-transmitted Table 600-1.

FROM:

Wayne Wells, DSAA/OPS-E
AV 227-8108, CM (703) 697-8108

TELECOPIER NUMBER: (703) 697-1656

NUMBER OF PAGES INCLUDING HEADER: _____3

UNCLASSIFIED

Background

TABLE 600-1

FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS ELIGIBLE TO PURCHASE DEFENSE ARTICLES AND DEFENSE SERVICES UNDER THE AUTHORITY OF THE AECA

AFRICA

- Benin
- Botswana
- Burkina Faso
- Burundi
- Cameroon
- Cape Verde
- Central African Rep.
- Chad
- COMMONS* Congo
- Djibouti
- Equatorial Guinea
- Gabon
- Gambia
- Ghana
- Guinea
- Guinea-Bissau
- Ivory Coast
- Kenya
- Lesotho
- Liberia
- Madagascar
- Malawi
- Mali
- Mauritania
- Mauritius
- Mozambique
- Namibia
- Niger
- Nigeria
- Rwanda
- Sao Tome and Principe
- Senegal
- Seychelles
- Sierra Leone
- Somalia
- Sudan
- Tanzania
- Togo
- Uganda
- Zaire
- Zimbabwe

EUROPE

- Austria
- Belgium
- Czech & Slovak
- Denmark
- Finland
- France
- Germany (Fed. Rep.)
- Greece
- Hungary
- Iceland
- Ireland
- Italy
- Luxembourg
- Malta
- Netherlands
- Norway
- Poland
- Portugal
- Spain
- Sweden
- Switzerland
- Turkey
- United Kingdom (incl Crown Agents)
- Yugoslavia

NEAR EAST & SOUTH ASIA

- Algeria
- Bahrain
- Bangladesh
- Egypt
- India
- Israel
- Jordan
- Kuwait
- Lebanon
- Morocco
- Nepal
- Oman
- Pakistan
- Qatar
- Saudi Arabia
- Sri Lanka
- Tunisia
- United Arab Emirates

WESTERN HEMISPHERE

- Antigua & Barbuda
- Argentina
- Bahamas
- Barbados
- Belize
- Bolivia
- Brazil
- Canada
- Chile
- Colombia
- Costa Rica
- Dominica
- Dominican Republic
- Ecuador
- El Salvador
- Grenada
- Guatemala
- Haiti
- Honduras
- Jamaica
- Mexico
- Panama
- Paraguay
- Peru
- St. Christopher/Nevis
- St. Lucia
- St. Vincent & the Grenadines
- Suriname
- Trinidad & Tobago
- Uruguay
- Venezuela

Replace with
new Table 600-2*

EAST ASIA AND PACIFIC

- Australia
- Brunei
- Burma
- China
- Fiji
- Japan
- Korea
- Malaysia
- New Zealand
- Papau-New Guinea
- Philippines
- Singapore
- Thailand
- Tonga

Indonesia

Taiwan

INTERNATIONAL TREATY ORGANIZATIONS

- North Atlantic Treaty Organization (NATO) and its agencies
- Organization of American States (OAS)
- International Commission of Control and Supervision in Vietnam
- International Commission of Control and Supervision in Laos
- United Nations (UN) and its agencies, including the International Civil Aviation Organization

Also see Appendix D, Table D-5

Sales to certain countries may have been suspended for legal or policy reasons. Any questions relative to eligibility should be referred to DSAA Operations.

TABLE 600-1. Foreign Countries and International Organizations Eligible to Purchase Defense Articles and Defense Services under the Authority of the AECA.

Change 5
Background

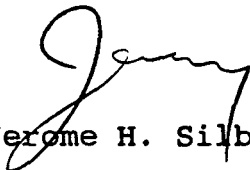
DEFENSE SECURITY ASSISTANCE AGENCY
General Counsel

June 29, 1992

MEMORANDUM FOR Wayne Wells DSA(OPS-E)

SUBJECT: FMS Eligibility of Comoros

Please amend SAMM Table 600-2 to add the Government of the Comoros as an eligible FMS customer.


Jerome H. Silber

Atch
PD 92-28

cc: OPS-D
DSAA (COMPT-FMSC&RD)

Presidential Documents

*Change 5
Background*

Presidential Determination No. 92-28 of May 26, 1992

Eligibility of the Comoros to be Furnished Defense Articles and Services Under the Foreign Assistance Act and the Arms Export Control Act

Memorandum for the Secretary of State

Pursuant to the authority vested in me by section 503(a) of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2311(a)), and section 3(a)(1) of the Arms Export Control Act (22 U.S.C. 2753(a)(1)), I hereby find and determine that the furnishing of defense articles and services to the Government of the Comoros will strengthen the security of the United States and promote world peace.

You are authorized and directed to report this determination to the Congress and to publish it in the Federal Register.

George Bush

THE WHITE HOUSE
Washington, May 26, 1992.

[FR Doc. 92-18003
Filed 6-10-92 11:55 am
Billing code 5195-01-M

Change 5
Background

ORIG TO PM

COPIES TO

THE WHITE HOUSE

WASHINGTON

9216825

H
L
AF
RF:jm

92 August 1992

Presidential Determination
No. 92-38

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Eligibility of Zambia to be Furnished Defense
Articles and Services Under the Foreign
Assistance Act of 1961 and the Arms Export
Control Act

Pursuant to the authority vested in me by section 503(a) of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2311(a)), and section 3(a)(1) of the Arms Export Control Act (22 U.S.C. 2753(a)(1)), I hereby find that the furnishing of defense articles and services to Zambia will strengthen the security of the United States and promote world peace.

You are directed to report this finding to the Congress and to publish it in the Federal Register.

Q. Bush

(16)

UNCLASSIFIED

JOINT STAFF
INFO SERVICE CENTER

ZYUW RUEPN10006 2311559

*Mled
WSP*

*change 5
background
ERP*

ROUTINE
R 171227Z AUG 92
FM CDRAMCCOM ROCK ISLAND IL //AMSMC-ILW-E//
TO CDR USASAC ALEXANDRIA VA //AMSAC-ME-RC//
INFO ODC ATHENS GR //ODCSA-A// SECDEF WASH DC //DSAA-OPS-A//
USCINCEUR VAHINGEN GM //ECJ4//
ACCT DA-BDCVLY

Add NAMSA, M60 N4

UNCLAS

SUBJ REQ FOR INFO - M60A1/A3 TANKS

A. YOUR MEMO AMSAC-ME-RC 4 AUG 92 SAB

B. MSG ODCSA-A 210825Z JUL 92 SAB

C. AR 12-8 PARA 2-38 21 DEC 90

1. INFO REQ BY REF A AND B IS AS FOLLOWS:

A. TDPS FOR NSN/PART NO REQ IN REF B ARE NOT CURRENTLY AVAIL BUT
COULD BE DEVELOPED IF A REQ FOR AN LOA IS RECEIVED.

B. A LIST OF DMWRS/MWOS APPLICABLE TO THE M60A1/A3 WAS DEVELOPED
FOR NAMSA ON FMS CASE (N4)-B-VHS WHICH WAS SUBMITTED TO AMSAC-ME-RB IN
JUL 92. THIS HQ IS THE PROPONENT AGENCY FOR THESE DMWR/MWO WHICH CAN
BE INCLUDED IN AN LOR. TACOM AND CECOM ARE THE PROPONENTS OF OTHER
DMWRS/MWOS WHICH ARE APPLICABLE TO THE M60A1/A3.

C. A LIST OF VENDORS THAT ARE QUALIFIED TO PRODUCE THE FIRE
CONTROL ITEMS CAN BE DEVELOPED. HOWEVER, DUE TO THE LARGE NUMBER OF
ITEMS INVOLVED AND THE PROBABILITY OF MULTIPLE VENDORS FOR EACH ITEM
A SIGNIFICANT AMT OF RESOURCES WILL BE REQUIRED TO PRODUCE THE LIST.
THEREFORE IAW REF C THIS SHOULD BE INCLUDED IN AN LOR.

D. TO EXPEDITE DEVELOPMENT OF THE LIST AND TO REDUCE COSTS THE
CUSTOMER SHOULD CLARIFY WHETHER THEY ARE INTERESTD IN MAJOR
SUBASSEMBLIES ONLY OR IN ALL COMPONENTS DOWN TO EACH SCREW, BOLT, AND
CIRCUIT CARD AND WHAT LEVEL OF REPAIR IS INVOLVED (UNIT, INTERMEDIATE
AND DEPOT).

2. RECOMMEND LOGISTIC AND TECHNICAL INFO BEING DEVELOPED TO SUPPORT
TLE/CFE TRANSFER ITEMS BE FURNISHED TO ALL PARTICIPANTS (NAMSA,
GREECE, PORTUGAL, SPAIN, AND TURKEY ON M60A1/A3 TANKS; AND DENMARK,
SPAIN, AND TURKEY ON M110A2 SP HOW). INFO SHOULD BE PROV AS MODE
AVAIL BY MSC'S AS PART OF US ARMY SUPPORT PACKAGES (FOR PLANNING
PURPOSES) AND NOT WAIT FOR TASKERS FROM EACH INDIVIDUAL COUNTRY.

3. THE POC IS MERRILL DAVIS, HQ, AMCCOM, AMSMC-ILW-E, DSN
793-3537.

BT

*DA
Should we be worried?
Tm*

ACTION
INFO SECDEF-N(1) USDP:DSAA(1)

(U,8,F)

MCN=92231/05567

TDR=92231/15582

TAD=92231/15582

CDSN=MAU938

PAGE 1 OF 1
171227Z AUG 92

(17)

UNCLASSIFIED

UNCLASSIFIED

JOINT STAFF
INFO SERVICE CENTER

SAMM
Change 5
Background PS

ZYUW RUEKJCS8902 2231744

ROUTINE

R 101744Z AUG 92

FM SECDEF WASHINGTON DC//USDP:DSAA//

TO DLA CAMERON STATION VA//	DA WASHINGTON DC//DALO-SAZ-A//
CDRUSASAC ALEXANDRIA VA //AMSAC//	
NAVY IPO WASHINGTON DC//O2C//	OSAF WASHINGTON DC//IA//
USCINCEUR VAIHINGEN GM//ECJ4//	AMEMBASSY MOSCOW
AMEMBASSY KIEV	AMEMBASSY REGA
AMEMBASSY TALLINN	AM CONSUL VILNIUS
DIR DFAS DENVER CO//DE/F (SAAC)//	
CMDT DISAM WRIGHT PATTERSON AFB OH	

UNCLAS DSAA/OPS-E

SUBJECT: COUNTRY INFORMATION CHANGES IN THE SAMM

REFERENCE 4 AUG 92 PHONCON, MS STREVEY, USASAC AND MR WELLS, DSAA

1. THE FOLLOWING COUNTRIES WILL BE ADDED TO TABLE D-5 IN CHANGE 5 TO DOD 5105.38-M, SAMM

ESTONIA-EN (ECHO-NOVEMBER), LATVIA-LG (LIMA GOLF), LITHUANIA-LH (LIMA HOTEL), RUSSIA-RS (ROMEO SIERRA), AND UKRAINE-UP (UNIFORM PAPA). THE UNION OF SOVIET SOCIALIST REPUBLICS (UR) IS TO BE DELETED.

2. ANY QUESTIONS MAY BE DIRECTED TO MR. WAYNE WELLS, DSN 227-8108.
BT

Included
(Table D-5
consolidated
into 600-1)

ACTION USDP:DSAA (1) (D,6,7,F)

INFO SECDEF-N (1) USDP:FILE (1) USDP:IA (1) USDP:DASDEUR (2)
USDP:TNF (1) USDP:EW ECON (1) USDP:EUR POL (1)
USDP:REE (1) USDP:NATOPOL (1)

(18)

the purchaser may contact the Military Traffic Management Command Foreign Military Sales desk, Directorate of Inland Traffic, telephone (202) 756-1870. Cargo not purchased with US FMF funds may be moved utilizing purchaser-owned/operated aircraft or vessels when conditions permit this type of delivery (i.e., pilot pick-up by country-owned military aircraft or by naval vessels).

H. Shipment Through DTS.

1. When required, exceptions to delivery policy will be noted on the LOA on a case-by-case basis and approved by DSAA (Operations Directorate) with concurrence of OUSD(A). Procedures for shipment via the DTS are contained in the Military Traffic Management Regulation and MILSTAMP, DOD 4500.32R. Stock fund articles will normally be shipped to the POE as part of the article unit cost. Shipment through DTS to the point indicated for shipment of the following types of articles is authorized on a reimbursable basis with pricing based on DOD 7290.3-M:

a. **Hazardous Sensitive Materiel.** Firearms, explosives, lethal chemicals and, when required, certain other hazardous materiel will be moved within the DTS or other US/DOD-arranged transportation under US/DOD control on a GBL. To meet these requirements, the LOA will require delivery FOB Vessel/Aircraft, CONUS POE, DTC 8. The onward movement of these items may be effected by purchaser-owned or controlled aircraft or purchaser-owned, operated or controlled surface vessels. For FMS shipments of hazardous and sensitive materiel which normally must be shipped through the DTS, the Government of Canada (GOC), or the freight forwarder as its representative, may ship these materiels inland to Canada by DTC 4 and CCBL, but the GOC must arrange for transportation on approved DOD carriers through the DTS.

b. **Oversize Air Cargo.** Air cargo of such size that the item exceeds commercial capability may be delivered to the overseas port of discharge through DTS using military aircraft.

c. **Use of DOD Controlled Ports.** FMS materiel which requires exceptional movement procedures, such as sensitive and certain hazardous material (as defined in DOD 4500.32-R, Vol. 1, Chapter 2, paragraph 12-15 Military Traffic Management Regulation Chapter 226 and Title 49 CFR Part 170-179 and 397, and DOD 5100.76M), will be shipped through CONUS water or aerial port facilities controlled by DOD. Materiel entering DTS must be documented under DOD 4500.32-R, Vol. I and II. This will require that the terms of delivery of the LOA cite as a minimum, delivery FOB Vessel/Aircraft, CONUS POE, DTC 8.

d. ^{showing "T" in the Table 600-1 DTS column} IAs are authorized to include use of DTS, on a reimbursable basis, in LOAs prepared for the countries ~~listed in Table 802-1~~. It should be noted that transportation to the CONUS POE is included in the unit price for stock fund items. LOAs will show delivery to the country by the most economical means (normally FOB overseas POD, DTC 6). Use of estimated transportation costs in lieu of standard percentage is authorized for items listed in Appendix F with an LOA line value of \$10,000 or more. When estimated costs are used, a note will be included in the LOA which identifies the amount of transportation costs by line item for each transportation element (e.g., CONUS inland, port loading, ocean transportation).

2. Redelivery Policy and Use of DTS.

a. When a DOD component solicits the return of a defense item from an FMS purchaser, use of DTS may be authorized if deemed appropriate and funded by the cognizant DOD component.

b. When a DOD component is requested by an FMS purchaser to approve return of previously purchased defense articles, transportation normally should be arranged and funded by the FMS purchaser. Unsolicited buybacks of sensitive, hazardous, and classified cargoes may

TABLE 802-1
COUNTRIES AUTHORIZED TO USE THE DEFENSE
TRANSPORTATION SYSTEM FOR ALL FMS SHIPMENTS*

Belize	Jamaica
Benin	Kenya
Bolivia	Lesotho
Botswana	Liberia
Burkina Faso	Madagascar
Burundi	Malawi
Cameroun	Mali
Cape Verde	Mauritania
Central African Republic	Mauritius
Chad	Morocco
Colombia	Mozambique
Congo	Namibia
Costa Rica	Niger
Djibouti	Nigeria
Dominican Republic	Peru
East Caribbean states	Philippines
Ecuador	Rwanda
El Salvador	Sao Tome & Principe
Equatorial Guinea	Senegal
Ethiopia	Seychelles
Gabon	Sierra Leone
Gambia	Somalia
Ghana	Sudan
Guatemala	Swaziland
Guinea	Tanzania
Guinea-Bissau	Togo
Haiti	Uganda
Honduras	Zaire
Ivory Coast	Zimbabwe

Data moved to
Table 600-1

* Not all countries listed have active FMS programs.

TABLE 802-1. Countries Authorized To Use The Defense
Transportation System for All FMS Shipments

more than one of these terms, the IA will cite on the LOA all of the applicable terms and (except for FMSO I, and Cash with Acceptance) insert the following: "Payment will be in accordance with the provisions of the Financial Annex subject to paragraph B.3.f. of Annex A."

c. Use of Type of Assistance Codes on LOAs. The IA will cite Type of Assistance codes, as specified in paragraph d. below, in the "Availability and Remarks" block (18) of the LOA for each line item in the case.

2. Terms of Sale. Terms of Sale and related statements to be used on LOAs are as follows:

a. Terms.

(1) "Cash with Acceptance." This term applies when the initial cash deposit equals the amount in the "Estimated total Costs" block of the LOA. Paragraph B.3.a. of Annex A of the LOA defines this term. This term will also be used for FMSO I even though the initial deposit is less than "Estimated Total Costs."

(2) "Cash Prior to Delivery." Under this term, the USG collects cash in advance of delivery of defense articles and rendering of defense services and design and construction services from DOD resources. Section 21(b) and Section 29 of the AECA apply. Paragraph B.3.b. of Annex A of the LOA defines this term.

(3) "Dependable Undertaking." Under this term, the USG collects cash in advance of procurement contract payment requirements. Section 22 and Section 29 of the AECA apply. Paragraph B.3.c. of Annex A of the LOA defines this term. If Section 22(b) is applicable based on Presidential action (i.e., payment due 120 days after delivery), add "with 120 days payment after delivery." The countries ~~identified in Table 1301-3~~ are authorized to make direct arrangements with the cognizant DOD component for purchases under a dependable undertaking transaction. showing "u" in the Table 600-1 DU column

(4) "Payment on Delivery." Under this term, the USG issues bills to the purchaser at the time of delivery of defense articles or rendering of defense services from DOD resources. The first sentence of Section 21(d) of the AECA applies. Paragraph B.3.d. of Annex A of the LOA defines this term. The IA may use this term only pursuant to a written statutory determination by the Director, DSAA, who must find it in the national interest to do so. If the last sentence of Section 21(d), of the AECA is applicable, based on Presidential action, modify to read "Payment 120 days after Delivery."

(5) "FMS Credit." This term applies to payment in whole or in part with FMS credit funds, extended or guaranteed by DOD under Sections 23 and 24 of the AECA or under other legislation. Paragraph B.3e of Annex A of the LOA defines this term. If the sales agreement is to be financed only in part with FMS credit funds, the IA will also cite in the "Terms" block (27) of the LOA the appropriate other Terms of Sale and the amounts applicable to each type of financing. (Note: The purchaser must request the drawdown of FMS credit funds in payment of the initial deposit and subsequent payments (if any) in accordance with the Financial Annex of the LOA. Instructions for processing credit drawdowns are contained in Chapter 9.)

(6) "MAP Merger." This term applies to payment in whole or in part with MAP funds (Section 503 of the FAA). If the sales agreement is to be financed only in part with MAP merger funds, the IA will also cite the appropriate other terms and the amounts applicable to each in the LOA.

(21)

28. Cost Code - 1000 System. This data element is used in the training detail listing to provide the total cost of a training program line. An alpha code assigned to each record in the data base is used to identify program cost categories to provide a general indication as to what part of each annual program is necessary to operate and maintain the force capability and what part will increase the force capability. (For a list of applicable codes with explanation of each, see Table D-4, this appendix.

29. Country/^{Organization}Activity Code - All Systems. See Table 600-1. ~~The country and activity codes shown in Tables D-5 through D-7 of this appendix are used throughout the Department of Defense systems to identify the country, international organization, or account which is the recipient of defense articles or services furnished, sold, leased, loaned, transferred, or exchanged. Inclusion of a country in these lists does not, in itself, indicate that the country is an independent country, that an organization is an independently eligible international organization, or that the country or organization or other account is now, every has been, or will be a recipient of MAP Grant Aid, IMET, FMS, FMCS, or FMS training. For ease of reference, Table D-5 is listed in alphabetic name sequence. Table D-6 is listed alphabetically by country/activity code sequence, and Table D-7 is segregated by area and countries/organizations are listed alphabetically within each area. It should be noted that certain country/activity codes contained in these listings and prescribed for use are at variance with the DOD/Federal Information Processing Standard Publication (FIPS) standard for Countries of the World (CO-XV) contained in DOD 5000.12M.~~

30. Course Title - 1000 System. The abbreviated course title used in the training MASL to identify the course of instruction, training team, or other training service or item provided by the Military Department.

31. Customer Within Country Code - 1000 System. A single digit alpha or numeric MILSTRIP code used in the materiel program 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 to determine the code. This code is not required in program data for those program lines for which requisitions will be submitted by the recipient country/SAO. It is essential that it be entered for all other materiel line items to ensure shipment to the proper in-country designation.

<u>Department</u>	<u>Directive</u>
Army	Army Regulation No. 725-50
Navy	NAVSUP Publication 437 "MILSTRIP/MILSTRAP"
Air Force	DOD 4140.17M

32. Delivery Commitment Date - 1200 System. The delivery commitment date is that date reflected in the DD Form 1513 for complete delivery of the total value and/or quantity of the line item, and is expressed by a three digit numeric code. The first two digits represent the fiscal year and the third digit represents the quarter of the fiscal year.

34. DSAA Waiver -1000 System. A code which indicates that an IMET policy waiver applies to the line of training. The following represent the applicable codes:

B	Books and Publications (non-English language)
C	Civilian Student
G	Postgraduate/Degree Related Training
H	High Cost Training (tuition costs exceed \$25,000)
L	Training with Duration Less than 8 Weeks
M	Mobile Training Teams (MTTs) and Field Training Services (FTS)
O	Orientation Tours

Change 5

TABLE 1301-3
FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS
AUTHORIZED DIRECT ARRANGEMENTS FOR DEPENDABLE
UNDERTAKING

Data moved to Table 600-1

~~COUNTRIES~~

<u>Africa</u>		<u>Near East and South Asia</u>	
Algeria	Morocco	Bahrain	Nepal
Botswana	Nigeria	Bangladesh	Pakistan
Cameroon	Sudan	Egypt	Oman
Kenya	Tunisia	India	Qatar
Liberia		Israel	Saudi Arabia
		Jordan	United Arab Emirates
		Kuwait	Yemen Republic
		Malta	Lebanon
<u>Europe</u>		<u>Western Hemisphere</u>	
Austria	Luxembourg	Argentina	Haiti
Belgium	Netherlands	Bahamas	Honduras
Denmark	Norway	Barbados	Jamaica
Finland	Portugal	Brazil	Mexico
France	Spain	Canada	Panama
Germany (Fed. Rep. of)	Sweden	Colombia	Peru
Greece	Switzerland	Costa Rica	St. Lucia
Iceland	Turkey	Dominica	St. Vincent
Ireland	United Kingdom	Dominican Republic	Surinam
Italy	Yugoslavia	Ecuador	Trinidad and Tobago
		El Salvador	Uruguay
		Guatemala	Venezuela
<u>Far East</u>		<u>International Organizations</u>	
Australia	New Zealand	NATO (North Atlantic Treaty Organization and its agencies)	
Brunei	People's Republic of China (PRC)		
Indonesia	Philippines		
Japan	Singapore		
Korea	Taiwan		
Malaysia	Thailand		

TABLE 1301-3. Foreign Countries and International Organizations Authorized Direct Arrangements for Dependable Undertaking.

Change 5

TABLE D-5

COUNTRY/ACTIVITY CODE - ALPHABETIC

Data moved to Table 6DD-1

Country	Code	Unified Command Cognizance	Area/Congressional Grouping
Afghanistan	AF	CE	NESA
Albania	AL	EU	EUR
Algeria	AG	EU	NESA
Andorra	AN	EU	EUR
Angola	AO	EU	AFR
Anguilla	AV	AT	AR
Antigua and Barbuda (UK)	AC	AT	AR
Argentina	AR	SO	AR
Australia	AT	PA	EAP
Austria	AU	EU	EUR
Bahamas	BF	AT	AR
Bahrain	BA	CE	NESA
Bangladesh	BG	PA	NESA
Barbados	BB	AT	AR
Belgium	BE	EU	EUR
Belize (UK)	BH	SO	AR
Benin	DA	EU	AFR
Bermuda (UK)	BD	AT	AR
Bhutan	BT	PA	NESA
Bolivia	BL	SO	AR
Bolivia (International Narcotics Control)	BI	SO	AR
Botswana	BC	EU	AFR
Brazil	BR	SO	AR
British Indian Ocean Territory (UK)	IO	PA	NESA
British Virgin Islands (UK)	VI	AT	AR
Brunei	BX	PA	EAP
Bulgaria	BU	EU	EUR
Burkina Faso	UV	EU	AFR
Burma (Myanmar)	BM	PA	EAP
Burundi	BY	EU	AFR
Cameroon	CM	EU	AFR
Canada	CN	NR	EUR
Cape Verde, Republic of	CV	AT	AFR
Cayman Islands (UK)	CJ	AT	AR
Central African Republic	CT	EU	AFR
Chad	CD	EU	AFR
Chile	CI	SO	AR
China	CH	PA	EAP
Colombia	CO	SO	AR
Colombia (International Narcotics Control)	D5	SO	AR
Comoros	CR	PA	AFR
Czechoslovakia	CZ	EU	EUR

TABLE D-5. COUNTRY/ACTIVITY CODE - ALPHABETIC. [Page 1 of 7]

(24)

Background

Country	Code	Unified Command Cognizance	Area/Congressional Grouping
Congo	CF	EU	AFR
Costa Rica	CS	SO	AR
Cuba	CU	AT	AR
Cyprus	CY	EU	EUR
Denmark	DE	EU	EUR
Djibouti	DJ	CE	AFR
Dominica	DO	AT	AR
Dominican Republic	DR	AT	AR
Ecuador	EC	SO	AR
Egypt	EG	CE	NESA
El Salvador	ES	SO	AR
Equatorial Guinea	EK	EU	AFR
Ethiopia	ET	CE	AFR
Falkland Islands (UK)	FA	AT	AR
Faeroe Islands	FO	AT	EUR *
Fiji	FJ	PA	EAP
Finland	FI	EU	EUR
France	FR	EU	EUR
French Guiana (FR)	FG	SO	AR
French Polynesia (FR)	FP	PA	EAP
Gabon	GB	EU	AFR
Gambia	GA	EU	AFR
Germany	GY	EU	EUR *
Ghana	GH	EU	AFR
Gibraltar (UK)	GI	EU	EUR
Greece	GR	EU	EUR
Greenland (DEN)	GL	AT	AR *
Grenada	GJ	AT	AR
Guadeloupe (FR)	GP	AT	AR
Guatemala	GT	SO	AR
Guinea	GV	EU	AFR
Guinea-Bissau	PU	EU	AFR
Guyana	GU	SO	AR
Haiti	HA	AT	AR
Honduras	HO	SO	AR
Hong Kong (UK)	HK	PA	EAP
Hungary	HU	EU	EUR *
Iceland	IL	AT	EUR
India	IN	PA	NESA
Indochina	IC	PA	EAP
Indonesia	ID	PA	EAP
Iran	IR	CE	NESA
Iraq	IQ	CE	NESA
Ireland	EI	EU	EUR
Israel	IS	EU	NESA
Italy	IT	EU	EUR
Ivory Coast	IV	EU	AFR

TABLE D-5. (Continued) [Page 2 of 7]

Country	Code	Unified Command Cognizance	Area/Congres- sional Grouping
Jamaica	JM	AT	AR
Japan	JA	PA	EAP
Jordan	JO	CE	NESA
Kampuchea (Cambodia)	CB	PA	EAP
Kenya	KE	CE	AFR
Kiribati	KR	PA	EAP
Korea (Seoul)	KS	PA	EAP
Kuwait	KU	CE	NESA
Laos	LA	PA	EAP
Lebanon	LE	EU	NESA
Lesotho	LT	EU	AFR
Liberia	LI	EU	AFR
Libya	LY	EU	NESA
Liechtenstein	LS	EU	EUR
Luxembourg	LX	EU	EUR
Macau (PORT)	MC	PA	EAP
Madagascar	MA	PA	AFR
Malawi	MI	EU	AFR
Malaysia	MF	PA	EAP
Maldives	MV	PA	NESA
Mali	RM	EU	AFR
Malta	MT	EU	EUR
Martinique (FR)	MB	AT	AR
Mauritania	MR	EU	AFR
Mauritius	MP	PA	AFR
Mexico	MX	SO	AR
Monaco	MN	EU	EUR
Mongolia	MG	PA	EAP
Montserrat (UK)	MH	AT	AR
Morocco	MO	EU	NESA
Mozambique	MZ	EU	AFR
Namibia	WA	EU	AFR
Nauru	NR	PA	EAP
Nepal	NP	PA	NESA
Netherlands	NE	EU	EUR
Netherlands Antilles (NE)	NA	AT	AR
New Caledonia (FR)	NC	PA	EAP
New Zealand	NZ	PA	EAP
Nicaragua	NU	SO	AR
Niger	NK	EU	AFR
Nigeria	NI	EU	AFR
Niue	NQ	PA	EAP
Norfolk Islands (AUST)	NF	PA	EAP
Norway	NO	EU	EUR
Oman	MU	CE	NESA

~~TABLE D-5. (Continued) (Page 3 of 7)~~

Country	Code	Unified Command Cognizance	Area/Congressional Grouping
Pakistan	PK	CE	NESA
Panama	PN	SO	AR
Papua-New Guinea	PP	PA	EAP
Paraguay	PA	SO	AR
Peru	PE	SO	AR
Peru (International Narcotics Control)	D3	SO	AR
Philippines	PI	PA*	EAP
Pitcairn (UK)	PC	PA	EAP
Poland	PL	EU	EUR
Portugal	PT	EU	EUR
Qatar	QA	CE	NESA
Reunion (FR)	RE	PA	AFR
Romania	RO	EU	AFR
Rwanda	RW	EU	AFR
San Marino	SM	EU	EUR
Sao Tome and Principe	TP	AT	AFR
Saudi Arabia	SR	CE	NESA
SDAF	D2		AR
Senegal	SK	EU	AFR
Seychelles	SE	PA	AFR
Sierra Leone	SL	EU	AFR
Singapore	SN	PA	EAP
Solomon Islands	BP	PA	EAP
Somalia	SO	CE	AFR
South Africa	UA	EU	AFR
Spain	SP	EU	EUR
Sri Lanka	CE	PA	NESA
St Helena (UK)	SH	AT	AFR
St Kitts and Nevis	SC	AT	AR
St Lucia	ST	AT	AR
St Pierre and Miquelon (FR)	SB	AT	AR
St Vincent & Grenadines	VC	AT	AR
Sudan	SU	CE	AFR
Suriname	NS	SO	AR
Swaziland	WZ	EU	AFR
Sweden	SW	EU	EUR
Switzerland	SZ	EU	EUR
Syria	SY	EU	NESA
Taiwan	TW	PA	EAP
Tanzania	TZ	EU	AFR
Thailand	TH	PA	EAP
Togo	TO	EU	AFR
Tokelau (New Zealand)	TL	PA	EAP
Tonga	TN	PA	EAP
Trinidad-Tobago	ID	AT	AR
Tunisia	TU	EU	NESA

TABLE D-5. (Continued) [Page 4 of 7]

Country	Code	Unified Command Cognizance	Area/Congressional Grouping
Turkey	TK	EU	EUR
Turks and Caicos (UK)	TS	AT	AR
Tuvalu	TV	PA	EAP
Uganda	UG	EU	AFR
Union of Soviet Socialist Republics	UR	EU	EUR
United Arab Emirates	TC	CE	NESA
United Kingdom	UK	EU	EUR
Uruguay	UY	SO	AR
Vanuatu	NH	PA	EAP
Venezuela	VE	SO	AR
Vietnam	VS	PA	EAP
Western Samoa	WS	PA	EAP
Yemen	YE	CE	NESA *
Yugoslavia	YU	EU	EUR
Zaire	CX	EU	AFR
Zambia	ZA	EU	AFR
Zimbabwe	ZI	EU	AFR
Africa Region	R6	EU	AFR
American Republic Region	R5	SO	AR
Central Treaty Organization (CENTO)	T3	NR	NR
Department of Defense	00	NR	NR
General Cost - MAP (GC-MAP)	22	NR	NR
East Asia/Pacific Region	R4	PA	EAP
European Participating Group F-16 Contract Administration Services (EPG F-16 CASEUR)	EP	NR	NR
European Region	R2	EU	EUR
Expanded IMET (Non-Country Specific)	66	NR	NR *
International Civil Aviation Organization (ICAO HQ)	T7	NR	NR
International Civil Defense Organization (ICDO HQ)	T8	NR	NR
MAP ICP-U.S. Army Logistics Depot, Japan (USALDJ)	D4	PA	NR
MAP Owned Materiel (MAPOM)	M3	NR	NR
MAP Property Sales and Disposal (MAPSAD)	M2	NR	NR
NATO European Fighter Aircraft Development, Production & Logistic Management Agency (NEFMA)	M1	NR	NR *

TABLE D-5. (Continued) [Page 5 of 7]

Country	Code	Unified Command Cognizance	Area/Congressional Grouping	
NATO HAWK Production & Logistics Organization (NHPLO)	M6	NR	NR	*
NATO Southern Region Signal/Communications	M7	NR	NR	*
NATO Maintenance and Supply Agency-PATRIOT (NAMSA-PATRIOT)	M8	NR	NR	*
NATO Maintenance and Supply Agency-General-Other (NAMSA-General-Other)	M9	NR	NR	*
North Atlantic Treaty Organization (NATO)	N2	NR	NR	
NATO Airborne Early Warning and Control Program Management Office (NAPMO)	N1	NR	NR	
NATO Aircraft Early Warning and Control (Component Command) (NATO AEW+C (COMP))	K9	NR	NR	
NATO Aircraft Early Warning and Control (Ground Environment Interface) (NATO AEW+C [GEI])	K8	NR	NR	
NATO Aircraft Early Warning and Control (Operations and Support Budget) (NATO AEW+C (O+S))	K7	NR	NR	
NATO Headquarters	N6	NR	NR	
NATO Infrastructure	N5	NR	NR	
NATO Communications and Information Systems Agency (NACISA)	K4	NR	NR	
NATO Maintenance and Supply Agency-General + NIKE (NAMSA-General + NIKE)	N4	NR	NR	*
NATO Maintenance and Supply Agency-Nike Training Center (NAMSA-NNTC)	K6	NR	NR	
NATO Maintenance and Supply Agency-F104 (NAMSA-F104)	K2	NR	NR	
NATO Maintenance and Supply Agency-HAWK (NAMSA-HAWK)	N7	NR	NR	*
NATO Maintenance and Supply Agency-Weapons (NAMSA-Weapons)	M5	NR	NR	
NATO Missile Fire Installation (NAMFI)	N9	NR	NR	
NATO Multi-Role Combat Aircraft (MRCA) Development & Prod. Agency (NAMMA)	K3	NR	NR	
NATO Mutual Weapons Development Program (MWDP)	N8	NR	NR	
NATO Seasparrow	N3	NR	NR	

*Not authorized for purchaser identification in Foreign Military Sales Cases.

TABLE D-5. (Continued) [Page 6 of 7]

Background

Country	Code	Unified Command Cognizance	Area/Congressional Grouping
NATO-Weapons Production Program (NATO-WPP)	K1	NR	NR
Near East & South Asia Region (NESA)	R3	EU	NESA
Organization of American States (OAS HQ)	A1	NR	NR
Panama Canal Area Military Schools (PACAMS)	11	SO	AR
SINAI Peacekeeping Force (Sinai Peace Force)	S2	NR	NR
South East Asia Treaty Organization (SEATO)	T4	NR	NR
Supreme Allied Commander Atlantic (SACLANT)	K5	NR	NR
Supreme Headquarters, Allied Powers, Europe (SHAPE)	A2	EU	EUR
United Nations (UN)	T9	NR	NR

NOTE:

AT	Atlantic Command
CE	Central Command
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

TABLE D-5. (Continued) [Page 7 of 7]

20 August 1992

[Add a new section as follows:]

SECTION 603 - SALE OF GFE, GFM, AND RELATED SERVICES

60301 PURPOSE This provides guidance to execute authority in AECA Sec 30 to sell to US companies defense articles and defense services (items) in connection with proposed direct commercial exports pursuant to the ITAR. This section is based on the legislative history of AECA Sec 30 and constitutes the consistent legal interpretation of its authority and limitations.

60302 GENERAL

A. MILDEP Execution The MILDEPs shall execute the functions conferred by AECA Sec 30 and may redelegate the authority not below the level of the commanding officer or head of a contracting activity of the MILDEP responsible for acquisition of the applicable end item.

B. Records and Reporting A central MILDEP record will be maintained showing the purchaser, item being sold, source (stock, DoD production, or procurement), cost estimate or (if delivered) billed price, end item (if applicable), ultimate recipient (country or international organization), and export license number and date or other DoS approval. Information from this record will be provided to DSAA upon request.

C. Authorized Items Items shall not be sold if they are available to the purchaser directly from US commercial sources at such times as may be required to meet the delivery schedule. Sales may be authorized for:

1. Articles of a type approved for FMS, which have been supplied as GFE or GFM in connection with past or present DoD procurement of the end items, including concurrent or follow-on support, and where the sale would simplify and expedite the direct commercial sale involved.

2. Services, such as transportation, installation, testing, or certification, which are directly associated with the sale. They may be performed only in the US in support of the sale of defense articles. Services alone may not be provided.

D. Authorized Purchasers Sales may be authorized to a company incorporated in the US when one of the following applies:

1. The company is an existing end item prime contractor as defined in this paragraph, with an approved license under the ITAR, under which contract final assembly or manufacture of the end item will take place in the US. The license must provide for inclusion of GFE or GFM in the end item which is furnished for use of the armed forces of a specific country or international organization. The licensee shall identify the end item which has been or will be exported, and the ultimate recipient. For this purpose, existing prime contractors include contractors with a DoD contract or those known to be qualified, or those considered by the commanding officer of the MILDEP procuring activity to be a responsible contractor, and which are not debarred, ineligible, or suspended for defense procurement or sales contracts or for export or import violations.

2. In the case of ammunition components, a known manufacturer, assembler, or developer that is (1) a US subcontractor (at any tier) to an authorized purchaser as defined in paragraph 1, or (2) a US contractor or US subcontractor with a foreign company that is supplying items to a friendly foreign government or international organization, provided in both (1) and (2) that the end items incorporating the ammunition components must be delivered directly to the friendly foreign government or international organization.

60303 PRIORITIES AND ALLOCATIONS

A. Sales from Stock Unless approved by USD(P) in coordination with ASD(P&L), sales are not authorized if they result in stockage dropping below the reorder point. See section 80203 concerning adverse impact on combat readiness.

B. Acquisition When procurement or manufacture in Government-owned facilities is required, the MILDEP shall determine whether a sale will be concluded. In determining production priorities, the MILDEP shall consider existing requirements and schedule manufacture, allocation, and delivery, normally on a first-in, first-out basis, guided by DoDD 4410.6 and related assignments of FADs by JCS. Questions of priority between two or more competing foreign requirements will be resolved by the Director, DSAA.

60304 FINANCIAL MATTERS

A. Charges and Payments Prices, accountability, and disposition of collections shall be in accordance with DoD 7220.9-M. Administrative surcharges and accessorial charges will be accountable as, and no less than, corresponding FMS charges. Sales shall be in cash, with payment upon signature of the sales agreement by the USG and US company representatives. Payment, in US dollars, shall precede procurement or production action or, in cases of stock sales, delivery.

B. Planning Data To allow planning and marketing, MILDEPs are authorized to provide cost and delivery data to authorized potential purchasers in advance of execution of a sales agreement. Although efforts shall be made to provide accurate data, such data will be identified as estimates which are not binding on the USG.

C. Full Cost Recoupment Funds obligated for a reimbursable procurement, or internal production of articles or provision of services, may not exceed the cash received from an authorized purchaser. If there is an increase in the cost, the purchaser shall be required to make additional cash payment to fund the costs, plus applicable surcharges, when such increase is known. The cash received must be sufficient to fund the replacement cost of articles shipped from DoD stocks.

60305 SALES AGREEMENT The sales agreement shall be approved by the appropriate MILDEP General Counsel, or designee, prior to signature by the USG representative. It will include the following:

A. Company identity, items and quantity being sold, estimated availability, source, estimated price, and end item application

(if applicable), end item purchaser (country or international organization). The number and date of the munitions export license, or other DoS approval, are also required.

B. Provisions that the USG--

1. Retains the right to cancel in whole or in part or to suspend performance at any time under unusual or compelling circumstances if the national interest so requires.

2. Provides no warranty or guarantee, either expressed or implied, regarding the item being sold.

3. Shall provide best efforts to comply with the delivery leadtime cited, but will incur no liability for failure to meet an indicated delivery schedule.

4. Shall use its best efforts to deliver at the estimated price, but that the purchaser is obligated to reimburse the USG for the total cost if it is greater than that price.

C. The sales agreement shall also provide that--

1. The item sold to a US company may be used only for incorporation into end items (or as concurrent or follow-on support in conjunction with a sale of the end item) for export under an approved export license and may not be used for other purposes.

2. The purchaser renounces all claims against the USG, its officers, agents, and employees arising out of or incident to this agreement, whether concerning injury to or death of personnel, damage to or destruction of property, or other matters, and will indemnify and hold harmless the USG, its officers, agents, and employees against any such claims of third parties and any loss or damage to USG property.

3. The US company agrees to provide for protection of classified information and will require the agreement with the foreign government to provide for protection of US classified information.

4. The purchaser is responsible for any insurance desired and, when applicable, export customs clearance.

5. The purchaser is required to reimburse the USG for all costs incurred by the USG if the purchase agreement is canceled by the purchaser before item delivery.

6. Delivery will be FOB point of origin. The purchaser must arrange for CONUS transportation (except for sensitive or hazardous cargo, which normally shall be shipped via DTS).

7. Payment terms are cash payable in full in advance.

DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

*Change 5
Background*

13 JUL 1992

In reply refer to:
I-02889/92

MEMORANDUM FOR DIRECTOR, DEFENSE LOGISTICS AGENCY *7/20/92 memo concern*

✓ ASSISTANT DEPUTY CHIEF OF STAFF FOR LOGISTICS
(ADCSLOG) (SECURITY ASSISTANCE)
DEPARTMENT OF THE ARMY

Verbal John Wallace & me re: 8/14/92

✓ DIRECTOR, NAVY INTERNATIONAL PROGRAMS OFFICE
DEPARTMENT OF THE NAVY

Fixed and discussed 8/14/92 included

Verbal concern 7/16/92 - HWS/Hand

✓ ASSISTANT DEPUTY UNDER SECRETARY
(INTERNATIONAL AFFAIRS)
DEPARTMENT OF THE AIR FORCE

SUBJECT: Proposed SAMP Change, GFE-GFM Sale

A proposal for an addition to change 5 to the SAMP, DOD 5105.38-M, is attached. The addition is to incorporate guidance pertaining to AECA Sec 30 which is included in DoDD 4175.1, plus changes to that legislation, in the SAMP. It is anticipated that the Sec 30 guidance can then be deleted from DoDD 4175.1.

Any comments should be provided by 31 July 1992. The DSAA point of contact is Mr. Wayne Wells, commercial 703-697-8108 or DSN 227-8108.

Teddy G. Allen
Teddy G. Allen
Lieutenant General, USA
Director

Attachment
As stated

cc: DSAA Comptroller
Plans
GC
DISAM (Dr. Mortsolf)
DFAS-DE (Mr. Crocker)

Prep'd by: W. Wells/78108/jyh
DSAA/OPS-E
Distribution: Orig Addee & cc
CMD (1)
OPS-E SUBJ
OPS-E CHRON
OPS CHRON
CC: *DSAA Chron*

70001.

CHAPTER SEVEN

PREPARATION AND PROCESSING OF FMS CASES

SECTION 700 - GENERAL INFORMATION, FMS AGREEMENTS

70001 PURPOSE. The purpose of this section is to provide background, definitions and policy which apply to FMS Agreements.

70002 BACKGROUND/DEFINITIONS.

**

A. **Types of Requests.** FMS customers may request P&A data (for preliminary planning) or an LOA (when plans to purchase defense articles or services are relatively firm). All requests, no matter how informal, must be consistent with the provisions for processing these data.

1. **P&A Data.** Price and Availability estimates reflect rough order magnitude data, provided for planning purposes, showing projected availabilities and estimated costs for defense articles or services. P&A will normally be provided within 45 days of receipt of the LOR. P&A data are not normally valid for use in preparation of an LOA, ~~and such preliminary data will not be provided on a DD Form 1513.~~ To avoid confusion, the term P&A should not be used in reference to data developed for completion of an LOA, this should be referred to as LOA data.

a. DOD components should ensure that P&A is sufficiently accurate for planning, although not necessarily for budgeting, purposes. For MDE, the cognizant DOD component must assure that approval from DSAA has been received for release. When DSAA approval is provided within five working days of receipt of the request, unless otherwise advised, no further staffing with DSAA is required.

b. Data should not be released without reasonable assurance that an LOA, if requested, would be provided; i.e., the DOD component can recommend release and any further clearances needed, such as Congressional notification or disclosure approval, are obtainable.

2. **LOA.** ^{Letter of offer and Acceptance} ~~The DD Form 1513~~ is the authorized document for use by the USG to offer to sell defense articles and defense services to a foreign country or international organization. The IA will forward LOAs for DSAA countersignature no later than 60 days after receipt of request.

3. **LOI.** ^{are used on an exceptional basis to} Letters of Intent authorize expenditures for a relatively small portion of a major LOA which has not yet been implemented. Examples of use might include early purchase of castings or start of training to allow a program to proceed on schedule. Since LOIs entail a risk that the program of which they are part may not proceed, LOIs should be used only when clearly required. ^{a complete} ~~The DD Form 2012 is designed to finance procurement of items prior to issuance of an LOA. The DD Form 2012-1 is used for the same types of items during the period between issuance of an LOA and signed acceptance of the LOA by the purchasing country. "Items" in this context are extracts from LOA line items, and not necessarily items of hardware. If Congressional notification must be completed before the LOA can be issued, the following note should be added to the LOI: "It is understood that United States law requires that the United States Congress must be afforded a formal opportunity to review the proposed sale before the sales offer may be issued to the Purchaser and that a law may be enacted to prohibit such issuance. The Purchaser shall bear the risk that the offer may not be issued for reasons such as enactment of a prohibition."~~

I (Table 00-3)

Handwritten box containing the LOI text and a note: "moved to 70003. & D." with a circled "35" below it.

to allow a program to proceed on schedule and within the projected cost

or by correspondence courses, technical, educational, or informational publications and media of all kinds. Some examples are: established DOD management, language, technical, maintenance or supply subjects/courses. OJT is generally structured to suit individual purchaser requirements related to some form of experience which the student seeks. Contractor training is used to supplement or replace training which may not be available in the U.S. Government at the time the training is required; i.e., flight training at contractor's facilities. Correspondence courses cover the range of courses being offered by each of the military departments.

(7) Training Aid Devices. These are used principally to supplement information and/or training programs which the foreign purchaser uses for educational purposes. Examples are: video tapes, slides, 8/16mm film, microfiche, transparencies, and aperture cards.

(8) Repair of Repairable Items. Any items of supply of a durable nature which can normally be economically restored, when unserviceable, to a serviceable condition through regular repair procedures can be covered under a Blanket Order FMS case. Once an LOA is implemented repairable items may be repaired at the request of the purchaser and with the approval of the appropriate military service inventory manager. LOAs must clearly identify the items eligible for repair. Some examples are: communications equipment, radar, sonar, etc.

g. Items Restricted from Blanket Order Cases. Under Blanket Order FMS cases, certain restrictions are imposed. The following specific types of requirements may not be ordered under Blanket Order FMS cases:

- (1) Classified materiel (except Air Force) *has been granted an exception*
- (2) Classified publications *Navy, Army, etc.*
- (3) Explosive ordnance items.
- (4) MDE (see Table 700-6) and initial logistics support which is normally ordered for concurrent delivery with such items.
- (5) ~~SAE~~
- (6) ~~Lumber and other type Commercial materiel~~ *items of more readily provided from in-country (e.g., lumber, sand, gravel, household goods)*
- (7) ~~TDPs~~
- (8) ~~Non-MDE excess defense articles (except DLA)~~

3. CLSSAs. CLSSAs are military logistics support arrangements designed to provide responsive and continuous supply support at the depot level for U.S.-made military materiel possessed by foreign countries and international organizations. The CLSSA is normally the most effective means for providing common repair parts and secondary item support for equipment of U.S. origin which is in allied and friendly country inventories. The CLSSA provides for the execution of Foreign Military Sales Orders (FMSOs) covering stockage, storage, and consumption as follows:

a. FMSO I. The FMSO I consists of an LOA covering the estimated dollar value and total initial agreed list of items and quantities to be stocked and maintained on order from procurement for support of the purchaser's U.S.-furnished equipment.

b. FMSO II. The FMSO II consists of an LOA covering the purchaser's estimated withdrawals of materiel from the supply system ~~for an agreed period (normally one to three years)~~. This CLSSA requisition case is undefined as to items and quantities and reflects in a dollar amount, the estimated consumption for the agreed period.

[Note: DSAA is the central point for CLSSA policy guidance within DOD. DOD Instruction 2000.8 prescribes the policies and criteria for establishing CLSSAs. Further details regarding CLSSAs may be found in Chapter 8, this manual. CLSSA policy questions may be referred to DSAA/OPS-E.]

Change 5
24 OCT 1991
Background

SUBJECT: Extension of Royal Saudi Naval Forces Blanket Waiver for Standard Stock Commercial Type Materials

TO: Commander
Navy Supply Systems Command
ATTN: SUP 07
Washington, DC 20376-5000

1. Reference:

a. Your memorandum, 9 October 1991, subject as above, furnished via facsimile 10 October 1991.

b. Phone conversation, 22 October 1991, between CDR R. A. Greiner, SUP 07A, and June Salanik, DLA-OSL.

c. DoD 5105.38-M, Security Assistance Management Manual, Chapter 6.

2. Reference 1a requests an extension of the current CY91 blanket waiver to requisition standard stock commercial type material using direct requisitioning procedures (DRP).

3. If a country desires to purchase DLA managed items via a Foreign Military Sales (FMS) case, the country can requisition the item under a blanket order, cooperative logistics, or defined line case through the Military Service case sponsor. Confirming reference 1b, a waiver is not required by either DoD or DLA regulatory guidance.

4. At one time (1985 and prior years), the DoD regulatory guidance did exclude items readily available on the commercial market; however, this guidance was subsequently revised. The current DoD rules on military export sales vs. direct commercial purchase are contained in reference 1c.

5. Request you review your internal regulations; and, if applicable, bring your Military Service guidance in line with the current DoD regulatory guidance.

6. Point of contact for this letter is June Salanik, DLA-OSL, DSN 284-6197.

Salanik October 1991
FN: NAVILP

cc:
DSAA-OPS

COORDINATION

SYMBOL	NAME	DATE
OSL	APJ	10/22

PROCESSED

Typist _____

A/O _____

Branch _____

10/23/91

JAMES D. ALLEN, COL, USA
Assistant Chief
Supply Management Division
Supply Operations

(37)

Change 5
Background

FIGURE 3-1
Categories of Designated Commercial
Type Items Not Authorized Under
Direct Requisitioning Procedures

TABLE OF DESIGNATED COMMERCIAL TYPE ITEMS		
FSG	FSG CLASSIFI- CATION	MATERIAL DESCRIPTION
26	10	Tires and tubes, Pneumatic
26	30	Tires, Solid and Cushioned
26	40	Tires Rebuild, and Tire and Tube Repair Material
35	50	Vending and Coin Operated Machines
35	90	Miscellaneous Service and Trade Equipment
37	ALL	Agricultural Machinery and Equipment
39	90	Miscellaneous Materials Handling Equipment
41	20	Air Conditioning Equipment
41	40	Fans, Air Circulators, and Blower Equipment
45	ALL	Plumbing, Heating and Sanitary Equipment
55	ALL	Lumber, Millwork, Plywood, and Veneer
56	ALL	Construction and Building Materials
65	05	Drugs, Biologicals and Official Reagents
65	08	Medicated Cosmetics and Toiletries
65	10	Surgical Dressing Materials
65	15	Medical and Surgical Instruments
65	20	Dental Instruments, Equipment, and Supplies
65	25	X-Ray Equipment and Supplies, Medical, Dental, and Veterinary
65	30	Hospital Furniture, Equipment, Utensils, and Supplies
65	32	Hospital and Surgical Clothing and Textile Special Purpose Items
65	40	Opticians' Instruments, Equipment, and Supplies
65	45	Medical Sets, Kits and Outfits
66	40	Laboratory Equipment and Supplies
66	45	Time Measuring Instruments
66	50	Optical Instruments
67	10	Cameras, Motion Picture
67	20	Cameras, Still Picture
67	30	Photographic Projection Equipment
67	40	Photo Developing and Finishing Equipment
67	50	Photographic Supplies
68	ALL	Chemicals and Chemical Products
71	ALL	Furniture
72	ALL	Household, Commercial Furnishings, and Appliances

Change 5
Background

FIGURE 3-1 (2)
Categories of Designated Commercial
Type Items Not Authorized Under
Direct Requisitioning Procedures

TABLE OF DESIGNATED COMMERCIAL TYPE ITEMS		
FSG	FSG CLASSIFICATION	MATERIAL DESCRIPTION
74	ALL	Office Machines, Visible Record Equipment, and Data Processing Equipment
75	ALL Except 7540	Office Supplies and Devices Standard Forms
77	ALL	Musical Instruments, Phonographs and Home-type Radios
78	ALL	Recreational and Athletic Equipment
79	ALL Except 7930	Cleaning Equipment and Supplies Cleaning and Polishing Compounds and Preparations
80	ALL Except 8030 Except 8040	Brushes, Paints, Sealers and Adhesives Preservatives and Sealing Compounds Adhesives
81	05	Bags and Sacks
81	15	Boxes, Cartons and Crates
81	35	Packaging and Packing Bulk Material
83	ALL	Textiles, Leathers, Furs, Apparel and Shoe Findings, Tents and Flags
84	ALL	Clothing Only
85	ALL	Toiletries
87	ALL	Agricultural Supplies
88	ALL	Live Animals
89	ALL Except 8970	Subsistence Composite Food Package
91	ALL	Fuels, Lubricants, Oil and Waxes
93	10	Paper and Paperboard
93	20	Rubber Fabricated Materials
93	30	Plastic Fabricated Materials
93	40	Glass Fabricated Materials
93	50	Refractories and Fire Surfacing Materials
93	90	Miscellaneous Fabricated Non-Metallic Material
94	ALL	Fabricated Materials, Non-Metallic Crude Materials
95	05	Wire, Non-Electrical, Iron and Steel
95	10	Bars and Rods, Iron and Steel
95	15	Plate, Sheet and Strip, Iron and Steel
95	20	Structural Shapes, Iron and Steel

Change 5
Background
FIGURE B-1 (3)

Categories of Designated Commercial
Type Items Not Authorized Under
Direct Requisitioning Procedures

TABLE OF DESIGNATED COMMERCIAL TYPE ITEMS

FSG	FSG CLASSIFI- CATION	MATERIAL DESCRIPTION
95	25	Wire, Non-Electrical, Non-Ferrous Base Metal
95	30	Bars and Rods, Non-Ferrous Base Metal
95	35	Plate, Sheet, Strip, and Foil: Non-Ferrous Base Metal
95	40	Structural Shapes, Non-Ferrous Base Metal
95	45	Plate, Sheet, Strip, Foil and Wire: Precious Metal
96	ALL	Ores, Minerals and their Primary Products
99	ALL	Miscellaneous
	Except 9930	Materials: Crematory and Mortuary Equipment and Supplies

disapproved, or if further correspondence by the DOD component with the requestor should be suspended until completion of the required coordination. For MDE items, DSAA will immediately advise the DOD component of the initial approval or if difficulties are foreseen. For any MDE or non-MDE request that is not approved, DSAA will immediately advise the cognizant DOD component to stop further processing on the purchaser's request, the rationale for the decision, and of the further actions required with regard to a response to the purchaser. In the absence of such notification by DSAA, all requests will be processed for DSAA final coordination and countersignature in accordance with Chapter 7, Section 701, paragraphs 70103.I. and 70103.J.

e. ~~DOD Component Recommendations~~ ^{Disapproval Recommendation}. In the event the cognizant DOD component recommends that the purchaser's request be disapproved, the DSAA Operations Directorate will be notified. DSAA will coordinate the disapproval with the Bureau of Politico-Military Affairs, Department of State.

for any MDE item that has not completed Operational Testing and Evaluation. LOA on P&A data will not be released pending approval by DSAA.

B. Responses to Letters of Request.

1. General. Normally, when preliminary data are required by a foreign country or international organization for planning or in anticipation of a purchase under FMS, P&A data will be provided.

2. Discussions with Foreign Governments and International Organizations. Economic, production, and budget uncertainties all contribute to DOD component difficulties in making accurate cost and delivery estimates. The large volume of P&A estimates which are processed also increases the likelihood of human error. In any event the utmost discretion must be exercised by members of the country team or other U.S. officials in discussion of P&A data with foreign government or international organization officials. Only specific data approved and provided by the DOD component or the DSAA should be used.

3. Format for P&A Data. P&A data will not be used to develop an LOA. The following format must be used in responding to a request for P&A data; e.g., list the:

a. Quantity, major item/service, and estimated cost. (Cost must include adjustments for inflation. In the absence of the availability of clear inflation trends on a given system, OSD/Comptroller standard inflation factors should be used.)

b. Ancillary support equipment which is necessary for the operation and maintenance of the system requested and include the estimated cost.

c. Estimated dollar value of ILS element items in addition to those in subparagraph (b) above which are necessary to support the system; e.g., training, publications, etc.

d. Estimated accessorial charges.

e. Source of the data (e.g., last contract award, stock price).

f. Estimated availability of the articles/services.

g. Key assumptions used in developing the data, for example:

(1) Standard DOD component factors were used in developing the ancillary equipment and/or ILS elements necessary to support the quantity of items requested.

(2) Training and publication cost estimates are based on criteria used by the DOD component.

pending such procurement in conjunction with USG procurement. All such responses to a foreign country or international organization must be coordinated with DSAA Operations.

8. Negative Responses. When it is determined that a DOD component cannot respond favorably to the foreign country or international organization request, the proposed negative reply must be coordinated with DSAA Operations. The DSAA will coordinate with the Department of State as required. This procedure applies to inquiries involving requests for foreign military sales, requests for coproduction, requests for offset arrangements, requests for sensitive technical information, lease, etc. This procedure is not intended to apply to negative responses to inquiries of a technical nature involving accepted and implemented FMS cases unless, if approved, the request would have resulted in the issuance of an amendment to the basic LOA (e.g., requests involving a significant modification of a system or an increase in the overall capability of the item requested, etc.). In addition, the following routine training actions are exempt from this prior coordination requirement: however, the DSAA should be an information addressee on all such responses:

- a. Denial of requests within established policy (e.g., training courses closed to all foreign nationals; information not cleared for release; training for support equipment not in the purchaser's inventory).
- b. Notification of class cancellations for previously approved quotas.
- c. Quota requests which cannot be accommodated within desired timeframe.
- d. Senior officer courses where annual foreign participation is limited and restricted to those invited by chiefs of services.

C. Coordination of Requests for P&A or an LOA.

1. The Director, Joint Staff, OJCS and the OUSD(A) must be advised by the DSAA utilizing the format at Table 700-2 of all new requests for P&A or an LOA which meet the following criteria:

a. All requests for Coproduction or Licensing Agreements for MDE as defined in paragraph 70002.B.1.(b) above.

b. All other requests for MDE which are expected to result in a notification to the Congress or those determined by the Director, DSAA Operations to be of a sensitive nature.

2. *only the OUSD(A) must be advised when LOAs are received for which operational testing and evaluation are incomplete*
3. *2.* The receipt of the information copy by DSAA of the P&A or LOA request required by paragraph 70003.A.2. will be the basis for the above notification. *5.* ←

[Note: All requests for information, no matter how informal the request, e.g., oral, letter, message, etc., are considered to be P&A requests and require the same channels of submission as outlined in paragraph 70003.A.2. above.]

D. Letter of Intent (LOI) DD Form 2012, 2012-1, 2012-2).

1. Types of LOI. There are two Formats for LOIs: The DD Form 2012, used to finance procurement of long leadtime items prior to the issuance of an LOA (Table 700-3); and the DD Form 2012-1 (Table 700-4), used to finance procurement of long leadtime items during the period between issuance of an LOA and acceptance by the purchasing country or international organizations. Also see Section 70002.A.3. **

Replace with attached (4.2)

2. Limitation of Cost or Funds. As both forms contemplate a specified dollar limitation upon the liability of the purchaser for the procurement of long lead time items, in order to comply with the requirements of the AECA, it is necessary that all cost-reimbursement contracts awarded to implement an LOI include a Limitation of Cost or Funds contract clause (see FAR 52.232-20 and 52.232-21). That clause may be deleted by contract amendment after the purchaser's acceptance of the LOA.

*

3. Approval of DSAA. Use of the DD Form 2012 or 2012-1 does not constitute authorization to take implementing action under such LOI in advance of compliance with the statutory reporting requirement of Section 36(b) of the AECA. In the event that a DOD component is of the opinion that production scheduling requirements necessitate initiation of procurement of long leadtime items in advance of full compliance with Section 36(b) of the AECA, the DOD component concerned shall, prior to transmitting a proposed LOI to the purchasing country, or international organization, promptly forward its recommendations to the Director, DSAA, for a decision. If an exception is made by the Director, DSAA, a modified version of the DD Form 2012 or 2012-1 will be provided to the DOD component by the DSAA on a case-by-case basis.

*
replace
with
attached

4. LOI Preparation. The LOI uses the same designator as the parent LOA. Items to be provided should include the line item number and line data from the LOA. Terms of payment, financial annex, payment schedule, and terms of financing information should also be included in the defense articles and services field. If available space is inadequate, an attachment should be used.

**

5. DSAA Countersignature. DSAA countersignature is required prior to the submission of any DD Form 2012, DD Form 2012-1, and DD Form 2012-2 to the purchaser.

6. Amendment to the LOI. DD Form 2012-2, Amendment to Letter of Intent (Table 700-5), should be used for amending LOIs as provided for in paragraph 2(c) of DD Form 2012 and DD Form 2012-1.

**

DEFENSE SECURITY ASSISTANCE AGENCY

Change 5
Background

WASHINGTON, DC 20301-2800

14 JAN 1992

In reply refer to:
I-046229/91

MEMORANDUM FOR ASSISTANT DEPUTY CHIEF OF STAFF FOR LOGISTICS
(ADCSLOG) (SECURITY ASSISTANCE)
DEPARTMENT OF THE ARMY

DIRECTOR, NAVY INTERNATIONAL PROGRAMS OFFICE
DEPARTMENT OF THE NAVY

ASSISTANT DEPUTY UNDER SECRETARY
(INTERNATIONAL AFFAIRS)
DEPARTMENT OF THE AIR FORCE

SUBJECT: Foreign Military Sales of Major Defense Systems which
Have Not Completed Operational Test and Evaluation
(OT&E) Satisfactorily

The Under Secretary of Defense for Acquisition (USD(A) has requested that DSAA obtain his concurrence before agreeing to a foreign military sale or licensing of any major defense system which has not completed OT&E successfully. The Under Secretary of Defense for Policy has agreed to this request. Therefore, for any major defense system which has not successfully completed OT&E, before offering Price and Availability information or before issuing a Letter of Offer and Acceptance, whichever occurs first, the Military Departments should refer the request to DSAA. DSAA will obtain the concurrence of the USD(A) and notify the Military Department that the action may go forward.

We have agreed with the Office of the USD(A) that the instrument for obtaining USD(A) concurrence for relevant sales or licenses will be the standard MDE notification memorandum as outlined in the Security Assistance Management Manual paragraph 70003.C. We will work with USD(A) representatives to determine over time if any changes to existing criteria or procedures for this notification are required and advise you accordingly.

The DSAA point of contact is Mrs. Susan Ludlow-MacMurray, Chief, Management Division.

GLENN A. RUDD
ACTING DIRECTOR

Pre'd by: LUDLOW-MACMURRAY/11d/x78108
DSAA/OPS-E

Distribution: Orig Addes & cc

DSAA CHRON
USDP
CMD(1) CC:
OPS-E SUBJ
OPS-E CHRON
OPS CHRON

Change 5

23 July 1992

Replace SMM paragraph 70003.D with the following:

D. Letter of Intent (LOI) Procedures. The LOI and amendment formats in Tables 700-3, 700-4, and 700-5 are designed to finance procurement of items prior to acceptance of an LOA by the purchasing country. "Items" in this context are extracts from LOA line items, and not necessarily items of hardware.

1. Limitation of Cost or Funds. Cost-reimbursement contracts awarded to implement an LOI must include a Limitation of Cost or Funds clause (FAR 52.232-20, 52.232-21, and 52-232.22). The clause may be deleted by contract amendment after the Purchaser's acceptance of the LOA.

2. Sec 36(b), AECA Applicability. When the parent Letter of Offer and Acceptance requires Sec 36(b) AECA reporting, the LOI must be approved by the Director, DSAA. If the LOI data fall within parameters for Sec 36(b) reporting, such reporting must be completed in the same manner as would be accomplished for an LOA, and prior to any LOI implementing action.

3. IA Signature and DSAA Approval. DSAA countersignature is required following IA signature and prior to submission of an LOI to the Purchaser and before implementation of an LOI amendment. If Congressional notification must be completed before the LOA can be issued, the following note will be added to the LOI: "It is understood that United States law requires that the United States Congress must be afforded a formal opportunity to review the proposed sale before the sales offer may be issued to the Purchaser and that a law may be enacted to prohibit such issuance. The Purchaser shall bear the risk that the offer may not be issued for reasons such as enactment of a prohibition."

4. LOI Preparation. Deviations from the format in Table 700-4 are not authorized. Deviations from the format in Table 700-3 may be recommended to DSAA, but should be carefully justified and kept to a minimum. The LOI uses the same designator as the parent LOA. Items to be provided should include the line item number and line (including MASL) data from the LOA. Terms of payment and payment schedule information should be included in the defense articles and services field. If available space is inadequate, an attachment should be used.

5. LOI Amendment. Amendments, in Table 700-5 format, are processed as country requests, reviewed, approved, and signed by the LOA IA, and recommended to DSAA for countersignature. "Acceptance" occurs upon DSAA countersignature and completion of any changes in the LOI financial arrangements.

70003D

(45)

**UNITED STATES DEPARTMENT OF DEFENSE
LETTER OF INTENT**

Purchaser name and address

* (self-explanatory)

_____*_____
Purchaser's reference

_____*_____
LOA identifier

A The Government of *, acting through its Ministry of Defense (hereafter referred to as the Purchaser) hereby declares its firm intent to procure, under United States Arms Export Control Act (AECA) procedures, from the Government of the United States (USG), long leadtime items pertaining to the procurement of the following defense articles and/or defense services:

* (use line item numbers and line data from the LOA. Include terms of payment and LOA dependable undertaking payment schedule.)

B Standard Terms and Conditions - United States (US) Department of Defense (DoD) Letter of Intent (LOI), attached, are hereby made part of this agreement. In order to permit the USG to proceed immediately with the purchase described herein and to cover associated administrative expenses, the US DoD is herewith authorized to incur obligations and expend up to the sum of \$ * (which includes estimated administrative and termination costs) on a Foreign Military Sales 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.

[Use the applicable section C version shown below. The first version is to be used when the LOA has not yet been provided to the Purchaser. The second is to be used when the LOA has been issued to the Purchaser.

C It is understood that the US Department of the * (Army, Navy, or Air Force) plans to present to the Purchaser a Letter of Offer and Acceptance within * days after signature of the Letter of Intent.

OR

C A Letter of Offer and Acceptance for items in section B was issued to the Purchaser by the US Department of the * (Army, Navy, or Air Force) on * (date LOA released). Purchaser intends to sign said Letter of Offer and Acceptance not later than * (date by which the LOA is expected to be signed, normally not later than the expiration date).]

_____*_____ US Signature	_____*_____ Date	_____*_____ Purchaser Signature	_____*_____ Date
_____*_____ Typed name and title		_____*_____ Typed name and title	
_____*_____ Implementing agency		_____*_____ Agency	
_____*_____ DSAA	_____*_____ Date		

_____*_____
Typed name and title

Revised 6/11/92

* - Data entered by IA
** - Entered by Purchaser
*** - Entered by DSAA, Office of Comptroller

**Standard Terms and Conditions - United States (US)
Department of Defense (DoD) Letter of Intent (LOI)**

1 Except to the extent directly inconsistent with the provisions hereof, the terms and conditions set forth in "Letter of Offer and Acceptance Standard Terms and Conditions" of the Letter of Offer and Acceptance on which this LOI is based will apply to all activities undertaken pursuant to this LOI, and the estimated costs of such activities will be included in the Letter of Offer and Acceptance. In particular, Conditions 2.2, 2.3, and 3 are hereby incorporated by reference and made an integral part of this LOI. This LOI 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/her Government to the following:

2.1 If, prior to Purchaser signature of the above mentioned Letter of Offer and Acceptance, the US DoD has reason to believe that the costs which it expects to incur in the performance of this LOI will exceed the amount set forth in block section B, it shall promptly notify the Purchaser in writing to that effect. The notice shall state the estimated amount of and the date by which the additional obligational authority (by a new or amended LOI) will be required from the Purchaser in order to continue performance.

2.2 If, after such notification, the additional obligational authority is not granted by the date set forth in the notification, the US Government is authorized, at its discretion, to terminate any and all activities under this LOI at Purchaser's expense, in accordance with section 2.3 below, in an amount not to exceed the amount set forth in section B.

2.3 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 US Government for expenditures against such obligations.

3 This LOI 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 LOI at any time by notifying the US Government. Upon receipt of such notification the US Government is authorized to terminate any and all activities initiated hereunder, at Purchaser's expense, in accordance with section 2.3 above, in an amount not to exceed the amount set forth in section B.

4 Certain items for which procurements may be initiated hereunder are normally the subject of definitization 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 US DoD is authorized to do so, using its best judgement, and will furnish a list of the items so ordered at the conference.

* (Purchaser letterhead)

* (date)

* (DoD Military Department address)

Reference is made to the Letter of Intent between the Government of * (purchasing country) and the United States Department of the * (Army, Navy, or Air Force), dated * (date of the LOI), identified by LOA designator * (two character country code; code B, P, or D; and three character LOA identifier). The Government of * (purchasing country) desires to increase the amount set forth in section B of said Letter of Intent and herewith authorizes the Department of the * (DoD Military Department) to incur obligations and expend up to the sum of \$ * (revised LOI value) on a Foreign Military Sales dependable undertaking basis for said Letter of Intent.

* (Purchaser signature)

* (Purchaser typed name and title)

** (MILDEP signature and date)

** (MILDEP typed name and title)

*** (DSAA Office of Comptroller signature and date)

*** (DSAA Office of Comptroller typed name and title)

* - Completed by the Purchaser in consultation with the DoD Military Department

** - Completed by the implementing US DoD Military Department

*** - Completed by DSAA, Office of the Comptroller

Revised 6/1/92

Table 700-5. Amendment to U.S. DoD Letter of Intent

Change 5

DOD 5105.38M
(AS OF: 10 AUGUST 1992)
11

TABLE 700-6

MAJOR DEFENSE EQUIPMENT LIST (MDEL)

<u>ITEM DESCRIPTION</u>	<u>APPROVED CHARGE</u>	<u>EFFECTIVE DATE/NOTES</u>
<u>CATEGORY I - FIREARMS</u>		
GUN, MACHINE, M2, 50 CAL. (A)	2	28MAR89(B)
GUN, MACHINE, M240 SERIES (A)	65	28MAR89(B)
GUN, RIFLE, M16 SERIES, 5.56MM (A)		(C)
<u>CATEGORY II - ARTILLERY AND PROJECTILES</u>		
GUN, 20MM, M61 (AF)	1,342	06DEC84
GUN, 30MM, GAU-8 (AF)	27,881	22JAN81
GUN POD, 30MM, GPU-5/A (AF)	60,239	11AUG82
HOWITZER, M101A1, TOWED, 105MM (A)	850	11JUN87
<u>CATEGORY III - AMMUNITION</u>		
CARTRIDGE, 20MM (A)		(D)
CARTRIDGE, 30MM GAU-8 (AF)	0.50	28MAR89(B)
CARTRIDGE, 40MM, HE (A)	0.11	28MAR89(B)
CARTRIDGE, 40MM, M385 DUMMY (A)	0.19	15MAY91
CARTRIDGE, 40MM, M406 HE (A)		(D)
CARTRIDGE, 40MM, M433 FXD HEDP, SNGL RD 72/BX (A)	0.43	15MAY91
CARTRIDGE, 60MM, HE (A)	0.47	28MAR91
CARTRIDGE, 60MM, M49A2/A3/A4 HE (A)		(D)
CARTRIDGE, 60MM M720 HE W/FMO M734 (LAP) (A)	5.00	15MAY91
CARTRIDGE, 81MM, M301 ILLUM (ONLY) (A)	0.04	07MAY81
CARTRIDGE, 81MM, M374A2/A3 HE (A)		(D)
CARTRIDGE, 81MM, M374A3 HE W/M567 FUZE (A)	3.24	15MAY91
CARTRIDGE, 105MM, M393A2 HE, HEP-T (A)		(D)
CARTRIDGE, 105MM, M456 HEAT-T MP (A)	3.59	07MAY81
CARTRIDGE, 105MM, M490 (A)	0.57	07MAY81
CARTRIDGE, 105MM, M724A1 (A)	1.42	07MAY81
CARTRIDGE, 105MM, M774 APFSDSD-5 2/BX (A)	24.00	15MAY91
CARTRIDGE, 105MM, M833 APFSDS-T (A)		(D)
CARTRIDGE, 105MM HE (A)	0.87	21MAY79
CARTRIDGE, 120MM, M829 APFSDS-T (A)	126.60	02DEC88

Change 5

CARTRIDGE, 120MM, M830 HEAT MP-T (A)	293.59	02DEC88
CARTRIDGE, 120MM, M831 HEAT TP-T (A)	83.03	02DEC88
CARTRIDGE, 120MM, M865 TPCSDS-T (A)	37.82	02DEC88
CARTRIDGE, 4.2", M329 HE (A)		(D)
CARTRIDGE, 4.2", M329A2 HE W/O FUZE W/OLD OBTURATOR (LAP) (A)	4.08	15MAY91
CARTRIDGE, 4.2", M335 ILLUM (INCLUDES M577 FUZE) (A)	4.03	20JAN82
CARTRIDGE, 4.2", HE (A)		(D)
PROJECTILE, 155MM, M107 (A)	3.22	21MAY79
PROJECTILE, 155MM, M483/M483A1 (A)	2.20	02MAR82
PROJECTILE, 155MM, M549 HE RAP (A)	13.76	05FEB81
PROJECTILE, 155MM, M692/M731 HE ADAM (A)	111.00	30MAY86
PROJECTILE, 155MM, M712 CLGP COPPERHEAD (A)	4,152.00	17SEP81
PROJECTILE, 155MM, M718/M741 RAAMS (A)	57.00	30MAY86
PROJECTILE, 175MM, M437 HE (A)	2.33	26MAR80
PROJECTILE, 5"/38 CAL (N)	15.60	09JUL84
PROJECTILE, 5"/54 CAL (N)	74.42	04MAY84
PROJECTILE, 8" M106 HE (A)	0.04	21MAY79
PROJECTILE, 8" M509 HE ICM (A)		(D)
PROJECTILE, 8" M650 HE (A)	83.04	21MAY79
PROJECTILE, 8" HE ICM (A)	15.48	21MAY79

CATEGORY IV - LAUNCH VEHICLES, GRUIDED MISSILES, BALLISTIC MISSILES,
ROCKETS TORPEDOES, BOMBS AND MINES

BOMB, BLU-109 (AF)	747	18MAY89
BOMB, CBU-87 COMBINED EFFECTS BOMBLETS (AF)	1,080	06DEC84
BOMB, CBU-89 CLUSTER, TMD/GATOR MINES (N)		(D)
BOMB, CBU-90 ANTI-ARMOR CLUSTER MUNITION (AF)	3,351	28MAR89(B)
BOMB, MK20, CLUSTER BOMB ROCKEYE (N)	117	25MAR83
BOMB, MK82 500# GENERAL PURPOSE (N)	3	25MAR83
BOMB, MK83 1000# GENERAL PURPOSE (N)	10	25MAR83
BOMB, MK84 2000# GENERAL PURPOSE (N)	13	25MAR83
BOMB, M117, 750#, GENERAL PURPOSE (AF)	20	06DEC84
BOMB, GUIDED, WALLEYE SERIES (N)	6,183	06DEC84
COUNTERMEASURE, MK214/MK216 SEA GNAT (N)	145	01APR92(A)*
GRENADE, M42 (A)	0.01	10MAY91
GUN MOUNT, M75, 76MM GUN (N)	62,749	06DEC84
GUN MOUNT, MK45 MOD 1, 5"/54 (N)	142,566	01OCT84
LAUNCHER, MK13 (MOD 0 TO MOD 3) (N)	78,125	17NOV78
LAUNCHER, MK41 VERTICAL LAUNCHING SYSTEM (VLS) (29 OR 61 CELLS) (N)		
VLS CANISTER	6,383	14DEC87
(W/VLS CANISTER)	1,239,246	14DEC87
(W/O VLS CANISTER)	1,232,863	14DEC87
LAUNCHER, LAU-127/A AMRAAM (F/A-18 AIRCRAFT) (AF)	3,530	22JAN92(A)*

Change 5

LAUNCHER, LAU-128/A AMRAAM (F-15 AIRCRAFT) (AF)	3,530	22JAN92(A)*
LAUNCHER, LAU-129/A AMRAAM (F-16 AIRCRAFT) (AF)	3,530	22JAN92(A)*
LAUNCHER, MK41 VERTICAL LAUNCHING SYSTEM (VLS) (8 CELL VARIANT) (N)		
VLS CANISTER (NON-STANDARD)	6,383	24NOV89
(W/VLS NON-STANDARD CANISTER)	160,491	24NOV89
(W/O VLS NON-STANDARD CANISTER)	154,108	24NOV89
MINE, CANNISTER M87 (VOLCANO) (A)	270	15MAY91
MISSILE, AGM-45 SHRIKE (N)	4,890	11AUG78
MISSILE, AGM-65A/B MAVERICK (AF)	3,722	03FEB81
MISSILE, AGM-65D MAVERICK (AF)	5,343	03NOV87
MISSILE, AGM-65E LASER MAVERICK (AF)	24,213	06DEC84
MISSILE, AGM-65F/G MAVERICK (AF)	6,331	03NOV87
MISSILE, AGM-78 STANDARD ARM (N)		(D)
MISSILE, AGM-88 HARM (N)	21,249	20APR82
MISSILE, AIM-4A-G, FALCON (AF)	3,321	12MAR82
MISSILE, AIM-7 SKYFLASH PORTION (N)	820	07MAY81
MISSILE, AIM-7, C/D/E SPARROW (N)	2,733	07MAY81
MISSILE, AIM/RIM-7F/M SPARROW (N)	7,646	02JUN82
MISSILE, AIM/RIM-7P SPARROW (N)	40,258	24APR91
MISSILE, AIM-9 J/P/N SIDEWINDER (W/ROCKET MOTOR) (AF)	333	12MAR82
MISSILE, AIM-9L SIDEWINDER (N)	2,604	18MAY78
MISSILE, AIM-9H SIDEWINDER (N)	3,457	26OCT78
MISSILE, AIM-9M SIDEWINDER (N)	6,368	25MAR83
MISSILE, AIM-54A-C PHOENIX (N) (INCLUDES FRONT END - 35,019; AFT END - 36,276)	71,295	10JAN83
MISSILE, AIM-120 AMRAAM (AF)	114,182	22JAN92(A)*
MISSILE, AIM-120 AMRAAM AIR VEHICLE INSTRUMENTED (AAVI) (AF)	114,182	22JAN92(A)*
MISSILE, MIM-72 CHAPARRAL SERIES (A)	2,100	16DEC88
MISSILE, MIM-72 CHAPARRAL (W/SMOKELESS MOTOR) (A)	2,102	16DEC88
MISSILE, RBS-17 SHORE DEFENSE (COMMERCIAL DERIVATIVE OF HELLFIRE) (A)	3,300	20MAY87(E) (D)
MISSILE, RIM-66D STANDARD ARM (N)		
MISSILE, RIM-66B/B-2, RIM-66E RIM-67A-13 STANDARD 1 (SM-1) BLOCK V STANDARD (N)	12,602	15SEP77
MISSILE, RIM-66D AND RIM-67B STANDARD 2 (SM-2) (N)	89,651	06DEC84
MISSILE, RIM-66D AND RIM-67B STANDARD 2 (SM-2) BLOCK II (N)	40,253	21APR89
MISSILE, RIM-66G/H/I STANDARD 2 (SM-2) BLOCK I (N)	64,192	22JUL91
MISSILE, RIM-66G/H/I STANDARD 2 (SM-2) BLOCK II (N)	25,423	22JUL91
MISSILE, RIM-66G/H/I STANDARD 2 (SM-2) BLOCK III (N)	38,465	22JUL91

(51)

Change 5

MISSILE, RIM-66G/H/I STANDARD 2 BLOCK III, SURFACE LAUNCH (SLM) (COMMERCIAL DERIVATIVE) (N)	32,695	22JUL91 (E)
MISSILE, X-RIM-116A, 5" ROLLING AIRFRAME, RAM (N)		(D)
MISSILE, DRAGON, HEAT AND PRACTICE (A)	378	24MAR80
MISSILE, I-HAWK SERIES (A)	7,053	12NOV80
MISSILE, LANCE (A)	76,205	21MAY79
MISSILE, NIKE HERCULES (A)	448,055	28MAR89 (B)
MISSILE, PERSHING SERIES (A)	128,378	
MISSILE, REDEYE (A)		(D)
MISSILE, TOMAHAWK (N)		(D)
MISSILE, NATO SEASPARROW SURFACE MISSILE SYSTEM (NSSMS) (N)		(D)
MISSILE SYSTEM, ARMY TACTICAL (ATACMS) (A)	148,275	31OCT88
MISSILE SYSTEM, HARPOON (N)		20JAN78
LAUNCHER, AN/SWG-1(V) BASELINE LAUNCHER, HARPOON SHIPBOARD COMMAND AND LAUNCH CONTROL SYSTEM, AN/SWG-1A(V) (HSCALCS)	80,562	
MISSILE, AGM-84 (RGM/UGM)	109,603	11DEC86
MISSILE SYSTEM, HELLFIRE (A)	44,083	14MAY85
CONTAINER (NMDE)	36	
LAUNCHER, HELLFIRE	14,715	
MISSILE, HELLFIRE, HEAT	4,124	
MISSILE, HELLFIRE, DUMMY	531	
MISSILE, HELLFIRE, TRAINING	2,719	
MISSILE SYSTEM, PATRIOT, MIM-104 (A)	3,700,725	18NOV82
ANTENNA MAST SET	131,906	
ELECTRICAL POWER PLANT (EPPII)	339,464	
ENGAGEMENT CONTROL SYSTEM (ECS) AN/MSQ-104	548,311	
LAUNCHER	214,782	
MISSILE W/CANISTER	82,836	
RADAR, AN/MPQ-53	2,383,426	
MISSILE SYSTEM, ROLAND (A)		24SEP80
FIRE CONTROL, AN/GSG-11 MISSILE SYSTEM, (MFCS)	324,828	
LAUNCHER	324,828	
MISSILE	4,422	
MISSILE SYSTEM STINGER (A)		03MAY91
MISSILE/TUBE, STINGER BASIC	3,800	
MISSILE/TUBE, STINGER POST	66,100	
MISSILE/TUBE, RMP	3,000	
MISSILE SYSTEM, TOW (A)		
LAUNCHER	3,029	16SEP77
MISSILE, BGM-71A BASIC TOW HEAT AND PRACTICE	293	16SEP77
MISSILE, BGM-71D TOW 2	658	19DEC83
MISSILE, BGM-71E TOW 2A		
MISSILE, M65 SUBSYSTEM AIRBORNE TOW	27,800	17MAY89
MISSILE, I-TOW (Basic + Warhead)	487	03NOV81

Change 5

ROCKET, 2.75" SERIES (A)	0.87	26MAR80
ROCKET, M72 SERIES, LIGHT ANTITANK WEAPON (LAW), 66MM (A)	1.32	28MAR89 (B)
ROCKET, ANTISUBMARINE, (ASROC) (N)	885	20DEC84
ROCKET, VERTICAL LAUNCH ANTISUBMARINE (ASROC) (VLA) (N)	98,926	14DEC87
ROCKET SYSTEM, M77, MULTIPLE LAUNCH (MLRS), TACTICAL, PRACTICE, TRAINING (A)		02DEC85
LAUNCHER	173,000	
ROCKET	615	
TORPEDO, MK46 MOD 2 (N)	8,993	28MAR89
TORPEDO, MK46, NEARTIP O/A KIT (CONVERTS MK46 MODS 1/2 TO MOD 5 (N))	3,795	26JAN80
TORPEDO, MK46 MOD 5 (N)	9,308	
TORPEDO, MK48 (N)	86,255	21JUL77
TORPEDO, MK48 ADCAP KIT (N)	103,322	25NOV80
WEAPON, FUEL AIR EXPLOSIVE, FAE II (N)		(D)

CATEGORY V - PROPELLANTS, EXPLOSIVES AND INCENDIARY AGENTS

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

CATEGORY VI - VESSELS OF WAR AND SPECIAL NAVAL EQUIPMENT

CG- GUIDED MISSILE CRUISER (N)		(D)
DD-963, DESTROYER (N)		(D)
DD - DESTROYER (N)		(D)
DDG - GUIDED MISSILE DESTROYER (N)		(D)
FF - FAST FRIGATE, GARCIA CLASS (N)		24APR89
FF-1041 USS BRADLEY	754,810	
FF-1043 USS EDWARD MCDONNELL	767,515	
FF-1047 USS VOGEL	1,597,365	
FF-1048 USS SAMPLE	703,430	
FF-1050 USS ALBERT DAVID	689,885	
FF-1051 USS O'CALLAHAN	629,895	
FFG - GUIDED MISSILE FRIGATE, FFG-7 CLASS (N)	3,591,379	18OCT78
FFG - GUIDED MISSILE FRIGATE, BROOKE CLASS (N)		21APR89
FFG-1 USS BROOKE	1,276,485	
FFG-2 USS RAMSEY	1,101,730	
FFG-3 USS SCHOFIELD	1,104,670	
FFG-4 USS TALBOT	1,059,345	
FFG-5 USS RICHARD L. PAGE	886,235	
LCAC - LANDING CRAFT AIR CUSHION (N)		(D)
LHD - AMPHIBIOUS ASSAULT SHIP (N)		(D)
LPD - AMPHIBIOUS TRANSPORT DOCK (N)		(F)
LSD - DOCK LANDING SHIP (N)		(F)

Change 5

LST - TANK LANDING SHIP (NEWPORT CLASS) (N)	824,840	25JAN84
LKA - AMPHIBIOUS CARGO SHIP (N)		(F)
LPA - GENERAL PURPOSE AMPHIBIOUS ASSAULT SHIP (N)		(F)
MSO - MINESWEEPER, OCEAN, NONMAGNETIC (N)		(F)
PHM - PATROL COMBATANT MISSILE (NATO) HYDROFOIL (N)	1,000,000	28MAR89(B)
PHM - PATROL COMBATANT MISSILE (FRG VARIANT) HYDROFOIL (N)	1,250,000	28MAR89(B)
SS - SUBMARINE, CONVENTIONALLY POWERED (N)		(F)

CATEGORY VII - TANKS AND MILITARY VEHICLES

AIR DEFENSE SYSTEM, M163 AND M167 SERIES, VULCAN (A)	29,439	26MAR80
GUN, M107 SELF-PROPELLED, 175MM (A)	40,258	26MAR80
HOWITZER, M109 SERIES SELF-PROPELLED, 155MM (A)	5,636	26MAR80
HOWITZER, M109A1-A3 SELF-PROPELLED, 155MM, (A) (INCLUDES CANNON ASSEMBLY)	8,771	23JUN87
(WITHOUT CANNON ASSEMBLY)	7,447	23JUN87
HOWITZER, M110A SELF-PROPELLED, 8" (A)	14,371	26MAR80
HOWITZER, M110A1 SELF-PROPELLED, 8" (A)	16,975	26MAR80
HOWITZER, M110A2 SELF-PROPELLED, 8" (A)	21,069	26MAR80
HOWITZER, M198 MEDIUM TOWED, 155MM (A)	47,483	14FEB86
TANK, M48A1 (A)	1,479	
TANK, M48A3 (A)	5,521	
TANK, M48A5 (A)	12,849	
TANK, M60A1 (A)	14,083	03MAR80
TANK, M60A3 (A)		
W/TTS	31,427	03MAR80
W/O TTS	21,939	03MAR80
TANK, M1 ABRAMS (A)	114,443	27OCT88
TANK, M1A1 (A)	226,725	27OCT88
TANK ENGINE, AVDS-1790 (M60A1 TANK) (A)	2,066	03MAR80
TRANSMISSION, HMPT 500-3 BRADLEY (A)	3,564	05APR91
VEHICLE, AAV7A1/AAVAI ASSAULT AMPHIBIOUS (N)	91,426	20APR82

"E1" on 513 255 4319
 Mr. Luckenbill DSN 785 2994

VEHICLE, LAV-25 SERIES LIGHT ARMORED (LAV) (N)		17JUN91(G)
LAV-25 (INCLUDES LAV-25 TURRET)	2,818	
LAV-LOGISTICS	7,610	
LAV-RECOVERY	26,305	
LAV-MORTAR	14,383	
LAV-CMD/CONTROL	16,723	
LAV-ANTITANK (INCLUDES LAV-25 TURRET)	13,473	
LAV-BASELINE	800	
LAV-25 TURRET	1,600	
VEHICLE, M2 INFANTRY FIGHTING (IFV) (A)	51,989	22NOV89
M2A1 (IFV)	74,937	
M2A1 (MINUS) (IFV)	57,580	
M2A2 (IFV)	106,593	
VEHICLE, M3 CALVARY FIGHTING VEHICLE (CFV) (A)	50,549	22NOV89
M3A1 (CFV)	73,497	
M3A1 (MINUS) (CFV)	56,140	
M3A2 (CFV)	106,113	
VEHICLE, M88/M88A1 RECOVERY (A)	8,460	01NOV88
VEHICLE, M113 SERIES, ARMORED PERSONNEL CARRIER (APC)	688	11SEP78
FAMILY OF VEHICLES (FOV) (A)		
CARRIER, M106A1/2 MORTAR		
CARRIER, M548 SERIES, CARGO		
CARRIER, M577 SERIES, COMMAND POST		
CARRIER, M667 LANCE		
CARRIER, M727 HAWK		
CARRIER, M730 CHAPARRAL		
CARRIER, M741 VULCAN		
VEHICLE, M551 ARMORED RECONNAISSANCE ASSAULT (A)	33,213	
VEHICLE, M578 RECOVERY (A)		(D)
VEHICLE, M723 MECHANIZED INFANTRY COMBAT (A)		(D)
VEHICLE, M728 COMBAT ENGINEERING (CEV) (A)		(D)
VEHICLE, M981 FIRE SUPPORT TEAM (FISTV) (A)	68,476	03FEB86
VEHICLE, M992 FIELD ARTILLERY AMMUNITION SUPPORT (FAASV) (A)	12,805	22NOV89
VEHICLE, FIRE DIRECTION CONTROL CENTER (FDCV) (A)	3,382	21MAY86

CATEGORY VIII - AIRCRAFT, SPACECRAFT AND ASSOCIATED EQUIPMENT

AIRCRAFT

767 AWACS (including ~~Joint Tactical Information Distribution System (JTIDS) and Have Quick A-Net Radio System~~)

8
 \$,700,000

11AUG92(R)*

BASIC CONFIGURATION (\$6,900,000)
 INFORMATION SYSTEM,
 JOINT INFORMATION
 DISTRIBUTION SYSTEM (JTIDS) (1,600,000)
 RADIO, HAVE QUICK A-NET SYSTEM (200,000)

Replacement
 (55)

FAXED/ok's

TRANSMISSION REPORT

703-697-1656

(55)
(56)

TTI NO.	9/1/513/2554319
DATE AND TIME	09. 14. 92 03:20PM
DURATION	02:15
MODE	
PAGE	04
RESULT	GOOD

A-4A (N)	15,165	20OCT83
A-4B (N)	12,864	20OCT83
A-4C (N)	15,523	20OCT83
A-4E (N)	27,929	20OCT83
A-4F (N)	32,226	20OCT83
A-6 (N)		(D)
A-7 (W/O FLIR) (N)	243,881	08SEP83
A-10 (W/O TF-34 ENGINE) (AF)	388,786	12MAR82
A-37 (AF)	19,651	28MAR89(B)
AV-8B (W/O UK ASSESSMENT) (N)	867,373	26JUN81
C-5A GALAXY (AF)	12,661,728	12MAR82
C-130 HERCULES W/4 T-56 ENGINES (AF)	102,520	03AUG83
C-141A/B STARLIFTER (AF)	892,254	12MAR82
E-2B (W/ENGINES) (N)	298,400	22JUN89
E-2C (N)	2,625,904	18MAY78
E-3 AWACS (AIRBORNE WARNING AND CONTROL SYSTEM) (AF)		
ENHANCEMENTS (SPECIAL RECOUPMENT, EXP. 01JUL94)	461,797	28SEP90
MEMORY UPGRADE MODIFICATION	1,674,841	08NOV89
RADIO, HAVE QUICK A-NETS SYSTEM	166,121	05APR90
E-3A SENTRY, U.S./NATO STANDARD (AF)	33,021,000	26OCT81
(TOTAL U.S. NC CHARGE \$27.43M; TOTAL NATO NC CHARGE \$5.59M)		
EA-6 (N)		(D)
F-4A (N)	129,712	20OCT83
F-4B (N)	70,450	20OCT83
F-4J (N)	122,089	20OCT83
F-4E (N) (W/ ENGINES) (25% DISCOUNTED FOR USEFUL LIFE) (N)	159,408	20OCT83
F-4G WILD WEASEL (MOD ONLY) (AF)	667,241	12MAR82
F/RF-5A TIGER (W/O 2 J-85 ENGINES) (AF)	40,000	01NOV71
F/RF-5E TIGER II (W/O 2 J-85 ENGINES) (AF)	68,000	01NOV71
F/RF-5F TIGER II (W/O 2 J-85 ENGINES) (AF)	207,000	25NOV75
F-8 (N)	56,859	12MAY81
F-14 (W/ENGINE) (N)	1,600,000	29NOV76
F-15A/B EAGLE (W/O ENGINES, AN/APG-63 RADARS, MSIP, & TEWS) (AF)	1,849,611	05FEB92
F-15C/D EAGLE (W/O ENGINES, AN/APG-63 RADARS, MSIP, & TEWS) (AF)	1,897,460	05FEB92
F-15E EAGLE (W/O ENGINES, AN/APG-63 RADARS, MSIP, & TEWS) (AF)	3,938,594	05FEB92
F-16 A/B FIGHTING FALCON (W/O EPG SPECIAL NC \$85,000) (AF)	640,000	04JUN80

(559) (56)

Faxed 9/14/92

Change 5

A-4F (N)	32,226	20OCT83
A-6 (N)		(D)
A-7 (W/O FLIR) (N)	243,881	08SEP83
A-10 (W/O TF-34 ENGINE) (AF)	388,786	12MAR82
A-37 (AF)	19,651	28MAR89 (B)
AV-8B (W/O UK ASSESSMENT) (N)	867,373	26JUN81
C-5A GALAXY (AF)	12,661,728	12MAR82
C-130 HERCULES W/4 T-56 ENGINES (AF)	102,520	03AUG83
C-141A/B STARLIFTER (AF)	892,254	12MAR82
E-2B (W/ENGINES) (N)	298,400	22JUN89
E-2C (N)	2,625,904	18MAY78
E-3 AWACS (AIRBORNE WARNING AND CONTROL SYSTEM) (AF)		
ENHANCEMENTS (SPECIAL RECOUPMENT, EXP. 01JUL94)	461,797	28SEP90
MEMORY UPGRADE MODIFICATION	1,674,841	08NOV89
RADIO, HAVE QUICK A-NETS SYSTEM	166,121	05APR90
E-3A SENTRY, U.S./NATO STANDARD (AF)	33,021,000	26OCT81
(TOTAL U.S. NC CHARGE \$27.43M; TOTAL NATO NC CHARGE \$5.59M)		
EA-6 (N)		(D)
F-4A (N)	129,712	20OCT83
F-4B (N)	70,450	20OCT83
F-4J (N)	122,089	20OCT83
F-4E (N) (W/ ENGINES) (25% DISCOUNTED FOR USEFUL LIFE) (N)	159,408	20OCT83
F-4G WILD WEASEL (MOD ONLY) (AF)	667,241	12MAR82
F/RF-5A TIGER (W/O 2 J-85 ENGINES) (AF)	40,000	01NOV71
F/RF-5E TIGER II (W/O 2 J-85 ENGINES) (AF)	68,000	01NOV71
F/RF-5F TIGER II (W/O 2 J-85 ENGINES) (AF)	207,000	25NOV75
F-8 (N)	56,859	12MAY81
F-14 (W/ENGINE) (N)	1,600,000	29NOV76
F-15A/B EAGLE (W/O ENGINES, AN/APG-63 RADARS, MSIP, & TEWS) (AF)	1,849,611	05FEB92(A)*
F-15C/D EAGLE (W/O ENGINES, AN/APG-63 RADARS, MSIP, & TEWS) (AF)	1,897,460	05FEB92(A)*
F-15E EAGLE (W/O ENGINES, AN/APG-63 RADARS, MSIP, & TEWS) (AF)	3,938,594	05FEB92(A)*
F-16 A/B FIGHTING FALCON (W/O EPG SPECIAL NC \$85,000) (AF)	640,000	04JUN80
F-16A SIMULATED AIRCRAFT MAINTENANCE TRAINER (SAMT) (AF)	172,220	03JUL85
F-16C/D (W/ ENGINES) (AF)	1,018,050	24FEB89
F-18 (W/2 ENGINES) (N)	1,117,281	30MAR87

Change 5

F-20 (AF)		05AUG79 (D)
F-100A (AF)	37,840	06DEC84
F-100C (AF)	25,800	06DEC84
F-100D (AF)	25,440	06DEC84
F-100F (AF)	27,840	06DEC84
F-101B/F (AF)	65,560	06DEC84
F-102 (AF)	38,320	06DEC84
F-104A STARFIGHTER (AF)	42,080	06DEC84
F-104B/C/D (AF)	91,040	06DEC84
F-104G/J (AF)	54,360	27NOV87
F-105B THUNDERCHIEF (AF)	168,000	06DEC84
F-105D/F (AF)	78,400	06DEC84
F-106A/B DELTA DART (AF)	159,200	06DEC84
F-111A/C/D/E/F (AF)	605,320	06DEC84
KC-10 EXTENDER (AF)	1,176,667	12MAR82
KC-135A STRATOTANKER (AF)	217,034	12MAR82
OV-1A/B/C MOHAWK (A)	119,229	23JUN82
OV-10 (W/O ENGINE) (N)	41,930	09JAN78
P-3A/B (W/ENGINE) (N)	382,750	03JAN78
P-3C (N)	592,219	03JAN78
AEW&C	1,761,974	25FEB87
UPDATE III	1,044,128	17MAY89
RF-4B (N)	104,566	20OCT83
RF-4C PHANTOM (AF)	108,000	06DEC84
S-2 (W/ENGINE) (N)	85,449	28AUG81
S-2A/US-2 (W/O ENGINE) (N)	18,987	20OCT83
S-2C (W/O ENGINE) (N)	23,497	20OCT83
S-2D (W/O ENGINE) (N)	38,448	20OCT83
S-2E (W/O ENGINE) (N)	35,950	20OCT83
S-3 (N)	3,502,643	26JUN81
T-2 (N)	39,968	10JAN78
TA-4F (W/O ENGINE) (N)	28,110	20OCT83
TA-4J (W/O ENGINE) (N)	51,176	20OCT83
T-33 (AF)	2,857	12MAR82
T-37 (AF)	19,651	28MAR89 (B)
T-38A (AF)	80,972	12MAR82
TH-55 OSAGE (A)	6,000	11JUN87
UPGRADE, F-15 AIRCRAFT MSIP VEHICLE, REMOTELY PILOTED (RPV) ACQUILA (A)	615,789	05FEB92 (A)*

(D)

HELICOPTERS

AH-1J AIRFRAME, SEACOBRA (N)	52,245	11OCT85
AH-1S COBRA (W/T-53-L-703 ENGINE) (A)	147,604	17MAY89
(W/T-53-L-703 ENGINE, M65 AIRBORNE TOW MISSILE AND C-NITE SYSTEM)	163,860	17MAY89
AH-1T AIRFRAME, SEACOBRA (N)	486,665	11OCT85
AH-1W APACHE SUPER COBRA (W/2 T-700-GE-401 ENGINES) (N)	326,461	18JUN90

Change 5

AH-64 APACHE (W/2 T-700 ENGINES) (A)	1,045,566	30DEC83
CH-47A/B/C (INCLUDES T-53-L-11A ENGINE) (A)	100,000	07NOV70
CH-47D CHINOOK (W/O T-55 ENGINES) (A)	144,279	07AUG91
CH-53E/MH-53E (W/O T-64 ENGINE) (N)	1,023,079	12MAY83
H-3E (N)		(D)
H-46 (N)		(D)
H-53 (S-65) (N)	166,029	27FEB79
OH-6 CAYUSE (A)	18,000	11JUN87
OH-58A KIOWA (A)	22,000	11JUN87
OH-58C KIOWA (A)	48,000	11JUN87
OH-58D KIOWA (AHIP) (W/MAST MOUNTED SIGHTS) (A)	755,739	26MAR90
S-70A HELICOPTER AIRFRAME (COMMERCIAL DERIVATIVE) (A)	169,692	03JUN91(E)
SH-2/2D/2F LAMPS, MARK I (W/2 T-58-GE ENGINES) (N)	325,423	06DEC84
SH-2G (W/2 T-700-GE-401 ENGINES) (N)	607,149	03JUN91
SH-60B AIRFRAME (N) (LAMPS, MARK III AIRFRAME W/O T-700-GE-401 ENGINES)	689,944	15OCT82
MINIMUM AVIONICS SUITE	859,636	
MISSION AVIONICS SUITE	366,236	
SHIP ELECTRONICS	1,063,400	
SH-70C(M) (W/O ENGINE) (COMMERCIAL DERIVATIVE) (N)	1,131,227	
UH-1H IROQUOIS (A)	855,284	23JUN87(E)
UH-1N (N)	4,501	01MAY81
UH-60A BLACKHAWK AIRFRAME (A)	48,032	12JUL85
	169,692	03OCT81

ENGINES

501KB (COMMERCIAL DERIVATIVE OF T56)	4,341	01NOV91(AE) *
501KB5 (CML DERIVATIVE OF T56)	4,123	01NOV91(AE) *
501KC (CML DERIVATIVE OF T56)	3,006	01NOV91(AE) *
501KCS (CML DERIVATIVE OF T56)	2,734	01NOV91(AE) *
501KF (CML DERIVATIVE OF T56)	3,011	01NOV91(AE) *
501KN (CML DERIVATIVE OF T56)	4,118	01NOV91(AE) *
CFM-56 (AF)	20,000	25MAY89
CFM-56 ENGINE INTEGRATION, E-3 (SPECIAL RECOUPMENT, EXP. 01JUL94) (AF)	3,257,810	28SEP90
CT7-2A/2D (N)	29,697	21DEC88
CT7-5A/7A (N)	25,777	21DEC88
CT7-6/9 (N)	9,236	21DEC88
CT-58 (COMMERCIAL DERIVATIVE OF T-58) (N)	20,045	11JUN87(E)
F100-PW-100/200 ALTERNATE FIGHTER ENGINE (AFE) (AF)D	284,001	27JAN92(A)*

Change 5

F100-PW-220 ALTERNATE FIGHTER ENGINE (AFE) (AF)	364,783	27JAN92(A)*
F100-PW-229 INCREASED PERFORMANCE ENGINE (IPE) (AF)	637,802	27JAN92(A)*
F101 (AF)		(D)
F101X (AF)		(D)
F107 (N)		(D)
F-109-GA-100 TURBOFAN (AF)	86,546	14MAY91
F110-GE-100 ALTERNATE FIGHTER ENGINE (AFE) (AF)	364,783	27JAN92(A)*
F110-GE-129 INCREASED PERFORMANCE ENGINE (IPE) (AF)	637,802	27JAN92(A)*
F404 (N)	63,840	30MAR87
J47 (AF)	2,168	12MAR82
J52P-6A/B (N)	7,370	08SEP83
J52P-8A/B (N)	30,658	08SEP83
J52P-408 (N)	33,106	08SEP83
J57P-6B (N)	4,600	08SEP83
J57P-10 (N)	4,120	08SEP83
J60P-3/3A (N)	2,520	08SEP83
J75 (AF)	28,999	12MAR82
J79-GE-8/10 (N)	6,400	08SEP83
J79-GE-17/17A/119 (AF)	27,464	01OCT83
J85 (AF)	17,900	23MAR83
PW-1120 (COMMERCIAL DERIVATIVE OF F100-200) (AF)	155,194	20OCT83(E)
T33-P-100 (AF)		(D)
T53 (N)	1,542	07MAY81
T53-L-703 (A)	2,220	17MAY89
T55 (A)	3,200	06NOV70
T56 (N)	13,313	12MAY83
T58 (N)	20,045	11JUN87
T64 (N)	38,578	12MAY83
T700-GE-700 (A)	29,697	21DEC88
T700-GE-401 (NC ADDITIVE TO T700-GE-700 ENGINE) (N)	78,039	15OCT83
T700-GE-401/401A (N)	29,697	21DEC88
T700-GE-401C (N)	25,450	21DEC88
T700-GE-701/701A/701A1 (A)	29,697	21DEC88
T700-GE-701C (A)	25,450	21DEC88
TF30 (N)	43,866	20JUN79
TF34 (N)	20,705	12MAR82
TF39 (AF)	441,707	12MAR82
TF41-A-2A/2B/400/402/402B (N)	48,249	06DEC84

CATEGORY IX - MILITARY TRAINING EQUIPMENT

NO ITEMS IN THIS CATEGORY ARE DEFINED IN THE U.S. MUNITIONS LIST AS SIGNIFICANT MILITARY EQUIPMENT.

CATEGORY X - PROTECTIVE PERSONNEL EQUIPMENT

NO ITEMS IN THIS CATEGORY ARE DEFINED IN THE U.S. MUNITION LIST AS SIGNIFICANT MILITARY EQUIPMENT.

CATEGORY XI - MILITARY AND SPACE ELECTRONICS

CENTER, AN/TYQ-23, TACTICAL AIR OPERATIONS (TAOC) (N)	198,000	17MAY89
CENTER, TAOC-85, TACTICAL AIR OPERATIONS (N)		(D)
CENTER, MODULAR TACTICAL COMMUNICATIONS (MTCC) (A)		(D)
CENTER, TACTICAL FLAG COMMAND (N)		(D)
COMMUNICATION, AN/TSC-86 SATELLITE (SATCOM) GROUND SYSTEM (AF)		(D)
COUNTERMEASURE, AN/ALQ-119 (AF)	6,138	09DEC75
COUNTERMEASURE, AN/ALQ-126, SPJ SYSTEM (N)	26,631	05JUN85
COUNTERMEASURE, AN/ALQ-131 (W/RECEIVER) (AF)	26,970	28SEP79
COUNTERMEASURE, AN/ALQ-131 (W/O RECEIVER) (AF)	24,108	28SEP79
COUNTERMEASURE, AN/ALQ-165, ASPJ (N)	111,425	06DEC84
COUNTERMEASURE, AN/SLQ-32(V)1 (N)	115,000	25APR86
COUNTERMEASURE, AN/SLQ-32(V)2 (N)	250,350	25APR86
COUNTERMEASURE, AN/SLQ-32(V)3 (N)	381,803	25APR86
COUNTERMEASURE, TORPEDO EX SET 1 SYSTEM (N)		(D)
ELECTRONIC WARFARE SUPPORT, TACTIAL (TEWS) SYSTEM (AF)	225,434	05FEB92
EQUIPMENT, VERSATILE AVIONICS SHOP TEST (VAST) (AN/USM-247(V) (N)		(D)
INFORMATION SYSTEM, JOINT TACTICAL, INFORMATION DISTRIBUTION SYSTEM (JTIDS) (AF)	1,600,000 50,828	11 AUG 92 30OCT82 *
INFORMATION SYSTEM, OCEAN SURVEILLANCE (OSIS), BASELINE UPGRADE (OBU) (N)	11,586,364	11SEP87
OSIS, REMOTE GRAPHIC WORKSTATION MAPPING SYSTEM, MK90 DIGITAL (DMA)	5,874,074	27JAN92
DATA EXTRACTION MODULE	35,102,998	18MAY89
DATA SERVICES MODULE	324,248	
PRODUCT GENERATION MODULE	34,254,561	
SOURCE PREPARATION MODULE	91,898	
432,291		
POSITIONING SYSTEM, NAVSTAR GLOBAL (GPS) (AF)	1,000	28OCT87
RADIO, AN/ARA-54 (A)	40	28MAR89
RADIO, AN/PRC-119 (A)	803	26JAN90
RADIO, AN/TRC-170 (AF)	60,622	15FEB84
RADIO, AN/VRC-12 SERIES (12, 43 THROUGH 49) (A)	70	15FEB84
RADIO, AN/VRC-87 THROUGH 92 (A)	803	26JAN90
RADIO, RT-1439 RECEIVER/TRANSMITTER (A)	296	26JAN90
RADIO, HAVE QUICK A-NET SYSTEM (AF)	200,000	11 AUG 92 (A) *

(60)

Forced 9/14/92

Change 5

SHOP, AVIONICS INTERMEDIATE (AIS) (F16A/B) (AF)	1,190,000	12APR84	
SHOP, AVIONICS INTERMEDIATE (AIS) (F16C/D) (AF)	2,400,000	12APR84	
SHOP, BASE TEST FACILITY (A)	139,701	24APR91	
SHOP, BASE TEST FACILITY (COMMERCIAL DERIVATIVE) (A)	125,730	24APR91	(E)
SONAR, AN/SQR-18A (N)	267,069		
SONAR, AN/SQR-18A(V)1 (N)	601,837	24MAY84	
SONAR, AN/SQR-19, SYSTEM (N)	1,756,900	21MAR90	
SONAR, AN/SQS-56 (N)	173,193	19JUL88	
SONAR SYSTEM, AN/UQQ-2(V)1 SURTASS (COMBINED SHIP AND SHORE SYSTEM) (N)	3,029,374	28AUG89	
SONAR SYSTEM, AN/UQQ-2(V)1 SURTASS, SHIPBOARD SYSTEM (N)	1,785,000	28AUG89	
TELEPHONE, AN/TTC-38, CENTRAL (A)			(D)
TELEPHONE, AN/TTC-39 (A)			(D)
TELEPHONE, AN/TTC-42, UNIT LEVEL CIRCUIT SWITCH (N)			(D)

CATEGORY XII - FIRE CONTROL, RANGE FINDER, OPTICAL AND GUIDANCE AND
CONTROL EQUIPMENT

FIRE CONTROL, AN/GSG-10 DIRECTOR, TACFIRE (A)	740,331		
FIRE CONTROL, AN/GSG-11 DIRECTOR, TACFIRE (A)			(D)
FIRE CONTROL, MK1A COMPUTER (N)			(D)
FIRE CONTROL, MK25 RADAR (N)			(D)
FIRE CONTROL, MK37 GUN SYSTEM (N)	24,800	06DEC84	
FIRE CONTROL, MK51-2 DIRECTOR (N)			(D)
FIRE CONTROL, MK56 GUN SYSTEM (N)	15,400	06DEC84	
FIRE CONTROL, MK68 GUN SYSTEM (N)	60,000	06DEC84	
FIRE CONTROL, MK74 MOD-4 MISSILE SYSTEM (MFCS) (N)			(D)
FIRE CONTROL, MK86 GUN SYSTEM (N)			(D)
FIRE CONTROL, MK92 MISSILE SYSTEM (MFCS) (N)			(D)
FREQUENCY, AN/TSC-85 AND AN/TSC-93 SUPER HIGH (SHF) SYSTEM, MULTICHANNEL			(D)
GUIDED BOMB UNIT, GBU-10/12 (W/O FUZE) (AF)	203	15JUN87	
GUIDED BOMB UNIT, GBU-10/12 (W/FMU-81 FUZE) (AF)	243	15JUN87	
GUIDED BOMB UNIT, GBU-10/12 (W/FMU-139A A/B FUZE) (AF)	217	15JUN87	
GUIDED BOMB UNIT, GBU-15 (AF)	12,528	11MAY81	
GUIDED BOMB UNIT, GBU-16 (AF)			(D)

Change 5

LANTIRN NAVIGATION AND TARGETING SYSTEM (AF)		
NAVIGATION POD, AN/AAQ-13	217,453	18MAY89
NAVIGATION POD, AN/AAQ-13		
PATHFINDER (COMMERCIAL DERIVATIVE)	32,618	12JUL89(E)
TARGETING POD, AN/AAQ-14	201,057	18MAY89
TARGETING POD, AN/AAQ-14,		
SHARPSHOOTER (COMMERCIAL DERIVATIVE)	201,057	07JUN91(E)
TARGETING POD, SUPPORT EQUIPMENT (FMS)	1,418,320	18MAY89
MANPACK, AN/PSC-1 AND AN/PSC-7 SINGLE CHANNEL UHF SYSTEM (A)		(D)
MANPACK, AN/PSN-6 LOREN		(D)
MISSILE MINDER, AN/TSQ-73 (A)	715,687	15NOV82
MISSION PAYLOAD SUBSYSTEM (MPS) DAYLIGHT (A)		(D)
MISSION PAYLOAD SUBSYSTEM (MPS) FORWARD LOOKING INFRARED (FLIR) (A)		(D)
NIGHT VISION, AN/PVS-5 GOGGLES (A)	157	31JAN80
NIGHT VISION, AN/PVS-7A/B GOGGLES (A)	50	19JUN91
POSITION LOCATION REPORTING SYSTEM, (PLRS) (A)	11,775,783	30NOV88
AVIATION VEHICLE UNIT INSTALLATION KIT, AN/ASQ-177(V) (Non-MDE)	9,438	(G)
BASIC USER UNIT, RT-1343/TSQ-129	41,298	
MANPACK INSTALLATION KIT, MK-2290/PSQ-4 (Non-MDE)	2,057	(G)
MASTER STATION, AN/TSQ-129	1,179,261	
PILOT CONTROL DISPLAY UNIT, C-10829/ASQ-177 (Non-MDE)	16,756	(G)
SURFACE VEHICLE INSTALLATION KIT, AN/VSQ-1 (Non-MDE)	8,866	(G)
USER READOUT UNIT, C-10830/PSQ-4 (Non-MDE)	7,108	(G)
RADAR, AN/APG-63 (AF)	410,407	28MAR89 (X)
RADAR, AN/APG-65 (F-18) (N)	29,471	30MAR87
RADAR, AN/APG-66 (F-16A/B) (AF)	30,400	12APR84
AN/APG-66H (COMMERCIAL DERIVATIVE)	14,653	07JUN91(E)
AN/APG-66NZ (COMMERCIAL DERIVATIVE)	25,080	01JUN88(E)
W-160 (COMMERCIAL DERIVATIVE OF AN/APG-66)	6,692	07JUN91(E)
WX-66 (COMMERCIAL DERIVATIVE OF AN/APG-66)	13,437	24NOV89(E)
RADAR, AN/APG-68 (F-16C/D) (AF)	101,120	12APR84
RADAR, AN/APS-138 (AN/APS-145) ANTENNA (N)	162,047	25FEB87
RADAR, AN/APS-145 (N)	1,078,582	25FEB87 (D)
RADAR, AN/AWG-9 PHOENIX (N)	338,403	28MAR89 (X)
RADAR, AN/FPS-117 (AF)	883,053	20APR89

Change 5

RADAR, AN/FPS-118, OVER-THE-HORIZON BACKSCATTER (OTH-B) (AF)	93,682,000	07JUN91
PRIME SECTOR	89,098,000	
SECOND SECTOR	3,534,000	
THIRD SECTOR	1,050,000	
RADAR, AN/SPS-40B (N)	216,746	07MAY82
RADAR, AN/SPS-46 (N)		(D)
RADAR, AN/SPS-48E (N)		(D)
RADAR, AN/SPS-49(V)1-4 (N)	143,460	12APR90
AN/SPS-49(V)5	149,146	12APR90
AN/SPS-49(V)6	143,460	12APR90
AN/SPS-49(V)7	149,146	12APR90
AN/SPS-49 MOD KIT (AUTOMATIC TARGET DETECTION)	82,186	12APR90
RADAR, AN/TPQ-36 (A)	252,968	05JUL91
RADAR, AN/TPQ-36 COMMERCIAL DERIVATIVE, LOW ALTITUDE SURVEILLANCE RADAR (LASR) (A)	73,361	01OCT84(E)
RADAR, AN/TPQ-37 (A)	920,149	05JUL91
RADAR, AN/TPS-43 (W/BASIC ANTENNA) (AF)	27,462	05FEB86
RADAR, AN/TPS-63 (USMC BASELINE) (N)	45,557	07MAY87
RADAR, AN/TPS-63 COMMERCIAL DERIVATIVE (N)	31,890	07MAY87
RADAR, AN/TPS-71 RELOCATABLE OVER THE HORIZON (ROHTR) (N)	15,076,923	20APR90
SIGHT, MAST MOUNTED (A)	439,012	26MAR90
SYSTEM, MARINE INTEGRATED FIRE AND AIR SUPPORT SYSTEM (MIFASS) (N)		(D)
TARGET ACQUISITION, MK23 MOD-0/8, SYSTEM (TAS) (A)		(D)
TARGET ACQUISITION DESIGNATION SIGHT (TADS) (A)	202,591	30DEC83
TARGET DESIGNATOR, AN/AVQ-26 LASER PAVE TACK (AF)	643,071	11JUN87
TERMINAL, AN/GSC-39(V) DSCS MEDIUM (A)		(D)
TERMINAL, LIGHT FOR AN/TSC-86 (A)		(D)
TERMINAL, SINGLE SUBSCRIBER (SST) (A)		(D)
WEAPON SYSTEM, MK7, AEGIS, (W/O STANDARD MISSILE AND MK41 VERTICAL LAUNCH SYSTEM) (N)	16,288,000	25FEB87
WEAPON SYSTEM, CLOSE IN (CIWS), PHALANX (NC IS PER GUN MOUNT) (N)	287,842	28OCT78
HIGH VALUE DEFENSE SYSTEM (HVDS) (COMMERCIAL DERIVATIVE)	164,070	15MAY91(E)

change 5

CATEGORY XIII - AUXILIARY MILITARY EQUIPMENT

NO ITEMS IN THIS CATEGORY ARE DEFINED IN THE U.S. MUNITIONS LIST AS SIGNIFICANTLY MILITARY EQUIPMENT.

NOTES

- A. NEW SINCE 01OCT89⁽¹⁾
- B. THE EFFECTIVE DATE OF 28MAR89 HAS BEEN ASSIGNED TO ITEMS WHERE ONE CHARGE EXISTS WITHOUT AN EFFECTIVE DATE IDENTIFIED
- C. NO CHARGE
- D. IF THERE HAS BEEN AN INVESTMENT IN NONRECURRING COST AND THE CALCULATION OF THE CHARGE HAS NOT BEEN COMPLETED AND A SALE IS PENDING, CONTACT DSAA TO OBTAIN THE REQUIRED CHARGE.
- E. COMMERCIAL DERIVATIVE
- F. FOR OLDER SHIP DESIGN, A PERCENTAGE CHARGE (3.5%) FOR RECOUPMENT OF NONRECURRING COST WILL BE ESTABLISHED AT A TIME OF ACTUAL DEMAND FOR FMS OR COMMERCIAL SALE PROPOSALS
- G. PRO RATA NON-MDE.
- H. WAIVER GRANTED WITH PRICE LISTED.

INTERIM TABLE OF CONTENTS

CHAPTER SEVEN (partial)

PREPARATION AND PROCESSING OF FMS LOAs

	Page
Section 701 - Preparation and Processing of LOAs	701-1
70101 Purpose	701-1
70102 Policies	701-1
70103 General Procedures	701-2
70104 Preparing the Letter of Offer and Acceptance	701-3
70105 Additional Considerations	701-4
Table 701-1 - Sample Letter of Offer and Acceptance	701-12
Table 701-2 - Termination Liability Worksheet	701-24
Table 701-3 - Supplementary Information for LOAs	701-25
Table 701-4 - LOA Preparation Checklist	701-26
Table 701-5 - Additional Terms and Conditions - Aircraft Movement	701-27
Table 701-6 - Additional Terms and Conditions - Transportation and Services	701-28
Table 701-7 - Additional Terms and Conditions - Safeguards for Contractor Personnel	701-29

SECTION 701 - PREPARATION AND PROCESSING OF LOAs

70101 PURPOSE. This section provides instructions for LOA preparation in response to country requests. It also cites other sections which bear directly on LOA preparation.

70102 POLICIES.

A. **LOA Use.** The LOA will be used for FMS of defense articles and services (items). It will list items offered and, when properly developed, becomes an official tender by the USG. The acceptance constitutes the agreement by the Purchaser and, with applicable funding, completes the contract.

B. **Standard Information.** Standard Terms and Conditions in Table 701-1 are an official part of each LOA, whether or not they are attached to a particular copy. LOA Information in Table 701-1 provides courtesy information only. Both must be attached to the original LOA, which will ultimately be signed by the customer. A copy of the LOA and all attachments must be retained by the LOA preparer or its successor organization in the official US LOA record file. With exception of the US record copy held by the IA, the Table 701-1 attachments should accompany only the original LOA. To help prevent unauthorized versions of the LOA, computer or manually-generated replicas of the Standard Terms and Conditions or Information in Table 701-1 will not be used.

C. **Supplemental Information.** Standard Terms must be supplemented with additional items or notes for each Offer in order to make obligations clear. When LOAs are prepared before details are known, "notes" (which include "supplemental conditions") will include general coverage of this information and an estimate of when specific information on these topics can be provided to the Purchaser. Inclusion of all terms and information as a complete package within the LOA, rather than orally or by separate correspondence, reduces misunderstandings regarding FMS commitments.

D. **Quality Control.** IAs must ensure that adequate controls exist to assure mathematical and factual integrity, and completeness, of the LOA package.

E. **Program Consolidation.** LOAs involving major systems or end items will include supporting items as opposed to negotiating separate LOAs for each of these items.

F. **Travel for Purchaser Personnel.** The Purchaser is responsible for all travel for its personnel on assignment in the US or required in conjunction with FMS programs. These services or costs will not be included on the LOA.

G. ~~Royalties and NC Recoupment~~ ^{nonrecurring costs.} **Charges.** LOAs will not normally be established for the sole purpose of collecting ~~royalty or NC recoupments.~~ ^{an NC} LOAs that sell a TDP for production purposes must include an obligation for the Purchaser to pay the USG ~~a royalty~~ ^{an NC} charge per unit of production which may be fixed subsequently by an LOA Amendment. Pro rata NC ~~recoupment~~ charges for articles sold under FMS will be included in the unit price. Due to inclusion of sensitive US technical production information, data regarding USG cost pool and production quantities used to determine NC ~~recoupment~~ charges will not normally be released outside DOD. (see also DoDD 2140.2)

70103 GENERAL PROCEDURES.

A. **LOR Validation.** Upon receipt, the LOR must be validated to ensure the potential customer is an eligible FMS recipient, that the item sought may be sold, and that the request was received through proper channels (see paragraph 70003.A.2).

B. **Timeframes.** The IA must formally acknowledge receipt of LORs within 5 days. Transactions for valid LORs must be submitted to DSAA for input into the 1200 System within 10 calendar days of receipt of the request (see Chapter 15). LOAs must be listed in the 1200 System for at least 7 days prior to requesting DoS approval; i.e., prior to countersignature or, if applicable, forwarding directly to the requestor. The maximum IA processing time between the LOR and release of the LOA or Amendment should normally be no more than 60 days.

C. **Cost Data Exclusion.** The percentage rate used for determining PC&H, administrative, CLSSA, or other costs should not be indicated in the LOA.

D. **Individual Responsible.** The name and telephone number of the individual within the IA who is responsible for the LOA, should appear at the bottom of all copies (not the original) submitted to DSAA COMPT. ~~(individual responsible for modification)~~
Signed Copy Distribution field as illustrated in Tables 701-1 and 804-1.

E. **Coordination.** LOAs and LOIs should be coordinated through the IA comptroller and legal counsel. The DSAA point of entry for coordination is the DSAA COMPT FMSCRD. DSAA, including OSD, coordination will be accomplished by Operations Directorate, including documents which require countersignature. DSAA approval/disapproval will be provided from FMSCRD.

F. **Documents to Accompany LOAs During Coordination.** Documents discussed in this paragraph will not be provided to the Purchaser. See Section 703 for LOAs which meet criteria for reporting to Congress and Section 140010 for Financial Analyses for SDAF lines. Termination Liability Worksheets (see Table 701-2), to provide the IA's plan for the collection of funds to cover the liability to the USG should the LOA be terminated prior to normal completion, are to be included with selected LOAs as follows:

1. LOAs with a total value of \$25M or more will be accompanied by a TLW when submitted to DSAA for countersignature. Modifications or Amendments that contain a revised payment schedule will also contain a revised TLW. For LOAs below the \$25M threshold, a formal certification that termination liability has been included in the payment schedule should be added to the LOA file.

2. Entries for each date should show both the quarterly transactions and the cumulative totals. The TLW will include:

a. The deposit date, normally quarterly, in accordance with the schedule of payments.

b. The total payment, including the amount to be deposited for both disbursements and reserves.

c. Anticipated payments to contractors or suppliers during the three months after payment date plus amounts required to cover potential costs during that period for:

(1) Contractor holdback, which is a percentage of the amount earned by the contractors or suppliers that is retained by the USG to ensure contract compliance.

(2) Termination liability, to cover the financial liability of the USG should the contract be terminated.

3. TLWs are not required for CLSSA, BO, source code "S", or "Cash with Acceptance" LOAs.

4. IAs will attach 2 copies of the TLW with the cover letter forwarding the LOA package to DSAA COMPT FMSCRD for countersignature. FMSCRD will provide one copy to COMPT FMD and the other to DFAS-DE/SAAC with the advance copy of the LOA. DFAS-DE will ensure the TLW is retained after the Purchaser signed copy of the LOA is received. The TLW must be loaded into DIFS prior to implementation. For any LOA, Amendment, or Modification exempt from countersignature, IAs should provide TLW copies to DSAA COMPT and DFAS-DE/SAAC.

G. Countersignature. Unless specifically exempted (e.g., LOAs and Amendments and Modifications exempted in Chapter 8), all LOAs, Amendments, Modifications, and LOIs require DSAA countersignature. Those exempted will show, in the countersignature block, the pertinent SAMM section or other authority for exemption.

1. Upon finalization, or 5 days prior to the expiration of the Congressional review period for AECA Sec 36(b) notifications, IAs will forward the signed original documents plus 2 copies (3 when FMF or MAP funded) to DSAA. DSAA COMPT will forward all submissions to DSAA Operations for coordination.

2. Subsequent to countersignature, DSAA COMPT will return the original to the IA for processing to the prospective Purchaser; forward a copy to DFAS with the TLW if applicable; and retain a copy in order to enter appropriate information into the DSAA FMS data base.

70104 PREPARING THE LETTER OF OFFER AND ACCEPTANCE. A sample completed LOA is included in Table 701-1. Information which is not part of the basic format is bracketed and in bold type for emphasis (brackets should be excluded, and normal type used, in actual LOAs). The following guidance also applies.

A. LOAs reported under the AECA Section 36(b) will include at the end of Terms of Sale on page one the DSAA transmittal number used in the statutory Congressional notification (e.g., Congressional notification 92-15).

B. An expiration date of 85 days (25 days for additional administrative processing and 60 for country review) following IA signature should be used. A note should explain any instances when the Purchaser will have less than 60 days for review; for example, where the Purchaser requested expedited shipment or the quote is contingent on award by a certain date.

C. The blank entry in "This page through page ___ attached are,..." will be the total pages of the LOA, excluding the Standard Terms and Conditions and courtesy Information.

D. The LOA should be signed for the US prior to forwarding to DSAA for countersignature or, when applicable, directly to the requestor. The US Signature is an authorized IA representative. The date is the day, month, and year the LOA is forwarded.

E. The Items to be Supplied information should show the following--

1. The LOA will contain a separate line for each article that is measured in units (U/I "EA" in Section 1503). For LOAs with more than one significant article or service, number each consecutively, normally grouping items and support from most to least substantial (e.g., determined by line dollar value, sequence of phased execution, or other organized breakout). Sub-

lines may be used to the extent they are compatible with MASL breakout and reporting by generic code identification.

2. The LOA will group dollar-denominated items (U/I "XX" or blank), such as spare parts and training, to the extent that common generic codes apply (e.g., tool kits with identical generic codes should be under a single line).

3. Item Description/Condition must include the correct Generic Code and MASL line data (Section 1503), NSN or part number, a description of the articles or services, and the condition code or reference to a note in which the condition will be shown.

MDE(Y)/mon - MDE(N) code,

a. References to other information within the LOA may also be included; for example, for weapons systems, the reference may relate to an attachment to the LOA which will include descriptive information for individual items grouped generically in the item description column.

b. When EDA are sold under the AECA and included in an LOA line, "Excess Defense Articles, Acquisition Value is \$ _____" must be at the bottom of the item description for that line.

4. If all line items cannot be listed on the second page of an LOA Offer, show only the program total and list the remaining items on continuation sheets.

F. Quantity, Unit of Issue, and Unit and Total Costs information should be entered, as applicable. Source Code, Months (availability following acceptance), Type of Assistance (TA) or Training Notes, Offer Release Code, and Delivery Term Code entries are discussed in LOA Information, ~~this Table~~. When more than one code applies, "Note ____" should be shown and an explanatory note should be included in the LOA.

G. Where the unit or extended price exceeds \$100, cost information may be rounded to the nearest whole dollar. Charges other than those below should be detailed in a note.

1. Net Estimated Cost is the estimated articles/services costs, which should not include administrative or assessorial charges.

2. Charges for Packing, Crating, and Handling; Administrative Charge; and Supply Support Arrangement are based on percentages in DOD 7290.3-M.

H. Terms of Sale are based on Paragraph 130104.C (Cash, FMS Credit, FMS Credit Non-Repayable, or MAP). The IA should enter the type and amount of funds. DSAA will adjust the type and amount of funds at the time of countersignature, consistent with availability of funds, or return the LOA to the IA for repricing as required. In order to reduce prices charged to MAP or FMS Credit Non-Repayable, the IA should advise recipients to use these funds to wholly finance LOAs which include NC or military pay costs.

I. "Initial Deposit" will be shown in lieu of the date as the first entry under Payment Date, with the amount under Quarterly and Cumulative.

70105 ADDITIONAL CONSIDERATIONS. The following subparagraphs are aligned to the column "Supplementary Information for Letters of Offer and Acceptance" in Table 701-3. The Checklist shown in Table 701-4 may be used at the option of the IA.

SAAC (v/w L&L) says
consist of lines from old
VOA may conduct
CLSSA admin, IO
sending clarif.
9/8/92

A. **Shipments.** See Section 802 for additional transportation information and Tables 701-5 and 701-6 for additional transportation terms and conditions. See Chapter 5 for export licensing and customs clearances.

1. FMS recipients must have the continuing capability to transport their materiel. Any use of DTS, to include related terms and conditions for movement, must be stated in the LOA. DBOF items; firearms; explosives; lethal chemicals; other hazardous materiel, air cargo that exceeds commercial capability; and, occasionally, classified materiel are moved within DTS.

2. Other use of DTS must be approved by DSAA and ASD(P&L) on a case-by-case basis. Each request to allow special use of DTS must be supported with a statement that shows projected tonnage, special transportation requirements, and other relevant information that would justify the commitment of DOD transportation assets. Upon approval, the extent of the authorization must be shown in the LOA.

3. For items not routinely shipped via DTS, the normal method of movement of FMS materiel is by commercial carrier to the freight forwarder designated by the Purchaser. Offer Release, Delivery Term, Mark For, and Freight Forwarder codes help the USG and Purchaser understand that materiel will be shipped by collect commercial bill of lading to freight forwarders or as coded based on DOD 4140.17-M. DOD 4000.25-8-M (MAPAD) should be used to guide Purchasers to provide Mark For and Freight Forwarder codes.

4. Procedures above also apply to repair and return. The IA should assure that the LOA for the repair and return of materiel provides, when possible, a Purchaser schedule for returns and a CONUS address for return of each item.

5. The FMS Purchaser must advise whether aircraft will be delivered by commercial ferry service (arranged by the customer), DOD ferry, or surface transportation. LOAs will contain the stipulation that delivery will be made only under one of the following conditions:

a. In the event flight delivery of the aircraft is desired by the Purchaser, the aircraft must be placed in safe condition consistent with established standards of the military service of origin or FAA. Required maintenance may be done through negotiation with the IA or FAA certified facility, and costs will be borne by the Purchaser. Aircraft will be released for flight only after an inspection by the service or FAA, as appropriate, has determined that standards have been met. Table 701-5 shows examples of terms and conditions for aircraft ferrying, which may be amplified to comply with specific requirements.

b. Aircraft not to be restored to the criteria above will be sold with the understanding that they will be delivered to destination by surface transportation only.

B. **Delivery Schedule.** The MOS (months) entry on the LOA provides the estimated leadtime from the date of LOA acceptance to the date of delivery. A schedule of estimated in-country or CONUS equipment deliveries by month will be provided for major end items. When, due to Purchaser request or to meet program scheduling needs, items are not to be delivered earlier than a specified date, this should be shown on the LOA.

C. **Personnel Movement.** Coordination of actions necessary to select and schedule personnel travel required to provide services under the LOA is normally completed concurrent with other steps taken to complete the program.

D. Qualifications Regarding Validity of Data. Deviations from the LOR, extraordinary reservations concerning the price quoted, and the extent to which either the price or availability is dependent on action to be taken by the USG (e.g., selection of equipment for US forces) are examples where further explanation should be included.

E. PCS and TDY Clearance With US Chief of Mission. The IA will notify the SAO by message of any requirements for assignment of PCS (but not TDY) personnel to Purchaser country, including projected start date and duration, number by rank or grade and specialty, and in-country location. DSAA Operations, the unified command, SecState (FMP/MP and PM/DRSA), and the embassy will be information addressees. The SAO will coordinate with the US chief of mission and report PCS personnel support cost data, as well as obstacles to their acceptance or support, to the IA. The IA will include PCS personnel support costs in the LOA and will advise of the PCS requirement and of any support problems in the cover letter when the LOA is submitted to DSAA for countersignature. LOAs which include PCS or TDY personnel should specify, to the extent known:

1. The number of personnel who will perform the task.
2. Planned dates of arrival and departure.
3. In-country destination and "home station."
4. Extent of in-country travel required.

F. Safeguards for Contractor Personnel. The LOA should include conditions to ensure that US personnel can operate to the extent possible in safety, immunity, and under US-type conditions. The IA legal office should provide agreements which protect US personnel in a given country. Table 701-7 shows sample terms and conditions and required Purchaser actions which can be used as a guide for negotiating agreements with countries on programs involving the introduction of substantial numbers of contractor personnel for countries for which no SOFA exists. Where a SOFA exists, reference should be made to the SOFA.

G. Separate MOU or Detailed Statement of Work (SOW). Major programs may call for an MOU or SOW, which should be referenced or attached to the LOA. For routine LOAs, a detailed SOW can be avoided by providing the following information:

1. Description of the nature of the service to be performed, together with its purpose;
2. Statement of where and how the service will be performed; and
3. Statement of the anticipated result when the service is completed, together with any information of which the Purchaser should be aware regarding USG reservations or qualifications as to the probable success of the project.

H. Schedule of Personnel Training. Defined line LOAs should include firm scheduling of personnel into specific training courses. When this is not feasible, LOAs should set forth training plans and schedules in general terms, and should show the need to define training needs at a later date. BO LOAs for training will include "notes" to explain the scope of coverage and methods for definitizing and requesting courses. LOAs must specify Purchaser responsibilities such as providing pay and allowances, housing, qualified students, and any required supervision thereof.

*Change 5
Background*

PRIORITY ZYUW RUEKJCS7967 0572147
P 262147Z FEB 91
FM SECDEF WASHINGTON DC//USDP//
TO DA WASHINGTON DC//DALO-SAC// HQ USAF WASHINGTON DC//PRI//
NAVY IPO WASHINGTON DC CMC WASHINGTON DC
COMDT COGARD WASHINGTON DC//GC-1//
INFO AIG 8797
SECSTATE WASHINGTON DC//FMP/MP/PW/DRSA//
JOINT STAFF WASHINGTON DC//J-5//

COUNTER-SIGNATURE. THE COVER MEMO MUST ADVISE OF THE PCS REQUIREMENT AND INCLUDE DOCUMENTATION SHOWING ANY PROBLEMS WHICH MAY RESULT FROM TAFT ASSIGNMENT AND COM APPROVAL.
7. THIS POLICY WILL BE INCORPORATED INTO THE SAMM, CHAPTER 7, WITH THE NEXT REVISION.
8. THIS IS A COORDINATED STATE/DEFENSE MESSAGE.
9. DSAA POC: LTC EISENHARDT PLANS/TORAND, AUTOVON 225-7976/7 OR COMMERCIAL (703) 695-7976/7. BT

UNCLAS
FROM DSAA/PLANS/TORAND (I-001048/91)
SUBJECT: REVIEW OF IN-COUNTRY PERSONNEL REQUIREMENTS IN FMS CASES

1. THE DEPARTMENT OF STATE HAS BROUGHT TO OUR ATTENTION THE NEED FOR EARLY REVIEW OF REQUIREMENTS IN FMS CASES FOR THE ASSIGNMENT OF ADDITIONAL PCS PERSONNEL IN-COUNTRY. THE BASIC PROBLEMS ARE BUDGET CONSTRAINTS, THE NEED TO REDUCE OR RECOVER THE FULL COST OF OVERSEAS STAFFING, AND A DESIRE TO LIMIT MISSION SIZE TO ENHANCE SECURITY. INCREASINGLY, THIS LEADS CHIEFS OF US DIPLOMATIC MISSIONS (COMS) TO REJECT PROPOSED STAFFING INCREASES, WHEN THE COM'S DECISION CONFLICTS WITH OFFERED OR ACCEPTED LOAS OR CONTRACTS THE POTENTIAL FOR PROGRAM DISRUPTION IS CLEAR.
2. THIS PROBLEM SHOULD BE ATTACKED INITIALLY AT POST THROUGH BETTER COMMUNICATION BETWEEN COMS AND THEIR SAOS. THE SAO SHOULD KNOW WHETHER A CONTEMPLATED LETTER OF REQUEST (LOR) INVOLVES (OR IS LIKELY TO INVOLVE) THE PCS ASSIGNMENT OF PERSONNEL IN-COUNTRY BEFORE THE LOR IS SUBMITTED, AND THE COM SHOULD BE MADE AWARE OF THAT FACT. THERE ARE CASES, HOWEVER, WHICH MAY NOT BE SEEN BY THE COUNTRY TEAM BEFORE THE LOA IS FINALIZED, E.G., WHEN THE LOR ORIGINATES FROM THE HOST COUNTRY'S EMBASSY IN WASHINGTON, OR WHEN THE LOA IMPLEMENTING AGENCY (IA) DETERMINES A PCS PRESENCE IS REQUIRED.
3. TO PRECLUDE PROBLEMS IN THE FUTURE, THE LOA IA WILL NOTIFY THE COM THROUGH THE SAO IN THE HOST COUNTRY IMMEDIATELY UPON DETERMINING THAT THE LOA WILL INCLUDE THE PCS ASSIGNMENT OF IN-COUNTRY PERSONNEL. FOR PURPOSES OF THIS DETERMINATION, THE TERM TECHNICAL ASSISTANCE FIELD TEAM (TAFT) WILL BE USED TO DESCRIBE ANY PCS PERSONNEL FUNDED BY LOA FUNDS, REGARDLESS OF ACTUAL TITLE (TAT, ETSS, WSLO, ET AL.). DOD DIRECTIVE 5132.10 DESCRIBES THE RELATIONSHIP OF TAFT MEMBERS TO THE SAO, OR TO THE DAO IN COUNTRIES WHERE THE DATT IS RESPONSIBLE FOR THE MANAGEMENT OF SECURITY ASSISTANCE. THIS PROCEDURE DOES NOT APPLY TO TDY PERSONNEL, SUCH AS MOBILE TRAINING TEAMS (MTTS). ALL PERSONNEL ARE, HOWEVER, SUBJECT TO COUNTRY CLEARANCE PROCEDURES AS LISTED IN THE US AIR FORCE FOREIGN CLEARANCE GUIDE.
4. THE PREPARING IA WILL NOTIFY THE SAO BY MESSAGE OF ANY REQUIREMENTS FOR THE ASSIGNMENT OF A TAFT, TO INCLUDE PROJECTED START DATE AND DURATION, COMPOSITION, AND IN-COUNTRY LOCATION. DSAA, THE UNIFIED COMMAND, SECSTATE (FMP/MP & PW/DRSA), AND THE EMBASSY WILL BE LISTED AS INFORMATION ADDRESSEES. THE SAO WILL COORDINATE WITH THE COM; THIS COORDINATION PROCESS WILL INCLUDE DETERMINATION OF THE EMBASSY SUPPORT REQUIRED, IF ANY; THE DEGREE TO WHICH REQUIRED SERVICES CAN BE PROVIDED BY THE EMBASSY; THE ESTIMATED COSTS INVOLVED; AND INITIAL ARRANGEMENTS FOR A SEPARATE FOREIGN AFFAIRS ADMINISTRATIVE SUPPORT (FAAS) AGREEMENT FOR THE TAFT. THE SAO WILL REQUEST THAT THE COM TRANSMIT ANY REQUIREMENTS FOR ADDED RESOURCING TO SECSTATE/FMP, WITH INFORMATION ADDRESSEES AS ABOVE, AND REPORT TAFT SUPPORT COST DATA TO THE IA PREPARING THE LOA. OBSTACLES TO ACCEPTANCE OR SUPPORT OF THE TAFT WILL ALSO BE REPORTED.
5. THIS COORDINATION PROCESS CAN BE EXPEDITED BY THE SAO IF IT IS EVIDENT FROM A LOR ORIGINATING IN-COUNTRY THAT A TAFT WILL BE REQUIRED AS PART OF THE LOA. IF COM SUPPORT IS NOT A PROBLEM, THIS SHOULD BE TRANSMITTED AS PART OF THE LOR, AND THE REQUEST TO STATE FOR RESOURCING CAN BE AVOIDED.
6. WHEN THE IA SUBMITS THE LOA FOR DSAA COORDINATION AND

TFM

70003

ACTION USDP:FILE(1) DA(1) (M.C)
INFO CJCS(1) VCJCS(1) J3(4) NIDS(1) J4(9) J5(2)
QUAL CONTROL(1) SECDEF-W(1) USDA:IP(2) USDP:ISP(0)
USDP:PDISP(1) USDP:IA(1) USDP:EAP(3) USDP:NESA(3)
USDP:DSAA(4) USDP:CIS(1) USDP:TCS(1) USDP:OUTREAC(1)
USDP:MUN(1) USDP:EUR POL(1) USDP:ISA(1) NMIC(1)
DA-SA(1) DIC-2(1) DIO-WE(1) CS-2B(1) DIA(1)
+SAFE

72

I. **Logistics Information.** This supplements Section 802.

1. LOAs will show the configuration of equipment being sold, but will furnish detailed equipment specifications only if required. Variations from standard USG configurations will be noted, together with risks which might be assumed as a result of the variance. The notes will highlight any purchase of a configuration contrary to that recommended by the USG.

2. LOAs will include any requirement for, and scheduling of, logistics conferences or other program management actions for the purpose of definitization. The costs of such conferences which occur prior to acceptance of the LOA can be funded from the Administrative Budget Account Allocation of the IA, with reimbursement from the Program Management line of the LOA after it is accepted. Funding is discussed in Section 702. These actions pertain to approved programs and are distinguished from AECA Sec 26 survey teams (Chapter 4).

3. The IA will assure that at least a one-year supply of concurrent (initial) spare parts, through fourth echelon, at US peacetime usage rates, are included with equipment being offered. Such spare parts packages should be identified on the LOA by category and total value rather than by article.

4. For offers of MDE items, the Purchaser will be advised of the estimated period that USG repair parts support will be available.

5. If the Purchaser has requested that procurement of a particular item is to be provided from a single source, the designation will be addressed in the "notes" (see Section 80102).

6. Any USG intent to develop logistics or maintenance support plans will be specified.

7. The bases for logistics support costs will be specified. These should include the period of support of the initial spares package, operational deployment of equipment, level of maintenance to be accomplished by the Purchaser, number of maintenance sites, or other basis as applicable.

8. To ensure logistics support of weapons systems, the LOA should identify critical long-leadtime items which must be procured in advance of total program definitization.

9. Known limitations in condition must be shown using codes in Table 701-1 or in "notes". The LOA should specify that the cost of any rehabilitation is not included in the "as-is" price. The Purchaser should normally be invited to inspect, in advance of receipt of the LOA if possible, major items and substantial quantities of excess equipment being sold in "as-is" condition.

10. CLSSA and BO LOAs must show supported major items.

J. **Responsibility for Initiation of Requisitions.** The LOA will show which party is to initiate requisitions. If a Purchaser responsibility, the LOA will contain information to enable correct requisition initiation and routing.

K. **Payment Schedule Requirement.** Unless the initial deposit constitutes the total value of the LOA, each LOA financed under Terms of Sale Dependable Undertaking, Cash Prior to Delivery, FMS Credit, MAP, or any combination thereof will include a payment schedule. This payment schedule will show the calendar dates when each payment is required and the amount due on each calendar date. The total of these amounts will be equal to the amount reflected on the LOA "Total \$" line. An LOA for any Purchaser currently or anticipated to be approved for FMS funding will include the following note:

"If terms of sale specify payment under a Foreign Military Financing (FMF) agreement between the Purchaser and DOD, Purchaser will pay to the USG, on a dependable undertaking basis, such costs as may be in excess of the amount funded by the FMF agreement."

L. **Additional Notes.** Advice should be obtained from the MILDEP legal office when special circumstances require an expansion of standard or supplemental indemnity clauses included in this Section.

1. **Ammunition and Other Explosives.** Offers for these items will include the following:

The USG is a self-insurer and, in this connection, your attention is invited to Standard Terms and Conditions 1.2 and 3.1. DOD shall employ the same inspection procedures for ammunition and other explosives as would be used in the procurement of these types of items for itself. Lot production of ammunition and other explosives, however, carries risks associated with the items' resultant performance. This risk is assumed by the USG in procurement for its own use, and this risk is also assumed by the Purchaser in procurement for its use under this Offer. Accordingly, financial restitution will not be made for claims made on SF 364 ROD (see Standard Condition 5.4) for deficiencies pertaining to these items unless such claims involve damage due to USG actions with respect to compliance with applicable inspection criteria and procedures, or USG actions with respect to packing, crating, handling, or transportation, or unless the USG can obtain equal restitution from its contractor.

2. **Patent Rights.** In the event that an individual, commercial entity, or foreign country should assert ownership of a foreign patent on an item to be sold under FMS, and there are reasonable grounds for the belief that a Purchaser may be subjected to a possible claim for infringement, DOD components, in coordination with DSAA, are authorized to make such a sale, provided a note is added advising the Purchaser of the existing allegation of a foreign patent right. The note should read substantially as follows:

(Name of individual, commercial entity, or foreign country, and address) has alleged rights in certain components of the (item) offered herein. In this connection, the Purchaser's particular attention is invited to Standard Condition 3.

3. **Security Assurances.** As appropriate, the following note and/or instructions should be included in LOAs:

a. For LOAs with NATO Commands or Agencies -

All US classified material or information (to include plans, designs, specifications, and technical data) provided under this Letter of Offer and Acceptance shall be protected as NATO classified information of an equivalent classification level in accordance with the policy and procedures contained in NATO Document C-M(55)15 (Final), 'Security Within the North Atlantic Treaty Organization'.

b. For Purchasers who propose to take custody of classified materiel in the US, and who comply with the provisions of paragraph 50111.C.1, ~~and 80206.3.9 (a) and (b)~~, the IA will incorporate the transmission instructions (an alternative for shipment of classified materials) or the requirement for an approved transportation plan (see Table 503-4) into the security requirements of the LOA.

4. Offset Costs. LOAs with industry offset administrative costs as discussed in Section 140107 must include:

DOD policy authorizes administrative costs associated with the implementation of offset agreements between the US contractor and foreign customer to be included in the price of the items offered in this LOA. The price of FMS contracts awarded in support of this LOA may include administrative costs associated with implementation of the customer's offset requirement from US industry. DOD is not a party to such offset arrangements and assumes no obligation to satisfy the offset requirement or to bear any of the associated costs.

5. *

M. Acceptance Process. The Purchaser should sign the LOA and complete the Typed Name, Title, Agency, and Information to be Provided by the Purchaser portions. Copies should be forwarded to the IA and to DFAS-DE(SAAC) along with the required initial deposit before the expiration date.

(from section 802)

1. Normally, the greater the period of time between Offer and Acceptance, the greater the likelihood of decreased accuracy of data. Requests for extension of the expiration date by the Purchaser will be honored only after a review by the IA. The Purchaser should be authorized to make any pen and ink change to the expiration date via message, with a copy to DFAS-DE. All concerned should be advised of the consequences of extension.

2. Except for DSAA issued changes to financing terms and minor arithmetic errors discussed below, pen and ink changes to Modifications are not authorized. Pen and ink changes to LOAs or Amendments are only authorized prior to acceptance, and only when the changes are minor, administrative, or corrective, such as extension of the offer expiration date or adjustment to the initial deposit or payment date. Extensive changes and those affecting the scope or terms of sale are made by issuance of an Amendment. As an exception, if the change provides for correction of a minor arithmetic error (e.g., addition, multiplication, transposition) that will result in either no change or a decrease to total value, DSAA will authorize pen and ink changes to LOAs, Amendments, and Modifications not yet implemented by DFAS-DE. Pen and ink changes to correct minor arithmetic errors that result in an increase to the total value may be made only with the prior concurrence of DSAA Compt FMSCRD, which will coordinate with DSAA-OPS prior to authorization. The IA must confirm authorized pen and ink changes prior to the expiration date, by message or letter to the Purchaser with a copy to DFAS-DE/SAAC and DSAA. The IA must submit appropriate changes to the 1200 System (Chap 15) whenever a pen and ink change to the expiration date of LOAs is authorized. Copies of LOAs, Amendments, and Modifications, including revised TLWs if applicable, that have been altered by pen and ink changes must be distributed to DFAS-DE and other organizations following purchaser acceptance or acknowledgement of receipt.

3. When accepted, distribution will made in accordance with instructions in the LOA.

4. Each SAO will immediately advise DSAA COMPT and the IA by priority message when the LOA has been accepted or rejected. When LOAs are accepted for a foreign country or international organization not served by an SAO, or where LOAs are often routinely signed without direct SAO involvement, the LOA will have an annotation requiring the signature authority to immediately notify DFAS-DE and the IA by message showing the acceptance date. If notice of acceptance is not received within 10 calendar days after the expiration date, the LOA, even though accepted, may be cancelled.

Shipment Consolidations.

LOAs shall contain the following note when substantial shipment consolidation of the articles thereon is anticipated:

This is supplemental to LOA Standard Terms and Conditions provision 5.4. If the USG determines that delivery was delayed more than 90 days following passage of title due to shipment consolidation, the date of the shipment from the consolidation location may be used as the start point in determining the one year period for claim eligibility only.

SECTION 802 - LOGISTICS **

80201 GENERAL. The overall policy concerning logistics support is shown in Section 20202. This section provides guidance in logistics related areas not covered elsewhere in the Manual.

A. Use of US Logistics System. Implementation of LOAs will be accomplished within the existing organizational and procedural structure of the US military logistics, including acquisition, system. Use of the DTS is an exception to this policy as discussed in this section.

B. Items to Reflect Favorably on US. Items provided under FMS will normally be new or unused or, as a result of rehabilitation, possess original appearance insofar as possible and have serviceability standards prescribed for issue to US forces. If the Purchaser desires exclusively new equipment, this requirement will be stated in the LOA. If the Purchaser desires "as is/where is" items, this will also be stated in the LOA.

C. Purchaser Service. Delivery performance directly reflects the degree to which the US meets its FMS commitments and is therefore a key element of the supplier-customer relationship. The importance of prompt and effective service to the purchaser must be continually emphasized to assure overall success in the attainment of FMS program objectives.

D. Discrepancy Reporting. Every effort must be made to provide the correct defense article or service in the quantity and quality shown in the LOA. In order to take advantage of a fresh audit trail, purchasers should be reminded of the importance of reporting discrepancies as soon as possible. LOAs shall contain the following note when *substantial shipment consolidation of the articles therein is anticipated*

Note (#) - Notwithstanding the final sentence of Paragraph B.6. of Annex A (General Conditions) of this LOA, any claim, including a claim for shortage (but excluding a claim for non-shipment/non-receipt of an entire lot), received after one year from passage of title will be disallowed by the USG, unless the USG determines that unusual and compelling circumstances involving latent defects justify consideration of the claim. If the USG determines that delivery was delayed more than 90 days following passage of title due to shipment consolidation, the date of the shipment from the consolidation location may be used as the start point in determining the one year period for claim eligibility only. Any claim for non-shipment/non-receipt of an entire lot received after one year from date of passage of title or billing, whichever is later, will be likewise disallowed by the USG.

Note (#)

70105 L. moved to 701. include provision from 80201.D

RODS will be considered based on guidance in Sections 80206 and 1308.

E. Repair and Replace Programs. The repair of FMS customer-owned articles normally requires that the customer return a reparable article under an LOA established for that purpose, and await the normal leadtime and pay the actual costs of repair. Under DOD 7290.3-M, Section 70202, pricing and billing of repair and replace programs are authorized in conjunction with mature CLSSAs. For items covered by CLSSAs, DOD components may establish repair and return programs which utilize replace and repair procedures. Initial billing will be based on the estimated repair cost with adjustment to the actual costs as soon as possible after repair.

F. ILCS. The International Logistics Communication System has been developed for the improvement of logistics communications service to SA countries, freight forwarders, and contractors. DLA's DAASO, Dayton, OH 45444-5320 manages ILCS under DLA General Order 2-83, dated 10 January 1983 and DODD 4000.25. As a stand-alone system, or in tandem with

* This is supplemental to LOA Standard Terms and Conditions provision 5.4.

8021
change to 701-9

N. Central FMS Transaction Processing Activities.

Army: Action Address -
Department of the Army
US Army Security Assistance Command
5001 Eisenhower Avenue
Alexandria VA 22333-0001
Messages - CDR USASAC Alexandria VA//AMSAC//

Information Address -
Headquarters, Department of the Army
Directorate for Security Assistance
Washington DC 20310-0512
Messages - DA WASHINGTON DC//DALO-SA//

Navy: Department of the Navy
Navy International Programs Office
Washington DC 20350-5000
Messages - NAVY IPO WASHINGTON DC

Air Force: Communications, Electronics, Aircraft, and
Missile Systems -
Headquarters, US Air Force (SAF/IAR)
Washington DC 20330-1000

Follow-On Support - MATERIEL
Air Force Logistics Command
~~International Logistics Center~~ AIR FORCE SECURITY ASSISTANCE CENTER
Wright-Patterson AFB OH 45433-5000

OK PM
SAF J
9/17/76

Training -
Air Force Security Assistance Training Group
Randolph AFB TX 48150-5001

DLA: Excess Property -
Defense Reutilization and Marketing Service
74 N. Washington Street
Federal Center
Attn: DRMS-DPDS
Battle Creek MI 49016-3412
Messages - DLA CAMERON STA VA//DLA-SC//

Contract Administration Service (CAS) -
Defense Contract Management Area New York
International Logistics Office
201 Varick Street
New York NY 10014-4811
Messages - DCMAO NEW YORK NY//INTL LOG OFC//

Cataloging Services -
Defense Logistics Service Center
74 N. Washington Street
Federal Center
Attn: DLSC-FD
Battle Creek MI 49016-3412
Messages - DLSC BATTLE CREEK MI//DLSC/FD//

Cataloging Training -
Defense Logistics Agency
Attn: DLA-SC
Cameron Station
Alexandria VA 22304-6100

DMA: Defense Mapping Agency
Combat Support Center
Attn: PMSS
6001 MacArthur Boulevard, NW
Bethesda MD 20816-5001



United States of America Letter of Offer and Acceptance (LOA)

[AT-P-BLZ]

Based on [AUSTDEF ltr 2/265 of 10 Apr 92]

Pursuant to the Arms Export Control Act, the Government of the United States (USG) offers to sell to [the Government of Australia, Office of the Naval Attache, 1601 Massachusetts Ave., NW, Washington, DC 20036] the defense articles or defense services (which may include defense design and construction services) collectively referred to as "items," set forth herein, subject to the provisions, terms, and conditions in this LOA.

This LOA is for [Standard Missile Block VI, support items, and services.]

Estimated Cost: [\$19,510,825]

Initial Deposit: [\$19,360.450]

Terms of Sale: [Cash prior to delivery/dependable undertaking.

Congressional notification 92-17]

This offer expires on [22 July 1992]. Unless a request for extension is made by the Purchaser and granted by the USG, the offer will terminate on the expiration date.

This page through page [4], plus Letter of Offer and Acceptance Standard Terms and Conditions attached, are a part of this LOA.

The undersigned are authorized representatives of their Governments and hereby offer and accept, respectively, this LOA:

_____	[30 May 92]	_____	_____
U.S. Signature	Date	Purchaser Signature	Date
[A. R. DiTrapani Director]			
_____		_____	
Typed Name and Title		Typed Name and Title	
[Navy International Programs Office]			
_____		_____	
Implementing Agency		Agency	
_____	_____		
DSAA	Date		

Information to be provided by the Purchaser:

Mark For Code _____, Freight Forwarder Code _____, Purchaser Procuring Agency Code _____, Name and Address of the Purchaser's Paying Office

Explanations for acronyms and codes, and financial information, may be found in attached "Letter of Offer and Acceptance Information."

Items to be Supplied (costs and months for delivery are estimates):

(1) Item Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs		(5) SC/MOS/ TA or Notes	(6) Ofc Rel Cde	(7) Del Trm Cde	
			(a) Unit	(b) Total				
1.	B2D 141000STDMSYS(Y) STANDARD MISSILE BLOCK VI (Note 1)	40 EA	\$448,732	\$17,949,280	SX(4) TA 3	Z	8	—
2.	B2D 141000STDCONT (N) CONTAINERS (Note 2)			347,631	X(4) TA 4	A	4	—
3.	M1B 020200M1SSLTA (N) TECHNICAL SERVICES (Note 3)			150,375	X(24) TA 4	A	4	—
(8) Net Estimated Cost					\$18,447,286			
(9) Packing, Crating, and Handling					231,800			
(10) Administrative Charge					553,419			
(11) Transportation					278,320			
(12) Other (Specify when applicable, e.g., supply support arrangement)								
(13) Total Estimated Cost					19,510,825			

Brackets
= BOLD

To assist in fiscal planning, the USG provides the following anticipated costs of this LOA:

ESTIMATED PAYMENT SCHEDULE

Payment Date	Quarterly	Cumulative
[Initial Deposit	\$19,360,450	\$19,360,450
15 Dec 92	21,483	19,381,933
15 Mar 93	21,482	19,403,415
15 Jun 93	21,482	19,424,897
15 Sep 93	21,482	19,446,379
15 Dec 93	21,482	19,467,861
15 Mar 94	21,482	19,489,343
15 Jun 94	21,482	19,510,825]

Bold when
in bracket.

Signed Copy Distribution:

1. Upon acceptance, the Purchaser should return one signed copy of this LOA to Defense Finance and Accounting Service (DFAS), ATTN: DE/SAAC/F, Denver, CO 80279-5000. [Simultaneously, wire transfer of the Initial Deposit should be made to: United States Treasury, New York, NY, 021-030-004, DFAS/SAAC, Agency Code 3801, showing "Payment from Australia for AT-P-BLZ"; or, a check for the initial deposit should accompany the signed copy of the LOA or be sent simultaneously to DFAS, with a letter identifying the purchasing country and the LOA identifier.]
2. One signed copy plus a copy of the letter of transmittal forwarding payment to DFAS, or other evidence of payment, should be returned to [Department of the Navy, Navy International Programs Office, Washington, DC 20350-5000].

Questions may be directed to Mr. Baillie, Navy IPO #49, DSN 222-0704, CML (703) 692-0704.

LETTER OF OFFER AND ACCEPTANCE STANDARD TERMS AND CONDITIONS, attached following page [4], are a part of this LOA. The following terms and conditions also apply:

[Note 1. The configuration of the Standard Missile will be specified in NAVSEA Drawing Number 5246986-13. The missile and its components are classified. All missiles will be issued from stock in Condition Code A and configured with the MK 45 MOD 6 target detecting device. A listing of the exact configuration with ORDALTS and the remaining service life of each component, if applicable, will be provided prior to delivery. The dual thrust rocket motors have a remaining service life of ten years. USN assets will be replaced in kind from procurement. The estimated cost is based on the contract cost, including management of the replacement procurement. The expected delivery date is 30 November 1992.

Containers are being provided for shipment and storage of
Note 2. ~~Item 1 defense articles are being provided with containers~~ based on documented requests from the Purchaser.

Note 3. This includes initial estimated USN or contractor engineering support related to the LOA such as performing technical reviews, analyzing firing data, and answering general technical queries. Specifics will be defined in program management meetings.

Note 4. The Offer expiration date allows less than the normal time for review in order to meet the contract award date for the replacement procurement.

Note 5. The Purchaser will be charged for the use of USG sponsored (Government Bill of Lading) transportation services for items which are classified Confidential or are explosive. This is effective for Offer/Release Code Z and Delivery Term Code 8 items. Items other than classified or hazardous will be shipped Collect Commercial Bill of Lading to applicable freight forwarders.

Note 6. The projected LOA closure date is March 2000.

Note 7. This LOA will be implemented under the Standard Accounting and Reporting System (STARS).

Note 8. The Purchaser may cancel this LOA upon request to the Implementing Agency; however, an administrative charge that equals one-half of the applicable administrative charge rate times the ordered LOA value, which is earned on acceptance, or the applicable administrative charge rate times the actual LOA value at closure, whichever is higher, may be assessed if cancelled after implementation.

Note 9. The USG is a self-insurer, and in this connection your attention is invited to Standard Terms and Conditions Section 5.3. The US Department of Defense shall employ the same inspection procedures for this ammunition as would be used in the procurement of this type of ammunition for itself. Lot production of ammunition, however, carries risks associated with the ammunition's performance. This risk is assumed by the USG in procurement for its own use, and this risk is also assumed by the Purchaser in procurement for its use under this LOA. Accordingly, financial restitution will not be made for claims made on SF 364, Report of Discrepancy (ROD) (see Standard Terms and Conditions Section 5.4) for ammunition deficiencies unless such claims involve damage due to USG actions with respect to packing, crating, handling, or transportation, or unless the USG can obtain equal restitution from its contractor.]

LETTER OF OFFER AND ACCEPTANCE STANDARD TERMS AND CONDITIONS

Section

- 1 Conditions – United States Government (USG) Obligations
- 2 Conditions – General Purchaser Agreements
- 3 Indemnification and Assumption of Risks
- 4 Financial Terms and Conditions
- 5 Transportation and Discrepancy Provisions
- 6 Warranties
- 7 Dispute Resolution

1 Conditions – United States Government (USG) Obligations

1.1 Unless otherwise specified, items will be those which are standard to the US Department of Defense (DoD), without regard to make or model.

1.2 The USG will furnish the items from its stocks and resources, or will procure them under terms and conditions consistent with DoD regulations and procedures. When procuring for the Purchaser, DoD will, in general, employ the same contract clauses, the same contract administration, and the same quality and audit inspection procedures as would be used in procuring for itself, except as otherwise requested by the Purchaser and as agreed to by DoD and set forth in this LOA. Unless the Purchaser has requested, in writing, that a sole source contractor be designated, and this LOA reflects acceptance of such designation by DoD, the Purchaser understands that selection of the contractor source to fill requirements is the responsibility of the USG, which will select the contractor on the same basis used to select contractors for USG requirements. Further, the Purchaser agrees that the US DoD is solely responsible for negotiating the terms and conditions of contracts necessary to fulfill the requirements in this LOA.

1.3 The USG will use its best efforts to provide the items for the dollar amount and within the availability cited.

1.4 Under unusual and compelling circumstances, when the national interest of the US requires, the USG reserves the right to cancel or suspend all or part of this LOA at any time prior to the delivery of defense articles or performance of defense services. The USG shall be responsible for termination costs of its suppliers resulting from cancellation or suspension under this section. Termination by the USG of its contracts with its suppliers, other actions pertaining to such contracts, or cessation of deliveries or performance of defense services is not to be construed as cancellation or suspension of this LOA itself under this section.

1.5 US personnel performing defense services under this LOA will not perform duties of a combatant nature, including duties relating to training and advising that may engage US personnel in combat activities outside the US, in connection with the performance of these defense services.

1.6 The assignment or employment of US personnel for the performance of this LOA by the USG will not take into account race, religion, national origin, or sex.

1.7 Unless otherwise specified, this LOA may be made available for public inspection consistent with the national security of the United States.

2 Conditions – General Purchaser Agreements

2.1 The Purchaser may cancel this LOA or delete items at any time prior to delivery of defense articles or performance of defense services. The Purchaser is responsible for all costs resulting from cancellation under this section.

2.2 The Purchaser agrees, except as may otherwise be mutually agreed in writing, to use the defense articles sold hereunder only:

2.2.1 For purposes specified in any Mutual Defense Assistance Agreement between the USG and the Purchaser;

2.2.2 For purposes specified in any bilateral or regional defense treaty to which the USG and the Purchaser are both parties, if section 2.2.1 is inapplicable; or,

2.2.3 For internal security, individual self-defense, or civic action, if sections 2.2.1 and 2.2.2 are inapplicable.

Table 701-1. Page 5 of [12] pages

2.3 The Purchaser will not transfer title to, or possession of, the defense articles, components and associated support material, related training or other defense services (including plans, specifications, or information), or technology furnished under this LOA to anyone who is not an officer, employee, or agent of the Purchaser (excluding transportation agencies), and shall not use or permit their use for purposes other than those authorized, unless the written consent of the USG has first been obtained. The Purchaser will ensure, by all means available to it, respect for proprietary rights in any items and any plans, specifications, or information furnished, whether patented or not. The Purchaser also agrees that the defense articles offered will not be transferred to Cyprus or otherwise used to further the severance or division of Cyprus and recognizes that the US Congress is required to be notified of any substantial evidence that the defense articles sold in this LOA have been used in a manner which is inconsistent with this provision.

2.4 To the extent that items, including plans, designs, specifications, technical data, or information, furnished in connection with this LOA may be classified by the USG for security purposes, the Purchaser certifies that it will maintain a similar classification and employ measures necessary to preserve such security, equivalent to those employed by the USG and commensurate with security agreements between the USG and the Purchaser. If such security agreements do not exist, the Purchaser certifies that classified items will be provided only to those individuals having an adequate security clearance and a specific need to know in order to carry out the LOA program and that it will promptly and fully inform the USG of any compromise, or possible compromise, of US classified material or information furnished pursuant to this LOA. The Purchaser further certifies that if a US classified item is to be furnished to its contractor pursuant to this LOA: (a) items will be exchanged through official government channels, (b) the specified contractor has been granted a facility security clearance by the Purchaser at a level at least equal to the classification level of the US information involved, (c) all contractor personnel requiring access to such items have been cleared to the appropriate level by the Purchaser, and (d) the Purchaser will assume responsibility for administering security measures while in the contractor's possession. If a commercial transportation agent is to be used for shipment, the Purchaser certifies that such agent has been cleared at the appropriate level for handling classified items. These measures will be maintained throughout the period during which the USG may maintain such classification. The USG will use its best efforts to notify the Purchaser if the classification is changed.

3 Indemnification and Assumption of Risks

3.1 The Purchaser recognizes that the USG will procure and furnish the items described in this LOA on a non-profit basis for the benefit of the Purchaser. The Purchaser therefore undertakes to indemnify and hold the USG, its agents, officers, and employees harmless from any and all loss or liability (whether in tort or in contract) which might arise in connection with this LOA because of:

- 3.1.1 Injury to or death of personnel of Purchaser or third parties, or
- 3.1.2 Damage to or destruction of (a) property of DoD furnished to Purchaser or suppliers specifically to implement this LOA, (b) property of Purchaser (including the items ordered by Purchaser pursuant to this LOA, before or after passage of title to Purchaser), or (3) property of third parties, or
- 3.1.3 Infringement or other violations of intellectual property or technical data rights.

3.2 Subject to express, special contractual warranties obtained for the Purchaser, the Purchaser agrees to relieve the contractors and subcontractors of the USG from liability for, and will assume the risk of, loss or damage to:

- 3.2.1 Purchaser's property (including items procured pursuant to this LOA, before or after passage of title to Purchaser), and
- 3.2.2 Property of DoD furnished to suppliers to implement this LOA, to the same extent that the USG would assume for its property if it were procuring for itself the items being procured.

4 Financial Terms and Conditions

4.1 The prices of items to be procured will be billed at their total cost to the USG. Unless otherwise specified, the cost of items to be procured, availability determination, payment schedule, and delivery projections quoted are estimates based on the best available data. The USG will use its best efforts to advise the Purchaser or its authorized representatives of:

- 4.1.1 Identifiable cost increases that might result in an overall increase in the estimated costs in excess of ten percent of the total value of this LOA,
- 4.1.2 Changes in the payment schedule, and

4.1.3 Delays which might significantly affect estimated delivery dates. USG failure to advise of the above will not change the Purchaser's obligation under all subsections of section 4.4.

4.2 The USG will refund any payments received for this LOA which prove to be in excess of the final total cost of delivery and performance and which are not required to cover arrearages on other LOAs of the Purchaser.

4.3 Purchaser failure to make timely payments in the amounts due may result in delays in contract performance by DoD contractors, claims by contractors for increased costs, claims by contractors for termination liability for breach of contract, claims by USG or DoD contractors for storage costs, or termination of contracts by the USG under this or other open Letters of Offer and Acceptance of the Purchaser at the Purchaser's expense.

4.4 The Purchaser agrees:

4.4.1 To pay to the USG the total cost to the USG of the items even if costs exceed the amounts estimated in this LOA.

4.4.2 To make payment(s) by check or wire transfer payable in US dollars to the Treasurer of the United States.

4.4.3 If Terms of Sale specify "Cash with acceptance", to forward with this LOA a check or wire transfer in the full amount shown as the estimated Total cost, and agrees to make additional payment(s) upon notification of cost increase(s) and request(s) for funds to cover such increase(s).

4.4.4 If Terms of Sale specify payment to be "Cash prior to delivery", to pay to the USG such amounts at such times as may be specified by the USG (including initial deposit) in order to meet payment requirements for items to be furnished from the resources of DoD. USG requests for funds may be based on estimated costs to cover forecasted deliveries of items. Payments are required 90 days in advance of the time DoD plans such deliveries or incurs such expenses on behalf of the Purchaser.

4.4.5 If Terms of Sale specify payment by "Dependable undertaking", to pay to the USG such amounts at such times as may be specified by the USG (including initial deposit) in order to meet payments required by contracts under which items are being procured, and any damages and costs that may accrue from termination of contracts by the USG because of Purchaser's cancellation of this LOA. USG requests for funds may be based upon estimated requirements for advance and progress payments to suppliers, estimated termination liability, delivery forecasts, or evidence of constructive delivery, as the case may be. Payments are required 90 days in advance of the time USG makes payments on behalf of the Purchaser.

4.4.6 If Terms of Sale specify "Payment on delivery", that bills may be dated as of the date(s) of delivery of the items, or upon forecasts of the date(s) thereof.

4.4.7 That requests for funds or billings are due and payable in full on presentation or, if a payment date is specified in the request for funds or bill, on the payment date so specified, even if such payment date is not in accord with the estimated payment schedule, if any, contained in this LOA. Without affecting Purchaser's obligation to make such payment(s) when due, documentation concerning advance and progress payments, estimated termination liability, or evidence of constructive delivery or shipment in support of requests for funds or bills will be made available to the Purchaser by DoD upon request. When appropriate, the Purchaser may request adjustment of any questioned billed items by subsequent submission of discrepancy reports, Standard Form 364.

4.4.8 To pay interest on any net amount by which it is in arrears on payments, determined by considering collectively all of the Purchaser's open LOAs with DoD. Interest will be calculated on a daily basis. The principal amount of the arrearage will be computed as the excess of cumulative financial requirements of the Purchaser over total cumulative payments after quarterly billing payment due dates. The rate of interest paid will be a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding short-term obligations of the USG as of the last day of the month preceding the net arrearage and shall be computed from the date of net arrearage.

4.4.9 To designate the Procuring Agency and responsible Paying Office and address thereof to which the USG will submit requests for funds and bills under this LOA.

5 Transportation and Discrepancy Provisions

5.1 The USG agrees to deliver and pass title to the Purchaser at the initial point of shipment unless otherwise specified in this LOA. With respect to items procured for sale to the Purchaser, this will normally be at the manufacturer's loading facility; with respect to items furnished from USG stocks, this will normally be at the US depot. Articles will be packed, crated, or otherwise prepared for shipment prior to the time title passes. If "Point of Delivery" is specified other than the initial point of shipment, the supplying US Department or Agency will arrange

movement of the articles to the authorized delivery point as a reimbursable service but will pass title at the initial point of shipment. The USG disclaims any liability for damage or loss to the items incurred after passage of title irrespective of whether transportation is by common carrier or by the US Defense Transportation System.

5.2 The Purchaser agrees to furnish shipping instructions which include Mark For and Freight Forwarder Codes based on the Offer/Release Code.

5.3 The Purchaser is responsible for obtaining insurance coverage and customs clearances. Except for articles exported by the USG, the Purchaser is responsible for ensuring that export licenses are obtained prior to export of US defense articles. The USG incurs no liability if export licenses are not granted or they are withdrawn before items are exported.

5.4 The Purchaser agrees to accept DD Forms 645 or other delivery documents as evidence that title has passed and items have been delivered. Title to defense articles transported by parcel post passes to the Purchaser at the time of parcel post shipment. Standard Form 364 will be used in submitting claims to the USG for overage, shortage, damage, duplicate billing, item deficiency, improper identification, improper documentation, or non-shipment of defense articles and non-performance of defense services and will be submitted promptly by the Purchaser. DoD will not accept claims related to items of \$200. or less for overages, shortages, damages, non-shipment, or non-performance. Any claim, including a claim for shortage (but excluding a claim for nonshipment/nonreceipt of an entire lot), received after one year from passage of title to the article or from scheduled performance of the service will be disallowed by the USG unless the USG determines that unusual and compelling circumstances involving latent defects justify consideration of the claim. Claims, received after one year from date of passage of title or initial billing, whichever is later, for nonshipment/nonreceipt of an entire lot will be disallowed by the USG. The Purchaser agrees to return discrepant articles to USG custody within 180 days from the date of USG approval of such return.

6 Warranties

6.1 The USG does not warrant or guarantee any of the items sold pursuant to this LOA except as provided in section 6.1.1. DoD contracts include warranty clauses only on an exception basis. If requested by the Purchaser, the USG will, with respect to items being procured, and upon timely notice, attempt to obtain contract provisions to provide the requested warranties. The USG further agrees to exercise, upon the Purchaser's request, rights (including those arising under any warranties) the USG may have under contracts connected with the procurement of these items. Additional costs resulting from obtaining special contract provisions or warranties, or the exercise of rights under such provisions or warranties, will be charged to the Purchaser.

6.1.1 The USG warrants the title of items sold to the Purchaser hereunder but makes no warranties other than those set forth herein. In particular the USG disclaims liability resulting from infringement or other violation of intellectual property or technical data rights occasioned by the use or manufacture outside the US by or for the Purchaser of items supplied hereunder.

6.1.2 The USG agrees to exercise warranties on behalf of the Purchaser to assure, to the extent provided by the warranty, replacement or correction of such items found to be defective, when such materiel is procured for the Purchaser.

6.2 Unless the condition of defense articles is identified to be other than serviceable (for example, "As is"), DoD will repair or replace at no extra cost defense articles supplied from DoD stocks which are damaged or found to be defective in respect to material or workmanship when it is established that these deficiencies existed prior to passage of title, or found to be defective in design to such a degree that the items cannot be used for the purpose for which they were designed. Qualified representatives of the USG and of the Purchaser will agree on the liability hereunder and the corrective steps to be taken.

7 Dispute Resolution

7.1 This LOA is subject to US Federal procurement law.

7.2 The USG and the Purchaser agree to resolve any disagreement regarding this LOA by consultations between the USG and the Purchaser and not to refer any such disagreement to any international tribunal or third party for settlement.

JOINT STAFF
INFO SERVICE CENTER

ROUTINE
R 140446Z AUG 92
FM SECDEF WASHINGTON DC//USDP:DSAA//
TO CDRUSASAC ALEXANDRIA VA//AMSAC-MM/MA//
AIG 7813

ZYUW RUEKJCS5267 2270446

SAMM Change 5
Background to
Table 701-1, Terms/
conds 5.4

UNCLAS

FROM DSAA/OPS-E

SUBJECT: REPORTS OF DISCREPANCY (ROD'S)

REFERENCE: MEMO, AMSAC-MM/MA TO DSAA, 29 JUL 92, SUBJ: LATENT
DEFECTS ON REPAIR AND RETURN ITEMS (NOTAL)(U)

1. THE RECENT LOA REVISION CONSOLIDATED STANDARD TERMS AND
CONDITIONS, INCLUDING GUIDANCE PERTAINING TO ROD SUBMISSION. EVEN
THOUGH THE ONLY SUBSTANTIAL CHANGE WAS THE INCREASE IN MINIMUM
DISCREPANCY VALUE FROM \$100 TO \$200 (THIS VALUE REMAINS \$100 FOR
LOA'S DEVELOPED USING DD FORM 1513), THE REVISION HAS PROMPTED AN
INFLUX OF QUESTIONS AND REQUESTS FOR TIME OR VALUE EXCEPTIONS. THIS
IS TO RESPOND TO REF AND PROVIDE INFORMATION TO THE SA COMMUNITY FOR
USE IN DISCUSSING ROD POLICY WITH FMS COUNTRIES/ORGANIZATIONS.

2. POLICY FOR SPECIFIC TYPES OF DISCREPANCIES IS CLARIFIED AS
FOLLOWS:

A. BILLING ERROR. ROD'S ^{MAY}BE SUBMITTED WITHOUT REGARD TO
VALUE; MUST BE SUBMITTED WITHIN ONE YEAR OF BILLED ERROR.

B. OVERAGE, SHORTAGE, DAMAGE, ITEM DEFICIENCY, IMPROPER
IDENTIFICATION, OR NONRECEIPT WHEN SHIPMENT DATE IS KNOWN.
DISCREPANCIES MUST BE REPORTED WITHIN ONE YEAR OF SHIPMENT AND MUST
BE VALUED AT \$200 OR MORE.

C. NONRECEIPT OF AN ENTIRE LOT (SHIPMENT DATE UNKNOWN).
DISCREPANCIES MUST BE REPORTED WITHIN ONE YEAR OF BILLING AND MUST BE
VALUED AT \$200 OR MORE.

D. LATENT DEFECTS. NO TIME LIMIT; DISCREPANCY MUST BE VALUED AT
\$200 OR MORE. NORMALLY APPROVED ONLY AFTER CAREFUL CONSIDERATION OF
THE NATURE OF THE DEFECT. FOR AMMUNITION DISCREPANCIES, FINANCIAL
RESTITUTION WILL NOT BE MADE UNLESS DOD OBTAINS EQUAL RESTITUTION
FROM ITS CONTRACTOR. FAILURE TO PERFORM ADEQUATE RECEIPT INSPECTION
WEAKENS THE CASE FOR APPROVAL OF LATENT DEFECT DISCREPANCIES: FOR
EXAMPLE, DEFECTS IDENTIFIABLE THROUGH VISUAL INSPECTION (INCLUDING
INSPECTION REQUIRING REMOVAL OF PACKAGING), UPON CONDUCTING
ELECTRICAL CHECKOUT/TESTING, OR BY A RUNUP TO ENSURE SERVICEABILITY
WOULD NOT NORMALLY BE CONSIDERED "LATENT". (FOR USASAC: IN THE
REFERENCE ABOVE, COUNTRY HAS APPROVAL FOR CONSIDERATION OF
DISCREPANCIES UNDER STANDARD LATENT DEFECT POLICY.)

E. SHIPMENT CONSOLIDATION/STAGING. WHEN MAJOR SHIPMENT
CONSOLIDATION WILL DELAY DELIVERY MORE THAN 90 DAYS FOLLOWING PASSAGE
OF TITLE, A NOTE (I.E., SAMM SECT 802, TO BE MOVED TO 701 IN CHANGE
5) MAY BE INCLUDED IN THE LOA TO ALLOW THE ONE YEAR ROD LIMIT TO
START UPON SHIPMENT FROM THE CONSOLIDATION LOCATION.

3. THE PURCHASER IS RESPONSIBLE FOR ESTABLISHING RECEIPT INSPECTION
PROCEDURES WHICH BEST BALANCE COSTS AND RISKS. FOR EXAMPLE, SAMPLE
INSPECTIONS MAY BE ADEQUATE FOR LESS EXPENSIVE ITEMS RECEIVED IN
LARGER QUANTITIES, WITH MORE THOROUGH INSPECTION OF ITEMS THAT ARE
EXPENSIVE/COMPLEX, RECEIVED WITH DAMAGED PACKAGING, OR CRITICAL TO
END ITEM READINESS.

4. QUICK ROD SUBMISSION INCREASES CHANCES A GIVEN ROD WILL BE
APPROVED AND REDUCES OVERALL FMS COSTS. ROD'S SUBMITTED SOON AFTER
ITEM RECEIPT OFTEN ALLOW DOD TO USE COMMERCIAL SUPPLIER WARRANTIES
WHICH WILL NOT BE HONORED IF THE PASSAGE OF TIME OBSCURES CAUSES OR
EXTENT OF LIABILITY. FOR COMPARISON, THE LIMIT FOR SUBMISSION OF
ROD'S BY DOD UNITS OVERSEAS IS 150 DAYS. IN SHORT, ONE YEAR SHOULD
BE THE OUTSIDE SUBMISSION LIMIT, TO BE USED ONLY WHEN PROMPT
SUBMISSION IS NOT POSSIBLE.

5. EACH ROD HIGHLIGHTS A FAILURE, EITHER ON THE PART OF THE U.S. OR
THE PURCHASER, OF THE FMS PROCESS AND SHOULD BE USED TO ASSESS AND
IMPROVE THE PROCESS. THE ROD PROCEDURE WORKS BEST WHEN EQUALLY
APPLIED FOR ALL FMS USERS. EXCEPTIONS TO ROD POLICIES FOR ONE
CUSTOMER RESULT IN ADDED COSTS FOR ALL AND SHOULD NOT BE REQUESTED.

6. QUESTIONS MAY BE DIRECTED TO MR. WAYNE WELLS, DSAA/OPS-E, DSN
227-8108 OR CML (202) 697-8108. BT

ACTION USDP:DSAA(1)
INFO SECDEF-W(1) USDP:FILE(1)

(D.6.F)

87

MCN=92227/01702

TOR=92227/0446Z

TAD=92227/0634Z

CDSN=MAK191

PAGE 1 OF 1
140446Z AUG 92

UNCLASSIFIED

LETTER OF OFFER AND ACCEPTANCE INFORMATION

1. **GENERAL.** This provides basic information pertaining to the LOA for US and Purchaser use. Additional information may be obtained from the Security Assistance Management Manual, DOD 5105.38-M, the in-country Security Assistance Office, the DSAA Country Director, or from the implementing agency.

2. INFORMATION ENTERED BY THE USG.

a. **Terms of Sale, and Purchaser responsibilities under those Terms, are described on the LOA. A list of all Terms of Sale, with explanations for each, are shown in DOD 5105.38-M.**

b. **Description/Condition.** The item description consists of coding for use in US management of the LOA (starting with Generic/MASL and MDE "(Y)" or non-MDE "(N)" data such as that in DOD 5105.38-M, Appendix D) plus a short description of what is to be provided. When items are serviceable, Code "A" (new, repaired, or reconditioned material which meets US Armed Forces standards of serviceability) may be used; otherwise, Code "B" (unserviceable or mixed condition without repair, restoration, or rehabilitation which may be required) may be used. In some instances, reference to a note in the Terms and Conditions may complement or replace these codes.

c. **The Unit of Issue is normally "EA" (each, or one; for example, 40 EA) or blank (unit of issue not applicable; for example, services or several less significant items consolidated under one LOA Item Number). When blank, a quantity or Unit Cost is not shown.**

d. **The Source Code (SC) in the Articles or Services to be Supplied Section is one or more of the following:**

- S - Shipment from DoD stocks or performance by DoD personnel
- P - From new procurement
- R - From rebuild, repair, or modification by the USG
- X - Mixed source, such as stock and procurement, or undetermined
- E - Excess items, as-is
- F - Special Defense Acquisition Fund (SDAF) items

e. **Availability leadtime cited is the number of months (MOS) estimated for complete delivery of defense articles or performance of defense services. The leadtime starts with Acceptance of this Offer, including the conclusion of appropriate financial arrangements, and ends when items are made available to transportation.**

f. **Type of Assistance (TA) Codes are as follows:**

- 3 - Source Code S, R, or E; based on Arms Export Control Act (AECA) Section 21(b).
- 4 - Source Code X; AECA Sections 21(b), 22(a), 29, or source undetermined.
- 5 - Source Code P; AECA Section 22(a).
- 6 - Source Code S, R, or E, payment on delivery; AECA Section 21(d).
- 7 - Source Code P, dependable undertaking with 120 days payment after delivery; AECA Section 22(b).
- 8 - Source Code S, R, or E, stock sales with 120 days payment after delivery; AECA Section 21(d).
- M - MAP Merger, Foreign Assistance Act (FAA) Section 503(a)(3).
- N - FMS Credit (Nonrepayable); AECA Sections 23 or 24.
- U - Source Code P; Cooperative Logistics Supply Support Arrangement (CLSSA) Foreign Military Sales Order (FMSO) I.
- V - Source Code S; CLSSA FMSO II stocks acquired under FMSO I.
- Z - FMS Credit; AECA Sections 23 or 24.

g. **Training notes:** AP - Annual training program; SP - Special training designed to support purchases of US equipment; NC - This offer does not constitute a commitment to provide US training; SC - US training concurrently being addressed in separate LOA; NR - No US training is required in support of this purchase.

h. **Offer Release Codes (Ofr Rel Cde) and Delivery Term Codes (Del Trm Cde) below may also be found in DOD 4500.32-R, MILSTAMP, Appendix M, Figure M-1. The following Offer Release Codes also pertain to release of items for shipment back to Purchaser on repair LOAs:**

A - Freight and parcel post shipments will be released automatically by the shipping activity without advance notice of availability.

Y - Advance notice is required before release of shipment, but shipment can be released automatically if release instructions are not received by shipping activity within 15 calendar days. Parcel post shipments will be automatically released.

Z - Advance notice is required, before release of shipment. Shipping activity will follow-up on the notice of availability until release instructions are furnished. Parcel post shipments will be automatically released.

X - The Implementing Agency (IA) and country representative have agreed that the:

-- IA will sponsor the shipment to a country address. Under this agreement, the Freight Forwarder Code must also contain X and a Customer-within-Country (CC) Code must be entered in the Mark For Code on the front page of the LOA. The MAPAD must contain the CC Code and addresses for each type of shipment (parcel post or freight).

-- Shipments are to be made to an assembly point or staging area as indicated by clear instructions on exception requisitions. Under this agreement, the Freight Forwarder Code must contain W. A Mark For Code may be entered in the Mark For Code space on the front page of the LOA and the MAPAD must contain the Mark For Code if the Mark For Address is to be used on the shipment to the assembly point or staging area.

i. **For the following Delivery Term Codes, DoD delivers:**

2 - To a CONUS inland point (or overseas inland point when the origin and destination are both in the same geographic area)

3 - At the CONUS POE alongside the vessel or aircraft

4 - Not applicable (Purchaser has full responsibility at the point of origin. Often forwarded collect to country freight forwarder.)

5 - At the CONUS POE on the inland carrier's equipment

6 - At the overseas POD on board the vessel or aircraft

7 - At the overseas inland destination on board the inland carrier's equipment

8 - At the CONUS POE on board the vessel or aircraft

9 - At the overseas POD alongside the vessel or aircraft

Delivery Term Codes showing DoD transportation responsibility for repair LOAs are shown below. The LOA will provide a CONUS address for each item identified for repair. The customer must assure this address is shown on all containers and documentation when materiel is returned.

A - From overseas POE through CONUS destination to overseas POD on board the vessel or aircraft

B - From overseas POE through CONUS destination to CONUS POE on board the vessel or aircraft

C - From CONUS POD on board the vessel or aircraft through CONUS destination to CONUS POE on board the vessel or aircraft

D - From CONUS POD on board the vessel or aircraft through the CONUS destination to overseas POD on board the vessel or aircraft

E - Not applicable (Purchaser has complete responsibility.)

F - From overseas inland point through CONUS destination to overseas inland destination

- G - From overseas POE through CONUS destination to overseas POD alongside vessel or aircraft
- H - (For classified items) From CONUS inland point to CONUS POE alongside vessel or aircraft
- J - (For classified cryptographic items) From CONUS inland point to overseas inland destination

3. INFORMATION TO BE ENTERED BY THE PURCHASER. Mark For and Freight Forwarder Codes are maintained in the Military Assistance Program Address Directory (MAPAD), DOD 4000.25-8. The Purchaser Procuring Agency should show the code for the Purchaser's Army, Navy, Air Force, or other agency which is purchasing the item(s). The Name and Address of the Purchaser's Paying Office is also required.

a. **Mark For Code.** This Code should be entered for use in identifying the address of the organization in the Purchaser country which is to receive the items. This includes return of items repaired under an LOA.

(1) This address will be added by the US DoD to the Ship To address on all freight containers. It will also appear on items forwarded by small parcel delivery service, including parcel post. The address should include the port of discharge name and designator (water or air); country name, country service name, street, city, state or province, and (if applicable) in-country zip or similar address code.

(2) Shippers are not authorized to apply shipment markings. If codes and addresses are not published, containers will be received at the freight forwarder or US military representative in-country unmarked for onward shipment with resultant losses, delays, and added costs. The USG will sponsor shipment of this materiel to FOB US point of origin.

b. **Freight Forwarder Code.** When Offer Release Code X applies, Code X or W, discussed under Offer Release Code X above, must be entered.

4. FINANCIAL.

a. The method of financing is shown in the LOA, Amendment, or Modification. The initial deposit required with Purchaser signature of the LOA is an integral part of the acceptance.

b. LOA payment schedules are estimates, for planning purposes. DFAS (SAAC) will request payment in accordance with the payment schedule unless DoD costs, including 90-day forecasted requirements, exceed amounts required by the payment schedule. When this occurs, the US will use its best efforts to provide a new schedule via LOA Modification at least 45 days prior to the next payment due date. The Purchaser is required to make payments in accordance with quarterly DD Forms 645 issued by DFAS regardless of the existing payment schedule.

c. The DD Form 645 serves as the bill and statement of account. An FMS Delivery Listing, identifying items physically or constructively delivered and services performed during the billing period, will be attached to the DD Form 645. DFAS forwards these forms to the Purchaser within 45 days before payments are due and Purchasers must forward payments in US dollars to the USG in time to meet prescribed due dates. Costs in excess of amounts funded by FMF agreements must be paid by the Purchaser. Questions concerning the content of DD Forms 645 and requests for billing adjustments should be submitted to the Defense Finance and Accounting Service (SAAC/FS), Lowry AFB, CO 80279-5000.

d. The preferred method for forwarding cash payments is by bank wire transfer to the Department of the Treasury account at the Federal Reserve Bank of New York using the standard federal reserve funds transfer format. Wire transfers will be accepted by the Federal Reserve System (FRS) only from banks that are members of the FRS, therefore, non-US banks must go through a US correspondent FRS member bank. The following information is applicable to cash payments:

Wire transfer--

United States Treasury
New York, New York
021-030-004
DFAS/SAAC
Agency Code 3801

Payment from (country or international organization) for
Letter of Offer and Acceptance (Identifier at
the top of the first page of the LOA)

Check mailing address--

Defense Finance and Accounting Service (DFAS)
DE/SAAC/F
Denver, CO 80279-5000

e. To authorize payments from funds available under FMF loan or grant agreements, the Purchaser may be required to submit a letter of request to the Defense Finance and Accounting Service (DFAS/DE-FCC), Denver, Colorado 80279-5000. Purchasers should consult applicable FMF agreements for explicit instructions. Questions pertaining to the status of FMF financing and balances should be directed to DSAA-COMPT-FMD.

f. Payments not received by DFAS (SAAC) by the due date may be subject to interest charges as outlined in paragraph 4.4.8 of the LOA Standard Terms and Conditions.

g. The values on the LOA are estimates. The final amount will be equal to the cost to the USG. When deliveries are made and known costs are billed and collected, SAAC will provide a "Final Statement of Account" which will summarize final costs. Excess funds will be available to pay unpaid billings on other statements or distributed as agreed upon between the Purchaser and the Comptroller, DSAA.

h. The Purchaser may cancel this LOA upon request to the implementing agency. An administrative charge that equals one-half of the applicable administrative charge rate times the ordered LOA value, which is earned on LOA acceptance, or the applicable administrative charge rate times the actual LOA value at closure, whichever is higher, may be assessed if this LOA is cancelled after implementation.

5. **CHANGES TO THE LOA.** Changes may be initiated by the USG or by requests from the Purchaser. After acceptance of the basic LOA, these changes will take the form of Amendments or Modifications.

a. Amendments encompass changes in scope, such as those which affect the type or number of significant items to be provided. Amendments require acceptance by the USG and the Purchaser in the same manner as the original LOA.

b. Modifications include changes which do not constitute a change in scope, such as increases or decreases in estimated costs or delivery schedule changes. Modifications require signature only to acknowledge receipt by the Purchaser.

c. When signed, and unless alternate instructions are provided, copies of Amendments and Modifications should be given the same US distribution as the basic LOA.

d. Requests for changes required prior to acceptance by the Purchaser should be submitted to the implementing agency for consideration. See DOD 5105.38-M, section 70105.M.2.

6. **CORRESPONDENCE.** Questions or comments regarding this LOA should identify the Purchaser request reference and the identification assigned by the implementing agency within DoD.

TABLE 701-2
Sample Termination Liability Worksheet

LOA Identification: XX-B-UAB Date: 2 Jan 92
(Agency, Country, Case Designator)

Liability/ Payment Holdback Date	(a)		(b)		(c)		(d)		(e)		(f)	
	Total Payment		Disbursements		Estimated		Termination		Contractor			
	Qtr	Cum	Qtr	Cum	Qtr	Cum	Qtr	Cum	Qtr	Cum	Qtr	Cum
Initial Deposit	352	352	352	352	352	352			0	0		
15Jun85	864	1,216	499,200	851,200	364,800	364,800						
15Sep85	1,376	2,592	833,600	1,684,800	542,400	907,200						
15Dec85	2,112	4,704	1,372,800	3,057,600	739,200	1,646,400						
15Mar86	3,008	7,712	1,955,200	5,012,800	1,052,800	2,699,200						
15Jun86	4	11,712	2,951,360	7,964,160	1,048,640	3,747,840						
15Sep86	4,768	16,480	4,066,240	12,030,400	701,760	4,449,600						
15Dec86	5,024	21,504	5,602,880	17,633,280	578,880	3,870,720						
15Mar87	4,512	26,016	6,561,600	24,194,880	2,049,600	1,821,120						
15Jun87	3,264	29,280	4,499,520	28,694,400	1,235,520	585,600						
15Sep87	1,888	31,168	2,473,600	31,168	585,600	0						
15Dec87	832	32	832	32	0	0						

- Notes:
- (a) Columns a and b must be identical to payment schedule in LOA financial annex.
 - (b) Column a = c + e.
 - (c) Column b = d + f.
 - (d) At end of worksheet, column b = column d; column f must be zero.
 - (e) In initial deposit, columns e and f are zero unless contract will be let before first scheduled payment.

**TABLE 701-4
LOA Preparation Checklist**

Item	Action Officer (Last Name, Phone, Date)	Validation	
		Service (Last Name, Phone, Date)	DSAA (Last Name, Phone, Date)
Mode and destination of shipments			
Delivery Schedule of items			
Personnel movement to and from country			
Qualifications of Pricing and Availability Data			
Agreements to safeguard status of USG or contractor personnel in-country			
Statement of facilities, services, or personnel to be provided by purchaser			
Separate International Agreement or detailed Statement of Work			
Schedule of Personnel Training			
Logistical Information			
Explanation of condition of equipment			
Identification of equipment supportable under case			
Description of Services to be provided			
Description of components of pricing			
Responsibility for initiation of requisitions			
Indemnification and assumption of risk			
Payment schedules			
Financial analysis			

Remarks:

TABLE 701-5
Additional Terms and Conditions
[Aircraft Movement]

The following may be consolidated as one note on the LOA, as considered appropriate by the IA.

- A. The USG will provide for movement of aircraft to point of delivery specified in this LOA.
- *B. In order to carry out the purpose of this LOA, the USG will accept title to the aircraft from the contractor, and title to the aircraft will remain with the USG until arrival at the point of delivery, at which time title passes to the Purchaser.
- *C. The aircraft will be marked with appropriate USG markings. The Purchaser is liable for the cost of placing such markings on the aircraft and is responsible for removing such markings upon passage of title to the Purchaser.
- D. The USG will not be subject to or held liable for any import fees, duties, or other charges levied by the Purchaser.
- E. Date of delivery to destination will be contingent upon the receipt of necessary overflight and other clearances.
- F. The Purchaser is liable for all enroute costs including, but not limited to, any maintenance required to insure that the aircraft are in a safe condition, in accordance with current USG regulations, prior to flight.
- G. It is agreed that there will normally be no USG/Purchaser splits in crews. Any USG/Purchaser split in crew composition must be approved by _____ based upon a request submitted by the Purchaser setting forth the reasons for the request, the desired crew composition, and the aircraft qualifications of proposed crew members of the Purchaser. If split crews are used, the aircraft commander must be an officer of the USG who will have command and control over the aircraft. If more than one aircraft is being ferried, the designated flight leader will be an officer of the USG and will have command and control over all aircraft.

*When the USG is to ferry Purchaser-owned aircraft, replace B. and C. above with the following:

- B. In order to carry out the purpose of this LOA, the Purchaser grants the USG possession of the aircraft. The title to the aircraft will remain with the Purchaser.
- C. The aircraft will be marked with appropriate USG markings. The Purchaser is liable for the cost of placing such markings on the aircraft and is responsible for removing such markings.

TABLE 701-6
Additional Terms and Conditions
Transportation and Services

The following may be consolidated as one note on the LOA, as considered appropriate by the IA.

- A. USG agrees to provide transportation services for the items identified in this LOA to the Point of Delivery. Purchaser's property will be transported at the Purchaser's risk.
- B. Purchaser will accept USG delivery listings as the basis for billing and proof of shipment.
- C. Purchaser will accept responsibility for clearance of materiel through its customs at the POD, and for movement of the materiel from its POD to the ultimate in-country destination.
- D. Purchaser will appoint a duly authorized official to accept and sign for materiel at the POD, and submit outturn message and report.
- E. Purchaser will absorb losses of materiel the USG does not in fact recover from an independent carrier or handler, including where the USG is self-insured.
- F. Purchaser will self-insure such shipments, or obtain commercial insurance without any right of subrogation of any claim against the United States.
- G. The USG will assist the Purchaser in processing any claims that may arise for lost or damaged shipments, in the same manner it processes claims for USG-owned materiel. Collection of revenue, if any, resulting from approved claims will be credited to the Purchaser's account.
- H. If the Purchaser proposes to take delivery and custody of the classified material in the US and use its own facilities and transportation for onward shipment to its territory, the Purchaser, *Implementing Agency, in coordination with the* agrees to submit a transportation plan as outlined in the *Security Assistance Management Manual*, Chapter 5, Section 503, Table 503-4. Further, the Purchaser agrees to notify the *IA cognizant DOD Component* of any changes as they occur to the transportation plan. The Purchaser will be notified of the approval or disapproval of this plan. If disapproved, the Purchaser will be notified of the reason for disapproval and *be required to provide a revised transportation plan that will be acceptable to the USG, or the USG will ship the classified materiel by the Defense Transportation Service.* *As an alternative,*

will develop

IA

that would

changed

TABLE 701-7
Additional Terms and Conditions
Safeguards for Contractor Personnel

A. Passports, Visas, Licenses, and Permits.

1. The Contractor shall be responsible for timely and complete submittal of the necessary information and forms directly to the appropriate government agency for the required passports, visas, licenses, or permits.

2. To ensure the effective and timely performance of this contract, the Government of [country] (GO__), [e.g., Government of Turkey (GOT)] will, within the framework of the laws of GO__, ensure the timely issuance of work visas, multiple entry visas, exit visas, work permits, vehicle operator permits, residence permits, in-country travel permits, and any other appropriate licenses or permits as may be required of the Contractor, and its subcontractors, or their personnel and dependents. The Contractor and his subcontractors shall be responsible for the sponsorship of their employees and their dependents and shall process said permits directly with the appropriate GO__ agency.

3. The GO__ will receive, without regard to race, religion, sex, or ethnic or national origin, persons of other than [country] nationality imported into [country], under proper authority, to work exclusively on efforts covered by the provisions of this contract, who have USG issued passports, provided they are technically qualified for the work and meet the security requirements of the GO__, and will impose on such person no fee or charges for entry, exit, quarantine, nor will they require work or residence permits for personnel working under this contract.

4. If, notwithstanding the above agreements, [company] incurs costs arising out of any of the conditions described above, the price of the contract implementing this LOA shall be increased accordingly and the costs reimbursed to the Contractor out of funds which will be provided by the GO__ under this LOA, and the contract delivery schedule shall be appropriately adjusted. Reimbursement shall be limited to those costs incurred, including applicable overhead and General and Administrative (G&A) costs but excluding profit.

B. Access.

1. Contractor and subcontractor personnel in [country] in connection with this Program shall be authorized reasonable access to all information (data, plans, and reports) and all existing and proposed offices, sites, and areas within [country] as required to accomplish this effort. The GO__ shall provide permits, licenses, visas, rights of entry, and any necessary arrangements to insure prompt access by Contractor and subcontractor personnel.

C. Export of Data.

1. The Contractor or subcontractor shall not be required to deliver to the Government of [country] nor to any person or entity not a citizen of the United States of America, any technical data produced or utilized under this Program until the Country has been furnished with evidence acceptable to it that such delivery of the data is (1) approved by the Center for Defense Trade of the U.S. State Department pursuant to the International Traffic in Arms Regulations of that Agency, or (2) approval is not required.

D. Currency Revaluation.

1. The financial procedures in this Program are based on the principle that neither the United States nor any U_XS_X or foreign subcontractors shall realize financial benefit nor incur financial loss by reason of fluctuation in the official rate of currency exchange or currency revaluation. For the purpose of this Program, a currency revaluation is defined as a change in the official rate of exchange between the U_XS_X dollar and the [country currency] which occurs as a direct result of sovereign decree.

2. If a currency revaluation, or a fluctuation in the exchange rate results in a financial gain or loss to the Contractors, the price of the contract(s) shall be adjusted upward or downward. Such adjustment in contract price shall be negotiated based upon a proposal submitted by the Contractor.

3. [Country] currency required by the Contractor for non-United States expenditures in the performance of this Program will be purchased by the Contractor from the GO___.

E. Taxes, Duties, and Charges for Doing Business.

1. It is agreed that the contract implementing this LOA will include the clause entitled "Taxes-Foreign Fixed-Price Contracts (Jan 1991)" set forth in FAR Section 52.229-6.

2. The GO___ further agrees with respect to the [company] (hereinafter referred to as "the Contractor"):

a. All property, materiel, equipment, household furniture, appliances and supplies imported into [country] by the Contractor or its subcontractors exclusively for use in support of the Contractor and its personnel and consigned and marked, as required or approved by the USG shall be exempt from import and export duties, taxes, licenses, excises, imposts, and any other identifiable charges. Duty-free import of major appliances for personnel support shall be limited to one (1) each: stove, refrigerator, freezer, washing machine, clothes dryer, and two (2) each televisions per family, plus a reasonable number of spare and replacement major appliances for use as maintenance requirements dictate. Any of the foregoing which does not become a part of the completed work or otherwise consumed, may, at the Contractor's discretion, be removed from [country] or disposed of in [country] free of any restrictions or claims which may arise by reasons of such removal or disposal, except that any applicable custom duty, tax or charges will be paid in the event of sale or disposal in [country] to a Purchaser other than an agency of the GO___ or other person entitled to duty-free importation. The Contractor shall maintain any inventory control and accounting system adequate to reflect the usage and disposition of all Contractor-owned property which has entered [country] duty-free under this contract.

b. The GO___, its agencies, and political subdivisions shall levy no taxes or fees (including taxes on individual or corporate income or property, customs or import duties and other taxes on employee personal household goods, supplies and personal effects imported into [country] for personal use) on the Contractor, its subcontractors, the employees of either and the dependents of such employees. Duty-free entry of employee/dependent personal household goods, supplies, or personal effects shall be limited to (1) the shipment of personal household goods, supplies, and personal effects identified by [company] as the employees' initial shipment; (2) the personal household goods, supplies, and personal effects shipped or carried by an employee or his dependents when returning from leave or duty outside [country] to the extent such items are allowed duty-free entry under the GO___ customs laws; and (3) the shipment of an additional 100 pounds per family member of personal household goods, supplies, and personal effects identified by [company] as the employees' employment extension shipment. Duty-free import of major appliances for personnel support is limited to those items described above and

imported in the name of the Contractor. In their individual capacity, contractor employees are not authorized duty-free import of major appliances or automobiles. Furthermore, this tax exclusion does not apply to the GO___ taxes levied on the purchase of personal household goods, supplies or personal effects or automobiles in the country of [country] by the employees of the Contractor or employees of its subcontractors. This paragraph does not apply to [country] employees of the Contractor or [country] subcontractors or their employees.

3. If, notwithstanding the above agreements, taxes, duties, or similar charges are imposed by the GO___ under the excepted circumstances described above, costs thereby incurred by the Contractor shall serve to increase the contract price and will be reimbursed to the Contractor at cost, including applicable overhead and G & A, but excluding profit, out of national funds (not FMS Credit or MAP funds) to be provided by the GO___ under this LOA.

4. The GO___ agrees that the appropriate agency of the GO___ will implement any policy guidance necessitated by this provision.

F. Limitation of Contractor Liability.

1. The GO___ agrees, with respect to the Contractor:

a. To waive any or all claims which it has or may have against the Contractor, its agents, officers, and employees, for damage, loss, or destruction of property, or for injury to or death of persons, arising out of the Contractor's participation in this Program in the absence of gross negligence or willful misconduct on the part of the Contractor, its agents, or employees.

b. To indemnify and hold harmless the Contractor, its agents, and employees against all claims arising directly or indirectly by reason of injury to or death of persons or loss or damage to property, out of the Contractor's participation in this Program, in the absence of gross negligence or willful misconduct on the part of the Contractor, its agents or employees.

c. In the event any other Contractor or party asserts any claim or commences any action in the [country] courts or elsewhere against the Contractor because of program efforts, the GO___ agrees to cooperate fully in the defense of such claim or action including the furnishing of witnesses and evidence at the GO___ expense. Except for claims or losses arising out of any breach of this contract or subcontractors thereunder or violations of any statute of the United States by the Contractor, the GO___ agrees to indemnify the Contractor against any judgments or losses which may result from claims or litigation and to reimburse the Contractor for the expense resulting from any such action.

d. To accept full responsibility for the security and safekeeping of GO___ real and personal property located on its military bases or installations. The Contractor, its agents, officers, or employees shall not be liable for any damage arising directly out of a breach or failure of the GO___ security procedures, however caused.

e. The GO___ shall provide adequate security to protect the personnel and property of the USG, and its Contractors or subcontractors located on GO___ military bases or installations.

f. The term "agents" as used in this paragraph includes subcontractors.

2. If, notwithstanding the above agreements, [company] incurs costs arising out of any of the conditions described above, the price of the contract implementing this LOA shall be increased accordingly and the costs reimbursed to the Contractor out of funds which will be

provided by the GO___ under this LOA. Reimbursement shall be limited to those costs incurred, including applicable overhead and G&A, but excluding profit.

G. Special Contingencies Provision.

1. It is understood that no contingency pricing has been included in this LOA for items a. through d. set forth in paragraph 2. below.

2. The GO___ agrees, with respect to the Contractor, that in the event of the following situation(s) occurring as a result of effort performed in support of this LOA in [country], an adjustment to the resulting contract(s) will be made for:

a. Costs incurred due to actions brought against the Contractor or subcontractors under [country] Labor or Social Insurance Laws, provided such actions were not caused by conduct prescribed by other laws or willful contravention of [country] Labor or Social Laws.

b. Additional costs incurred resulting from GO___ prevention of shipment of Contractor or employee belongings in or out of [country] within 120 days of the date such property is made available for shipment where transportation is otherwise reasonably available.

c. An increase or decrease in costs incurred by the Contractor resulting from war, armed conflict, insurrection, nationalization, civil or military strife, or similar conditions, or acts of God where the safety of the Contractor and subcontractor personnel is threatened, and where retention or replacement of such personnel is required; and damage or loss as a result of conditions listed above to property owned by the Contractor, subcontractor, or employees. Whether to retain or replace such personnel shall be within the sole discretion of the USG.

d. An increase or decrease in costs incurred by the Contractor or its subcontractors resulting from the GO___ changing any laws, regulations, or policy in effect on the acceptance date of this LOA.

3. It is understood that no adjustment shall be made due to the above situations:

a. To the extent that performance would have been delayed or interrupted or that costs would have been incurred due to any circumstances not set forth in 2, above.

b. To the extent that performance would have been delayed or interrupted or that costs would have been incurred due to the fault or negligence of the Contractor; or

c. For which any adjustment is otherwise provided or excluded under any other provision of the resulting contract, such other provision shall be enforced in accordance with its terms.

4. The adjustments provided for in this provision may be made in the delivery or performance dates and any other provision of the contract implementing this LOA, affected by the above conditions. Upward or downward adjustments may also be made in the contract price, but shall be limited to actual costs, including overhead and G&A, but excluding profit. FAR, Part 31, Contract Cost Principles and Procedures, shall be used in determining the amount of any price adjustment, and is not superseded by any provision herein. Costs reimbursed to the Contractor under this provision shall be paid out of funds which will be provided by the GO___ under this LOA.

Change 5

18 August 1992

Replace Section 702, Program Management Lines, with:

SECTION 702 - SPECIALIZED LOA LINES

70201 PROGRAM MANAGEMENT LINES

A GENERAL

1. Program management costs may be included in a program management line of an LOA when an IA must undertake some system or program management effort to successfully deliver the item ordered by the Purchaser. IAs must ensure that each type of cost is allocated only once and only on one basis to an FMS LOA. Program management services must be a condition of sale; i.e., those services unilaterally determined by the IA to be necessary for successful program implementation. Such costs may be charged only for a single LOA or multiple LOAs directly related to a single purchase.

2. The inclusion of program management lines in selected LOAs must be justified to, and approved by, the Director of SA of the IA, or designee. Given the diversity of FMS programs, some occasions will arise that require deviation from the following guidelines. The foregoing approval authority includes authority for such occasional deviations.

3. Program management lines are excluded from application of the FMS administrative surcharge.

B FMS PROGRAM MANAGEMENT GUIDELINES

1. The following are the types of sales that may include program management lines:

a. System sales of aircraft, ships, shipboard equipment, missiles, combat vehicles, radars, or communications electronics which include the major end item and necessary logistical and training support.

b. Modifications which improve the operational capability of systems already in purchaser inventories.

c. Non-standard equipment, systems, or services.

d. Sales which include program acceleration.

e. Complex LOAs for services that may require effort outside of or in addition to that normally provided by dedicated security assistance offices.

(101)

Change 5

f. Coproduction programs.

2. The following are the types of expenses that may be included in program management lines:

a. Personnel assigned as program coordinators.

b. Administrative LOA program management services which demonstrably are executed at a level of effort beyond that generally performed on routine FMS LOAs. (Administrative case management functions are identified in paragraph 70402.A.2 and, when performed at routine levels, are properly charged to FMS administrative funds.) Such over-and-above levels of management effort are normally found in LOAs which include program acceleration, non-standard procurements, special program tracking or reporting, program reviews, or extensive integration.

c. Configuration management, system integration, or integrated logistics management.

d. CONUS or overseas program management reviews. (TDY costs of all US participants may be included.)

e. TDY costs to support program management line functions. Administrative travel expenses, to include salary, which can be identified to the LOA or LOAs supported by a program management line also may be included.

f. Costs of conferences discussed in section 701 or AECA Sec 26 survey teams discussed in section 401. Costs which occur prior to acceptance of the LOA can be funded from the administrative budget account allotment of the IA. The administrative budget account allotment will be reimbursed from the program management line after it is accepted.

3. Types of LOAs that may not include program management lines:

a. Sales from stock other than weapon systems.

b. Follow-on support, including publications, maps, and charts.

c. Entirely for services other than those described in 1.c and e above.

d. Individual major item sales.

e. Modifications other than those which improve the operational capability of systems.

f. Routine non-MDE sales.

4. The following are the types of expenses that may not be included in program management lines:

a. Other services requested by the Purchaser (such as management services, including non-routine reporting; technical assistance; TAFTs; overseas CAS units; training; or overhead management services) but not required by the IA.

b. TDY costs not in direct support of the program management line. See exceptions in 2.e and f above.

c. Any costs incurred overseas by PCS personnel. These costs are to be charged "above the line" in a separate technical assistance or services line.

d. Routine administrative charges, which must be charged to the FMS administrative budget.

C PROCEDURES

1. In order to differentiate between the cost of items sold to which the FMS administrative surcharge legally must be applied and program management services, which are a condition of sale, the following are required for all LOAs, Amendments, or Modifications which include program management lines:

a. "Subtotal Cost of Ordered Articles and Services" and corresponding value will be entered at the end of items being offered.

b. The program management line(s) and value(s) is to be entered following the above subtotal cost.

c. Block (8) will be the total of the entries required in a and b above.

2. The FMS administrative surcharge shall be applied by SAAC to the Subtotal entry of ordered items without exception. If the surcharge has been waived and not included in the LOA, the drafting IA is responsible for funding and paying the surcharge in accordance with Paragraph 70505, DOD 7290.3-M.

3. Program management lines will be identified as such and include Generic Code R6B and appropriate MASL data in accordance with Table 701-9, Paragraph M. Note: Generic Code L8A is no longer authorized for use by IAs in new LOAs. Existing case management lines which use Generic Code L8A may continue in use until case closure.

4. FMS workload prior to LOA implementation is to be charged to the administrative budget. Communications, utilities, ADP, office supplies and equipment, and rental may be charged to a program management line to the extent they directly result from program management efforts.

5. An auditable methodology must be maintained to document work each individual performs on a program management line. Personnel charges must be identifiable by position number, employee identification number, or other traceable means.

6. For LOAs in which program management lines are justified by the non-standard nature of the program, the non-standard administrative fee should not be charged in accordance with Paragraph 70502.b.2 of DOD 7290.3-M.

70202 CONTINGENCY REQUIREMENTS FMF LOAs may not include contingency (R9A Non-Specific Requirements) lines. Contingency lines will not be used as a substitute for BO LOAs. Inclusion of contingency lines in other LOAs is discouraged.

A. When requested and justified in writing by the Purchaser, the Director of SA of the IA, or designee, may approve a contingency line limited to:

1. Services or non-SME articles on a major program LOA.
2. A value of ten percent or less of the LOA value.

B. Obligation authority will not be granted for contingency lines, nor will orders be placed for deliveries reported against them.

1. When requirements are identified by the Purchaser, the applicable dollar values included in the contingency line must be moved to specific defense articles or services (non-contingency) lines, with commensurate payment schedule and other LOA adjustments, as needed.

2. Reallocation of contingency line authority for scope increases must be accomplished by LOA Amendment. Modifications may be used for contingency line reallocations due to price increases.

70203 CAS PERFORMED OUTSIDE THE US A separate line will be used in the LOA for CAS performed outside the US. The LOA line must be directly charged for CAS performed by a DoD organization established in a foreign country to meet a unique FMS customer requirement. CAS functions include contract audit, quality assurance and inspection, and other contract administration services. Other actual costs in support of the CAS organization and its personnel will also be chargeable to the LOA CAS line.

80101.

SECTION 801 - ACQUISITION FOR FMS

80101 DOD REGULATIONS AND PROCEDURES.

A. Compliance with DOD Regulations. In keeping with the DOD policy, acquisition for FMS purchasers will be in accordance with U.S./DOD regulations and procedures. This affords the foreign purchaser the same benefits and protection that apply to DOD procurement and is one of the principal reasons why foreign governments and international organizations prefer to procure through FMS channels.

B. Federal Acquisition Regulation. The DOD is authorized to enter into contracts for the purpose of resale to foreign governments or international organizations. The FAR shall apply to all purchases and contracts made by the DOD for acquisitions in support of FMS. Some of the most pertinent sections of the FAR and the ~~DOD~~ FAR supplement relative to FMS are listed below: **

	<u>Defense</u> FAR	<u>DOD FAR SUPPLEMENT</u>	
1. Acquisition for FMS	----	Subpart 225.73	
2. Agents Fees and Commissions	3.400 thru 3.407 Subpart 3.4	225.7306 3-4	---
3. Contractor Options - FMS	-----	217, Subpart 217.2	---
4. Contractor Risk for FMS Weighted Guidelines	-----	215.978 1-3(d)(3)(iv)	---
5. Costs of Doing Business with a Foreign Government	-----	225.7306 3-2	---
6. FMS Selling Costs and Allocations to Contracts	31.205-38	225.7303 - 2(a)(2)(i) 231.205-38	---
6. Foreign Acquisitions	Part 25	Part 225	- to above
7. Recovery of NonRecurring Costs	-----	Part 270 225.7306, Part 235, Subpart 235.71	---
8. Other Than Full and Open Competition -- International Agreement	Part 6, Subpart 6.3, 6.302-4	206.302-4 225.7307(a)	---

* 2. Acquisition Notification of FMS Requirements. In accordance with Section 225.7307 of the ~~DOD~~ FAR Supplement, when the acquisition for FMS is expected to involve a contract in excess of \$10,000 which cannot be placed on the basis of price competition (for example when the FMS purchaser requests a specific sole source), prices, delivery data and other relevant information shall be requested from the prospective source and the request shall indicate that the information is for the purpose of a potential sale under FMS and shall identify the prospective FMS purchaser(s).

* 9. Applicability of Acquisition Warranties to FMS Part 246.770-6

105

80102.A.

80102 FMS CUSTOMER REQUESTS FOR SPECIFIC SOURCE.

A. **DOD Policy.** DOD policy provides that procurements made for FMS will comply with U.S. government acquisition regulations and procedures. When procurement is required to meet an FMS requirement for defense articles and/or services, to the maximum extent possible, the competitive procurement process will be utilized. Authority for sole source procurement can be considered when the purchasing country makes a specific written request and provides sufficient rationale for obviating the benefits of the competitive process.

B. **Sole Source Designation.** As described in ^{Defense FAR} ~~DOD FAR~~ Supplement ^{2 4} 25.7307, the FMS purchaser may request that a defense article or defense service be obtained from a particular source. In such cases, FAR 6.302⁴ provides authority for the U.S. government to contract on a sole source basis. The purchaser request should be contained in a letter of request for an LOA or an amendment to an existing LOA. The request for sole source must also provide the basis and justification for the sole source and may be for a prime and/or sub-contractor source. Sole source procurement designations under accepted FMS LOAs will be submitted by the DOD component security assistance director to the applicable contracting activity in order to exercise the FAR authority.

1. **Foreign Purchaser Request.** Foreign purchaser sole source requests may be honored (See ~~DOD~~ ^{Defense} FAR Supplement ² 25.7307) only when the sole source designation is based upon the objective needs of the FMS purchaser as stated by the purchaser and DOD component security assistance director approval is obtained. Accordingly, a letter requesting a specific item(s) and/or service(s) from a specifically identified firm or other supplier must be addressed by an authorized official of the purchasing government through the chief of the security assistance organization (SAO) in country, or by the Defense Attache or comparable official of the purchasing government in the United States, to the DOD component security assistance director whose component has procurement cognizance for the required item/service. If from an overseas activity of the purchasing government, this written request should be submitted via the SAO in country. The letter must provide the basis and justification for a sole source request. To the maximum extent possible submission through the SAO is preferred. The request shall not be honored in any case of patently arbitrary, capricious or discriminatory exclusion of other sources. The number or frequency of sole source requests should be kept to the absolute minimum; however, there may be situations where for programmatic reasons sole source procurements is necessary and justifiable. Situations where sole source procurement may be justifiable could include, but are not limited to, the following situations:

a. When one of the numerous suppliers can deliver faster and the situation is urgent enough to forego the benefits of the competitive process.

b. When the procurement of a non-standard item which is out of the DOD buying pattern has been approved because of a country request and a specific source has been identified by the country (i.e., obsolete items no longer supportable by the DOD). This could occur in countries with predominantly MAP merger funded programs since MAP merger funds can be utilized only for FMS programs; therefore, such a purchasing country may not have the capability of buying on a direct basis.

c. When the country has an established history of procurement for articles or services from a particular prime source and to change would adversely affect an ongoing program. For example, this would include an ongoing maintenance program wherein a particular prime contractor is providing technical assistance or other services under established agreements.

d. When the designated source has won the foreign purchaser's own source selection competition and the purchaser advises of its desires. Specific evidence as to the competitive process should be included in the justification.

(106)

SECTION 802 - LOGISTICS

**

80201 GENERAL. The overall policy concerning logistics support is shown in Section 20202. This section provides guidance in logistics related areas not covered elsewhere in the Manual.

A. **Use of US Logistics System.** Implementation of LOAs will be accomplished within the existing organizational and procedural structure of the US military logistics, including acquisition, system. Use of the DTS is an exception to this policy as discussed in this section.

B. **Items to Reflect Favorably on US.** Items provided under FMS will normally be new or unused or, as a result of rehabilitation, possess original appearance insofar as possible and have serviceability standards prescribed for issue to US forces. If the Purchaser desires exclusively new equipment, this requirement will be stated in the LOA. If the Purchaser desires "as is/where is" items, this will also be stated in the LOA.

C. **Purchaser Service.** Delivery performance directly reflects the degree to which the US meets its FMS commitments and is therefore a key element of the supplier-customer relationship. The importance of prompt and effective service to the purchaser must be continually emphasized to assure overall success in the attainment of FMS program objectives.

D. **Discrepancy Reporting.** Every effort must be made to provide the correct defense article or service in the quantity and quality shown in the LOA. In order to take advantage of a fresh audit trail, purchasers should be reminded of the importance of reporting discrepancies as soon as possible. LOAs shall contain the following note:

Note (#) - Notwithstanding the final sentence of Paragraph B.6. of Annex A (General Conditions) of this LOA, any claim, including a claim for shortage (but excluding a claim for non-shipment/non-receipt of an entire lot), received after one year from passage of title will be disallowed by the USG, unless the USG determines that unusual and compelling circumstances involving latent defects justify consideration of the claim. If the USG determines that delivery was delayed more than 90 days following passage of title due to shipment consolidation, the date of the shipment from the consolidation location may be used as the start point in determining the one year period for claim eligibility only. Any claim for non-shipment/non-receipt of an entire lot received after one year from date of passage of title or billing, whichever is later, will be likewise disallowed by the USG.

DISAM - info
(moved to section 70105)
Delete here

RODS will be considered based on guidance in Sections 80206 and 1308.

E. **Repair and Replace Programs.** The repair of FMS customer-owned articles normally requires that the customer return a reparable article under an LOA established for that purpose, and await the normal leadtime and pay the actual costs of repair. Under DOD 7290.3-M, Section 70202, pricing and billing of repair and replace programs are authorized in conjunction with mature CLSSAs. For items covered by CLSSAs, DOD components may establish repair and return programs which utilize replace and repair procedures. Initial billing will be based on the estimated repair cost with adjustment to the actual costs as soon as possible after repair.

F. **ILCS.** The International Logistics Communication System has been developed for the improvement of logistics communications service to SA countries, freight forwarders, and contractors. DLA's DAASO, Dayton, OH 45444-5320 manages ILCS under DLA General Order 2-83, dated 10 January 1983 and DODD 4000.25. As a stand-alone system, or in tandem with

(107)

processes such as Supply Tracking and Repairable Return/Personal Computer based (STARR/PC), ILCS provides a computer-to-computer telecommunications capability which allows a subscriber to exchange logistics related information with the DOD logistics community and other ILCS subscribers.

80202 SECONDARY ITEM SUPPORT. *

A. **CLSSAs.** Where a ^{mature} CLSSA is in effect, SA requirements ^{For CLSSA non-programmed requisitions,} will be satisfied on the same basis as US force requirements in accordance with the UMMIPS. The ICP head may approve issue of stocks below the secondary item reorder point when he determines there will not be an unacceptable impact on US forces. The impact on secondary items must be considered whenever a total package of significant equipment and support items is provided.

B. **Non-CLSSAs.** When a CLSSA has not been established, and ^{the item is not a DLA asset} with ~~exception of items~~ ^{qualifying under AECA Sec 51(a)(3)}, the FMS Purchaser is not entitled to the same access to the US logistics system as US forces. The ICP processing the requisition will generally issue on-hand assets only if they are above the required item's reorder point level or PLT. Otherwise, the requisition will be placed on backorder until expiration of the PLT, at which time the ICP will process the requisition in accordance with the UMMIPS.

C. **Exceptions.** On an exception basis, ICPs may issue stocks below the reorder point to fill non-CLSSA requirements if release will not adversely affect support to US forces. If it appears that support to US forces will be adversely affected, ICPs will notify the requesting MILDEP in writing. The notification will include information showing the stock status of the items involved.

D. **Exception Appeals.** After elevating the issue to the headquarters level, the MILDEP may appeal the ICP decision not to issue stocks below the reorder point. The appeal shall be in writing to DSAA and shall include information regarding stock status and a justification of why the materiel should be released below the reorder point to fill non-CLSSA requirements in light of the possible impact on US forces. DSAA will prepare a written response in coordination with OASD(P&L).

E. **Mass Exceptions.** It is intended that the practice of issuing stocks below the reorder point to non-CLSSA customers be the exception and not the rule. It is further intended that a careful review be made of each such instance in order that US forces' stocks are protected. However, there are situations when numerous requisitions for an LOA must be processed expeditiously. If the requesting MILDEP and the affected ICPs agree that a blanket waiver would be the best way to be responsive to the requirement, a written request may be made by the requesting MILDEP to DSAA for coordination with OASD(P&L). The request shall explain why the process described in the preceding paragraphs is inadequate for responding to the situation in question and for what period the blanket waiver should be in effect.

80203 DIVERSIONS AND WITHDRAWALS OF MATERIEL.

A. **Legislation.** The following policies implement AECA Sec 21(i), 10 U.S.C. Secs 133b and 975, and Senate Appropriations Committee Report 99-176 of 6 November 1985:

1. Presidentially directed or SECDEF initiated materiel allocations shall be accorded sufficient priority through diversion of assets from other programs to assure accomplishment of the directed allocation within the time period specified.

2. High priority FMS requirements may be met by diverting from production or withdrawing equipment from US forces, providing the operational readiness posture of these forces is not significantly lowered and payback can be accomplished within a reasonable time.

* Normally, materiel is furnished only when DoD plans to assure logistic support for the expected service life of the materiel. This includes follow-on spares support. Based on CLSSA or SDAF (AECA Sec 51(a)(3)) capitalization, SA requirements for all items managed by DLA will be satisfied on the same basis as US forces in accordance with UMMIPS. Guidance below pertains only to non-DLA managed items.

802-2 Change No. 4, 2 March 1992

TABLE 802-2

**FINANCING REPORTS OF DISCREPANCY
WHEN THE US GOVERNMENT IS LIABLE**

A. GUIDELINES ON THE SOURCE OF FUNDING FOR PAYMENT OF VALID CLAIMS

1. **Information.** The following are guidelines regarding the source of funding for payment of valid claims related to FMS shipments when the USG is found liable. (See section 130802)

Nature of Discrepancy	FMS Administrative Funds	U.S. Government Appropriation
1. Defective or Deficient Materiel (item deficiency)		
a. From Procurement**	Not applicable, except in cases where U.S. action or inaction causes inability of the FMS customer to obtain satisfaction from the contractor.	Not applicable
b. From Stock	Transportation of materiel for rework or disposal, or, if more cost effective, travel and per diem costs of rework team. The cost of testing defective items when it is necessary in order to service the FMS customer.	Applicable USG appropriation or fund is responsible for (1) replacement without additional charge, (2) refund to the customer account, or (3) repair or rework of defective items issued to FMS customers (except as indicated under "FMS Administrative Funds" heading).
2. Damaged Materiel*		
a. From Procurement**	Not applicable, except in cases where U.S. action or inaction causes inability of the FMS customer to obtain satisfaction from the contractor.	Not applicable

TABLE 802-2. Financing Reports of Discrepancy when USG is Liable.

b. From Stock	Transportation of materiel for rework or disposal, or, if more cost effective, travel and per diem costs of rework team.	Applicable USG appropriation or fund is responsible for (1) replacement without additional charge, (2) refund to the customer account, or (3) repair or rework of defective items issued to FMS customers (except as indicated under "FMS Administrative Funds" heading).
	The cost of testing damaged materiel when it is determined to be necessary in order to service the FMS customer.	
3. Materiel Not Received* (nondelivery, shortage)		
a. From Procurement**	Not applicable, except in cases where U.S. action or inaction causes inability of the FMS customer to obtain satisfaction from the contractor.	Not applicable
b. From Stock	<p>Not applicable, except in cases where U.S. action or inaction causes inability of the FMS customer to obtain satisfaction from the carrier, and the shipping activity produces receiving reports/proof of delivery to the carrier. (DOD policy requires that receiving reports/proof of shipment be obtained whenever materiel is released to a common carrier, including the U.S. Post Office). When materiel is delivered through DTS, the MAAG or its designated representative is required to <u>obtain</u> receipt for the FMS/MAP material. These procedures make it possible to identify responsibility for any loss of materiel in transport. FMS</p>	<p>If an item arrived short or is not delivered (e.g., short unit pack, misdirected shipment) and the carrier is <u>absolved of</u> liability, (i.e., when the shipping activity is unable to produce receiving reports/proof of delivery) then the shortage or misdirection is determined to have occurred at the point of origin and will be absorbed by the applicable U.S. appropriation. In those instances, a credit may be given to the FMS customer's account and charged to the USG appropriation which was initially credited as a result of such transaction. Misdirected shipments not returned to stock will be absorbed as an inventory</p>

TABLE 802-2. Financing Reports of Discrepancy when USG is Liable.

B. **Condition.** Although the US should provide information concerning item condition, it is the responsibility of the Purchaser to be aware of the condition of "as-is" items. This includes inspection visits to US holding facilities as necessary.

C. **Assets-Needs.** MILDEPs have limited capability to determine if an excess item meets a current SA country requirement. For this reason, matches of country needs and DOD excesses, while those excesses are still held by the MILDEPs, are usually limited to the most significant end items. Other EDA, including most EDA secondary items, are transferred to the DRMO nearest the physical location of each item at the time it becomes excess.

1. EDA turned over to a DRMO are listed in the DLA DRMS Interrogation Requirements Information System (IRIS), a computerized inventory searching service designed to provide information on all stock-numbered items in the DRMS inventory. There is also a capability to manage items which are not assigned complete NSNs, such as aircraft or ammunition.

2. Further information concerning IRIS may be obtained by requesting the "Foreign Military Sales Customer Information Booklet" from Commander, Defense Reutilization and Marketing Service, ATTN: DRMS-OCR, Federal Center, 74 N. Washington Avenue, Battle Creek, MI 49017-3092.

3. DRMS has no connection with commercial firms which sell surplus US military supplies and equipment to the public.

80303 EDA CONTROL/CONGRESSIONAL NOTIFICATION

A. **General.** In order for the EDA process to function effectively, MILDEPs must project assets that will become available and customers must provide requirements for EDA (item description, NSN/Part Number, and quantity).

B. **Identification.** Ideally, MILDEP identification of EDA will include end items and individual support items to build equipment packages that are as complete as possible.

1. This is often not practical and EDA planning must proceed at the significant item level. During March of each year, MILDEPs should provide information above for items which are projected to become excess during the current plus two calendar years.

2. MILDEPs ^{should} ~~may also~~ provide a suggested list of recipients to receive articles ~~or, if no known requirements exist, recommendations as to what countries should be surveyed for possible requirements.~~ This will normally be based on EDA surveys as discussed in C. below -

3. Major changes to these forecasts should be furnished as they occur for items projected to become excess during year one. Changes for years two and three should be submitted as considered necessary but not less frequently than during the March updates.

C. [* see attached]

D. **Allocation.** DOD and DOS have established an EDA Coordinating Committee to review projected excess and allocate assets to potential recipients. In no instance should MILDEPs commit EDA to SA recipients if the EDA Coordinating Committee has not reviewed and approved the proposed allocation. The Committee will normally consider the following in its review:

1. Matches of country requirements with items available.
2. Ability of the country to effectively utilize the items.
3. Item location and transportation requirements.



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

Change 5

MEMORANDUM FOR MR. WELLS

SUBJECT: Change to SAMM: Policies for processing EDA Sales and Transfers (EDA Surveys)

REFERENCE: SECDEF USD(P) DSAA MSG DTD 242349Z AUG 92
SECDEF USD(P) MSG DTD 171720Z APR 92

Request you insert the following as Section 80303 C:

C. Surveys for EDA Requirements This complements ~~Section~~ 40102. MILDEPs and DLA should use survey messages to evaluate country requirements. This requirement does not apply for cases of SME when allocation has already been coordinated between MILDEPs and DSAA.

determining which countries will be surveyed and conducting the surveys through the SPAOs.

1. Messages will be addressed to the cognizant CINC for action and ~~country surveys~~ will be the responsibility of the CINC. DSAA, DOS, and JCS will be information addressees. *

2. Survey messages for SME, including MDE, will be forwarded to DSAA/OPS for coordination and approval before release. EDA survey messages for other than SME may be dispatched without DSAA coordination. Surveys will normally include item ^{description}(s), quantity, condition, rough order of magnitude cost/value of end items, costs and leadtimes for support items, and other information as appropriate.

3. Responses from CINCs will ~~provide requirements prioritized in order of importance~~ ^{and} justify requirements, including assessment of proposed recipient's capabilities to fund follow-on operational, maintenance, and training requirements; and list all countries which were surveyed, contacted, or considered for requirements.

111 a

4. Regional balancing as dictated in legislation or to achieve maximum benefit for the United States.

E. D. Congressional Data. Congressional notifications cannot be submitted until items have been screened and declared excess. MILDEPs will provide DSAA/OPS, within 10 days of a request for an LOA for EDA, the following data for items that are to be transferred: Item description, quantity, current value of the items, and acquisition value of the items. For blanket order LOAs, the description of items to be supported and the value of the LOA should be reported.

F. E. Offer Termination. The situation may arise where an item is determined to be excess and is offered to a country but conditions change to the extent that it is forecast that US forces may require the article. Except where a clear present need exists that will substantially support US interests, reversal of the excess determination should occur only at a time when our commitment will not be abrogated, such as after one country has indicated no interest. The offerer should request to OSD that the item not undergo subsequent offers pending a determination of EDA/non-EDA status.

80304 LOA PROCEDURES

A. LOA Limited to EDA. Separate LOAs should be initiated for the sale of EDA. Source of Supply Code E should appear in Block 18 and the DD Form 1513 should show "EXCESS DEFENSE ARTICLES. Acquisition Value is \$ _____," underlined, as the last words in the item description field. DSAA/OPS will use this information to track these Offers.

B. 517 LOAs. When LOAs are written to provide PC&H, transportation, etc., for EDA items being transferred under FAA Sec 517, the LOA should contain the following special note:

The excess defense articles to which this Offer and Acceptance relates shall be used by the Purchaser primarily in support of antinarcotics activities as required by Section 517(C) of the Foreign Assistance Act of 1961 as amended.

C. List Items on Support LOAs. LOAs for PC&H, and transportation for FAA Sec 516, 517, 518, and 519 transfers should list nomenclatures, NSNs, and quantities of end items being transferred. BO LOAs should identify end item application.

1116

UNCLASSIFIED

JOINT STAFF
INFO SERVICE CENTER

Change 5
TLK Background

PRIORITY ZYUW RUEKJCS416E 1081720
P 171720Z APR 92
FM SECDEF WASHINGTON DC//USDP//
TO AIG 8797 HQ DRMS BATTLE CREEK MI
JOINT STAFF WASHINGTON DC//J4/J5//
SECSTATE WASHINGTON DC//PM/DRSA/EAP//

UNCLAS SECTION 01 OF 02
FROM DSAA/OPS-EDA
SUBJECT: POLICIES FOR PROCESSING EXCESS DEFENSE ARTICLES (EDA)
SALES AND TRANSFERS. UPDATE
REF: DSAA MSG 281824Z JAN 91. NOTAL
1. REF MSG PROVIDED INFORMATION ON LEGISLATION AND POLICIES AND PROCEDURES FOR THE TRANSFER OF EDA TO FOREIGN CUSTOMERS AS PART OF OUR SECURITY ASSISTANCE PROGRAM. SINCE THEN SECTION 803, MANAGEMENT OF EXCESS DEFENSE ARTICLES, HAS BEEN ADDED TO THE SAMM AND IS INCLUDED IN CHANGE FOUR WHICH WAS MAILED FROM DISAM ON 27 MAR 92. THE SECTION INCORPORATES INFORMATION FROM REF MSG AND OTHER GUIDANCE. ADDITIONAL POLICY GUIDANCE WILL CONTINUE TO BE INCORPORATED INTO FUTURE SAMM CHANGES.
2. AS RETERATED IN REF A, VIRTUALLY ALL EDA TRANSFERS NOW REQUIRE NOTIFICATION TO THE CONGRESS BEFORE THE TRANSFERS TAKE PLACE. LEGISLATIVE CHANGES HAD BEEN SOUGHT FOR FY92 TO OBTAIN SOME RELIEF AND THE FOREIGN AID AUTHORIZATION BILL VOTED ON BY THE CONGRESS DID ON THE WHOLE INCLUDE BENEFICIAL CHANGES RELATING TO EDA. HOWEVER, THE BILL DID NOT PASS IN THE HOUSE AND OTHER THAN THE FACT THE DEFENSE AUTHORIZATION BILL EXTENDED SECTION 516 OF THE FOREIGN ASSISTANCE ACT THROUGH FY96. THERE ARE NO OTHER SIGNIFICANT EDA LEGISLATIVE CHANGES TO REPORT FOR FY92. SINCE WE ARE UNDER A CONTINUING RESOLUTION, PREVIOUS LEGISLATION APPLYING TO EDA REMAINS IN EFFECT. WE ARE AGAIN PURSUING LEGISLATIVE CHANGES IN REGARDS TO EDA FOR FY93; HOWEVER, RESULTS OF THESE INITIATIVES WILL NOT BE KNOWN FOR QUITE SOME TIME.
3. AS INDICATED ABOVE, FROM A POLICY VIEWPOINT WE HAVE ADDED SECTION 803 TO THE SAMM. THIS WILL PROVIDE SIGNIFICANT GUIDANCE AND INFORMATION ON THE TYPES OF EDA TRANSFERS NOT PREVIOUSLY AVAILABLE. HOWEVER, AREAS FOR NEW POLICY GUIDANCE CONTINUE TO APPEAR. TWO RECENT AREAS ARE THE USE OF BLANKET ORDER CASES FOR EDA AND THE CONDUCTING OF SURVEYS FOR POTENTIAL RECIPIENTS OF EDA. THEREFORE, EFFECTIVE IMMEDIATELY THE MILITARY DEPARTMENTS, AS WELL AS DLA, ARE NOW AUTHORIZED TO USE BLANKET ORDER CASES FOR THE SALE OF NON-SME EDA. THESE BLANKET CASES WILL BE FOR EDA ONLY AND MUST BE REPORTED TO THE CONGRESS IAW THE PROCEDURES OUTLINED IN REF A AND SAMM SECTION 803. IN REGARDS TO SURVEYS FOR POTENTIAL REQUIREMENTS, EFFECTIVE IMMEDIATELY IT IS REQUESTED THAT ALL EDA SURVEY MESSAGES/LETTERS BY THE MILITARY DEPARTMENTS AND DLA/DRMS/DRMOS BE FORWARDED TO DSAA OPERATIONS FOR COORDINATION AND APPROVAL BEFORE RELEASE. THE PRECEDING CHANGES WILL BE INCORPORATED INTO THE NEXT SAMM CHANGE.
4. ALL ADDRESSEES THAT PERFORM AN SAO FUNCTION ARE REMINDED THAT GRANT TRANSFERS OF EDA UNDER SECTIONS 516, 517, 518 OR 519 OF THE FAA HAVE THE SAME LEGISLATIVE AND REGULATORY REQUIREMENTS CONCERNING ACCOUNTABILITY AND DISPOSAL AS EQUIPMENT PROVIDED UNDER THE MILITARY ASSISTANCE PROGRAM (MAP). WORKING WITH THE HOST NATION NOW ON A "METHOD" TO MEET THESE REQUIREMENTS WILL SIMPLIFY THE JOB OF FUTURE PERSONNEL PROVIDING SAO SUPPORT AND WILL ENSURE THAT LEGISLATIVE AND REGULATORY REQUIREMENTS ARE MET.
5. WE ARE CURRENTLY IN THE MIDST OF TRYING TO COPE WITH MANY LEVELS OF PROBLEMS REGARDING EDA. THESE INCLUDE TYPES OF ITEMS, QUANTITIES, FORECASTING, LEGISLATIVE INITIATIVES, AND THE NUMBER OF COUNTRIES ELIGIBLE FOR EDA GRANT TRANSFERS. THERE ARE A NUMBER OF ISSUES THAT MUST BE MET IN THE RELATIVELY NEAR TERM IF WE ARE TO MAXIMIZE THE EDA ASSETS THAT WILL BE AVAILABLE.
6. THE PRIMARY ISSUE IS THE TIMELY IDENTIFICATION OF EDA AND THE ALLOCATION OF THE ASSETS TO THE "RIGHT" RECIPIENTS. IT IS UNDERSTOOD THAT THE EVENTS OF THE PAST YEAR SERIOUSLY EFFECTED THE CAPABILITY OF THE MILITARY DEPARTMENTS TO IDENTIFY EDA. LET ALONE PROJECT FOR THE OUTYEARS AS REQUESTED BY REF A. NOW THAT

THE DOWNSIZING OF OUR DEFENSE FORCE IS PROCEEDING, WE DO NEED TO DO MORE PROJECTING OF EDA AVAILABILITY IN ORDER THAT THE ADMINISTRATIVE JUNGLE OF THE ALLOCATION PROCESS CAN BE STREAMLINED AND POTENTIAL RECIPIENTS CAN DO SOME PRIOR PLANNING AND BUDGETING BEFORE ASSETS ARE TAKING UP U.S. MILITARY DEPARTMENT STORAGE SPACE OR ARE LINED UP AT THE GATES OF THE DRMOS.
7. DURING THE PAST YEAR IT HAS ALSO BECOME EVIDENT THAT ALTHOUGH COUNTRIES MAY BE ELIGIBLE FOR GRANT TRANSFERS OF EDA THERE ARE INSTANCES WHERE OTHER AGREEMENTS, E.G. SECTION 505(A), FAA AND SECTION 505(F), FAA AGREEMENTS, ARE NOT IN EXISTENCE AND CONSIDERABLE TIME CAN PASS WHILE THE STATE DEPARTMENT OBTAINS THE REQUIRED AGREEMENTS. SOME OF THE TACTICAL WHEELED VEHICLE ALLOCATIONS FROM NOVEMBER 1991 ARE NOT BEING NOTIFIED DUE TO THE LACK OF THE AFOREMENTIONED AGREEMENTS. IF A HOST COUNTRY HAS EXPRESSED AN INTEREST IN EDA AND IS ELIGIBLE FOR A GRANT TRANSFER, SADS AND COUNTRY TEAMS SHOULD CHECK TO SEE IF THE PROPER AGREEMENTS ARE IN PLACE IN ORDER THAT THE ELIGIBILITY FOR GRANT TRANSFERS CAN BE USED TO THE MAXIMUM EXTENT POSSIBLE. IF THERE ARE ANY QUESTIONS CONCERNING THE NEED FOR AGREEMENTS THE COUNTRY DESK OFFICER AT PM DRSA IN THE STATE DEPARTMENT SHOULD BE CONTACTED.
8. ANOTHER AREA THAT HAS CAUSED CONSIDERABLE DISCUSSION IS THE NEED TO CONVEY TO THE RECIPIENTS WHAT WILL BE REQUIRED FROM THEM IN THE WAY OF FOLLOW-ON SUPPORT, TRAINING, TRANSPORTATION, ETC. AND THE COSTS OF THESE ITEMS. WE NEED TO AVOID BUILDING FALSE EXPECTATIONS ON THE PART OF THE RECIPIENTS. AS WITH ANY SECURITY ASSISTANCE TRANSACTION, THE COUNTRY TEAM SHOULD CONFIRM THAT THE EDA IS REQUIRED AND CAN REALISTICALLY BE USED TO MEET VALID NEEDS.
9. RECENT EXPERIENCE HAS REVEALED THAT ALTHOUGH END ITEMS MAY BE AVAILABLE AS EDA, THERE ARE VERY FEW ENTIRE SYSTEMS THAT ARE BEING RETIRED. THIS MEANS THAT THE MILITARY DEPARTMENTS STILL HAVE REQUIREMENTS FOR SUPPORT ITEMS, SPARE PARTS, ETC AND THESE ITEMS ARE NOT GENERALLY AVAILABLE AS EDA. EDA IS OFFERED "AS IS WHERE IS" AND ANY REPAIRS, SUPPORT, ETC. MUST BE PURCHASED. THE PURCHASE OF SUCH ITEMS AND THE LEADTIME INVOLVED CAN BE SIGNIFICANT FACTORS AND MUST BE CONSIDERED WHEN CUSTOMERS ARE REQUESTING EDA. OBTAINING ADDITIONAL QUANTITIES OF ITEMS THAT ARE IN THE HOST COUNTRY INVENTORY CAUSES THE FEWEST SUPPORT PROBLEMS; HOWEVER, SIGNIFICANT INCREASES IN THE INVENTORY, ADDITIONAL DEPLOYMENT SITES, ETC. CAN CAUSE SUPPORT PROBLEMS EVEN IF THE CUSTOMER HAS THE ITEM. "NEW STARTS" AND THE ATTENDANT SUPPORT PROBLEMS SHOULD BE DISCUSSED WITH THE HOST COUNTRY BEFORE REQUESTS ARE SUBMITTED.
10. ANOTHER ELEMENT THAT REQUIRES EARLY CONSIDERATION BY THE CUSTOMER IS TRAINING THAT MAY BE REQUIRED. DUE TO THE MODERNIZATION OF OUR FORCES AND THE ONGOING DOWNSIZING, THE NUMBER OF TRAINING OPPORTUNITIES NOW AVAILABLE WITHIN DOD IS BECOMING MORE LIMITED. MEETING TRAINING REQUIREMENTS FOR EDA IN MANY INSTANCES WILL REQUIRE INNOVATION ON THE PART OF THE CUSTOMER AND DOD. SUCH INNOVATION WILL TAKE EXTRA EFFORT AND MAY COST MORE THAN THE DOD TRAINING THAT HAS BEEN AVAILABLE IN THE PAST.
11. THE CONCERNS, QUESTIONS, ETC. THAT CAN ARISE WHEN EDA IS CONCERNED ARE UNDERSTOOD AND IT IS RECOMMENDED THAT THE COUNTRY DESK IN DSAA OPS OR MR. WILLIAM BRANDT, DSN 227-8108, COMMERCIAL 703 697-8108 BE CONTACTED FOR ASSISTANCE. BT

UNCLAS FINAL SECTION OF 02

JOINT STAFF
ACTION J4(7) J5(3) USDP:FILE(1) DIA(1) (D.U.A.6.7.F)
INFO CJCS(1) VCJCS(1) DIRM:SCD(1) J3(3) NIDS(1)
J4:MILSEC-J(1) J4:SUSD-J(1) QUAL CONTROL(1)
J5:START-J(1) J5:MUNN-J(1) J5:NUC-CHM-J(1)
J5-CT&S-J(1) J5-SATT-J(1) SECDEF-W(1) USDP:EAP(2)
USDP:DSAA(1)

① Deleted prohibition against MILDEP use of 80 EDA Loads in section 700.

40102.P.3
② Reference "material" notices (surveys) guidance in 80302.C.

112

UNCLASSIFIED

JOINT STAFF
INFO SERVICE CENTER

*Change 5
Background*

ROUTINE
R 242349Z AUG 92
FM SECDEF WASHINGTON DC//USDP:DSAA//
TO AIG 7813
HQ DRMS BATTLE CREEK MI//DRMS-SOR//
INFO JOINT STAFF WASHINGTON DC//J4/J5//
SECSTATE WASHINGTON DC//PM/DRSA//

ZYUW RUEKJCS6000 2380704

UNCLAS
FROM DSAA/OPS-E
THIS IS A THREE PART MESSAGE
SUBJECT: SURVEYS FOR EXCESS DEFENSE ARTICLES (EDA) REQUIREMENTS REF:
SECDEF USDP MSG DTG 171720Z APR 92, SUBJECT: POLICIES FOR PROCESSING
EDA SALES AND TRANSFERS (UPDATE)

PART ONE FOR ALL

1. PARAGRAPH THREE OF REF MSG ESTABLISHED POLICY WHEREBY ALL SURVEYS FOR POTENTIAL EDA REQUIREMENTS ARE TO BE FORWARDED TO DSAA OPERATIONS FOR REVIEW PRIOR TO DISPATCH. TO FURTHER STREAMLINE THE SURVEY PROCESS THE DECISION HAS BEEN MADE TO IMPLEMENT THE FOLLOWING CHANGES.

2. EFFECTIVE IMMEDIATELY ALL SURVEYS WILL BE ADDRESSED TO THE COGNIZANT CINC FOR ACTION. EDA SURVEYS FOR SIGNIFICANT MILITARY EQUIPMENT (SME) AND MAJOR DEFENSE EQUIPMENT (MDE) WILL BE FORWARDED TO DSAA OPERATIONS FOR COORDINATION AND APPROVAL BEFORE RELEASE. EDA SURVEYS FOR OTHER THAN SME AND MDE CAN BE DISPATCHED BY THE ORIGINATOR WITHOUT DSAA COORDINATION. DSAA, STATE DEPT AND JCS WILL BE INFO ADDRESSEES ON ALL REPEAT ALL EDA SURVEY MESSAGES. CHANGES IN THIS MESSAGE WILL BE INCORPORATED INTO THE SAMM. THIS MESSAGE DOES NOT CHANGE GUIDANCE IN THE SAMM FOR OTHER TYPES OF SURVEYS.

PART TWO FOR MILITARY DEPARTMENTS AND DLA

3. AS APPROPRIATE, SURVEY MESSAGES FOR SME AND MDE EDA SHOULD INCLUDE: ROUGH ORDER OF MAGNITUDE (ROM) COST/VALUE OF END ITEMS, COSTS AND LEADTIMES FOR SPARES, SPECIAL TOOLS, TEST EQUIPMENT, ETC. DATA PROVIDED SHOULD BE BASED ON U.S. OPERATING UNITS, E.G. BATTERIES, COMPANIES, FLIGHTS, ETC.

4. SURVEYS FOR NON-SME AND NON-MDE ITEMS SHOULD INCLUDE EST COST/VALUE, AND END ITEM APPLICATION.

PART THREE FOR CINCS

5. AS INDICATED ABOVE FUTURE EDA SURVEY MESSAGES WILL BE ADDRESSED TO THE APPROPRIATE CINC FOR ACTION. DETERMINING WHICH COUNTRIES WILL BE SURVEYED WILL BE THE RESPONSIBILITY OF THE CINC. AS APPROPRIATE, RESPONSES TO SURVEYS SHOULD:

A. PROVIDE REQUIREMENTS PRIORITIZED IN ORDER OF IMPORTANCE.
B. RATIONAL JUSTIFYING REQUIREMENTS, INCLUDING ASSESSMENT OF PROPOSED RECIPIENTS CAPABILITIES TO FUND FOLLOW-ON OPERATIONAL, MAINTENANCE AND TRAINING REQUIREMENTS.

C. LIST ALL COUNTRIES IN THE AOR THAT WERE SURVEYED, CONTACTED OR CONSIDERED FOR REQUIREMENTS.

6. DSAA OPERATIONS POINT OF CONTACT IS JAMES HURSCH, DSN 227-8108, COMMERCIAL 703 697-8108 BT

112a

JOINT STAFF
ACTION USDP:DSAA (1) (D,U,6,8,F)
INFO SJS-N(0) CJCS (1) NIDS (1) J4 (5) J7 (6) J5 (2)
QUAL CONTROL (1) SECDEF-N (1) USDP:FILE (1)

19

MCN=92238/O2343 TOR=92238/O704Z TAD=92238/O801Z

CDSN=MAJ716

PAGE 1 OF 1
242349Z AUG 92

UNCLASSIFIED

INTERIM TABLE OF CONTENTS

CHAPTER EIGHT ~~(partial)~~

FOREIGN MILITARY SALES CASE PERFORMANCE

	Page	
Section 804 - Amendments and Modifications	804-1	} new portion only, other parts unchanged.
80401 General	804-1	
80402 Amendments to LOAs	804-1	
80403 Modification of LOAs	804-2	
Table 804-1 - Preparing the Amendment or Modification to the Letter of Offer and Acceptance	804-5	

SECTION 804 - AMENDMENTS AND MODIFICATIONS

80401 GENERAL. Section 701 should also be reviewed since many of the rules applicable to the LOA also apply to Amendments and Modifications.

A. Use of LOAs, Amendments, or Modifications. In general, LOA Modifications are faster and simpler to develop and process than Amendments which are faster and simpler than new LOAs. Conversely, use of Amendments or Modifications makes long term accounting more difficult, makes program reconciliation more cumbersome, and delays LOA closeout. FMS programs are best served through use of the format which best safeguards US and non-US interests while most efficiently accomplishing the needed program change within the constraints of Paragraphs 80402 and 80403. This must include both short and long term considerations. If there is doubt as to whether to use the LOA, Amendment, or Modification, the issue should be referred to DSAA Operations for resolution.

B. Major Changes in Scope. Major ^{increases} changes in scope normally require the preparation of a new LOA. Examples include addition of SME, including MDE, or a substantial expansion after the program has matured.

C. \$50,000 Break Point. The DSAA data base will record Amendments reflecting net increases of more than \$50,000 in the fiscal year the Amendment is accepted. Amendments which reflect net increases of \$50,000 or less will be recorded in the year of the basic LOA.

D. Pen and Ink Changes. See section 70105.M.2.

80402 AMENDMENTS TO LOAs.

A. General.

1. Revision to a LOA which requires Purchaser acceptance must be by an Amendment (see Table 804-1). *This includes all changes in scope other than concurrent modifications. Care must be taken to ensure that decreased costs in one LOA section do not mask scope increases.*

2. Initial deposits will be included (see Paragraph 130401) when the existing LOA payment schedule does not include sufficient amounts to cover costs from the expiration date of the Amendment until the next billing cycle.

3. For undercollected LOAs, unless prior approval is obtained from DSAA, IAs will inform the purchaser that the Amendment cannot be implemented until sufficient payments have been received to cover current financial requirements, including termination liability.

B. DSAA Countersignature Required. DSAA countersignature on the Amendment is required for the following:

Except as indicated in C. below,

1. The LOA has been the subject of a Congressional notification [Sec 36(b), AECA] or qualifies for notification based on the amendment (also see section 70103.G).

2. The LOA value is increased.

3. Amendments to LOAs which involve FMS credit, MAP, SDAF, or third country financing, including those that change the payment schedule or method of financing. All types/sources and amounts of financing should be shown.

4. Amendment is outside parameters in C. below.

as indicated below

DECS
(FRED)

C. DSAA Countersignature Not Required. Copies of the following Amendments, which are exempt from countersignature, will be provided to SAAC by the IA at the time of release to the FMS Purchaser. ^{As an exception to B. above, DSAs that are the subject of Congressional notification [SEC 36(b) AECA] are exempt from countersignature in the case of} 1. Any of the following, provided the change does not extend delivery of defense articles or completion of services more than 12 months beyond that in the basic LOA--

a. Changes in performance periods of services LOAs, such as training or technical assistance, and changes in requirements for training LOAs. 1, 2, 3, and 4.

b. Addition of supporting articles (non-SME) or services, or definitization of undefined support lines.

c. Minor increases in quantity of a defined line LOA for non-SME items.

2. Changes in article or service configuration which do not substantially increase capability.

3. A change in transportation delivery code(s) ^{which does not cause an overall value increase.} resulting in increased costs to the purchaser. -

4. Changes to FMSO LOAs which do not change ^{LOA values} fund levels or the range of items to be ordered. -

80403 MODIFICATION OF LOAs.

A. General.

1. Modifications (see Table 804-1) are used for US unilateral changes. They record modifications to existing LOAs which do not constitute an increase ^{or decrease} in scope when acceptance of the change by the Purchaser is not required. -

2. Acknowledgement of receipt of the Modification, while not required for implementation, confirms that the Modification has been received by an authorized Purchaser official.

3. Costs charged under a LOA should not exceed the funds available on that LOA, and FMS countries do not normally want funds to sit in their FMS accounts unnecessarily. Balancing these factors is a key program management responsibility (Section 704) which requires analyses and monitorship to ensure funding is adequate to avoid program disruption.

a. If monitorship shows that early costs incurred on the implemented LOA are deviating from those estimated to the degree that later deviations are unlikely to bring overall costs into balance, or OA above LOA value will be required at some point in the program, a Modification should be processed.

b. As a minimum, the US is committed to apply best efforts to provide the Purchaser a Modification when one of the following conditions exist:

- (1) Estimated total costs increase by ten percent,
- (2) The payment schedule changes, or
- (3) Significant delivery delays occur.

A Modification should also be provided for even relatively minor cost adjustments when all items are on order and prices are reasonably firm.

c. For cost increases, the "This Modification is For;" section ~~should~~ ^{must} include, as applicable, reasons for the increase, contract status, FMS purchaser options to avoid the increase and financial impact of selecting the options, time limits for notifying the USG of a desire to cancel or reduce quantities, and terms of financing.

In
Table
801-1

c.d. Price increase Modifications will be provided by the IA before the actual accrued costs exceed those estimated on the LOA.

4. Price increases or decreases discovered during LOA closure will be assessed during final billing if a closure certificate can be provided to ~~DFAS~~ ^{DFAS} within six months of the supply completion date. When closure certification will take longer than six months from the supply completion date, a Modification adjusting the LOA value is required.

B. Modifications Requiring DSAA Countersignature. The following Modifications require DSAA coordination and countersignature:

except as indicated in C. below,

1. Modifications to LOAs which have been the subject of Congressional [Section 36(b), AECA] notifications (see Section 70303.A.4).

2. Modifications to LOAs with FMS credit, MAP, SDAF, or third country financing, including those that change the payment schedule or method of financing. This includes Modifications that change the method of financing after purchaser signature on the LOA or Amendment, but prior to implementation. All types/sources and amounts of financing should be shown.

3. Shifts of value between two or more LOAs by concurrent Modifications. The following conditions must be met--

a. The FMS country official who requests the shift in value has the authority to accept LOAs and the LOR must accompany the modification package.

b. *Must not include a significant scope change (e.g. added SME).*

c.b. Total amount(s) increased are no more than the total amount(s) decreased. If addition(s) to the LOA(s) being increased will generate a requirement for an initial deposit, an Amendment must be used.

d.d. LOA(s) decreased have adequate funds available to cover remaining obligations.

e.d. All Modifications are provided to DSAA as a package for countersignature and cross-reference each other in the "This Modification is For:" section as follows: (On decreased LOA) "Value of \$___ is hereby transferred to FMS ___-___ (reference notice ___)" and (on increased LOA) "Value of \$___ is hereby transferred from FMS ___-___ (reference notice ___)."

C. Modifications Not Requiring DSAA Countersignature. Copies of the following Modifications, which are exempt from countersignature, will be provided to ~~DFAS~~ ^{DFAS} by the IA at the time of release to the FMS Purchaser.

As an exception to B. above, LOAs that have been the subject of Congressional notification (Sec 36(b) AECA) are exempt from countersignature in

1. Price increases not otherwise requiring countersignature as discussed in B above.

2. Price decreases resulting from price reductions.

the case of items 3, 5, and 6.

3. Changes to transportation codes due to the requirement to use the DTS (e.g., shipment of hazardous or sensitive cargo).
4. Addition to or revision of clarifying notes.
5. Changes in payment schedules where MAP, FMF Credit, SDAF, or third country financing are not involved.
6. Changes in Generic or MASL coding to correct an administrative error only. There should be no change to the configuration (or description) of articles or services to be sold.

Change 5
Background

DEFENSE SECURITY ASSISTANCE AGENCY

13 April, 1992

Memo for Operations/Management Division (OPS-E)

Subject: Change to Chapter 8, Security Assistance Management Manual (SAMM)

The SAMM, states (see 130401.F.2.(b)) that payment schedules for cases with performance extending beyond two years should be reviewed as indicated below:

<u>Total Case Value</u>	<u>Review Frequency</u>
\$100 million or less	Annually
\$100-\$500 million	Semi-annually
\$500 million or above	Quarterly

Because of this, we reviewed the SAMM (80402) to see if it would be feasible to expand the section exempting certain amendments and notices from countersignature to include selected 36(b) cases. In both the amendments and notices section, we found three categories that could be expanded to include exemption for 36(b) cases. The SAMM should be changed as follows:

Page 804-2, 80402.B.1.

1. Except as indicated in C. below, the LOA has been the subject of a Congressional notification [Sec 36(b), AECA] or qualifies for notification based on the amendment (see Section 70303.A.4).

Page 804-2, 80402.C.

C. **DSAA Countersignature Not Required.** Copies of amendments which are exempt from countersignature, as indicated below, will be provided to SAAC(FRCD) by the IA at the time of release to the FMS purchaser. As an exception to B. above, LOAs that have been the subject of Congressional notification [Sec 36(b), AECA] are exempt from countersignature in the case of items 1, 5, and 6.

Page 804-3, 80403.B.1.

1. Except as indicated in C. below, modifications to LOAs which have been the subject of Congressional [Sec 36(b), AECA] notifications (see Section 70303.A.4).

Page 804-4, 80403.C.

C. Modifications Not Requiring DSAA Countersignature. Copies of modifications which are exempt from countersignature, as indicated below, will be provided to SAAC (FR) by the IA at the time of release to the FMS purchaser. As an exception to B. above, LOAs that have been the subject of Congressional notification [Sec 36(b), AECA] are exempt from countersignature in the case of items 3, 5, and 6.


James R. Woods
Comptroller

Coord:

FMD - in draft (see attached) 4/4/92
OPS-E - in draft (see attached) 4/6/92

Prepd by:

pm 4/13/92
nm 4/13/92
P. Murphy, COMPT/FMSCRD
4B659, 76326, 13Apr92

PM 4/14

Change 5
Background

The SAMP, (see 130401.F.2.(b)) states that payments schedules for cases with performance extending beyond two years should be reviewed as indicated below:

<u>Total Case Value</u>	<u>Review Frequency</u>
\$100 million or less	Annually
\$100-\$500 million	Semi-annually
\$500 million or above	Quarterly

Because of this, we reviewed the SAMP (80402) to see if it would be feasible to expand the section exempting certain amendments and notices from countersignature to include selected 36(b) cases. In both the amendments and notices section, we found three categories that could be expanded to include exemption for 36(b) cases. The SAMP should be changed as follows:

Page 804-2, 80402.B.1.

1. Except as indicated in C. below, the LOA has been the subject of a Congressional notification [Sec 36(b), AECA] or qualifies for notification based on the amendment (see Section 70303.A.4).

Page 804-2, 80402.C.

C. DSAA Countersignature Not Required. Copies of amendments which are exempt from countersignature, as indicated below, will be provided to SAAC(FRSC) by the IA at the time of release to the FMS purchaser. As an exception to B. above, LOAs that have been the subject of Congressional notification [Sec 36(b), AECA] are exempt from countersignature in the case of items 1, 5, and 6.

Page 804-3, 80403.B.1.

1. Except as indicated in C. below, modifications to LOAs which have been the subject of Congressional [Sec 36(b), AECA] notifications (see Section 70303.A.4).

Page 804-4, 80403.C.

C. Modifications Not Requiring DSAA Countersignature. Copies of modifications which are exempt from countersignature, as indicated below, will be provided to SAAC(FRSC) by the IA at the time of release to the FMS purchaser. As an exception to B. above, LOAs that have been the subject of Congressional notification [Sec 36(b), AECA] are exempt from countersignature in the case of items 3, 5, and 6.

Coord:

FMD Bombardier 4-4
OPS-E Wayne Wells 4/6/22

TABLE 804-1

Preparing the Amendment or Modification
to the Letter of Offer and Acceptance

Information in this Table is designed to assist in completing an LOA Amendment or Modification after the decision is made, based on guidance in section 804, that one or the other is applicable. Guidance in section 701 for the basic LOA should also be helpful in completing these LOA changes. A sample completed LOA Amendment and Modification is included in this Table, with additions to the standardized format bracketed for emphasis. Information in the basic LOA should be repeated only to the extent necessary to ensure clarity for those reviewing the Amendment or Modification documents; e.g., to correlate the current Amendment or Modification to the basic LOA and previous changes and to accurately describe the revision(s). The following guidance also applies:

A. The "This Amendment (or Modification) is for:" section ^{must} always include "Basic LOA was accepted (date)" and a concise and clear purpose of the Amendment or Modification, using the following guidelines.

1. Identify the major program ^{involved} (e.g., "change to Apache program").

2. This section provides an overview of the Amendment or Modification. Actual changes are shown in detail subsequent to page 1.

3.2. Enter references to specific parts of the basic LOA, Amendments, or Modifications; e.g., Basic LOA, Item 1, Atchmt 2; Amendment 2, Item 3. Show if the action is an addition, modification, or deletion, increase, or decrease. This must show whether value increases (line or total LOA) are due to scope or price changes. If a previous Amendment Offer has expired, explain and indicate that an effect on cost does not apply to the Amendment or Modification being

4. processed. Enter the previous description of the amended item. If a previous Amendment offer has expired, note that Amendment (number) was not accepted and state that date prior to the Amendment is being used herein. The unaccepted Amendment number should not be reused.

5. Include the DSAA transmittal used in the statutory Congressional notification (e.g., Congressional Notification 92-15) when applicable.

~~4. Include a statement that the preceding Amendment was not accepted by the Purchaser when the Amendment Offer expires and a subsequent Amendment or Modification is issued. The consecutive Amendment number should not be reused once it has been assigned.~~

B. The Amendment expiration date is normally 85 days after the US Signature Date.

C. Amendments or Modifications determined to not require DSAA Countersignature should show one of the following on the "DSAA" line--

1. Amendments. "SAMM 80402.C applies"

2. Modifications. "SAMM 80403.C applies"

The DSAA countersignature line "Date" should reflect the date the no-countersignature determination was made by the IA.

D. Normal LOA, Amendment, and Modification distribution (original and two copies, three copies with credit LOAs) will be adjusted as discussed in this section when countersignature is not required.

E. To avoid misunderstandings, especially with customers, use caution in discussing changes in cost or increases in scope prior to Amendment acceptance. When in doubt, obtain approval for these discussions from DSAA OPS.

Brackets = BOLD



DOD 5105.38-M

United States of America

Change 5

Amendment to Letter of Offer and Acceptance

[1]

[AT-P-BLZ]

Based on [AUSTDEF ltr 2/343 of 12 Aug 92].
Mail to: The Government of Australia; Office of the Naval Attaché; 1601 Massachusetts Ave., NW; Washington, DC 20036

Pursuant to the Arms Export Control Act, the Government of the United States (USG) offers to amend the Letter of Offer and Acceptance (LOA) identified above for the purchase of defense articles, defense services, or both. Other provisions, terms, and conditions of the original LOA remain unchanged.

This Amendment is for: [Increases Basic LOA Item 2 quantity based on Purchaser request, reduce costs in Item 3 based on requirement definitization, and revise other data accordingly.] Basic LOA accepted 18 Jul 92.]

Bold

Estimated Cost: [\$19,499,601] Initial Deposit: [\$34,764]
Terms of Sale: [Cash prior to delivery/dependable undertaking.
Congressional Notification 92-17.]

This offer expires on [19 December 1992]. Unless a request for extension is made by the Purchaser and granted by the USG, this offer will terminate on the expiration date.

Bold

This page through page [3] attached are a part of this Amendment.

"

The undersigned are duly authorized representatives of their Governments and hereby respectively offer and accept this Amendment:

_____	<u>[25 Sep 92]</u>	_____	_____
U.S. Signature	Date	Purchaser's Signature	Date
<u>[A. R. DiTrapani Director]</u>	_____	_____	_____
Typed Name and Title		Typed Name and Title	
<u>[Navy International Programs Office]</u>	_____	_____	_____
Implementing Agency		Agency	
_____	_____		
DSAA	Date		

[This Amendment consists of changes as follows:

(1) Itm Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs (a) Unit (b) Total	(5) SC/MOS/ TA or Tng Note	(6) Ofr Rel Cde	(7) Del Trm Cde	
<u>Previous</u>							
2. X	B2D 141000STDCONT (N) Containers (Note 2)		347,631	X(4) TA 4	A	4	
<u>Revised</u>							
2.	B2D 141000STDCONT (N) Containers (Note 2)		382,395	X(4) TA 4	A	4	
<u>Previous</u>							
3.	M1B 020200M1SSLTA (N) TECHNICAL SERVICES (Note 3)		150,375	X(24) TA 4	A	4	-
<u>Revised</u>							
3.	M1B 020200M1SSLTA (N) TECHNICAL SERVICES (Note 3)		105,000	X(24) TA 4	A	4	-

All brackets = Bold

	<u>Previous</u>	<u>Revised</u>
<i>Net Estimated Cost</i>		
(8) Total Before and After Changes	\$18,447,286	\$18,436,675
(9) Packing, Crating, and Handling	231,800	231,666
(10) Administrative Charge	553,419	553,100
(11) Transportation	278,320	278,160
(12) Other (specify)		
(13) Total Estimated Cost	19,510,825	19,499,601

Note 2 Revised

Note 2. Item 1 defense articles are being provided with containers and 4 Each spare containers will be furnished based on a written request from the Purchaser.

Note 3 Revised

Note 3. This includes estimated USN and contractor support for two technical reviews, analysis of firing data during those reviews, and answering specific technical queries as defined in 12 August 1992 AUSTDEF letter.

To assist in fiscal planning, the USG provides the following revised anticipated costs of this LOA:

<u>Payment Date</u>	<u>Quarterly</u>	<u>Cumulative</u>
Cumulative to Date	NA	\$19,360,450
Initial Deposit (This Amendment)	\$34,764	19,395,214
15 Dec 92	14,913	19,410,127
15 Mar 93	14,913	19,425,040
15 Jun 93	14,913	19,439,953
15 Sep 93	14,912	19,454,865
15 Dec 93	14,912	19,469,777
15 Mar 94	14,912	19,484,689
15 Jun 94	14,912	19,499,601

all bracketed = BOLD

Signed Copy Distribution:

1. Upon acceptance, the Purchaser should return one signed copy of this Amendment to Defense Finance and Accounting Service (DFAS), ATTN: DE/SAAC/F, Denver, CO 80279-5000. [Simultaneously, wire transfer of the Initial Deposit should be made to: United States Treasury, New York, NY, 021-030-004, DFAS/SAAC, Agency Code 3801, showing "Payment from Australia for AT-P-BLZ"; or, a check for the initial deposit should accompany the signed copy of the Amendment or be sent simultaneously to DFAS, with a letter identifying the purchasing country and the Agreement identifier.]

2. One signed copy plus a copy of the letter of transmittal forwarding payment to DFAS, or other evidence of payment, should be returned to [Department of the Navy, Navy International Programs Office, Washington, DC 20350-5000.]

questions may be directed to Mr. Baillie, Navy IPO #49, DSN 222-0704, CML (703)692-0704.



United States of America Modification to Letter of Offer and Acceptance

[1]

[AT-P-BLZ]

Based on [cost adjustments due to experience during program execution].

*Mail to: The Government of Australia; Office of the Naval Attaché;
1601 Massachusetts Ave., NW; Washington, DC 20036*

Pursuant to the Arms Export Control Act, the Government of the United States (USG) hereby notifies the Purchaser of Modification of the Letter of Offer and Acceptance (LOA) identified above. All other terms and conditions of the LOA remain unchanged.

This Modification is for: [Cost adjustments to Basic LOA Item Number 1 and Amendment 1 Items Number 2 and 3 based on experience while executing the program. LOA accepted 18 Jul 92.]

Estimated Cost: [\$19,426,346]

Initial Deposit: [-0-]

Terms of Sale: [Cash prior to delivery/dependable undertaking.

Congressional Notification 92-17.]

This page through page [3] attached are part of this Modification.

The undersigned are duly authorized representatives of their Governments and hereby respectively furnish and acknowledge receipt of this Modification:

_____	[8 Jan 93]	_____	_____
U.S. Signature	Date	Purchaser Signature	Date
[A. R. DiTrapani Director]			
_____		_____	
Typed Name and Title		Typed Name and Title	
[Navy International Programs Office]			
Implementing Agency		Agency	
_____	_____		
DSAA	Date		

[This Modification provides notification of changes as follows:

(1) Item Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs		(5) SC/MOS/ TA or Tng Note	(6) Ofc Rel Cde	(7) Del Trm Cde
			(a) Unit	(b) Total			

Previous

1.	B2D 141000STDMSYS (Y) STANDARD MISSILE BLOCK VI (Note 1)	40 EA	\$448,732	\$17,949,280	SX(4) TA 3	Z	8
----	--	-------	-----------	--------------	---------------	---	---

Revised

1.	B2D 141000STDMSYS (Y) STANDARD MISSILE BLOCK VI (Note 1)	40 EA	\$443,488	\$17,739,520	SX(4) TA 3	Z	8
----	--	-------	-----------	--------------	---------------	---	---

Previous

2.	B2D 141000STDCONT (N) Containers (Note 2)			382,395	X(4) TA 4	A	4
----	--	--	--	---------	--------------	---	---

Revised

2.	B2D 141000STDCONT (N) Containers (Note 2)			501,395	X(4) TA 4	A	4
----	--	--	--	---------	--------------	---	---

Previous

3.	M1B 020200M1SSLTA (N) TECHNICAL SERVICES (Note 3)			105,000	X(24) TA 4	A	4
----	---	--	--	---------	---------------	---	---

Revised

3.	M1B 020200M1SSLTA (N) TECHNICAL SERVICES (Note 3)			126,500	X(24) TA 4	A	4
----	---	--	--	---------	---------------	---	---

	<u>Previous</u>	<u>Revised</u>
(8) <i>Net Estimated Cost</i> Total Before and After Changes	\$18,436,675	\$18,367,415
(9) Packing, Crating, and Handling	231,666	230,794
(10) Administrative Charge	553,100	551,022
(11) Transportation	278,160	277,115
(12) Other (specify)		
(13) Total Estimated Cost	19,499,601	19,426,346

To assist in fiscal planning, the USG provides the following revised anticipated costs of this LOA:

<u>Payment Date</u>	<u>Quarterly</u>	<u>Cumulative</u>
Cumulative to Date	NA	\$19,410,127
15 Mar 93	2,703	19,412,830
15 Jun 93	2,703	19,415,533
15 Sep 93	2,703	19,418,236
15 Dec 93	2,703	19,420,939
15 Mar 94	2,703	19,423,642
15 Jun 94	2,704	19,426,346]

Signed Copy Distribution:

1. Upon acknowledgement of receipt, the Purchaser should return one signed copy of this Modification to Defense Finance and Accounting Service (DFAS), ATTN: DE/SAAC/F, Denver, CO 80279-5000.
2. One signed copy should also be returned to [Department of the Navy, Navy International Programs Office, Washington, DC 20350-5000.]

Questions may be directed to Mr. Baillie, Navy IPO 049, DSN 222-0704, CML (703) 692-0704.

SECTION 901 - ELIGIBILITY

90101 GENERAL. To the extent feasible, foreign governments purchasing U.S. defense articles and services should be encouraged to pay cash. This helps to reduce the number of demands on an always limited availability of credit and also helps customers to obtain their purchases at the lowest overall cost. In those cases where cash purchases are not feasible, the purchasing country should be encouraged to use private financing (without USG guaranty), thus helping to conserve limited FMS credit resources. Credit financing will normally be extended when allowed by U.S. legislation and it has been determined that purchases of defense items cannot be financed reasonably by other means, taking into account any U.S. military and economic assistance that such countries may be receiving, and indigenous private financing. In addition to being evaluated for consistency with U.S. foreign policy interests (including human rights), other proposed arms purchases by the country and the suitability of items being purchased will also be taken into account. Of particular attention is the level of weapons sophistication and the capability of the country to maintain, support, and employ the items effectively. FMS credit assistance will not be extended solely to consummate a sale.

90102 USE OF FINANCING.

A. Loans issued under the AECA may be used to finance defense articles and defense services, including design and construction services, of U.S. origin.

B. FMS Credit financing shall not normally be approved when:

1. the transaction would place an undesirable burden on a purchasing country's foreign exchange resources, create excessive claims on future budgets (e.g., induce burdensome expenditures for maintenance, spare parts, replacement, and indirect support and organizational costs), or otherwise materially interfere with its development;

2. it is to be used to finance production or coassembly/coproduction projects overseas; and

3. there is not a reasonable expectation of loan repayment.

C. Commercial contracts valued at less than \$100,000.00 will be financed with country funds and will not be considered for FMS financing. *

D. SAOs should ensure that the host government is aware of basic U.S. policies on uses for which FMS credit financing may be applied. Any requests for exceptions must be fully justified and submitted through the Chief of the U.S. Mission to DSAA for interagency coordination and approval/disapproval. No commitment whatsoever should be made to the host government prior to receipt of the resources from DSAA.

* The annual foreign operations appropriations act limits use of FMFP funds to countries for which FMFP assistance was justified in the FY89 SA CPD. If FMFP funds are made available, and they are otherwise eligible for SA support, Egypt, Greece, Israel, Jordan, Morocco, Pakistan, Portugal, Tunisia, Turkey, and Yemen qualify.

129

Change 5
Background

Since 1 October 1990, when the Military Assistance Program was integrated into the Foreign Military Financing Program, a prohibition has been in place against the use of FMFP for direct commercial acquisitions by the former recipients of MAP funds. This prohibition, which is contained in the annual foreign operations appropriations act, limits such use of FMFP funds to only those countries for which FMFP assistance was justified in the FY 1989 congressional presentation document for security assistance. Thus, if FMFP funds are made available for their use, the only countries that may use such funds to finance commercial acquisitions are: Egypt, Greece, Israel, Jordan, Morocco, Pakistan, Portugal, Tunisia, Turkey, and Yemen.



, and they are otherwise eligible for ~~extra~~ SA support,

Low 2/14/92

To Green Book - Funds / Credit part

Put in SAMM Chap 9 ?

4/20/92 Pierce - wills. Ben agrees this would clarify present SAMM guidance (90102.c)

commercial contracts with U.S. contractors. Generally, if a government-to-government transaction under FMS would be approved for FMS loan financing, a similar direct commercial contract would be approved. In order to ensure that FMS loan funds are properly utilized, a careful review of loan financed direct commercial contracts is necessary. The purchasing country must make a formal request to DSAA, accompanied by a copy of the contract. Upon approval of FMS loan financing, DSAA notifies both the purchaser and the supplier of its approval action. A sample of the letters to each is at Tables 902-4 and 902-5, respectively.

Guidelines for FMF of
1. ~~FMS Credit Guidelines. Currently there are specific policies and procedures in the FAR and this manual which apply to government to government FMS loan and grant financed programs. The following FMS loan guidelines establish similar policies and procedures for the use of FMS loans (and grants for FY 1989) for direct commercial contracts between U.S. industry and foreign countries are shown in Table 902-5A.~~

~~a. Purchases must be from U.S. incorporated firms licensed to do business in the U.S.~~

~~b. The items purchased must be manufactured in the U.S. and be composed of U.S. manufactured and assembled items, components, and services. In the event that the purchase of a U.S. end item consists of both U.S. and non-U.S. components and services, only the value of the U.S. components and services will normally be financed.~~

~~(1) Non-U.S. content which is an integral part of end products manufactured in the U.S. may be eligible for FMS financing under certain limited circumstances. Such financing will be considered when DOD has procured or is procuring (under provisions of the FAR) the same item from the same non-U.S. sources under existing multi or bilateral agreements, DIC agreements, or because the item is not available from a U.S. source.~~

~~(2) Contracts should specify any non-U.S. origin items, components, or services. If not identified in the contract, the contractor is required to identify to DSAA any non-U.S. content and the corresponding value contained in the contract. Assembly is required to be performed in the U.S.~~

~~c. The total value of each contract or purchase order must be for \$100,000 or more. Contracts or purchase orders for less than \$100,000 will not be approved for FMS financing.~~

~~d. FMS financing is discouraged for purchases containing offset provisions as a condition for securing the purchase. Offset provisions are agreements by the seller to make investments or procurements in a country other than the U.S., either concurrent with or subsequent to the purchase for which financing is being requested.~~

~~(1) No FMS financing will be authorized or disbursed to pay for mandatory direct offsets, or the related costs of offset management. Mandatory direct offsets are procurements of a non-U.S. made component required by the purchasing country as a condition of sale, for incorporation or installation in a U.S. produced end item being sold.~~

~~(2) While FMS funds will not be authorized for foreign produced content resulting from mandatory direct offset, such funding can be authorized for the U.S. content portion of the item produced.~~

~~e. Purchase agreements should be made directly with the prime manufacturer of the defense article or service if possible and the contractor is expected to add value to the product being sold.~~

Reduce with next under



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

22 July 1991

Change 5

GUIDELINES FOR FOREIGN MILITARY FINANCING OF DIRECT COMMERCIAL CONTRACTS

In 1984 the U.S. Department of Defense (DoD) established guidelines concerning the processing and review of commercial contracts for direct purchase of U.S. defense articles and services from U.S. firms to be funded with loans issued under the Arms Export Control Act (AECA). These guidelines have been revised as necessary and this guideline revision supersedes the guidelines dated 28 February 1989.

The financing of direct commercial contracts is under continual review including scrutiny by GAO, DoDIG, the Department of Justice, and Congress. Accordingly, these guidelines reflect DoD's effort to minimize vulnerability to waste, fraud, and abuse.

Currently, there are specific policies and procedures in the Federal Acquisition Regulation (FAR) and the Security Assistance Management Manual (SAMM), DoD 5105.38-M, which apply to FMS government-to-government loan financed, grant financed, and residual Military Assistance Program (MAP) financed cases. The following guidelines establish similar policies and procedures for the use of foreign military financing of direct commercial contracts between U.S. industry and foreign countries.

Foreign military financing (FMF) may be used, when approved on a case-by-case basis by DSAA, for the purchase of defense articles, defense services, and design and construction services from U.S. defense contractors on a direct commercial basis, similar to the financing of FMS government-to-government agreements. However, as indicated in the financing agreement to which the U.S. Government and the foreign governments are parties, the U.S. Government is under no obligation to approve any specific commercial contract for FMF. The following guidelines apply to the DSAA review for FMF of direct commercial contracts:

1. Purchases must be from U.S. incorporated firms licensed to do business in the United States.

2. The items purchased must be manufactured in the United States and be composed of U.S. manufactured and assembled items, components, and services. In the event that the purchase of a U.S. end item consists of both U.S. and non-U.S. components and services, only the value of the U.S. components and services will normally be financed.

A. Non-U.S. content which is an integral part of end products manufactured in the United States may be eligible for FMF under certain limited circumstances. Such financing will be considered when the DoD has procured or is procuring (under provisions of the FAR) the same item from the same non-U.S. sources under existing multi- or bi-lateral agreements.

B. Contracts should specify any non-U.S. origin items, components, or services. If not identified in the contract, the contractor is required to identify to DSAA any non-U.S. content, the corresponding value contained in the contract, and supporting documentation to demonstrate that DoD has procured such as the DoD contract number the non-U.S. content was purchased under if appropriate. Assembly is required to be performed in the United States.

C. Any license fee to be paid by the contractor to a non-U.S. entity should be identified as non-U.S. content. Such license fees are not eligible for FMF.

Table 902-5A. Guidelines for FMF Funded Commercial Contracts

132

3. The total value of each contract, purchase order, or amendment must be for \$100,000 or more. Contracts, purchase orders, or amendments for less than \$100,000 will not be approved for FMF. All amendments to commercial contracts funded with FMF must be submitted to DSAA for review and approval. The amendments should be submitted in chronological order and numbered accordingly. (Note: No-cost amendments which do not change contract scope must be reviewed and approved in the same manner).

4. FMF is discouraged for purchases containing offset provisions as a condition for securing the purchase. Offset provisions are agreements by the seller to make investments or procurements in a country other than the United States, either concurrent with or subsequent to the purchase for which financing is being requested.

A. No FMF will be authorized or disbursed to pay for offsets, to include mandatory direct offsets, or the related costs of offset management. Mandatory direct offsets are procurements of a non-U.S. made component required by the purchasing country as a condition of sale, for incorporation or installation in a U.S. produced end item being sold.

B. While FMF will not be authorized for foreign produced content resulting from mandatory direct offset, such funding can be authorized for the U.S. content portion of the item produced.

5. Purchase agreements should be made directly with the prime manufacturer of the defense article or service if possible, and the contractor is expected to add value to the product being sold.

A. If the items or services are available from production in the United States, purchases of materiel should be made to the maximum extent feasible from the prime manufacturer of assemblies or items, the assembler or a U.S.-based distributor licensed by the manufacturer who has had a long standing relationship with the manufacturer and who has been provided with general domestic and/or international sales regions.

B. A prime contractor must demonstrate to the DSAA (by means of a DoD preaward survey or other means) its capability—including, e.g., expertise, experience, plant, and financial soundness—to perform by itself a substantial portion of the work. Prior successful completion of recent direct commercial contracts financed with FMF funds or DoD contracts for the same or essentially similar items shall normally satisfy this requirement.

C. Funding with FMF will not be considered for a procurement agent, broker, import-export firm or other intermediary unless justified on factors relative to specific country needs and the country's abilities to conduct commercial contracting. A request for exception would be considered if sufficient justification is provided by the purchasing government as to why the purchase is sought from a firm other than the manufacturer.

D. A list of suppliers and subcontractors for the proposed contract, showing names, addresses, and the materiel and services to be procured by the intermediary (i.e. prime contractor) must be provided as part of the purchasing government's justification. Such intermediaries are required to identify names and addresses of all projected suppliers and subcontractors applicable to this contract. In such a case it is assumed that the purchasing government will be aware of the extent of additional cost or markup by the intermediary and such data can be provided upon request.

6. Acquisition programs that include contingent agent fees up to \$50,000 may be approved for financing. DSAA will disapprove FMF for acquisition programs, the price of which includes sales commissions or contingent fees which exceed \$50,000. Contract splitting within an acquisition program is not authorized as a means to exceed the maximum allowable agents fee. It is not the intent of the DSAA to determine the amount of commissions or fees which suppliers may pay to a contingent agent for services performed to secure a contract or sales agreement, but rather it is intended to place a dollar limitation upon the amount of FMF which a country may use to pay such costs. Such commissions decrease the buying power of FMF, thereby reducing the advantages which the country can achieve from the financing. DoD regulations have limited the amount of agents commissions payable for FMS transactions. Under the DoD FAR Supplement 25.7305, sales commissions in excess of \$50,000 on contracts implementing FMS transactions are not allowable costs. The following countries, currently eligible to utilize FMF for direct commercial sales, do not allow the payment from FMF of 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 unless the sales commissions and fees have been identified and payment thereof approved in writing by the concerned government prior to contract award: Egypt, Greece, Israel, Jordan, Pakistan, and Turkey.

7. U.S. firms which are selling or have sold the same items to the Department of Defense (DoD) are generally recognized as having adequate production capabilities and having previously performed on their contracts in a satisfactory manner. It is recognized that many small businesses or firms that have not previously sold to the DoD may be the best qualified to provide articles or services unique to country needs. To verify contractors' statements and determine their capability to perform under the contract terms, a DoD preaward survey may be required as a condition to FMF. Such preaward surveys normally are not required for firms with previous DoD contracting experience.

8. Contractors and country representatives should plan for the time required by DoD to perform the processing necessary to determine the extent of FMF authorization. The processing time for contracts that are fully in compliance with these guidelines is approximately 60 days. When the prospective purchase is from a contractor that does not regularly sell to the U.S. Government, the purchaser should set a commencement date for the contract that allows at least an additional 30 days for U.S. Government representatives to conduct a survey of the contractor. Such a review and preaward survey may be required in certain circumstances by DSAA as a condition for FMF of the contract.

9. FMF will not be approved for financing of direct commercial letters of credit which assure payment to the supplier upon presentation by the supplier of invoices and/or delivery documents. If the contract requires performance bonds or other forms of letters of guarantee, the use of a bank or financial institution chartered or incorporated in and doing business in the United States is required for this purpose.

10. FMF will not be approved for financing of non-U.S. transportation carriers.

A. For ocean transportation of FMF shipments the contractor/country will use or cause to be used, privately owned U.S. flag commercial vessels. For contractor originated ocean shipments, the contractor will, within 20 days of loading, submit one legible copy of the rated on-board ocean bill of lading for each shipment to: Chief, Division of National Cargo, Office of Market Development, Maritime Administration, U.S. Department of Transportation, 400-7th Street, S.W., Washington, DC 20590. The bill of lading will identify: contract number, name of vessel, flag of registry, date and port of loading, port of final discharge, description- weight- value- of cargo, and total ocean freight revenue. Any waivers (general, security, or non-availability) will be in accordance with the country's agreement with DSAA. The waivers are described in the agreements

and may apply to either specific shipments or for a specific period of financing. Contractors will include these requirements in subcontracts or purchase orders applicable to this contract.

B. No payments will be made to freight forwarders with FMF for transportation services. Rated, on-board bills of lading or rated air waybills may be approved for direct payments to U.S. ocean or air carriers upon request.

11. FMF will not be approved for payments for travel, per diem, accommodations, lodging, car rental, personal expenses, or other similar expenses of purchasing country personnel in connection with a direct commercial purchase. Therefore, while these types of costs may be cited in contracts submitted, they must be paid by the purchaser. If such costs are included, either directly or indirectly, they must be expressly identified.

12. Any purchase agreement that provides for a refund, penalty, liquidated damages, bonding provisions, or any other form of financial reimbursement to the purchasing country must be structured to ensure that such payment is made by the contractor or designated agent (including the contractor's commercial bank) directly and without undue delay, from the payor to the U.S. Government.

A. Bonding and guarantee documents, such as Performance Bonds, Letters of Guarantee, Letters of Credit, and any other such instrument that is established by the contractor or his agent pursuant to the Purchase Agreement, must be received at the DSAA and made part of the Purchase Agreement file as a prerequisite to disbursement of FMF funds to the contractor. Bonding and guarantee documents lacking adequate provisions to ensure prompt payment to the U.S. Government will not be accepted but will be returned for revision, and the pertinent Purchase Agreement will be held in abeyance until this requirement is satisfied.

B. Reimbursement payments must be remitted to the addresses noted below. These payments, when received by the DSAA, will be credited to the purchasing country's FMS trust fund account and become available for application by the country to any FMS or commercial case approved for FMF. Any financial reimbursement relating to the Purchase Agreement which is equal to or less than the FMF funds paid by the DSAA on the Purchase Agreement will become available for application by the country to any FMS or commercial case approved for FMF. In the event that the amount of reimbursement exceeds the amount of FMF funds paid by the DSAA on that Purchase Agreement, the excess amount of that reimbursement will be credited to the country's FMS trust fund account and become available to the country for application as "cash" to FMS cases.

C. Remittances should be processed as follows:

Payments by check must be accompanied by a letter which identifies the purchasing country and the DSAA case identifier. The check must be made payable to the "United States Treasury" and mailed to:

Defense Finance and Accounting Service (DFAS)
DE-FCC
Denver, CO 80279-5000

Payments by wire transfer should be transferred as follows:

United States Treasury
New York, New York
0210-3000-004
DFAS/SAAC
Agency Code 3801

Refund from: (Name of Company)
for purchase made by the Government of
 (Country) under DSAA case (Identifier)

13. Contracts should include all essential contract elements. Complete copies of all provisions of contracts are required for DoD review for FMF. The purchaser must also submit to DSAA for review all subsequent modifications, amendments, or side letters/supplementary agreements which affect the contractual relationship between the buyer and the seller on FMF contracts.

14. The CONTRACTOR'S CERTIFICATION AND AGREEMENT WITH DEFENSE SECURITY ASSISTANCE AGENCY is required to be signed by the contractor and submitted by the purchaser to the DSAA when the contract is provided for funding review. The date of the current agreement form is February 1989.

15. Generally, FMS Cooperative Logistics Supply Support Arrangements (CLSSAs) are established to provide standard spare parts for items of U.S. origin. These FMS agreements contemplate timely delivery of spare parts at a fair price. However, countries sometimes find it necessary to open commercial Basic Ordering Agreements (BOAs) to provide for certain time sensitive items or for non-standard items. Commercial contracts for BOAs may be approved for FMF, subject to purchaser agreement that:

- A. Standard items are first requisitioned via CLSSAs.
- B. The commercial BOA may only be used for acquisition of standard items if the CLSSA is unable to satisfy specific country delivery requirements.
- C. Listings of requirements are provided with BOA contracts whenever possible.

16. Contractors may not offer Defense Contract Management Command (DCMC) quality assurance services as a part of a direct commercial contract.

A. For some contracts or purchase orders, the DSAA may require that a DCMC quality assurance verification be performed before delivery of the materiel to assure that the quality of the materiel is in accordance with contract terms, or for DoD standard items, U.S. Military specifications. In the event that the DSAA determines that such quality assurance is required, the purchaser will be notified when the contract is reviewed that DoD quality assurance services from the Defense Logistics Agency (DLA), through the Defense Contract Management District (DCMD) office in New York, are required as a condition for FMF of the contract.

B. Although the cost of such quality assurance services may be included in the contract and paid to the Defense Finance and Accounting Service (DFAS) by the contractor on behalf of the purchaser, the purchaser country will be required to arrange for these services through a FMS agreement with the DCMC.

17. The contracts or purchase orders must clearly identify the amount of any applicable down payment and follow-on payments.

A. A down payment or initial payment may not exceed the amount of cost incurred by the contractor up to the date of submission of the down payment invoice. This payment is defined as the contractor's out-of-pocket payments made prior to contract implementation, plus termination liability to be incurred during the first 90 days, less profit, as certified by the contractor.

B. Follow-on payments may be scheduled on the accomplishment of specific milestones detailed in the contract, such as deliveries or contractor costs incurred as of the date of the invoice plus costs to be incurred (which include termination liability) through the next 90 days. A proportional share of profit may also be recovered in follow-on payments, based upon milestones achieved or partial deliveries.

C. Full contract payment cannot be scheduled prior to the date/schedule of contract deliveries or completion of contract actions.

D. The purchaser country should validate invoices and submit them to DSAA for payment within 60 days of receipt from the contractor. Purchaser countries may not assess charges to United States contractors for processing contracts or invoices for payment. FMF will be withdrawn if such charges are determined to have been assessed or if the purchasing country representatives have solicited U.S. contractors to provide free materiel, services, advertising, or other similar forms of benefits as a condition of award of a contract or processing of invoices.

18. Pricing comparisons are being performed on a selective basis as part of the contract review process. Current DoD procurement prices will be used as a source of comparison prices to assure a valid comparison. However, if DoD has excess stocks available at a lower price, or if the purchaser has invested in early procurement through a FMS CLSSA case for the same type of item, we will so notify the contractor and the purchaser. When prices are discovered which appear to be excessive in comparison to new acquisition of comparable items for DoD or domestic purchase, the contractor will be advised. Our objective is to maximize the benefits of limited FMF funds; however, we recognize that certain circumstances, especially delivery schedules, may justify paying higher prices. Unjustified excessive prices may be cause for disapproval of FMF.

19. It is important that the purchaser provide prior notification to DSAA of acquisition plans. Plans should be submitted for each requirement for which the purchaser anticipates making a direct commercial purchase with FMF. The identification of requirements should be provided as far in advance as possible (preferably 60 days) before solicitation of bids or initiation of contract negotiations. This will allow the DoD sufficient time to evaluate the proposed acquisition and seek any required clarification prior to solicitation.

A. While the DSAA does not desire to delay the procurement of defense materiel, early identification of prospective purchases through direct commercial contracts is necessary. If notification is not provided to the DSAA prior to submission of contracts, it may result in the contract review being delayed or in contracts being returned without review.

B. Additionally, it is highly recommended that whenever possible, several U.S. manufacturers be contacted by the purchaser for solicitation of bids to meet their specific needs. When the purchaser has made a selection and a direct commercial contract is submitted to DSAA for FMF review, by separate letter the purchaser should identify the various contractors solicited as well as the basis for selection. If the contract was not competed and the firm was selected on a sole source basis, the reasons for such selection should be provided when the contract is submitted for review. If this information is not provided the contract review will be delayed pending verification of the use of competitive contracting.

20. If the contractor otherwise contracts with DoD, the contractor must comply with approved cost accounting standards. FMF may be disallowed for contracts which result in additional costs being transferred to the DoD. The Defense Contract Audit Agency (DCAA) has expressed concerns about the formation by U.S. prime contractors of separate corporate segments to conduct foreign sales. In some cases, when significant intracompany contracting is involved, the resulting allocations of costs are inconsistent with cost accounting standards and would

unjustifiably result in the allocation of additional costs to DoD contracts. If DoD prime contractors establish separate companies or other corporate segments for the purpose of conducting foreign sales and request FMF for sales by such segments, DSAA will request DCAA review of the transaction. FMF will be approved only upon confirmation by the DCAA that the arrangement is consistent with cost accounting standards and that there would be no unjustifiable additional cost on DoD contracts with the prime contractor.

21. The Defense Security Assistance Agency is not staffed in a manner which would enable it to conduct independent debarment or suspension proceedings. Therefore, with respect to approval of financing for U.S. contractors, DSAA relies heavily on the experiences of other U.S. Government agencies which are empowered to debar/suspend contractors for cause.

A. Contracts will not be approved for U.S. suppliers which are included in: The U.S. General Services Administration List of Parties Excluded From Federal Procurement or Nonprocurement Programs, the U.S. Commerce List of Denial Orders Currently Affecting Export Privileges or similar determinations in which the U.S. Department of State has made certain contractors ineligible to export material under the International Traffic in Arms Regulations. Should contracts involving such suppliers be submitted to DSAA, they will be returned to the prospective purchaser without action with the appropriate indication as to the Agency which has initiated the action of debarment or suspension. A copy of the letter will be furnished to the contractor involved.

B. The action required before such contracts can be considered for FMF is for the U.S. contractor involved to take appropriate administrative or legal steps to remove the relevant organization or individual from the debarment/suspension list. Such action should be taken directly with the Agency which has debarment responsibility.

22. If the contract includes a requirement for insurance, the use of a U.S. insurance firm is required.

23. If the contract includes an arbitration clause, the location of the arbitration must be identified as in either the United States or a mutually agreed third country and not in the purchaser country.

A flow chart depicting the DSAA commercial contract review and approval process is attached.

Contracts and supporting documentation should be submitted by the purchasing country to the following address:

Defense Security Assistance Agency
ATTN: Operations Management Division (OPS-E)
Room 4B740
The Pentagon
Washington, D.C. 20301-2800

Inquiries concerning these policies and procedures or the contract review process should be directed to the above address or by phone: commercial (703) 695-5733.

Table 902-5A. Guidelines for FMF Funded Commercial Contracts (continued)

Attachments
As stated

Change 5
Background

SYNOPSIS OF CHANGES TO THE GUIDELINES FOR FOREIGN MILITARY
FINANCING OF DIRECT COMMERCIAL CONTRACTS

- PARAGRAPH 2A.: Changed to reflect that financing for non-U.S. content will be considered only when DoD has procured or is procuring the same non-U.S. content.
- PARAGRAPH 2B.: Adds the requirement to demonstrate that DoD has procured the non-U.S. content.
- PARAGRAPH 2C.: Adds clarification that license fees paid to a non-U.S. entity are considered non-U.S. content and are not eligible for FMF.
- PARAGRAPH 3.: Adds that amendments value must be \$100,000.00.
- PARAGRAPH 4A.: Clarifies that FMF will not be used to pay for offsets or the management thereof.
- PARAGRAPH 5D.: Clarifies that only intermediaries must submit a list of suppliers and subcontractors.
- PARAGRAPH 6.: Clarifies which countries do not accept agents fees on FMF contracts.
- PARAGRAPH 8.: Revises the number of additional days if a preaward survey is required.
- PARAGRAPH 9.: Clarifies that banks must be chartered or incorporated in and doing business in the U.S.
- PARAGRAPH 12C.: Revises addresses for remittances by check and wire transfer.
- PARAGRAPH 16: Incorporates organizational name changes for DCAS and SAAC.

FMS financing/FMS credit financing have been revised throughout the guidelines to reflect foreign military financing (FMF).

(1) If the items or services are available from production in the U.S., purchases of materiel should be made to the maximum extent feasible from the prime manufacturer of assemblies or items, the assembler or a U.S.-based distributor licensed by the manufacturer who has had a longstanding relationship with the manufacturer and who has been provided with general domestic and/or international sales regions.

(2) A prime contractor must demonstrate to the DSAA (by means of a DOD pre-award survey or other means) its capability--including, for example, expertise, experience, facilities, and financial soundness--to perform by itself a substantial portion of the work. Prior successful completion of recent direct commercial contracts financed with FMS funds or DOD contracts for the same or essentially similar items shall normally satisfy this requirement.

(3) Funding with FMS financing will not be considered for a procurement agent, broker, import-export firm or other intermediary unless justified on factors relative to specific country needs and the country's ability to conduct commercial contracting. A request for exception will be considered if sufficient justification is provided by the purchasing government as to why the purchase is sought from a firm other than the manufacturer.

(4) A list of suppliers and subcontractors for the proposed contract, showing names, addresses, and the materiel and services to be procured by the intermediary must be provided as part of the purchasing government's justification. Intermediaries are required to identify names and addresses of all projected suppliers and subcontractors applicable to this contract. In such a case it is assumed that the purchasing government will be aware of the extent of additional cost or markup by the intermediary and this data can be provided upon request.

*
*
*

f. Acquisition programs that include contingent agent fees up to \$50,000 may be approved for financing. DSAA will disapprove FMS financing for acquisition programs, the price of which includes sales commissions or contingent fees which exceed \$50,000. Contract splitting within an acquisition program is not authorized as a means to exceed the maximum allowable agents fee. It is not DSAA's intent to determine the amount of fees which suppliers may pay to a contingent agent for services performed to secure a contract or sales agreement, but rather it is intended to place a dollar limitation upon the amount of FMS funds which a country may use to pay such costs. Such fees decrease the buying power of FMS funds, thereby reducing the advantages which the country can achieve from the FMS financing. DOD regulations have limited the amount of agents' commissions payable for FMS transactions. Under the DOD FAR Supplement 25.7305, sales commissions in excess of \$50,000 on contracts implementing FMS transactions are not allowable costs.

g. U.S. firms which are selling or have sold the same items to DOD are generally recognized as having adequate production and performance capabilities. It is recognized that many small businesses or firms that have not previously sold to DOD may be the best qualified to provide articles or services unique to country needs. To verify contractors' statements and determine their capability to perform under the contract terms, a DOD pre-award survey may be required as a condition to FMS financing. Such pre-award surveys normally are not required for firms with previous DOD contracting experience.

h. Contractors and country representatives should plan for the time required by DOD to determine the extent of FMS financing authorization. The processing time for contracts that are fully in compliance with these guidelines is approximately 60 days. When the prospective purchase is from a contractor that does not regularly sell to the USG, the purchaser should allow an additional 90 days for USG representatives to conduct a survey of the contractor since this may be required by DSAA as a condition for FMS financing of the contract.

*Change 5
Background*

i. FMS funds will not be approved for financing of direct commercial letters of credit which assure payment to the supplier upon presentation by the supplier of invoices and/or delivery documents. If the contract requires performance bonds or other letters of guarantee, the use of a U.S. bank or financial institution is required for this purpose.

j. FMS funds will not be approved for financing of non-U.S. transportation carriers.

(1) For ocean transportation of FMS financial shipments the contractor/country must use privately owned U.S. flag commercial vessels. For contractor originated ocean shipments, the contractor will, within 20 days of loading, submit one legible copy of the rated on-board ocean bill of lading for each shipment to: Chief, Division of National Cargo, Office of Market Development, Maritime Administration, U.S. Department of Transportation, 400-7th Street, S.W., Washington, DC 20590. The bill of lading will identify: Contract number; name of vessel; flag of registry; date and port of loading; port of final discharge; description, weight, and value of cargo; and total ocean freight revenue. Any waivers (general, security, or non-availability) will be in accordance with the country's agreement with DSAA. The waivers are described in the agreements and may apply to either specific shipments or for a specific period of financing. Contractors will include these requirements in subcontracts or purchase orders applicable to this contract.

(2) No payments will be made to freight forwarders with FMS funds for transportation services. Rated on-board bills of lading or rated air waybills may be approved for direct payments to U.S. ocean or air carriers upon request.

k. FMS funds will not be approved for payments for travel, per diem, accommodations, lodging, car rental, personal expenses, or other similar expenses of purchasing country personnel in connection with a direct commercial purchase. Therefore, while these types of costs may be cited in contracts submitted, they must be paid by the purchaser. If such costs are included, either directly or indirectly, they must be expressly identified.

l. Any purchase agreement that provides for a refund, penalty, liquidated damages, bonding provisions, or any other form of financial reimbursement to the purchasing country must be structured to ensure that such payment is made by the contractor or designated agent (including the contractor's commercial bank) directly and without undue delay, from the payor to the USG.

(1) Bonding and guarantee documents, such as Performance Bonds, Letters of Guarantee, Letters of Credit, and any other such instrument that is established by the contractor or his agent pursuant to the Purchase Agreement, must be received at DSAA and made part of the Purchase Agreement file as a prerequisite to disbursement of FMS funds to the contractor. Bonding and guarantee documents lacking adequate provisions to ensure prompt payment to the USG will not be accepted but will be returned for revision, and the pertinent Purchase Agreement will be held in abeyance until this requirement is satisfied.

(2) Reimbursement payments must be remitted to the addresses noted below. These payments, when received by DSAA, will be credited to the purchasing country's FMS trust fund account and become available for application by the country to any FMS or commercial case approved for FMS financing. Any financial reimbursement relating to the Purchase Agreement which is equal to or less than the FMS funds paid by DSAA on the Purchase Agreement will become available for application by the country to any FMS or commercial case approved for FMS financing. In the event that the amount of reimbursement exceeds the amount of FMS funds paid by DSAA on that Purchase Agreement, the excess amount

141

of that reimbursement will be credited to the country's FMS trust fund account and become available to the country for application as "cash" to FMS cases.

(3) Remittances should be processed as follows:

Payments by check must be accompanied by a letter which identifies the purchasing country and the DSAA case identifier. The check must be made payable to the "United States Treasury" and mailed to:

Defense Security Assistance Agency -
1400 Wilson Boulevard
Suite 535
Arlington, VA 22209-2325

Payments by wire transfer should be transferred as follows:

United States Treasury
New York, New York
0210-3000-4
Treasury NYC/(5037)
Defense Security Assistance Agency
Refund from: (Name of Company)
for purchase made by the Government of
(Country) under DSAA case (Identifier)

m. Contracts should include all essential contract elements (Table 902-6). Complete copies of all provisions of contracts are required for DOD review for FMS funding. The purchaser must also submit to DSAA for review all subsequent modifications, amendments or side letters/supplementary agreements which affect the contractual relationship between the buyer and the seller on FMS funded contracts.

n. The Contractor's Certification and Agreement with Defense Security Assistance Agency (Table 902-7) is required to be signed by the contractor and submitted by the purchaser to DSAA when the contract is provided for funding review.

o. Generally, FMS CLSSAs are established to provide standard spare parts for items of U.S. origin. These FMS agreements contemplate timely delivery of spare parts at a fair price. However, countries sometimes find it necessary to open commercial Basic Order Agreements (BOAs) to provide for certain time sensitive or non-standard items. Commercial contracts for BOAs may be approved for FMS financing, subject to purchaser agreement that:

- (1) Standard items are first requisitioned via CLSSAs.
- (2) The commercial BOA may only be used for acquisition of standard items if the CLSSA is unable to satisfy specific country delivery requirements.
- (3) Listings of requirements are provided with BOA contracts whenever possible.

p. Contractors may not offer DOD DCAS quality assurance services as a part of a direct commercial contract.

(1) For some contracts or purchase orders, DSAA may require that a DOD/DCAS quality assurance verification be performed before delivery of the materiel to assure

Background

that the quality of the materiel is in accordance with contract terms or, for DOD standard items, U.S. military specifications. In the event that DSAA determines that quality assurance is required, the purchaser will be notified when the contract is reviewed that DOD quality assurance services from DLA, through the DCAS office in New York, are required as a condition for FMS financing of the contract.

(2) Although the cost of such quality assurance services may be included in the contract and paid to SAAC by the contractor on behalf of the purchaser, the purchaser country will be required to arrange for these services through an FMS agreement with DCAS.

q. The contracts or purchase orders must clearly identify the amount of any applicable down payment and follow-on payments.

(1) A down payment or initial payment may not exceed the amount of cost incurred by the contractor up to the date of submission of the down payment invoice. This payment is defined as the contractor's out-of-pocket payments made prior to contract implementation plus termination liability to be incurred during the first 90 days, less profit, as certified by the contractor.

(2) Follow-on payments may be scheduled upon accomplishment of specific milestones detailed in the contract, such as deliveries or contractor costs incurred as of the date of the invoice plus costs to be incurred (which include termination liability) through the next 90 days. A proportional share of profit may also be recovered in follow-on payments, based upon milestones achieved or partial deliveries.

(3) Full contract payment cannot be scheduled prior to the date/schedule of contract deliveries or completion of contract actions.

(4) The purchaser country should validate invoices and submit them to DSAA for payment within 60 days of receipt from the contractor. Purchaser countries may not assess charges to U.S. contractors for processing contracts or invoices for payment. FMS financing will be withdrawn if such charges are determined to have been assessed or if the purchasing country representatives have solicited U.S. contractors to provide free materiel, services, advertising, or similar forms of benefits as a condition of award of a contract or processing of invoices.

r. Pricing comparisons are being performed on a selective basis as part of the contract review process. Current DOD procurement prices will be used as a source of comparison prices to assure a valid comparison. However, if DOD has excess stocks available at a lower price, or if the purchaser has invested in early procurement through an FMS CLSSA case for the same type of item, we will so notify the contractor and the purchaser. When prices are discovered which appear to be excessive in comparison with new acquisition of comparable items for DOD or domestic purchase, the contractor will be advised. The DOD objective is to maximize the benefits of limited FMS funds; however, it's recognized that certain circumstances, especially delivery schedules, may justify paying higher prices. Unjustified excessive prices may be cause for disapproval of FMS financing.

s. It is important that the purchaser provide prior notification to DSAA of acquisition plans. Plans should be submitted for each requirement for which the purchaser anticipates making a direct commercial purchase with FMS funding. The identification of requirements should be provided as far in advance as possible (preferably 60 days) before solicitation of bids or initiation of contract negotiations. This will allow DOD sufficient time to evaluate the proposed acquisition and seek any required clarification prior to solicitation. See Table 902-8 for sample notification format. *

143

(1) While DSAA does not desire to delay the procurement of defense materiel, early identification of prospective purchases through direct commercial contracts is necessary. If notification is not provided to DSAA prior to submission of contracts, it may result in the contract review being delayed or in contracts being returned without review.

(2) Additionally, it is highly recommended that whenever possible, several U.S. manufacturers be contacted by the purchaser for solicitation of bids. When the purchaser has made a selection and a direct commercial contract is submitted to DSAA for FMS financing review, by separate letter the purchaser should identify the various contractors solicited as well as the basis for selection. If the contract was not competed and the firm was selected on a sole source basis, the reasons for such selection should be provided when the contract is submitted for review. If this information is not provided the contract review will be delayed pending verification of the use of competitive contracting.

t. If the contractor otherwise contracts with DOD, the contractor must comply with approved cost accounting standards. FMS financing may be disallowed for contracts which result in additional costs being transferred to DOD. DCAA has expressed concerns about the formation by U.S. prime contractors of separate corporate segments to conduct foreign sales. In some cases, when significant intracompany contracting is involved, the resulting allocations of costs are inconsistent with cost accounting standards and would unjustifiably result in the allocation of additional costs to DOD contracts. If DOD prime contractors establish separate companies or other corporate segments for the purpose of conducting foreign sales and request FMS credit financing for sales by such segments, DSAA will request DCAA review of the transaction. FMS credit financing will be approved only upon confirmation by DCAA that the arrangement is consistent with cost accounting standards and that there would be no unjustifiable additional cost on DOD contracts with the prime contractor.

u. DSAA is not staffed in a manner which would enable it to conduct independent debarment or suspension proceedings. Therefore, with respect to approval of financing for U.S. contractors, DSAA relies heavily on the experiences of other USG agencies which are empowered to debar/suspend contractors for cause.

(1) Contracts will not be approved for U.S. suppliers which are included in: The GSA List of Parties Excluded From Federal Procurement or Nonprocurement Programs, the U.S. Commerce List of Denial Orders Currently Affecting Export Privileges or similar determinations in which DOS has made certain contractors ineligible to export material under the ITAR. Should contracts involving such suppliers be submitted to DSAA, they will be returned to the prospective purchaser without action with the appropriate indication as to the agency which has initiated the action of debarment or suspension. A copy of the letter will be furnished to the contractor involved.

(2) The action required before such contracts can be considered for FMS financing is for the U.S. contractor involved to take appropriate administrative or legal steps to remove the relevant organization or individual from the debarment/suspension list. Such action should be taken directly with the agency which has debarment responsibility.

v. If the contract includes a requirement for insurance, the use of a U.S. insurance firm is required.

w. If the contract includes an arbitration clause, the location of the arbitration must be identified as in either the U.S. or a mutually agreed third country and not in the purchaser's country.

Change 5

Background

x. Contracts and supporting documentation should be submitted by the purchasing country to:

Defense Security Assistance Agency
Comptroller, Accounting and Finance Division
1400 Wilson Boulevard, Suite 535
Arlington, VA 22209-2325

y. Inquiries concerning these policies and procedures or the contract review process should be directed to:

Defense Security Assistance Agency
Operations Management Division (DSAA/OPS-E)
The Pentagon, Room 4B740
Washington, D.C. 20301-2800

B. Documents and Statements. Requests for payment of FMS loan funds to U.S. commercial suppliers must be accompanied by certain documents/statements as set forth in the Annexes and Attachments to each FMS loan agreement. These supporting documents must be provided to the DSAA by the borrower, and not by the commercial supplier.

90210 OFFSHORE PROCUREMENT.

A. Statutory Requirement. Section 42(c) of the AECA provides that:

Funds made available under this Act may be used for procurement outside the United States only if the President determines that such procurement will not result in adverse effects upon the economy of the United States or the industrial mobilization base, with special reference to any areas of labor surplus or to the net position of the United States in its balance of payments with the rest of the world, which outweigh the economic or other advantages to the United States of less costly procurement outside the United States.

B. Determination Authority. The President's functions under Section 42(c) have been delegated to the SECDEF by Executive Order 11958. The authority for issuance of OSP Determinations, following concurrence by the Departments of State and Treasury, has been redelegated to the Director, DSAA. Also, see Paragraph 110001.A.5 for further discussion of OSP using merged MAP funds.

C. Relevant Projects. An OSP Determination is an exceptional procedure and should be requested or recommended only when:

1. The project otherwise qualifies for financing from funds made available by the USG.

2. After subtracting from total costs the costs for sand, gravel, cement, cement products, or other items that the FAR or DFARS exclude from "buy American" considerations, one-half or more of the dollar value of the contract or the project is of foreign origin; or, if the vendor or prime contractor is a firm not incorporated in (or if a partnership, its principal place of doing business is not located in, or if an individual proprietor, the person is not a permanent resident of) the U.S., its possessions, the Northern Marianas, or Puerto Rico.

D. OSP Project Considerations. While none is determinative by itself, the following should also be considered prior to recommending an OSP Determination.

145

Change 5

24 August 1992

Memorandum for DISAM

Subject: SAMP Changes to Paragraph 110001

Request the following be substituted for paragraphs 110001.A.5 and 6 (underlining is to highlight changes only):

5. MAP Restrictions. Procurements financed by merged MAP funds will not be governed by the delivery procedures and reversionary rights requirements applicable to the FY 1981 and prior year MAP and to all items transferred under FAA Secs 516, 517, 518, and 519 (see section 803).

a. Delivery deadlines will not be established for purchases financed with FY 1982 and subsequent year merger funds. Procurement and delivery will be carried out in accordance with FMS procedures.

b. OSP under FMS cases funded with merged MAP funds is restricted by AECA, Sec. 42(c) (see paragraph 90210).

c. Title transfer for items transferred under the FAA will be the same as for items transferred under the AECA.

d. Reversionary title rights will not accrue to the US on any defense article sold under FMS procedures even when merger funds may have been used to finance the purchase in whole or in part. Accordingly, the recipient countries will not be required, as they are under FY 1981 and prior year MAP as well as FAA Sec 516, 517, 518, and 519 transfers, to return the article to the U.S. when the article is no longer needed.

e. Restrictions on transfers to a third party, however, will continue to apply, as they do to all defense articles and services sold under FMS.

6. Section 90006 is also applicable to third party transfers of MAP merger defense articles.

110001

(16)

MILDER J Gt emts included

- (1) Redistributable MAP property, and
- (2) Items being returned for U.S. MILDEP's stock or disposal.

b. **Redistributable Property Sold Under FMS.** Packing, crating and handling costs will be borne by the purchasing country for redistributable MAP property sold under FMS.

5. **Rehabilitation Costs.** Rehabilitation costs will be borne:

a. **Redistributable MAP Property.** By the receiving country current year MAP program for redistributable property.

b. **Property Being Returned to U.S. Stocks.** By the MILDEP for property being returned to its stock.

c. **Redistributable Property Sold Under FMS.** By the country purchasing the redistributable MAP property under FMS.

6. **Application of Accessorial Charges.** Accessorial charges will be applied in accordance with DOD Instruction 7510.4.

110105 DISPOSAL APPROVAL. Requests for consent under section 110102 should be addressed through diplomatic channels to DOS, Bureau of Politico-Military Affairs, Office of Defense Relations and Security Affairs (PM/DRSA), with an information copy to the Director, DSAA. Requests should provide the following information for SME or other significant individual items, or for "lots" of non-SME, low technology, and unclassified minor items:

**

and to the CINC

A. The foreign designation or description of the item, including the name, class, identification number, or other pertinent descriptive information if a vessel.

B. Former US designation of equipment, including the name, class, identification number, or other pertinent descriptive information if a vessel.

C. Date of acquisition by the US and original acquisition cost. Date of acquisition of equipment by the host nation and estimated value of equipment at that time. This information should be based on records if possible. If records are unavailable, best estimates should be provided and described as such.

D. Current estimated value.

E. Why termination or waiver is being requested and item condition (e.g., vessel sank in typhoon, recovery impractical; aircraft totally destroyed in crash; item unserviceable due to normal wear and tear, no longer repairable; supply and maintenance no longer available in country, item presently serviceable; incompatible with current country doctrine, item unserviceable but repairable).

F. Proposed means of disposal (e.g., sale as scrap; sale or donation, following demilitarization if applicable, to third party; sale to third country). For sales to a third country without prior demilitarization, also see section 60004.

G. Whether retention of funds by the host nation is requested and whether the request is supported by the SAO.

Added by phone based on Gen Jentham → LTG Elm/mso L-M
request at '92 SO conference -



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

Change 5
Bickel

10 FEB 1992

In reply refer to:
I-05674/91

MEMORANDUM FOR DIRECTOR, DEFENSE LOGISTICS AGENCY

Comment 3/1/92 PLR-V mmo

*no
omts*

ASSISTANT DEPUTY CHIEF OF STAFF FOR LOGISTICS
(ADCSLOG) (SECURITY ASSISTANCE)
DEPARTMENT OF THE ARMY

*no
omts*

DIRECTOR, NAVY INTERNATIONAL PROGRAMS OFFICE
DEPARTMENT OF THE NAVY

*Telephone
Comments
11/15-11/22/91
2/1/92*

ASSISTANT DEPUTY UNDER SECRETARY
(INTERNATIONAL AFFAIRS)
DEPARTMENT OF THE AIR FORCE

SUBJECT: Proposed SAMP Change

A proposal for addition to change 5 to the SAMP, DOD 5105.38-M, is attached. This addition is to add guidance regarding transfer of title for defense articles furnished under the Foreign Assistance Act of 1961.

As information, SAMP change 4 is being published and is expected to be distributed in March 1992.

Any comments should be provided by 10 March 1992. The DSAA point of contact is Mr. Wayne Wells, commercial 703-697-8108 or DSN 227-8108.

GLENN A. RUDD
DEPUTY DIRECTOR

Attachment
As stated

cc: DSAA Comptroller
Plans
General Counsel - *omts included mms + 8/21/92*
DISAM (Dr. Mortsof)
DFAS-DE (Mr. Crocker)

CHAPTER 12

LEASES AND LOANS OF DEFENSE ARTICLES

SECTION 1200 - LEASES

120001 AUTHORITY AND PURPOSE

A. Use of Leases. Normally, the USG makes defense articles available to foreign governments by FMS under the AECA. However, there may be exceptional instances in which a lease agreement would be the most appropriate method whereby U.S. defense articles can be made available to eligible foreign countries or international organizations. Such arrangements are authorized under the AECA, Chapter 6 when it is determined that there are compelling foreign policy and national security reasons for providing such articles on a lease rather than a sales basis, and the articles are not for the time needed for public use. For example, a foreign government may desire to obtain a defense article for a short period under a lease for testing purposes to assist it in determining whether to procure the article in quantity. As another example, the USG may only be able to respond to an urgent foreign requirement for defense property by making it available from inventory, but for national defense reasons cannot sell the property and must require its return to inventory after a specified term. Leases of defense articles to foreign countries or international organizations will be concluded under the AECA, Chapter 6; leases (or loans) to foreign countries or international organizations under Title 10, USC 2667 are not authorized.

B. DOD Approval. The approval of the Director, DSAA, must be obtained before entering into a lease of a defense article with a foreign country or international organization by any DOD component. DOD components will advise the DSAA and obtain DSAA concurrence before indicating to a foreign country or international organization that a lease is being favorably considered or is an available option. The cognizant DOD Component will provide a Determination, in the format at Table 1200-1, under the cover memorandum at Table 1200-2 for DSAA signature when the draft lease is provided to the DSAA for coordination and countersignature. Especially important in this submission are the reason(s) why the defense article(s) are being leased rather than sold. Detailed rationale must be provided for any proposed lease.

C. Administration.

1. DOD Component Responsibility. The administration of leases is delegated to the DOD Component logistically responsible for the defense article(s) being leased. This responsibility includes: preparing the lease; providing data for Congressional notification ~~required by paragraph D of this section~~; maintaining the lease through its effective period; maintaining a record of all items, including associated tools, GSE, and other material to be recovered at the end of the lease period; ensuring monitorship of the defense articles during the period of the lease; advising the DSAA of non-compliance by the lessee; ensuring that the lease is properly terminated, extended, or revised; ensuring that the appropriate rental payment schedule is maintained; ensuring that all related costs are recovered under FMS procedures; and ensuring that the leased material is returned by the lessee and restored to its original condition, in accordance with the terms of the lease. Within the DOD component, a specific individual or activity will be assigned the responsibility for administering the lease during the lease period, for reporting to the DSAA, and for ensuring return/disposition of the defense article(s) upon expiration or termination of the lease.

2. SAO Responsibilities. The U.S. SAO in the host country will be provided a copy of each lease entered into with the host government, and will assist DOD components in the

direct monitorship of the use of USG owned equipment in the host country. To the best of its ability and within the access authorized by the host country, the SAO will observe and report on the use of the U.S. owned equipment to insure that it is consistent with the terms and conditions of the lease. Any indications of unauthorized use or non-compliance will be reported to the DOD component originating the lease and DSAA/OPS-~~4~~⁴⁹. Annually, not later than 31 December of each year, each SAO will provide confirmation to the responsible DOD Components with an information copy to DSAA/OPS-~~4~~^{MGT} that all leased equipment in the host country is being used in compliance with the provisions of the lease.

120002 LEASE TERMS AND CONDITIONS

A. Lease Format. ^{altered} The basic lease format at Table 1200-3 will be used for leases of defense articles to foreign countries or international organizations by DOD Components. This format may not be ~~amended~~ ^{case-specific exception.} unless the operational requirements or special circumstances of a specific lease require a ~~one-time variation~~. Further, additional provisions may be added to a specific lease when determined to be appropriate and with concurrence of the legal office of the DOD component concerned and with DSAA approval. Specific variations and the rationale for them will be provided to the DSAA in the forwarding memorandum at Table 1200-2. The lease will not be provided on ~~DD Form 1513~~ ^{DD Form 1513}, but the ~~DD Form 1513~~ will be used for packing, crating, handling, transportation, and the sale of associated articles and services, including refurbishment of the defense article(s) required prior to, during, or after the lease period. The ~~DD Form 1513~~ ^{LOA} will also be used to recover applicable costs if the article is lost or destroyed during the lease period. The lease will be signed by the appropriate DOD component and provided to DSAA/OPS-~~4~~^{MGT} ~~X~~ for staffing and countersignature by DSAA prior to signature by the foreign country representative.

B. Lease Identification. The cognizant DOD component will assign a permanent lease designator, unique to a country and implementing agency, to each lease, which is to be separate and distinct from the identifier used for FMS cases. The lease designator should be so constructed that it clearly differentiates the lease from FMS cases. The lease designator will be developed as follows: Country Code--DOD component Identification--Tri-alpha Identifier. Where no DOD component Identifier has been established, an X will be used for the DOD component Identification. This lease designator will be clearly shown on the top of each page of the lease, on the top of each page of Schedules and Appendices, and on any accompanying documents. The associated FMS case must reference the lease designator.

C. Duration.

1. Not to Exceed Five Years. Leases shall be for a fixed duration of time not to exceed five years and shall provide that, at any time during the leasing period, the USG may terminate the lease and require the immediate return of the defense article(s). Leases of less than five years may provide for renewals but the total lease period may not exceed five years. The lease period will normally begin when the foreign country signs the lease, and provides payment for any required initial deposit, unless the lease period is otherwise specified within the lease terms and conditions.

2. ~~Extensions~~ ^{Renewals} Extensions of leases beyond five years by mutual agreement are authorized; however, each ~~extension~~ ^{Renewal} will require the cognizant DOD component to submit a ~~separate~~ ^{new lease} determination to the DSAA for staffing and signature, ~~along with the revised lease to identify the terms and conditions of the extension.~~ For those ~~extensions~~ ^{Renewals} which meet the one year Congressional reporting requirement, the DOD component will also provide to the DSAA the required reporting data in the format at Table 1200-4 at least 60 days prior to the projected date for providing the lease renewal to the foreign country or international organization.

149

change 5

3. Renewals of Title 10, USC 2667 Leases. Existing leases under Title 10, USC 2667 may continue until expiration or termination. Extension based on the provisions of title 10, USC 2667 are not authorized. Where extensions or renewals are determined to be in the U.S. public interest, the leasing provisions of the AECA, Chapter 6 and the procedures detailed in this chapter will apply.

less any value depreciation during the term of the lease

D. Loss, Destruction, or Damage. Lease terms will make provision for payment for the loss or destruction of leased articles during the lease period in accordance with the AECA, Chapter 6. Lease terms will also require the lessee to pay the cost of restoration or replacement if the articles are damaged, lost, or destroyed while leased. Such costs will be recouped under an FMS transaction. The replacement cost will be specified as a fixed sum in the lease agreement and will normally be developed based on the same considerations as payment in Paragraph E, below.

E. Rental Payment. The country or international organization must pay in U.S. dollars all costs incurred by the USG in leasing such articles, including reimbursement for depreciation of such articles while leased (the rental payment). The charge for depreciation will be based on the current procurement value, actual acquisition cost (if known), or latest procurement cost. If there is a current procurement contract in effect for the DOD component for an item which is identical to the property to be leased, the current procurement price will be applied, adjusted as appropriate for condition; otherwise, the actual or latest procurement cost will apply, adjusted as appropriate for condition and market value. An administrative charge will not be applied to rental payments collected under the lease.

F. Certificate of Delivery. For the delivery of major items under AECA, Chapter 6 lease agreements DSAA or the responsible DOD component may require a certificate of delivery when custody of the defense article(s) is/are transferred to the foreign customer. The certificate at Table 1200-12 will be used in such instances.

G. Exceptions. The provisions of Paragraphs 120002.D and E., above shall not necessarily apply to leases entered into for purposes of cooperative research or development, military exercises, or communications or electronics interface projects, or to any defense article which has passed three quarters of its normal service life. Where a DOD component recommends an application of authorized exceptions, express authority will be requested from the DSAA, identifying the authorized exceptions. Furthermore, Section 63(a)(1), AECA provides that leases of MIDE valued at \$14 million or more, or defense articles valued at \$50 million or more, except those for NATO, NATO member countries, Japan, Australia or New Zealand may not be entered into or renewed if the Congress within 30 calendar days after receiving the certification required by Section 62(a) adopts a joint resolution stating that it objects to the proposed lease. Valuation for purposes of Section 63(a)(1), AECA is in terms of replacement cost as specified in Paragraph 120002.D, above.

dup 12004. A

120003 COORDINATION

A. DSAA Coordination Responsibilities. Each proposed lease of defense articles to a foreign government or international organization requires DOD authorization. The cognizant DOD component will prepare the proposed lease and will forward it together with the proposed determination using the cover memorandum format at Table 1200-2 for DSAA countersignature and Department of State coordination. DSAA Operations Directorate will assure appropriate coordination within OSD, including the DSAA Comptroller, the DSAA Plans Directorate, DSAA General Counsel, and with the Department of State. After completion of coordination, the DSAA Comptroller will prepare the certification to the Congress for the signature of the DSAA Director if required by the AECA, Section 62(a).

and coordinate

150

Change 5

C. Emergency Waiver of Congressional Notification Requirement. The AECA, Section 62(b), authorizes waiver of the Congressional certification requirement described above, if the President determines and immediately reports to Congress that an emergency exists which requires that the lease be entered into immediately in the national security interests of the ~~United States~~. This authority has been reserved to the President for his exercise only. In the event of such an emergency, ~~the~~ DSAA will provide instructions to the cognizant DOD component as appropriate to the particular circumstances.

120005 FINANCIAL ARRANGEMENTS.

A. Payment Schedules. The lease designator will be used to track the lease in existing automated systems. Schedule A of each lease will identify the replacement costs of the item(s) being leased and will identify the schedule for rental payment due to the USG. The payment schedule will be established on a quarterly billing cycle, compatible with the FMS billing cycle. If the quarterly cycle does not provide for payment prior to the effective date of the lease, an initial deposit will be required to assure that payment is received in advance of the month in which rental is incurred. Billings to the foreign lessee will be based on this schedule of payments and will be included on a separate DD Form 645 with the country's quarterly FMS billing statement. The DOD Component will assure that payment schedules are updated for any extensions, delivery schedule changes, or other amendments which may result in a change to the lease value or schedule of payments. Receipts from lease rental payments under paragraph 120002.E., above will be deposited in the Miscellaneous Receipts Accounts by SAAC.

B. Use of ^{EMF}FMS Credits or MAP Merger Funds. Use of FMS credits or MAP funds is not authorized for payments of lease rental payments specified in paragraph 120002.E. When authorized by the DSAA, ^{EMF}FMS credit funds or MAP funds may be authorized for FMS cases ^{LOA} prepared in support of a lease. (See paragraph C. below.) *(* add from page behind 1200-13)*

C. Use of ^{LOA}DD Form 1513. ~~All~~ Costs incurred by the USG incident to the leasing arrangement, including the costs referred to in Paragraph 120002.D., must be reimbursed to the USG using ^{LOA}DD Form 1513. Such costs may cover but are not limited to: packaging, crating, handling, transportation, and refurbishment of the leased articles prior to and/or upon termination of the lease. Schedule A of the lease will identify the ~~case~~ designator for the related ^{LOA}FMS case, when known. Also, the ^{LOA}DD Form 1513 will identify the lease designator in a special note ^{LOA}within the ~~LOA~~. The ^{LOA}Implementing agency, responsible for the administration of the ~~DD Form 1513~~ lease associated ^{LOA}FMS case, is responsible for reporting costs incurred on the case via the DD Form 1517 performance reporting system.

120006 LEASE CLOSURE. Confirmation that a ~~Chapter 6 AECA, or 10 USC 2667~~ lease, under its cognizance can be closed must be provided to ^{DFAS-DE}SAAC by the responsible DOD component. ~~SAAC~~ will use the format at Table 1200-13 to query the responsible DOD component to determine whether lease closure is possible.

120007 REPORTING.

A. Quarterly Report. A report in the format at Table 1200-11 will be submitted, not later than 30 days after the end of each quarter, to the DSAA Operations Directorate Management Division with a copy to ^{DFAS-DE}SAAC by each DOD component which has unexpired leases under its cognizance. This report will identify leases entered into ~~previously under the authority of Title 10, USC 2667 and the AECA, Chapter 6,~~ the report will identify statutory authority for the lease.

(151)

Change 5

B. **Financial Report.** On a quarterly basis the SAAC will provide to DSAA Operations Directorate the financial status of each lease to include the following data: country, lessee, defense article(s) leased, identified replacement cost of the leased property, funds collected and deposited or to be deposited to miscellaneous receipts, and amounts due.

~~C. **Report on Equipment Usage.** As indicated in Paragraph 120001.C., above, the overall responsibility for all aspects of lease administration, including monitoring equipment while leased, belongs to the DOD component having logistic responsibility for the leased equipment. The SAO will assist in this function by observing and reporting to the extent of its ability and access to the equipment that leased equipment is being used consistent with the terms and conditions of the lease. Each SAO with open leases to its host country will report to the applicable DOD Component with an information copy to DSAA/OPS-E on an annual basis (not later than 31 December of each year) information on the use of the equipment by its host country. In addition to this annual report DSAA/OPS-E will also be advised of any unauthorized use of the equipment any time a DOD Component or SAO becomes aware of such unauthorized use.~~

~~D. **Lease Closure Information.** In order to assure the closure of both Chapter 6, AECA and 10 USC 2667 leases in a timely manner, SAAC will use the format at Table 1200-13 to query the responsible DOD component to determine if lease closure is possible. The DOD components will forward the completed form directly to SAAC as soon as all actions on a lease under its cognizance are accomplished. Since SAAC only manages 10 USC 2667 leases for the U.S. Air Force, use of this format by the Departments of the Army and Navy to assist in the closure of their 10 USC 2667 leases is recommended.~~

120008 U.S. NAVY SHIPS. For leases of U.S. Navy ^{MGT}ships, the guidance in Chapter 2 also applies. These leases will be provided to the DSAA/OPS-~~X~~ for coordination. All other Naval ship transfer transactions will be provided to the DSAA Plans Directorate for coordination. The AECA, Chapter 6 applies to leases of ships authorized in separate, specific legislation unless such legislation expressly provides otherwise.

(152)

10. Place of Redelivery. Upon expiration or termination of this lease, the Defense Articles shall be returned to the Lessor Government (at _____, or as mutually agreed).

11. Title. Title to the Defense Articles shall remain in the Lessor Government. The Lessee Government may, however, place the Defense Articles under its Flag, or display its national insignia when appropriate.

12. Reimbursement for Support. The Lessee Government will pay the Lessor Government for any services, packing, crating, handling, transportation, spare parts, materials, or other support furnished for the Defense Articles by the Lessor Government pursuant a Letter of Offer and Acceptance under the Arms Export Control Act. (FMS Case _____ applies.)

13. Covenant Against Contingent Fees. The Lessee Government warrants that no person or selling agency has been employed or retained to solicit or secure this Lease upon an agreement or understanding for a commission, percentage, brokerage or contingent fee.

14. Officials Not to Benefit. No members of or Delegate to Congress of the United States, or Resident Commissioner of the United States shall be admitted to any share or part of this Lease or to any benefit that may arise therefrom.

15. Proprietary Rights. The Lessee Government will insure, by all means available to it, protection of proprietary rights in any Defense Article and any plans, specifications, or information furnished, whether patented or not.

~~16. Reports. The Lessee agrees that the leasing DOD Component shall be provided format reports or other data developed during use of the Defense Articles. These data may be released to third parties subject to normal Lessor release approval and Lessor review, consultation and, where appropriate, inclusion of data provided by the Lessor in the report.~~ (Replace with attached.) **

17. Cost of Lessor Government. The Lessee Government agrees to pay in United States dollars all costs incurred by the Lessor Government in leasing the Defense Articles covered by this Lease, including without limitation reimbursement for depreciation of such Defense Articles while leased, the costs of restoration or replacement if the Defense Articles are damaged while leased, and the replacement costs (less any depreciation in the value during the term of the lease) of the Defense Articles if the Defense Articles are lost or destroyed while leased, as identified in Schedule A. Such costs for restoration or replacement will be billed to the Lessee Government under the Lessor Government's foreign military sales procedures. The rental charge shown in Schedule A is based on costs identified at the time of signature of this lease and does not relieve the Lessee Government from liability for other costs in accordance with the provisions of this Lease. *

18. Distribution. Copies of the accepted Lease will be distributed by the Lessee as follows: *

- a. (Insert Leasing DOD Component) - Original
- b. (Insert U.S. SAO in host country) - copy
- c. ~~SAAC~~ ^{DEF/DE} copy and check for initial deposit
- d. DSAA/OPS-~~X~~ - copy
MGT

153

Rental

Section 12005.B.: Add the following at the end of the Paragraph:
* "However, leases of aircraft to Andean countries for counternarcotics purposes may be ^{FME} funded with ~~FME~~ funding under section 3(g) of the International Narcotics Control Act of 1990 (P.L. 101-623). In such ^{cases}, the entire cost of the lease ~~cost~~ (including any renewals) will be an initial, one-time payment of the amount which would be the sales price of the aircraft if it were sold on an ~~FMS case~~ L.O.A.

Paragraph 16 of Table 1200-3: Replace with the following:
** **16. Reports.** When the Lessee performs tests and evaluations on the leased Defense Articles and prepares a formal report of the resulting data to be released to a third party, the Lessee will allow the lessor to observe the test and evaluation and to review the report. The Lessee will obtain Lessor approval of any release to a third party."

Ops - E

9-17-92

change 5

Wayne Wells Please process the attached.

DOD 5105.38-M

I do not believe MILDEP coordination is required.

TABLE 1200-4

Thanks Ron Walschowski

MEMORANDUM FOR THE DIRECTOR FOR OPERATIONS, DSAA

SUBJECT: Certification to Congress of a Lease Under the Authority of the AECA, Chapter 6; Lease Designator _____

The following information is provided in connection with the reporting requirement of the AECA, Section 62(a).

- a. Country or International Organization:
- b. DOD Component:
- c. Total Value (in terms of replacement cost or other methodology used): ~~(Note: this cost must equate to the Total Value Replacement Costs listed on Schedule A of the Lease Agreement.)~~ *Amount (must be same as)*
- d. Type and Quantity of Equipment (segregate the MDE, indicating value): *as Schedule A of the Lease Agreement.*
- e. Security Classification:
- f. Duration of Lease:
- g. Summary of Lease Terms (to include any special conditions):
- h. Total Rental/Depreciation: ~~(Note: this cost must equate to the Total Rental Value listed on Schedule A of the Lease Agreement.)~~ *(must be same as)*
- i. Activity of the DOD Component Responsible for Administering Lease: *Lease Agreement.*
- j. Estimated Date Lease and Determination Will be Provided to the DSAA:
- k. Justification (to include reason(s) why defense article(s) is/are being leased rather than sold under FMS):

- (1)
- (2)
- (3)

complete

1. Action Officer's name, office, and telephone number (for individual located in Washington D.C. area provide commercial number) (for outside Washington D.C. area, provide AUTOWON and commercial numbers.)

Urban FUSCRD AMU 9/17/92
 Silber DSAA Counsel J. Silber 9/17/92
 Ops Mgt John 9/17/92

TABLE 1200-4. Memorandum for the Director for Operations, DSAA.

154a

UNCLASSIFIED

**DEFENSE SECURITY ASSISTANCE AGENCY
OPERATIONS DIRECTORATE
MANAGEMENT DIVISION
WASHINGTON, D.C. 20301-2800**

FACSIMILE TRANSMISSION

TO: Mr. C. Luckinbill

PHONE NUMBER: DSN 785-2994

OFFICE: DISAM

TELECOPIER NUMBER: 513-255-4319

REMARKS, INSTRUCTIONS, COMMENTS:

Lucky, another proposed addition to change 5. Please ignore writing at the top and coordinations at the bottom, I include as background only. If difficult to read, please give me a call, I have annotated "154a" to show where it appears to fit in the change 5 package and for reference if we need to discuss.

Thanks-

FROM:

Wayne Wells, DSAA/OPS-E
AV 227-8108, CM (703) 697-8108

TELECOPIER NUMBER: (703) 697-1656

NUMBER OF PAGES INCLUDING HEADER: _____2

UNCLASSIFIED

TABLE 1200-13
LEASE CLOSURE INFORMATION

SUBJECT: (Chapter 6, AECA/10 USC 2667) Lease for Case Closure.
(Insert as appropriate)

TO: (Insert DOD Component Address)

References: Lease Case (Insert Designator)

1. Prior to certifying case closure, the Security Assistance Accounting Center (SAAC) requests the following information:

Property returned to USG custody*	_____	_____	*	—
<i>Property transferred to foreign government</i> or	Location	Date		
	<i>LDA FMS SAAC Designator</i> or other authority	<u>Date</u>		—
Lease extended (renewed)	_____	_____	*	
If lease renewed, provide lease designator	_____	Date		

2. Action, as required above, for lease closure has been completed:

Signed _____

Title _____

Agency _____

3. Please complete above data and return to *DFAS-DE, Denver Center*
~~AFAPC/SAAC/FSOS~~, Denver CO 80279
NLT _____. Point of contact is: _____

*For 10 USC 2667 leases include confirmation that all financial requirements are complete.

TABLE 1200-12
CERTIFICATE OF DELIVERY

Pursuant to the provisions of the Lease Agreement executed (this date) between our respective governments, the undersigned as the authorized representative of the

Government of (insert)

accepts the below described (insert) together with its on board equipment from

(insert)

authorized representative of the United States (enter DOD Component)

<u>Item</u>	<u>Nomenclature</u>	<u>Quantity</u>
-------------	---------------------	-----------------

Date

US Representative

Government of (insert)
Representative

NOTE: Recommended distribution:

Original to: MILDEP JAG
Copies to: DSAA
MILDEP SA Activity
SAO
DFAS-DE

Change 5

130104.C.2.a.(7).

DOD 5105.38-M

(7) **"FMS Credit (Non-Repayable)."** This term applies to payment for an FMS case wholly financed with non-repayable credit funds thereby qualifying the LOA for pricing benefits (exclusion of military salaries and NC of research, development, and production of MDE) as provided for in Sec. 503(A)(3) of the FAA of 1961 and Sec. 21(E) of the AECA. (Procedures for requesting advances of non-repayable FMS credits are contained in Table 902-3A. These advances are not automatic, as in the case for MAP merger disbursements. Purchasers should be encouraged to follow the procedures in Table 903-3A so as not to delay needed disbursements.

b. Related Information.

(1) If more than one of the above Terms of Sale apply to a particular LOA, the IA will cite all of the appropriate Terms of Sale on the LOA. No attempt should be made to break out the estimated costs of each or some line items; however, where FMS Credit or MAP funds are cited a dollar breakout will be shown. Applicable line items for credit will be coded "TAZ." Mixed line items will show "TAZ" and other appropriate "TA" code. (See paragraph D. below.)

(2) In addition to the applicable Terms of Sale, the IA will enter the following statement in the "Terms" block of the LOA: "Payment will be in accordance with the provisions of the Financial Annex subject to paragraph B.3.f. of Annex A." However, this statement does not apply to Cash with Acceptance and FMSO I cases. If the purchaser is not authorized a Dependable Undertaking for Section 22 or Section 29 sales, the Term of Sale will be "Cash with Acceptance," unless specific DSAA approval is obtained. A Financial Annex is required for all LOAs except FMSO I agreements. ~~Paragraph 70213-A.4., this section sets forth instructions for Financial Annexes.~~ *Section 1304 describes the Financial Annex.*

3. Type of Assistance (TA) Codes.

a. Codes Identified.

- Code 3: Sec 21 (b), AECA; Source of Supply "S", "R", "E".
- Code 4: Mixed Sec 21(b), 22(a), or Sec 29 AECA or source undetermined; Source of Supply "X".
- Code 5: Sec 22(a), AECA; Source of Supply "P".
- Code 6: Sec 21(d), AECA; Payment on Delivery; Source of Supply "S", "R", "E".
- Code 7: Sec 22(b), AECA; Dependable Undertaking with 120 days payment after delivery; Source of Supply "P".
- Code 8: Sec 21(d), AECA; Stock sales with 120 day payment Source of Supply "S", "R", "E".
- Code M: Sec 503(a)(3) Foreign Assistance Act, MAP Merger.
- Code N: Sec 23 or 24, AECA; FMS Credit (non-repayable).
- Code U: FMSO I, Source of Supply "P".
- Code V: FMSO II, Source of Supply "S".
- Code Z: Sec 23 or 24, AECA; FMS Credit.

b. Use with Source of Supply Codes. The type of assistance code may be interchanged when used in the "Availability and Remarks" block of the LOA. Example: TA3, TAZ. The Source of Supply codes shown in paragraph 3, Explanatory Notes, Annex A, to the LOA, must be determined and indicated independently of TA codes. For example, the source of supply coding for FMSO II should be "S" and the TA code for FMSO II should be "TAV" with both designations being shown in the "Availability and Remarks" block of the LOA. A summary of Terms of Sale and Type of Assistance Codes is at Table 1301-2.

157

change 5

130503.

DOD 5105.38-M

130503 EMS CASE CLOSURE.

A. General. When ordered articles have been physically delivered and ordered services performed, or no orders have been placed against an open BO LOA for 180 days or more, the IA should consider the LOA a candidate for closure. IAs should submit FMS Case Closure Certificates to SAAC in accordance with DOD 7290.3-M, Chapter 5 after the following actions are complete:

OK

1. Performance and Billing. Reports of Performance submitted to SAAC to report all delivered articles and services have processed and billed to Purchaser on FMS Quarterly Billing Statements.

OK ~~DFAS DE/F(SAAC)~~

2. Reimbursement of Costs. Costs of articles and services have been reimbursed from FMS Trust Funds to DOD appropriations or USG equity accounts.

3. FMS Accounting Balances. IA and SAAC accounting balances have been reconciled and all performance and disbursements have been properly reported and accounted for.

OK ~~DFAS DE/F(SAAC)~~

4. Item Discrepancies. All outstanding ROD claims have been submitted to SAAC.

OK →

B. Estimated Case Closure Dates. IAs should provide an "Estimated Case Closure Date" in LOAs. Although a case closure date will not normally duplicate the final estimated delivery date referred to in LOAs, there should be a close correlation. The DOD Executive FMS Reconciliation and Case Closure Board provides the means whereby IAs can recommend final closure of cases when all deliveries are complete although charges on open contracts remain unbilled for the case and cannot otherwise be closed under current DOD guidelines. It is no longer necessary that cases remain unclosed on active files for years after full delivery of articles and services because contract overhead, renegotiation of profit, and similar costs are not finalized.

defined order

C. Case Status. Cases must be implemented (status "I") in the SAAC FMS accounting data file and the DSAA 1200 System in order to be reclassified closed (status "C"). This also applies to instances when the Purchaser requests cancellation of a case (see paragraph 130705.B.3.).

130504 DOD EXECUTIVE FMS RECONCILIATION AND CASE CLOSURE BOARD.

A. Purpose. A DOD Executive FMS Reconciliation and Case Closure Board has been established as a means to close cases that cannot otherwise be closed. The general purpose, organization, and functions of this high-level board are described in DOD 7290.3-M, Section 503. The Deputy SECDEF has empowered the Board to authorize the billing actions and accounting adjustments which IAs recommend to bring case level records into agreement and allow closure in accordance with established DOD policy.

B. Qualifying Criteria for Board Review: The criteria which should be used by IAs to select cases for submission to the Board are as follows.

1. The case cannot be closed under current DOD policy.

2. There are abnormal balances in SAAC's central accounting system general ledger accounts and the case level trial balance.

158

Change 5

Section 1307 - PRICING OF FMS TRANSACTIONS

130701 GENERAL.

A. **Background.** In compliance with the AECA, DOD pricing and financial procedures provide for the charging of all DOD direct and indirect costs, including applicable surcharges. The P&A or LOA will provide estimated data as indicated below. Each DOD component must adhere to the policies prescribed in DOD 7290.3-M. *

B. **Single Selling Price.** It is DOD policy to provide a single unit price for articles offered under FMS. It is not normal FMS practice to provide a detailed description of the components of cost included in estimated prices for line items on LOAs. There may be instances where the provisions of such information is necessary to demonstrate that such costs are necessary. ~~Furnishing of cost breakouts beyond single unit prices require DSAA approval.~~ *When the buyer requests,* *

C. **Direct/Indirect Costs.** The cost of defense articles or services is chargeable to a FMS case if it can be demonstrated that the provision of such articles or services was made solely for the purpose of implementing and administering the FMS case involved. Within FMS, most costs are generally identified as either direct or indirect. The DD Form 1513 lists unit costs, total costs, and selected additional charges but does not specifically identify direct or indirect costs which may be a part of the line item unit costs or the additional charges. *

1. **Direct Costs.** A direct cost is any cost that can be identified specifically with a particular final cost objective. Examples are materiel and labor to build or repair a principal item, the costs to train users how to operate and maintain the item, and costs from the Transportation Cost Look-up Table.

2. **Indirect Costs.** An indirect cost is any cost not directly identified with a single, final cost objective. Indirect costs are often accumulated in logical cost groupings, such as administration and transportation and applied as a percentage allocation to direct costs. For example, certain costs such as administration, contract administration, and the transportation cost based on a percentage surcharge would normally be considered indirect costs..

D. **Use of Estimated Prices.** To assure that all costs are covered, quotations on defense articles and services will be cited as estimated prices, with final adjustments to be established after delivery of items from production or the rendering of services. The DD Form 1513 will indicate that prices for articles and services from procurement are estimated prices. Those instances in which firm prices may be quoted on an LOA are discussed in Paragraph 70203 of DOD 7290.3-M. *

130702 TRAINING. Pricing policy for training courses is included in DOD 7290.3-M, Sections 710, 711, 712; and Tables 701-1 and 710-1. This section provides further guidance for pricing of training courses. Costs included in the tuition rates for FMS, NATO, and IMET training courses are: **

A. **Civilian Unfunded Requirement.** The costs, as shown in DOD 7290.3-M, Table 710-1, must be computed according to the example in DOD 7290.3-M, Table 701-1. The acceleration percentage factor is applied to the combined base pay and leave and holiday pay to determine the cost.

B. **Military Fringe Benefits.** Chapter 26, Section F.2.A., of DOD 7220.9-M, DOD Accounting Manual, defines military fringe benefits as quarters (family housing), subsistence, medical (hospital), and other personnel support (commissary/BX, etc.). The costs, as shown in DOD 7290.3-M, Table 710-1, are computed by applying the acceleration factors for officers and

159

production, testing, and evaluation. They do not include costs of government property or facilities for which rental or asset use charges will be assessed. "Special" nonrecurring RDT&E or production costs are those incurred at the request of, or for the benefit of, the customer in developing a special feature or unique requirement. These "special" costs must be paid by the customer as incurred. The objective of applying these recoupment charges is to ensure that a purchasing customer pays a fair price for the value of DOD "sunk" investment costs. The pro rata recoupment charge is to be included in the FMS or direct commercial sales price of the product or technology unless reduced or waived as outlined in ~~paragraph D.~~ ^{paragraph B.1.} below. Fair Pricing legislation exempted the assessment of NC for those countries/organizations whose cases are fully funded with FMS Credit (non-repayable), effective with deliveries reported to SAAC after 1 December 1989.

130104.B.1.

3. **DSAA Approval.** Prior to applying pro rata NC recoupment charges to sales of items on the MDEL, components will insure that the proposed pro rata charge has been approved by the Director, DSAA. Approval will be requested only for MDE items, and for which there has not been an approved NC pro rata charge established since 5 January 1977.

4. **Format.** Requests for approval of pro rata charges for each MDE item will be submitted on the format shown in Chapter 7, Section 700, Figure 700-1. USG nonrecurring RDT&E and production costs will be shown separately. The total of these two entries, i.e., the total USG nonrecurring investment in the item, will be prorated against past and projected production quantities for USG, FMS, MAP, and direct commercial sales. Actual past and projected production quantities will be depicted and a country breakout for FMS and direct commercial sales projections will be shown. FYDP forecasts will normally be used to indicate the U.S. military service production quantities; however, for those items for which Selected Acquisition Reports (SARs) are required, the latest SAR data will be cited, as applicable.

5. **Pro Rata Charges Determined before 5 January 1977.** If the pro rata charge was determined prior to 5 January 1977, it will be reviewed to identify any significant changes. Changes requiring approval by DSAA will be submitted to Director, DSAA, in the format of paragraph D., above.

6. **Direct Commercial Sales.** The DOD requires that, in the case of direct commercial sales of defense items to foreign countries and international organizations, the U.S. contractor must collect and pay to the cognizant MILDEP the appropriate NC recoupment charge for the items being sold. MILDEPs will insure that they have in place an operative system for assessment, monitoring, collection, and reporting of these recoupments in order to insure that all appropriate payments are in fact made to the DOD. This system will provide for the following actions to be taken:

(a) **Applicable Items.** The development of complete lists of non-MDE and MDE items under the cognizance of the MILDEP which require assessment of an NC recoupment charge in accordance with DoDD 2140.2 and a reference to the contracts in which the recoupment clause applicable to the items is contained.

(b) **Cross-Reference of Export License Requests.** The cross-referencing of all export license requests processed by the MILDEP against these lists to determine whether the commercial sale is required to have a NC recoupment charge assessment.

(c) **Editing Munitions Control Export Licenses.** Munitions Control Export Licenses will be annotated to indicate the amount of NC recoupment charge which the contractor is required to reimburse to the USG, and indicate the office in the MILDEP to which the payment is to be made. It is emphasized that this process should in no way delay the expeditious handling of Munitions Control Export Licenses. In the event that appropriate NC recoupment charges have not

(160)

been determined for a particular item, the munitions control license should be annotated only to show that a charge may be required, and that the contractor is directed to contact the designated MILDEP administrative or procurement contracting officer to ascertain the specific recoupment charge. Recommendations for approval of an export license request may not be conditioned upon an agreement by the license applicant to pay such a charge to the USG in a case in which the MILDEP knows that the applicant does not have a current contractual obligation with the USG to make such payments.

7. Reporting. Collections received both from FMS and commercial sales transactions will be reported in the DSAA(Q)1112 report required by DoDD 2140.2. This report will be submitted quarterly by each DOD component, to DSAA Comptroller, within 45 days of the end of each quarter.

E. Asset Use, Tooling Rental, or Facility Rental Charges.

**

1. Charges for Use of USG-owned Facilities. For LOAs using Government property, Fair Pricing legislation has removed the requirement to apply asset use, tooling rental, or facilities rental charges. Commercial sales of defense articles to any foreign country or international organization shall include appropriate charges for any use of USG-owned facilities, plant, and production or research equipment in connection with the production of the defense articles. Charges for use of USG-owned facilities, plant, production, and research property shall be assessed as follows:

a. Rental Charges for Use of DOD Assets. Commercial sales of defense articles which were produced in government-owned facilities or with government-owned industrial plant and production or research equipment, for which a rental is assessed in accordance with the provisions of ~~DFAR~~ FAR Supplement 245.4 and FAR 52.245-9, will be priced to include the appropriate rental charge. The rental charge in commercial contracts will be waived on a case-by-case basis in accordance with section 130104.B.2.

2. Use of U.S. Industrial Plant Equipment or Production and Research Property for Foreign Countries or International Organizations. For industrial plant equipment or production and research property, non-government use requires prior written approval of the contracting officer or Departmental level approval, depending upon the percentage of usage, in accordance with the provisions of the ~~DFAR~~ FAR Supplement 45.406 and 45.407. Such approval may be granted only if use will not interfere with U.S. requirements, and the work is in support of FMS or a direct commercial sale approved under the terms of the AECA. The rental charges in commercial contracts will be waived on a case-by-case basis in accordance with section 130104.B.2.

3. Charges for Items Provided from Inventory

a. Military Department Delivery Reporting. The MILDEPs will report inventory item shipments to SAAC at stock list price or replacement price as applicable. At case closure a certificate will be submitted from the MILDEP to SAAC.

b. Attrition Charges for FMS Training. Attrition charges for FMS training, 4 percent for flying and 1 percent for non-flying, are to be included in the tuition rates billed to the customers. Attrition charge collections made by the MILDEPs will be forwarded to SAAC for deposit. See DOD 7290.3-M, Section 104. Use of these funds must be approved by DSAA. When equipment is damaged beyond repair due to FMS student error, a report of the loss and request for funding to cover procurement of the replacement items shall be submitted to the DSAA Comptroller for approval.

Handwritten initials

(161)

130801.B.

B. Billing for FMS Transactions.

1. **Quarterly Billings.** As of the end of each calendar quarter, ^{DFAS SAAC} SAAC renders a billing statement for each active FMS agreement in accordance with DOD 7290.3-M. The purpose of the bill is to provide the FMS purchaser a statement of account for costs incurred on his behalf and to request additional funds as projected in the payment schedule.

2. **Elements of Billing.** The first element of each billing is for costs incurred to date, and includes charges for materiel delivered and progress payments made to contractors. The FMS purchaser receives an FMS Delivery Listing that shows by document number the items reported to SAAC as delivered through the end of the month of the billing statement. The remaining portion of the value billed is for anticipated costs to be incurred. SAAC will normally extract this forecast of costs from the most recent payment schedule attached to the ~~DD Form 1513~~ ^{DD Form 1513, LDR.} However, in the event costs occur which vary substantially from the existing schedule, the MILDEP should immediately advise SAAC and the customer of the variance. As described earlier, the DOD component should issue revised payment schedules when appropriate.

3. **Legal Effect of Billing.** The quarterly FMS Billing Statement (DD Form 645) is the binding legal claim for payment by the DOD as referenced in the DD Form 1513. Both the DOD component and FMS purchaser should understand that the billing, not the payment schedule, contains the required amount to be paid.

4. **Billing Questions Directed to SAAC.** Questions concerning billings to FMS purchasers should be addressed to SAAC, Lowry AFB, Denver, Colorado 80279-5000. ^{DFAS OK}

130802 FINANCING RODs WHEN THE USG IS LIABLE.

A. **Purpose.** The purpose of this section is to establish funding policy in those instances where the USG is determined to be financially liable for the resolution of a ROD. Procedural guidance for the completion of SF 364, Report of Discrepancy, related to FMS shipments can be found in DOD 7290.3-M, and Joint Regulation DLAR 4140.60, AR 12-12, AFR 67-7, NAVSUPINST 4920.9B and MCO 4140.1B. ~~Additional information regarding RODs is contained in Table 802-2, DOD 7290.3-M.~~ ^{no change} ^{OK} ^{*} ^{*}

B. Specific.

1. **Specific Types of Discrepancies.** Table 802-2, ~~DISCREPANCY TYPES~~ provides guidance for specific types of discrepancies and indicates whether FMS administrative funds or USG appropriated funds will finance the cost of correcting the discrepancy where the USG is liable to do so. ^{OK} ^{*}

2. **Re-Requisitioning Items.** When customer countries are required to re-requisition items which were not previously shipped, they are required to pay the existing price at the time of issue regardless of the fact that the item was initially released at a lower price.

3. **RODs in Excess of \$10,000.** All RODs in excess of \$10,000 will be submitted to DSAA for approval before being charged against FMS administrative funds. This submission will contain the Department/Agency legal position on the liability of the USG.

C. **FMS Administrative Fund Budget Approval.** The DSAA FMS Administrative Budget Call, which is issued on an annual basis to MILDEPs and Defense Agencies, provides procedural guidance for the inclusion of estimated ROD costs that are to be financed from FMS administrative funds.

162

c. An estimate of the full cost of the cooperative project, with an estimate of the part of the full cost to be incurred by the USG for its participation in such a cooperative project, including an estimate of the costs to be incurred as a result of waivers of charges which would otherwise be required under Sections 21(e)(1)(A) and 43(b) of the AECA, and an estimate of that part of the full costs to be incurred by the other participants;

d. An estimate of the dollar value of the funds to be contributed by the U.S. and each of the other participants on behalf of such a cooperative project;

e. A description of the defense articles and defense services expected to be contributed by the U.S. and each of the other participants on behalf of such a cooperative project;

f. A statement of the foreign policy and national security benefits anticipated to be derived from such a cooperative project; and,

g. To the extent known, whether it is likely that prime contracts will be awarded to particular prime contractors or that subcontracts will be awarded to particular subcontractors to comply with the proposed agreement.

5. Pursuant to the requirements of Executive Order 11958, the DSAA will consult with the Departments of State and Treasury regarding implementation of cooperative projects under Section 27, AECA, including waiver or reduction of charges, prior to Congressional certification.

140107 REQUESTS FOR OFFSET PROCUREMENT.

**

A. DOD Policy. It is DOD policy not to enter into government-to-government offset arrangements because of the inherent difficulties in negotiating and implementing such arrangements. Any foreign government requesting offset should be informed that the responsibility for negotiating any offset arrangements resides with the U.S. contractor involved. The USG will not involve a U.S. contractor in an offset commitment without having its prior concurrence.

^{225.7303-2(a)(2)(iii)}
B. Offset Costs. Examples of offset administrative costs which will be allowable have been published in DFARS ~~225.7304(c)(1)(iii)(C)~~. Costs which are allowable under the DFARS, including offset administrative costs, are appropriately reimbursed to the contractor if the costs are reasonable and allocable. The DOD contracting officer will determine the reasonableness and allocability of offset administrative costs. Industry administrative costs arising from the implementation of an industry-to-foreign government offset arrangement directly associated with an FMS LOA item may be included in the LOA, subject to the following conditions:

1. Offset administrative costs must be included in the applicable LOA line item unit cost.

2. May only be included under LOAs wholly financed with cash or repayable FMF Credits. No FMF Grant or MAP Merger funds may be used to cover any part of LOAs which include these costs.

3. Must be provided by the contractor, normally through the contracting officer, for inclusion in the LOA. Any contractor or subcontractor manufacturer of an item for which the Purchaser has requested an offset may quote offset administrative costs for inclusion in the LOA. The costs will not be added following countersignature of the LOA.

4. A note must be added to the LOA when these costs are included (see Section 701). If offset administrative costs are included in the estimated costs of the LOA, or may be included in the price of the contract to be awarded in support of the LOA, the note must be

(163)

change 5
Background

Part 225--Foreign Acquisition

- (1) Such costs may be recovered for U.S. Government requirements under DFARS 231.205-38(c).
- (2) Paragraph 126.8 of the International Traffic in Arms Regulations (ITAR) (22 CFR Part 121) may require Government approval for these costs to be allowable. If Government approval is required for promotion or demonstration costs to be allowable, the approval must be obtained.

(D) Configuration studies and related technical services undertaken as a direct selling effort to a foreign country.

(ii) Product support and postdelivery service expenses, such as--

- (A) Operations or maintenance training, training or tactics films, manuals, or other related data; and
- (B) Technical field services provided in a foreign country related to accident investigations, weapon system problems, operations/tactics enhancement, and related travel to foreign countries.

225.7303-2(a)(2) (iii) Offset administrative costs.

(A) A U.S. defense contractor may recover, under an FMS contract, costs incurred to implement specific requirements of its offset agreement with a foreign government or international organization if the foreign military sale Letter of Offer and Acceptance (LOA) contains a note that--

- (1) Specifically addresses offsets;
- (2) Advises foreign governments that the price of contracts awarded in support of the LOA may include administrative costs associated with implementing the foreign purchaser's offset agreement with the contractor; and
- (3) Includes a statement that the U.S. Government assumes no obligation to satisfy or administer the offset requirement or to bear any of the associated costs.

(B) Offset administrative costs must be reasonable and readily identifiable. Estimated offset administrative costs must be included in foreign military sales pricing information provided to the foreign government as early as possible, but before submittal of the LOA.

(C) Some examples of offset administrative costs are--

- (1) In-house and/or purchased: organizational, administrative and technical support, including offset staffing; quality assurance, manufacturing, purchasing support; data acquisition; proposal, transaction and report preparation; broker/trading services; legal support; and similar support activities;

SECTION 1504 - SA NETWORK

150401 PURPOSE This section provides policies relative to the SA Network (hereinafter referred to as the "SAN").

150402 DEFINITION AND OBJECTIVES The SAN consists of a worldwide network, accessible through the Interoperability Decision Support System (IDSS), and stand-alone systems which provide authorized users access to SA community databases. It also encompasses centrally designed and maintained desktop computer software programs for SAO use. Specific database and software applications are shown in Table 1504-1. The objectives of the SAN include:

A. To provide ready and simplified inquiry access to SA training management, case management, logistics management, financial management and, where applicable, international defense cooperation management information.

B. To provide UCOMs, SAOs, and other users with local software packages which can be used to collate relevant data, produce management reports, and generate computer-produced forms and formats.

C. To provide electronic mail (E-mail) capability among UCOMs, SAOs, CONUS organizations, and other overseas activities.

D. To develop the necessary systems to support a consolidated view of data where this view is identified as a necessary requirement or is in the best interest of the SA community.

150403 POLICIES AND PROCEDURES

A. SAN Training. In order for SA community users to properly access appropriate databases, operate local software programs, and maintain essential communications system security standards, initial and refresher training is necessary.

1. Initial Training. Newly designated SAO personnel shall receive initial SAN familiarization training at DISAM during their attendance in the Overseas Course. (Note: SAO chiefs and sections chiefs who have received permission to attend the DISAM Executive course, in lieu of the Overseas Course, shall also receive appropriate familiarization training.) Students attending CONUS-related DISAM courses shall receive appropriate training as well. DISAM shall prepare, maintain, and periodically distribute the SAN Users Handbook which compiles database system descriptions, security procedures, and product formats. *Portions of this section will be moved to the Handbook when published.*

2. Refresher/Update Training. The UCOMs shall conduct appropriate SAN refresher/update training for SAO personnel during UCOM orientation, security assistance training program management reviews, and other forums as necessary.

3. Day-to-Day Professional Training The chief of the in-country SAO shall establish appropriate local day-to-day proficiency procedures to insure that all SAO members, whose duties so require, are capable of using the SAN.

B. Security Inasmuch as the SAN involves access to databases with user account and password controls, appropriate security measures must be followed.

1. Security Requirements Security requirements and controls for each database system are established by the activity owning and managing the data. The basic essentials of these standards shall be compiled in the User's Handbook, published by DISAM. Each user shall establish liaison with the database manager, as necessary, to receive any detailed, tailored procedures and to obtain user accounts and passwords. SAOs shall go through their UCOM focal point in conducting this liaison.

2. Data System Access As a basic rule, access to data systems shall be limited to USG personnel with a need to know. In exceptional cases, access can be extended to USG local national hires whose employment duties require utilization of the data and the CONUS data system manager provides such members with user accounts and passwords.

3. Data System User Accounts and Passwords.

a. SAOs and Component Activities within a UCOM AOR. The SAN System Administrator within each UCOM shall determine the timing and degree of data systems access provided to each SAO and other component users within the AOR. Once this determination is made and the IDSS account has been activated, the SAO/user activity will liaise directly with the applicable CONUS data system managers to acquire individual members' user accounts and passwords.

b. CONUS Activities. CONUS users requiring access to the SAN shall initially go through the applicable MILDEP or DOD Network System Administrator. Once the IDSS account has been activated by the administrator, user activities shall liaise directly with the CONUS data system managers to acquire individual members' user accounts and passwords.

4. Security Requirements Reviews Each UCOM shall establish a point of contact to help resolve security standard issues, and serve as a liaison between the CONUS database managers and the SAOs. Moreover, UCOMs shall include the SAN as part of their IG inspections.

C. ~~SAN~~ Equipment Purchases and Maintenance.

1. Minimum Specifications SAOs shall adhere to the minimum equipment specifications in Table 1504-2 when ordering additional, or replacing existing, ADP equipment. Any deviation

from these specifications must be coordinated through the UCOM and the DSAA Assistant to the Comptroller for IRM. Moreover, all ADP purchases must be coordinated with in-country embassy/mission representatives to ensure compatibility with State Department security and maintenance standards.

2. Maintenance. The minimum equipment specifications allow for a number of ADP brands. This policy recognizes the FAR requirement for competitive procurement as well as the reality that certain vendors have established maintenance capabilities in selected countries. Maintenance arrangements involving ADP equipment owned by each SAO shall be coordinated between the unified command and the embassy/mission.

D. ~~SAO ADP~~ Equipment Acquisition, Operations, and Maintenance Funding. Funding shall be a routine part of the SAO budget process, requiring justification and purchase order approval by the parent UCOM subject to budget realities.

E. System Changes/Improvements. It is intended that the SAN be a viable management tool, which will be refined and enhanced with time. Recommended changes may be gathered and evaluated through the following processes:

1. Ad Hoc Recommendations. Each user is encouraged to look for ways in which the SAN may be enhanced. Changes originating at the SAO level shall be processed through the local in-country chain of command to the unified command. The unified command shall review proposed enhancements, looking at practicality, universality, and projected utility factors, and submit recommended initiatives to DISAM for collection and eventual presentation to the SA Database Policy Steering Board.

2. Curriculum Review Item. Inasmuch as the SAN comprises an integral part of the DISAM curriculum, curriculum review representatives from OSD, the military services, the unified commands, and other activities are encouraged to make suggestions about SAN training or other related matters at the DISAM curriculum review meetings. Any recommendations for enhancements shall be referred to the SAN Policy Steering Board.

F. On-Line and Off-Line SAOs

1. On-Line SAOs. Where the size of the security assistance program warrants it, and technical communication/cost considerations are practical, an effort shall be made to provide users with on-line access to the SAN. This access shall be through a modem with the call routed through the appropriate single-user, data-quality, direct-dial telephone line. Wherever such capability exists, DDN shall be used; if DDN is not available, the DSAA Comptroller staff shall advise which international carrier is to be used. Users shall be able to access data, on an as-needed basis, directly from the database sources. In addition, these SAOs shall be provided local software packages to facilitate security

assistance management. A list of on-line SAOs is maintained within the DSAA bulletin board IDSS application.

2. Off-Line SAOs_x Where it is impractical to provide on-line access at a given SAO location, that SAO shall still receive the local software packages (e.g., Training Management System) as well as disks containing its host country's SA training programs data.

150404 RESPONSIBILITIES_x The following organizational responsibilities apply to the SAN.

A. ~~SAN~~ Policy Steering Board_x The Steering Board shall consist of the DSAA Comptroller (Chairperson), DISAM, and DFAS-~~DE Denver Center~~ (SAAC). The Steering Board Chairperson may call upon the Joint Staff, UCOMs, MILDEPs, and defense agencies to provide representatives to address selected procedural and technical issues. The Steering Board shall function in an advisory capacity to the Director, DSAA, and shall meet as necessary to perform the following roles:

1. Establish short- and long-term goals and applications relative to the SAN.
2. Coordinate security and access procedures relative to other organizations (e.g., MILDEPs) security assistance data systems.
3. Set technical standards for future computer and data accessory equipment purchases on behalf of SAOs.
4. Review annual budget priorities relative to computer equipment purchases, maintenance arrangements, and telecommunications networks funded by DSAA.
5. Coordinate the central design and distribution of local software packages for SAOs.

B. ~~SAN~~ Database Owners Work Group_x Functioning in a technical support and advisory capacity to the Steering Board Chairperson, the SAN Database Owners Work Group shall consist of the DSAA Assistant for ~~Information Resources Management IRM~~ (Chairperson), DISAM, DFAS-~~Denver Center~~ (SAAC), and the MILDEPs. The Work Group shall perform the following roles:

1. Develop and refine, as necessary, standard data menus, screens, elements, reports, and user protocol procedures.
2. Provide technical and functional recommendations on matters pertaining to the SAN.
3. Provide training to DISAM personnel and other users, as necessary, on system applications.

4. Provide inputs to be incorporated in updates to the SAN User's Handbook.

C. DSAA Comptrollery The DSAA Comptroller shall:

1. Chair the SAN Policy Steering Board and provide oversight of the SAN Database Owners Work Group.

2. Establish funding priorities for equipment and services needed for the efficient and effective integration of the SAN.

3. Maintain liaison with the Joint Staff, UCOMs, MILDEPs, and defense agencies in establishing common, standard approaches and procedures to security assistance data accessibility.

4. Serve as the overall systems coordinator for the SAN, performing the following functions:

a. Maintain liaison with and provide guidance to the UCOMs to determine which SAOs shall be provided access to applicable data bases and the method for such access.

b. Maintain liaison with database managers concerning the method and schedule of SAO's access to selected databases, the resolution of telecommunications issues, and other matters warranting DOD systems-wide attention.

c. Review and approve/disapprove any requests for deviation from the ADP equipment standards in Table 1504-2.

5. Make pertinent DSAA data accessible to authorized users.

D. Commandant, DISAM The Commandant, DISAM, shall:

1. Provide representation on the SAN Policy Steering Board and SAN Database Owners Work Group.

2. Function as the focal point for establishing and updating SAO data requirements, designing personal computer (PC) software packages for use by SAOs, and serving as a clearing house for security assistance PC software initiatives and needed future applications.

3. Provide initial training to DISAM students and follow-on training at UCOM SA management reviews and other forums, as necessary, with regard to SA data management.

4. Publish and distribute the SAN User's Handbook.

E. Director, DFAS-DE (SAAC) The Director, DFAS-DE (SAAC) shall:

1. Provide representation on the SAN Policy Steering Board and SAN Database Owners Work Group.

2. Interface with the MILDEPs and defense agencies on database connectivity issues.

3. Make DFAS-DE databases accessible to authorized users.

4. Distribute disks containing current SA training program information to off-line SAOs.

F. MILDEPs The MILDEPs shall:

1. Provide representation on the SAN Database Owners Work Group.

2. Respond to requests for technical and management assistance from the SAN Policy Steering Board.

3. Coordinate all changes to security assistance information systems which might have an impact on overseas SAO users through Comptroller, DSAA.

4. Make pertinent databases accessible to authorized users.

G. UCOMs The UCOMs shall:

1. Represent the interests of their staffs and SAOs to improve access to security assistance data systems by appointing a SAN system administrator for each AOR.

2. Plan, coordinate, and provide technical support for standardizing purchases, improving management, ensuring interoperability, and recommending/approving purchase and distribution of ADP equipment and software systems to support the SAN.

3. Ensure that SAOs adhere to hardware and software standards established by the SAN Policy Steering Board, and future ADP purchases are validated by the UCOM.

4. Supervise, direct training, and provide technical support to the SAN installed at the UCOM headquarters, components, and SAOs throughout the theater.

a. Provide additional training to selected personnel on IDSS, TMS, SAARMS, and other functionally-oriented SA data systems.

b. Evaluate installed program operations as part of the UCOM inspections/staff assistance visits.

5. Ensure ADP security requirements are identified and evaluated throughout the life-cycle of installed ADP systems, and address security requirements for current and projected connectivity early in the mission analysis and project initiation phase.

H. SAOs Chiefs of SAOs shall:

1. Ensure that future ADP purchases adhere to the minimum specifications in Table 1504-2 or request a waiver from DSAA through the UCOM.

2. Ensure appropriate user accounts and passwords are obtained and safeguarded.

3. Establish a local training program to insure the proficiency of SAO members on the SAN.

TABLE 1504-1
SAN SYSTEMS AND ASSOCIATED MANAGERS

System Manager

A. Financial Management

- o Foreign Military Financing/ Defense Security Assistance Agency Credit System (DSAA), Washington DC
- o Defense Integrated Financial Defense Finance and Accounting System (DIFS) Service@Denver Center (DFAS-DE/F), (SAAC) Denver CO.

B. Logistics Management

- o Centralized Integrated System U.S. Army Security Assistance Command For International Logistics (CISIL) (USASAC) Deputy for Operations, New Cumberland, PA
- o Management Information System Naval Supply Systems Command For International Logistics (MISIL) (NAVSUPSYSCOM), Washington DC
- o Security Assistance Management Air Force Materiel Command Information System (SAMIS) Air Force Security Assistance Center (AFMC-AFSAC), Wright-Patterson AFB, OH

Reformat

C. Training Management

- o Training and Doctrine Command Security Assistance
Training Field Activity
Security Assistance Supporting (SATFA), Hampton VA
System (TSASS)
- o Foreign Military Training Management Naval Education
and Training Security Assistance Field Activity
Information System (FMTMIS) (NETSAFA),
Pensacola, FL
- o Training Control System (TRACS) Air Force Security
Assistance Training Group (AFSAT), Randolph AFB, TX.
- o Integrated Standardized Training List Institute for
Defense Analyses (IDA) Alexandria VA
(ISTL) IDSS Application
- o Training Management System (TMS) DISAM/DII
(PC Software Maintenance) Wright-Patterson AFB OH

D. Resource Management

- o SA Automated Resource Management DISAM/DII
System (SAARMS) Wright-Patterson AFB OH
(PC Software Maintenance)

E. International Cooperative Programs/ Office of the Deputy
Under Secretary of Defense (International
Armaments Cooperation Database Defense (International
Programs)
Washington DC

F. Bulletin Boards on IDSS

- o DSAA - Security Assistance DSAA
Washington DC
- o ISTL DISAM
Wright-Patterson AFB OH
- o UCOM Individual UCOMs

G. Telecommunications Gateway

- o Interoperability Decision Support Institute for Defense
Analyses (IDA),
System (IDSS) Alexandria VA
 - oo IDSS Access Protocol
 - oo Electronic Mail (E-Mail)

TABLE 1504-2

Minimum Specifications for NEW ADP Equipment

The SAN is designed to operate on IBM PC compatible systems utilizing the 80286 microprocessor (e.g., Z-248, IBM AT) and running under the Microsoft Disk Operating System (MS-DOS) version 3.2 and higher. This should be considered a minimum operating configuration. It is acceptable to upgrade this configuration with larger hard disks, more memory, etc. However, when replacement or other new equipment purchases are warranted, the following specifications apply in order to facilitate interoperability among data system applications.

1. Personal Computers (PC)
 - o IBM compatible with true 80386 microprocessor (not 80386SX)
 - o 33MHz operating speed with 64K hardware cache
 - o 4 MB Random Access Memory (RAM) (80ns or faster)
 - o 100 MB hard disk (< 28 millisecond access speed, auto-locking heads). Equivalent removable media may be used.
 - o Super VGA color monitor (28mm dot pitch) capable of 1024x768 resolution non-interlaced and compatible video display adapter card with 16 bit operation and 1MB on-board video RAM. Video card should also include appropriate video display driver software.
 - o One 5.25 inch high density 1.2MB floppy drive and one 3.5 inch high density 1.44MB floppy drive
 - o Full size desktop case or floor standing tower case.
 - Eight internal expansion slots
 - (6/16 bit, 2/8 bit)
 - o Microsoft compatible mouse with software drivers
 - o Two serial ports; one parallel port
 - o Full size 101 key keyboard
 - o Surge protection power strip or other power protection device capable of delivering constant voltage and providing voltage spike protection
2. Printer
 - o Hewlett Packard Laserjet Series III or compatible
 - a. Serial port and parallel port
 - b. Minimum 1.5MB of memory
 - c. OCR-A and OCR-B font print capability. Fonts may be permanently resident in the printer or installed with removable cartridges.
3. Modem
 - o 300-9600 bps (bits per second) capability
 - o Compatible with the Hayes δ AT δ command set
 - o Complies with CCITT standards V.32/V.42bis and MNP Level

4. Systems Software
o MS-DOS version 5.0. The Security Assistance database programs have not been designed to run with DR-DOS, OS/2, or any other non-MSDOS PC based operating system.

TABLE 1504-3
SAN-ORGANIZATION POINTS OF CONTACT

I. POLICY AND OVERALL SAN ADMINISTRATION MATTERS

DSAA
DSAA/COMPT/IRM
Washington DC 20301-2800
DSN 227-3419; Commercial (703) 697-3419; DATA FAX DSN 224-3408;
Commercial (703) 614-3408.

II. USER EDUCATION AND HANDBOOK MATTERS

DISAM
DISAM/DII
Wright-Patterson AFB OH 45433-5000
DSN 785-5850; Commercial (513) 255-5850; DATA FAX Ext. 4319

III. IDSS NETWORK SYSTEM ADMINISTRATORS AND DATABASE MANAGERS

IDSS Administrator for USLANTCOM AOR
HQ, USLANTCOM (J5NA)
Norfolk VA 23511
DSN 564-6721; Commercial (804) 444-6721; DATA FAX DSN 934-5115;
(804) 445-5115

IDSS Administrator for USCENTCOM AOR
HQ, USCENTCOM (CCJ4/7-SP)
MacDill AFB FL 33608-7001
DSN 968-6417; Commercial (813) 830-6417; DATA FAX Ext. 6373

IDSS Administrator for USEUCOM AOR
HQ, USEUCOM
Logistics and Security Assistance Directorate
Unit 30400, Box 1000
Attn: ECJ4-SA
APO AE 09128-4209
DSN 430-7238; Commercial (049-711) 680-7238; DATA FAX Ext. 4141

IDSS Administrator for USPACOM AOR
HQ, USCINCPAC (J402)
Box 20
Camp Smith HI 96861-5025
DSN 315-477-0854; Commercial (808) 477-0854; DATA FAX Ext. 0944

IDSS Administrator for USSOUTHCOM AOR
HQ, USSOUTHCOM (SCJ5-SA)
APO AA 34003-0201
DSN (313) 282-4605; Commercial (507) 82-4605; DATA FAX Ext. 3709

IDSS Administrator for DFAS Activities; DIFS Database Manager
DFAS-DE (FDD) (SAAC)
Denver CO 80279-5000
DSN 926-6266; Commercial (303) 676-6266; DATA FAX Ext. 6394

IDSS Administrator for U.S. Army Logistics/Financial Activities;
CISIL Database Manager
USASAC Deputy for Operations
Director, Information Management (AMSAC-IM)
New Cumberland PA 17070-5096
DSN 977-6771; Commercial (804) 727-3290; DATA FAX Ext. 4142

IDSS Administrator for U.S. Army Training Activities; TSASS
Database Manager
SATFA
Attn: ATFA-I
2017 Cunningham Drive, 4th Floor
Hampton VA 23666
DSN 680-3290; Commercial (870) 727-3290; DATA FAX Ext. 4142

IDSS Administrator for U.S. Navy Logistics/Financial Activities;
MISIL Database Manager
NAVSUPSYSCOM (SUP-72)
Washington DC 20376-5000
DSN 227-0953; Commercial (703) 607-0953; DATA FAX Ext. 0859

IDSS Administrator for U.S. Navy Training Activities; FMTMIS
Database Manager
NETSAFA
Attn: N-4
Naval Air Station
Pensacola FL 32508-5125
DSN 922-2917; Commercial (904) 452-2917; DATA FAX Ext. 2953

IDSS Administrator for U.S. Air Force Logistics/Financial
Activities; SAMIS Database Manager
AFMC-AFSAC/XMDT
Wright-Patterson AFB OH 45433-5000
DSN 787-6031; Commercial (513) 257-6031; DATA FAX Ext. 9102

CMCS Database Manager
SAF/IAPP
Washington DC 20330-1000
DSN 227-8015; Commercial (703) 227-8015
DATA FAX DSN 224-7576; Commercial (703) 614-7576

IDSS Administrator for U.S. Air Force Training Activities; TRACS
Database Manager

change 5

AFSAT/RMI

Randolph AFB TX 78150-5001

DSN 487-5962; Commercial (512) 652-5962; DATA FAX Ext. 4573

IDSS Administrator for Other DOD Activities

DISAM/DII

Wright-Patterson AFB OH 45433-5000

DSN 785-5850; Commercial (513) 255-5850; DATA FAX Ext. 4319

ISTL Database Manager; IDSS Operation

Institute for Defense Analyses (IDA)

1801 N. Beauregard Street

Alexandria VA 22311-1772

DSN 289-2410; Commercial (703) 845-2410

DATA FAX Ext. 2588

DRAFT SAMM SECTION 1504 ({date \@ "M/d/yy"})

1504-`{page|1}`

176



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

*Change 5
Background*

13 JUL 1992

In reply refer to:
I-02886/92

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Guidance to be Published in the SAMP Concerning the Security Assistance (SA) Database and Communications Network System

A summary of significant modifications to an earlier draft of SAMP Section 1504 is at attachment 1 and a copy of the final version is at attachment 2. Many of the suggestions provided during the staffing process have been incorporated and the section is expected to be included when SAMP change 5 is published later this year.

Section 1504 is effective upon receipt. Questions or comments may be directed to DSAA/COMPT/IRM, Mr. Paul Porter, DSN 223-1056 or commercial (703) 693-1056; FAX DSN 224-3408 or commercial (703) 614-3408.

Teddy G. Allen
Lieutenant General, USA
Director

Attachments
As stated

Distribution:

JCS (J-5/Strategy/SA/TT)
HQ DLA/LR
DALO-SA
Navy IPO (O2C)
SAF/IAP
HQ USLANTCOM/J5NA
HQ USCENTCOM/CCJ4/7-SP
HQ USEUCOM/ECJ4-SPS
HQ USCINCPAC/J45
HQ USSOUTHCOM/SCJ5-SA
DFAS/ASR
DFAS-DE/F
DISAM/DC

(177)

Change 5
Background

Feb 92

In reply refer to:
I-01109/92

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Draft SAMP Guidance Concerning the Security Assistance
(SA) Database and Communications Network System

During the past year, DSAA has been working with DISAM, DFAS-DE, and a number of other organizations relative to the planning and implementation of a database access system for SAOs and other users. Prototype database modules have now been developed for testing at certain SAOs.

In order for this effort to proceed from prototype testing to full implementation, basic policies as well as organizational roles and responsibilities must be formalized. In this regard, a draft section for the SAMP is attached. This draft addresses issues which have arisen to date and, as with other SAMP chapters and sections, will be updated as changes occur.

Addressees are invited to provide comments concerning the attached. Input should be provided to DSAA/OPS-E by 27 March 1992. Questions may be directed to DSAA/COMPT/IRM, Mr. Paul Porter, DSN 223-1056 or commercial (703) 693-1056, or Mr. Chris Franz, DSN 223-8289 or commercial (703) 693-8289; FAX DSN 224-3408 or commercial (703) 614-3408.

H. Diehl McKalip
Director
Security Assistance Operations

Distribution:

- JCS (J-5/Strategy/SA/TT)
- HQ DLA/LR
- DALO-SA
- Navy IPO (O2C)
- SAF/IAP
- HQ USLANTCOM/J55
- HQ USCENTCOM/CCJ4/7-SP
- HQ USEUCOM/ECJ4-SPS
- HQ USCINCPAC/J45
- HQ USSOUTHCOM/SCJ5-SA
- DFAS/ASR
- DFAS-DE/F
- DISAM/DC

178

Pre'd by: MR. WELLS/lld/x78108
DSAA/OPS-E

Distribution: Orig Addee & cc

- CMD(1) CC:
- OPS-E SUBJ
- OPS-E CHRON
- OPS CHRON

pscms1

Change 5
Background

3 February 1992

Memorandum for Mr. McKalip *m 2-3-92*
Through Mr. Tyler
Mrs. Ludlow-MacMurray *EM*

Subject: Proposed SAMP Change

Comptroller and DISAM have been principals in a proposed SA communications network which has been briefed at various conferences and seminars. Front office reps have participated in the briefings. To date, I have been involved to help ensure guidance is adequate without being duplicative.

Comptroller wishes to send the proposed change at the Signature Tab. Since we send out these changes most frequently, Mr. Woods asked that OPS sign out the SAMP coordination package. Following coordination/receipt of comments, package will be cleared through front office.

When signed, I will provide a copy of attached to OPS regional divisions for information. The red tag is to have signed for DISAM pickup tomorrow (DISAM will mail).

Recommend approval at the Signature Tab.

W.
W. Wells
OPS-E, X78108

Attachment
As stated

pscwd

(179)

UNCLASSIFIED

JOINT STAFF
INFO SERVICE CENTER

*Change 5
Background*

ROUTINE
P 301715Z JAN 92
FM DISAM WRIGHT-PATTERSON AFB OH//DI//
TO SECDEF WASHINGTON DC//USDP/DSAA/COMPT/IRM/FMD//
DFAS-DENVER CENTER LOWRY AFB CO//FS//
NAVSUPSYSCOM WASHINGTON DC//CODE 72//
NAVILCO PHILADELPHIA PA//CODE 00//
DEP FOR OPNS USASAC NEW CUMBERLAND PA//AMSAC-IM//
ZEN/AFLC-ILC WRIGHT-PATTERSON AFB OH//XMD//
INFO DA WASHINGTON DC//DALO-SA2-A// CDR USASAC ALEX VA//AMSAC-D//
NAVY IPO WASHINGTON DC//O4// OSAF WASHINGTON DC//IAPP//

THE MEETING:
A. LOCATION/TIME: DISAM, BUILDING 125, AREA B, WRIGHT-PATTERSON AFB. MEETING WILL COMMENCE 0800, WEDNESDAY, 26 FEB AND CONCLUDE BY 1600, THURSDAY, 27 FEB.
B. PLEASE PROVIDE YOUR TRAVEL ARRIVAL/DEPARTURE TIMES, AND LODGING AND TRANSPORTATION REQUIREMENTS BY 10 FEB TO DISAM/DAS (MRS JO ANN WRIGHT), DSN 785-4144 OR COMMERCIAL (513) 255-4144, FAX (513) 255-4319. WE WILL NEED EACH ATTENDEE'S NAME, RANK, SSN, AND LODGING DATES TO MAKE LODGING RESERVATIONS.
C. BECAUSE OF NON-AVAILABILITY OF VOQ ACCOMMODATIONS DURING THE PERIOD OF THE MEETING, BILLETING WILL BE ARRANGED AT THE HOPE HOTEL & CONFERENCE CENTER WHICH IS LOCATED ON WRIGHT-PATTERSON AFB IN AREA A, BUILDING 823, PHONE (513) 879-2696. THE HOPE HOTEL CHARGES A RATE OF \$33.79 PER NIGHT. UPON CHECKOUT, YOUR CONTRACT AUTHORIZATION NUMBER WILL APPEAR ON YOUR GUEST FOLIO WHICH SHOULD BE FILED WITH YOUR TRAVEL VOUCHER FOR REIMBURSEMENT. THE HOPE HOTEL ACCEPTS AMERICAN EXPRESS, DINER'S CLUB, MASTERCARD, VISA, AND DISCOVER CREDIT CARDS. EACH ATTENDEE SHOULD CALL THE HOTEL AFTER THE 21ST OF FEBRUARY TO GUARANTEE THEIR RESERVATION WITH ONE OF THE LISTED CREDIT CARDS. ANY QUESTIONS TO THIS PROCEDURE SHOULD BE REFERRED TO MRS WRIGHT.
5. YOUR INTEREST AND COOPERATION ARE APPRECIATED AS WE ADVANCE WITH THIS PHASE OF THE DATABASE/NETWORK INITIATIVE. DISAM POCS FOP MEETING SCOPE/AGENDA ITEMS ARE MR GEORGE FARNELL AND MR FRANK CAMPANELLO, DSN 785-5850 OR COMMERCIAL (513) 255-5850.
6. THIS MESSAGE HAS BEEN COORDINATED WITH DSAA/COMPT. BT

UNCLAS
SUBJ: SECURITY ASSISTANCE DATABASE AND COMMUNICATIONS NETWORK
1. THE PURPOSE OF THIS MESSAGE IS TO ANNOUNCE A 26-27 FEB 92 MEETING RELATIVE TO SUBJECT PROJECT.
2. HISTORY/BACKGROUND:

A. IN AN AUG 90 MESSAGE, DSAA ANNOUNCED THE INITIATION OF SUBJECT PROJECT. MAJOR GOALS OF THE SA DATABASE/NETWORK INITIATIVE ARE TO TIE SA DATA SYSTEMS AND USERS TOGETHER, AND TO INTERFACE AUTOMATED SYSTEMS THROUGH EXISTING OR EXPANDED TELECOMMUNICATIONS NETWORKS. CONSIDERABLE TANGIBLE PROGRESS HAS BEEN REALIZED OVER THE PAST 18 MONTHS TOWARD MEETING THESE GOALS IN SELECTED AREAS.

B. STARTING IN MAY 91, UNDER THE AUSPICES OF SUBJECT PROJECT, NAVSUPSYSCOM PROCEEDED TO TEST THE INTEROPERABILITY DECISION SUPPORT SYSTEM (IDSS) TELECOMMUNICATIONS GATEWAY CONCEPT BY PROVIDING MANAGEMENT INFORMATION SYSTEM FOR INTERNATIONAL LOGISTICS (MISIL) ACCESS TO OVER 15 UNIFIED COMMAND AND OVERSEAS SECURITY ASSISTANCE ORGANIZATION (SAO) SITES. UNIFIED COMMANDS AND SAOS HAVE CONFIRMED THAT LOGISTICS DATA IS MOST USEFUL AT THE SAO LEVEL. NAVSUPSYSCOM FURTHER AGREED TO STUDY THE IMPACT OF DEVELOPING MISIL SCREENS/REPORTS DIRECTLY TAILORED TO SAO AND UNIFIED COMMAND HQ NEEDS. UNIFIED COMMANDS AND SAOS ANTICIPATE RECEIVING ACCESS THROUGH IDSS TO DEFENSE INTEGRATED FINANCIAL SYSTEM (DIFS), CENTRALIZED INTEGRATED SYSTEM FOR INTERNATIONAL LOGISTICS (CISIL), AND SECURITY ASSISTANCE MANAGEMENT INFORMATION SYSTEM (SAMIS) DATA.

C. IDSS ACCESSIBILITY TO FMS FINANCIAL AND LOGISTICS SYSTEMS WAS DISCUSSED AS AN OPTION DURING A DSAA-SPONSORED WORKSHOP IN CRYSTAL CITY IN NOV 90, AND IN A MAY 91 MESSAGE, DSAA ANNOUNCED THAT IDSS WOULD BE USED AS THE TELECOMMUNICATIONS GATEWAY. FOLLOWING SUCCESSFUL MISIL/IDSS PROTOTYPING EFFORTS BY NAVSUPSYSCOM, OTHER COMMANDS (DFAS-DE, USASAC, AND AFLC-ILC) HAVE BEEN TAKING THE NECESSARY STEPS TO FACILITATE IDSS ACCESS TO THEIR DATA SYSTEMS. THE DSAA/DFAS-DE/DISAM DATABASE STEERING BOARD HAS BEEN ADVISED THAT ACCESS SHOULD BE ESTABLISHED NLT MARCH 92.

D. AS A RELATED ITEM OF INTEREST, THE CONUS SECURITY ASSISTANCE TRAINING AGENCIES (SATFA, NETSAFA, AFSAT) ARE CURRENTLY PROVIDING TRAINING PROGRAM DATA THROUGH IDSS TO SAOS WHERE THE TRAINING MANAGEMENT SYSTEM (TMS) SOFTWARE MODULE HAS BEEN INSTALLED. TMS WILL BE INSTALLED IN FURTHER UNIFIED COMMANDS AND SAOS THIS SPRING.

3. ACTION ADDRESSES ARE REQUESTED TO SEND REPRESENTATIVES TO A "SA DATABASE FINANCIAL/LOGISTICS SYSTEMS" MEETING WHICH WILL BE HELD AT DISAM ON 26-27 FEB 1992. THE PURPOSES OF THE MEETING ARE AS FOLLOWS:

- A. TO REVIEW UNIFIED COMMAND AND SAO DATA REQUIREMENTS RELATIVE TO FINANCIAL AND LOGISTICS SYSTEMS.
 - B. TO REVIEW NAVSUPSYSCOM'S EXPERIENCES IN PROVIDING MISIL ACCESS AND FUTURE EFFORTS TO DEVELOP TAILORED MISIL SCREENS/REPORTS FOR UNIFIED COMMAND HQ AND SAO USERS. ALSO, THE MEETING WILL OFFER A FORUM TO DISCUSS HOW OTHER DOD/MILDEP DATA SYSTEM MANAGERS MIGHT OFFER SIMILAR STREAMLINED ACCESS TO SAO AND OTHER USERS.
 - C. TO DISCUSS THE DEVELOPMENT AND MAINTENANCE OF A TAILORED, EASY-TO-UNDERSTAND, CONSOLIDATED SA DATABASE USERS HANDBOOK, WHICH WILL BE COMPILED AND PUBLISHED BY DISAM. THE TARGET AUDIENCE FOR THIS HANDBOOK WILL BE THE UNIFIED COMMAND HQS AND SAOS, AS WELL AS CONUS ACTIVITIES WHICH DO NOT REQUIRE DEDICATED TELEPHONE LINES/TERMINALS FOR ACCESS TO ONE OR MORE FMS DATA SYSTEMS.
4. THE FOLLOWING ADMINISTRATIVE INFORMATION APPLIES RELATIVE TO

JOINT STAFF
ACTION USDP:FILE(1) (U.7.8.F)
INFO QUAL CONTROL(1) SECDEF-N(1) USDA:ADMIN(1) OASIS(0)
USDP:IA(1) USDP:DSAA(1) USDP:TSPD(1) USDP:D TSA/TD(1)
USDP:PPEAP(1) USDP:TSOI(1)
+SAFE

10

E
4B

180

MCN=92031/07116 TOR=92031/1957Z TAD=92031/2236Z

CDSN=MAU393
PAGE 1 OF 1
301715Z JAN 92

UNCLASSIFIED

ILCO	International Logistics Control Office
ILCS	International Logistics Communication System
ILP	International Logistics Program
ILS	Integrated Logistics Support or Instrument Landing System (in context)
ILSP	Integrated Logistics Support Plan
IM	Item/Inventory Manager
IMET	International Military Education and Training
IMS	International Military Student
IMSO	International Military Student Office(r)/Noncommissioned Officer
IMT	International Military Trainee or International Military Training
IP	Informational Program or Intellectual Property (in context)
IPD	Issue Priority Designator
ISM	Industrial Security Manual
ISR	Industrial Security Regulation
ISSL	Initial Spares Support List (See CSP)
ITAR	International Traffic in Arms Regulations
ITMO	International Training Management Officer (USAF)
ITO	Invitational Travel Order

INC
IPO
International Narcotics Control
(None) International Programs office

J

JCS	Joint Chiefs of Staff
JFM	Joint Forces Memorandum
JLC	Joint Logistics Commanders
JMP	Joint Manpower Program
JO41	Acquisition and Due-in Subsystem (U.S. Air Force)
JSAM	Joint Security Assistance Memorandum
JSAT	Joint Security Assistance Training
JSPD	Joint Strategic Planning Document
JSPDSA	Joint Strategic Planning Document Supporting Analysis (portion of the JSPD which will be submitted by the field)
JSPS	Joint Strategic Planning System
JTD	Joint Table of Distribution
JTR	Joint Travel Regulation

K

[None at this time.]

L

LABCOM	Laboratory Command (U.S. Army)
LANTCOM	U.S. Atlantic Command
LCC	Life Cycle Cost
LOA	Letter of Offer and Acceptance (synonymous with DD Form 1513)
LOI	Letter of Intent
LOR	Letter of Request
LSC	Logistics Support Charge
LTD	Language Training Detachment

M

MAAG	Military Assistance Advisory Group
MAC	Military Airlift Command (U.S. Air Force)
MACOM	Major Army Command
MAG	Military Assistance Group
MAJCOM	Major Command (U.S. Air Force)

(181)

MANPADS	Man-Portable Air Defense System
MAP	Military Assistance Program
MAPAC	Military Assistance Program Address Code
MAPAD	Military Assistance Program Address Directory
MASF	Military Assistance Services Funded
MASL	Military Articles and Services List(s) (for Material; and Training; IMET, FMS and NATO)
MCTL	Military Critical Technologies List
MTBF	Mean Time Between Failure
MCL	Munitions Control List
MDA(A)	Mutual Defense Assistance or Mutual Defense Agreement
MDE	Major Defense Equipment
MFP	Major Force Program
MFO	Multinational Force and Observers
MICAP	Mission Capability
MICOM	Missile Command (U.S. Army)
MILDEPS	U.S. Military Departments
MILSBILLS	Military Standard Billing System
MILSCAP	Military Standard Contract Administration Procedures
MIL-SPEC	Military Specification
MILSTAMP	Military Standard Transportation and Movement Procedures
MIL-STD	Military Standard
MILSTEP	Military Supply and Transportation Evaluation Procedures
MILSTRAP	Military Standard Transaction Reporting and Accounting Procedures
MILSTRIP	Military Standard Requisitioning and Issue Procedures
MIPR	Military Interdepartmental Purchase Request
MIRR	Material Inspection and Receiving Report (DD Form 250)
MIS	Management Information System
MISIL	Management Information System International Logistics (U.S. Navy)
MISTR	Management of Items Subject to Repair (U.S. Air Force)
MLRS	Multiple Launch Rocket System
MMC	Material Management Code
MOA	Memorandum of Agreement
MOD	Ministry of Defense (International equivalent of U.S. DOD)
MOU	Memorandum of Understanding
MPS	Military Postal Service
MRI	MILSTRIP Routing Identifier
MSC	Military Sealift Command (U.S. Navy)
MTMC	Military Traffic Management Command (U.S. Army)
MTT	Mobile Training Team
MTTR	Mean Time to Repair or Return
MWO	Modification Work Order

N

NADEP	Naval Aviation Depot
NAD(S)	National Armaments Director(s) or Naval Aviation Depot (in context)
NAMSA	NATO Maintenance and Supply Agency
NAMSO	NATO Maintenance and Supply Organization
NAPR	NATO Armaments Planning Review
NATO	North Atlantic Treaty Organization
NAVAIR	Naval Air Systems Command
NAVCOCS	Navy Case Obligation Control System
NAVFAC	Naval Facilities Engineering Command
NAVILCO	Navy International Logistics Control Office (Philadelphia, Pennsylvania)
NAVPRO	Naval Plant Representative Office
NAVSEA	Naval Sea Systems Command
NAVSUP	Naval Supply Systems Command
NC on NRC	Nonrecurring Cost

5AN

Security Assistance Network

182

DISAM: Please
re-alphabetize

APPENDIX B GLOSSARY OF SELECTED TERMS

A

Acceptance Date - The date which appears on the acceptance portion of ~~DD Form 1513~~ ^{the LOA} and indicates the calendar date on which a foreign buyer agrees to accept the items and conditions contained in the FMS offer ~~portion~~.

Acceptance, Letter of Offer - U.S. Department of Defense ~~(DD) Form 1513~~ ^{document} 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.

Accepted Case - An FMS offer and acceptance for definitized requirements, signed by the designated representative of the eligible recipient ^{and for which initial deposit or other financial arrangements have been completed by the Purchaser.} ~~which has been~~ ^{many programs}

Accessorial Cost - The value of expenses incidental to issues, sales, and transfers of materiel which are not included in the standard price or contract cost of materiel; also any expenses incidental to the performance of services, training, etc. May be commonly referred to by the higher level generic code "LO0" for all types of accessorial costs.

Accrued Costs - The financial value of delivered articles and services and incurred costs reported to SAAC via DD Forms 1517. Incurred costs represent disbursements for which no physical deliveries have yet occurred. Examples are: progress payments to contractors, GFM/GFE provided to contractors, and NC.

Adjustment Reply Code (ARC) - Code which identifies the type of action being taken in reply to the FMS customer Report of Discrepancy (ROD). Codes are transmitted to SAAC by the Implementing Agency in FMS Delivery/Performance Reports. Items with valid ARCs are matched to the ROD file to create "FKG" reply transactions.

Administrative Agency - The Military Department ^{responsible} ~~charged~~ with the responsibility for the provision of logistical and administrative support to a DOD element in a foreign country or international organization.

Administrative Cost - The value of costs associated with the administration of FMS. ~~The prescribed administrative percentage for a case appears in the DD Form 1513. This percentage is applied against the case.~~ Expenses charged directly to the FMS case (as prescribed by the ~~DD Form 1513~~) are not included. May be commonly referred to by the generic code "L6A" for administrative costs.

Annual Integrated Assessment of Security Assistance (AIASA) - Report submitted annually by the U.S. Diplomatic Mission which, in addition to an assessment of the host country's capabilities, contains recommended and projected levels of security assistance, for preparation of the *Congressional Presentation Document*, and the annual security assistance budget request.

Arms Export Control Board (AECB) - An interagency board, chaired by the Under Secretary of State for Security Assistance, Science and Technology, that serves to advise the Secretary of state on matters relating to security assistance program levels and arms transfer policies.

referred to as

OK DFAS DE

OK DFAS DE

Delite
by ATMB
next page

Arms Transfers (See also **Conventional 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 U.S. government under the ~~Foreign Assistance Act of 1961~~, as amended, or the ~~Arms Export Control Act (AECA)~~, as amended; other statutory authority; or directly by commercial firms to foreign countries, foreign private firms, or to international organizations. [Executive Order No. 10973, as amended, *Administration of Foreign Assistance and Related Functions*.]

Arms Transfer Management Group (ATMG) - An interagency board, chaired by the Under Secretary of State for Security Assistance, Science and Technology, which serves to advise the Secretary of State on matters relating to security assistance program funding levels and arms transfer policies. [Formerly, Arms Export Control Board (AECB)]

B

Billing Statement - The DD Form 645 Billing Statement represents the official claim for payment by the U.S. Government referred to in ~~Annex A of the DD Form 1513~~, Letter of Offer and Acceptance. It also furnishes an accounting to the FMS purchaser for all costs incurred on his behalf under each agreement.

Blanket Order ^{LOA} ~~FMS Case~~ - An agreement between a foreign customer and the U.S. Government for a specific category of items or services (including training) with no definitive listing of items or quantities. The ^{LOA} ~~case~~ specifies a dollar ceiling against which orders may be placed ~~throughout the ordering period, normally 12 months~~.

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

C

Cancelled Case ^{LOA} ~~FMS case~~ - An ^{LOA} ~~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 ~~the case~~ prior to delivery of defense articles or performance of services shall be responsible for all (or associated) termination costs.

→ **Case** - ^{LOA} ~~A contractual sales agreement between the U.S. and an eligible foreign country or international organization, documented by DD Form 1513. One FMS ~~case~~ identifier is assigned for the purpose of identification, accounting, and data processing for each ~~offer~~ (DD Form 1513).~~
An LOA which has been accepted by an authorized customer.

Case Amendment ^{LOA} - An amendment of a ~~case document on a DD Form 1513-1~~ which constitutes ~~a contracted scope change to an existing DD Form 1513.~~ ^{LOA}

Case Description ^{LOA} - A short title specifically prepared for each ~~FMS case~~ by the implementing agency ^{LOA}.

Case Designator ^{LOA} - A unique ^{three-letter designator} ~~designator~~ assigned by the implementing agency to each ~~FMS case~~. ^{LOA} The designator originates with the offer of a sale, identifies the ~~case~~ through all subsequent transactions, and is generally a three-letter designation, comprising the last element of the ~~Case~~ ^{LOA} Identifier.

^{, LOA}
~~Case Identifier~~ - A unique identifier assigned to an ^{LOA} ~~FMS case~~ for the purpose of identification, accounting, and data processing of each accepted offer (~~DD Form 1513~~). The ~~case~~ identifier consists of the country code, implementing agency code, and the ~~case~~ designator.

^{, LOA}
~~Case Modification~~ - ~~Modification of a case documented by a DD Form 1513-2 which constitutes an administrative or price change to an existing DD Form 1513, without revising the scope of the case.~~ ^{LOA}

Cash in Advance - U.S. dollar currency, check, or other negotiable instrument required concurrently with the acceptance of a sales offer.

Cash Sales (DOD) - Involves either "Cash with Acceptance," payment within a reasonable period not to exceed 120 days after delivery of the rendering of the service, or payments as funds are required to meet USG liabilities to suppliers under a "Dependable Undertaking." [Sections 21 and 22, AECA]

Cash with Acceptance - U.S. dollar currency, check, or other negotiable instrument submitted by the customer concurrent with acceptance of sales offer for the full amount shown as the estimated total cost on the ~~DD Form 1513~~. ^{LOA}

Closed Case - An FMS case on which all materiel has been delivered and/or all services have been performed, all financial transactions, including all collections, have been completed, and the customer has received a final statement of account.

Co-Development - A development project to which more than one government contributes efforts or resources.

Collection - Receipt in U.S. dollar currencies, checks, or other negotiable instruments from a customer country to pay for defense articles or services, based on accepted ~~FMS cases~~. ^{LOA}

Commercial Sale - Sale made by U.S. industry directly to a foreign buyer which is not administered by the DOD through FMS procedures.

Commercial-Type Items - Any items, including those expended or consumed in use which, in addition to military use, are used and traded in normal civilian enterprise and which are, or can be, imported/exported through normal international trade channels.

Commitment - Any communication between a responsible U.S. official and a representative foreign official (including officials of any international organization or supra-national authority) which reasonably could be interpreted as being a promise that the U.S. will provide a foreign government (including international organizations or supra-national authorities) with funds (including long term credit assignments), goods, services, or information.

Commodity Group - A grouping or range of items which possess similar characteristics, have similar applications, or are susceptible to similar supply management methods.

Commonality - A quality that applies to material or systems possessing like and interchangeable characteristics enabling each to be used or operated and maintained by personnel trained on the other without additional specialized training, or having interchangeable repair parts or components, and applying to consumable items interchangeably equivalent without adjustment.

Compatibility - The characteristics or ability of systems to coexist and function without mutual interference.

185

Change 5

Completed Case - A delivered FMS case for which all collections have been completed, but for which an accounting statement has not been furnished to the purchaser.

* -

Concurrent Spare Parts (CSP) - Spare parts programmed as an initial stockage related to a major item and normally delivered concurrently with the delivery of the major item.

-

Congressional Presentation Document (CPD) - The document presented annually to Congress, describing the proposed Military Assistance and Foreign Military Sales programs, and related security assistance programs, for Congressional authorizations and appropriations.

SA

-

Consolidated Data Report (CDR) - Report submitted by the U.S. Diplomatic Mission which updates the information contained in the previously submitted AIASA, for preparation of the CPD. The CDR also is known as the CPD update.

-

Constructive Delivery (FMS) - Delivery of materiel to a carrier for transportation to the consignee, or delivery to a U.S. post office for shipment to the consignee. Delivery is evidenced by completed shipping documents or listings of delivery at the U.S. post office. The delivery of materiel to the customer or the customer's designated freight forwarder at point of production, testing, or storage at dockside, at staging areas, or at airports constitutes actual delivery of services for the purchaser.

Constructive:

Actual:

-

-

Continuing Resolution Authority (CRA) - Authority to obligate funds against the MAP or IMET, credit financing, or other related appropriation for the new fiscal year under Continuing Resolution Authority granted by Congress in a Joint Resolution making temporary appropriations prior to passage of the regular appropriation act.

The performance -

Contract Field Services (CFS) - Services performed by commercial or industrial companies. These services provide instruction and training on the installation, operation, and maintenance of DOD weapons, equipment, and systems.

Conventional Arms Transfers - The transfer of nonnuclear weapons, aircraft, equipment, and military services from supplier states to recipient states. The U.S. has viewed arms transfers as a useful foreign policy instrument to: strengthen collective defense arrangements, maintain regional military balances, secure U.S. bases, and compensate for the withdrawal of troops. U.S. arms are transferred by grants as in the Military Assistance Program (MAP), by private commercial sales, and by government-to-government sales under FMS, and

-

-

adminially
D upo
CLSSA
balans

Cooperative Logistics - The logistic support provided a foreign government/agency through its participation in the United States Department of Defense logistics system with reimbursement to the U.S. for support provided. [JCS Pub 1]

-

-

Cooperative Logistics Sales - Sales pursuant to arrangements wherein continuing support is provided a foreign government through its participation in U.S. Department of Defense logistics system with reimbursement to the U.S. for support performed.

X -

-

Cooperative Logistics Supply Support Arrangements (CLSSA) - Peacetime military logistics support arrangements designed to provide responsive and continuous supply support at the depot level for U.S.-made military materiel possessed by foreign countries and international organizations. The CLSSA is normally the most effective means for providing common repair parts and secondary item support for equipment of U.S. origin which is in allied and friendly country inventories. [SAMM, Ch. 7]

186

Cooperative Logistics Support Arrangement - The combining term for procedural arrangements (cooperative logistics arrangements) and implementing procedures (supplementary procedures) which together support, define, or implement cooperative logistics understandings between the ~~United States~~ ^{US} and a friendly foreign government under peacetime conditions. [JCS Pub 1]

Cooperative Projects - Jointly managed arrangements between the U.S. and a NATO member country (or countries) or a specific non-NATO country (or countries). These projects, which must be described in a written agreement, provide for the cooperative sharing of the costs of research, development, testing, evaluation, or joint production (including follow-on support) of specific defense articles. With NATO member countries, these projects are designed to further the objectives of standardization, rationalization, and interoperability (RSI). Similar projects with non-NATO member countries serve to enhance the ongoing multinational effort of the participants to improve their conventional defense capabilities. Waivers or reduction of FMS charges (e.g., non-recurring cost recoupment charges, asset use charges and administrative charges are authorized for such projects since they are not normally implemented through the FMS system [Sec. 27, AECA]

Cooperative Research and Development - Any method by which governments cooperate to make better use of their collective Research and Development resources to include technical information exchange, harmonizing of requirements, co-development, interdependent R&D, and agreement on standards.

Coproduction (International) - Method by which items intended for military application are produced ~~and~~ or assembled under the provisions of a cooperative agreement that requires the transfer of technical information and know-how from one nation to another. [Draft DODD 2000.9]

Country Liaison Officer (CLO) - An officer or non-commissioned officer (NCO) of a foreign military establishment selected by his or her government and attached to a MILDEP or DOD agency for the primary purpose of helping administer trainees from his or her country. For administrative purposes, the CLO is considered in a trainee status.

Country Team - Senior members of U.S. Government agencies assigned to a U.S. diplomatic mission overseas, and subject to the direction and supervision of the Chief, U.S. Mission (Ambassador). ~~Normally, such members meet regularly (i.e., weekly) to coordinate U.S. Government political, economic, and military activities and policies in the host country.~~

Credit - Transactions approved on a case-by-case basis by the Departments of State, Treasury and Defense, which allow repayment of military export sales for periods beyond 120 days after delivery of materiel or performance of service. [Sections 23 and 24, AECA]

Credit Arrangement - An arrangement with a foreign government ^{under which} ~~that~~ the U.S. will advance a stipulated amount of credit for financing ~~of a Foreign Military Sale~~ ^{an FMS} or commercial sale to that government. [Sections 23 and 24, AECA]

Credit Guaranty - A guaranty to any individual corporation, partnership, or other judicial entity doing business in the ~~United States~~ ^{US} (excluding ~~U.S. Government~~ ^{USG} agencies other than the Federal Financing Bank) against ~~political and credit~~ risks of nonpayment arising out of their financing of credit sales of defense articles and defense services to eligible countries and international organizations. [Section 24, AECA]

Current Fiscal Year - The fiscal year in progress ^(1 October - 30 September) ~~but not yet completed, e.g., between and including 1 October and 30 September.~~

Change 5

D

Defense Article - ~~Includes any Weapon~~, weapon system, munition, aircraft, vessel, boat, or other implement of war; any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance or making military sales; any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any other defense article or any component or part of any article listed above, but shall not include merchant vessels, major combatant vessels (10 U.S. Code 7307), or as defined by the Atomic Energy Act of 1954, as amended (42 U.S. Code 2011), source material, by-product material, special nuclear material, production facilities, utilization facilities, or atomic weapons or articles involving Restricted Data. [Section 644(d), FAA and Section 47(3), AECA]

Defense Attache Office - A DOD organization assigned to a U.S. diplomatic mission overseas for the purposes of overt gathering of military information, representing ~~the U.S. Department of Defense~~ in the conduct of military liaison activities, and performing as a member of the U.S. country team. Some DAO's have been designated by the President as responsible for security assistance functions in the host country.

Defense Automatic Addressing System (DAAS) - DAAS functions as an automated system for routing logistics data traffic and provides document processing and data information services. [DODD 4000.25]

Defense Industrial Cooperation - U.S. activities performed in conjunction with selected foreign countries, which are intended to stimulate the development of foreign defense industrial capabilities, particularly in emerging technologies, for the mutual benefit of all participants.

Defense Information - Any document, writing, sketch, photograph, plan, model, specification, design prototype, or other recorded or oral information relating to any defense article, defense service, or major combatant vessel (e.g., DE, SS and above), but shall not include Restricted Data as defined by the Atomic Energy Act of 1954, as amended, and data removed from the Restricted Data category under Section 142d of that Act. [Section 644(e) FAA 61]

Defense Service - Includes any service, test, inspection, repair, training, publication, or technical or other assistance, or defense information used for the purpose of furnishing military assistance or ~~FMS~~ but does not include military education and training activities. [Section 644(f), FAA and Section 47(4), AECA]

SEC 47(4). For purposes of guidance within this manual, includes military * ~~training~~ [AECA

Defined Order Case - These cases are characterized by separately identified line items on the DD Form 1512, which may include individually listed items or dollar value lines for which requisitions (for hardware lines) are initiated by the IA

Delivered Case - [See Completed Case] following LOR acceptance.

Delivery - Includes constructive or actual delivery; the performance of services for the customer or requisitioner; accessorial services, when they are normally recorded in the billing and collection cycle immediately following performance. (XPg B-A) (redundant)

Dependable Undertaking - A firm commitment by the ~~foreign government or international organization~~ ^{Purchaser} to pay the full amount of a contract for new production or for the performance of defense services which will assure the U.S. against any loss on such contract and to make funds available in such amounts and at such times as may be required by the contract, or for any damages and costs that may accrue from the cancellation of such contract, provided that in the judgment of

(188)

* education and training activities and military design and construction services.

~~the~~ ^{Purchaser} DOD there is sufficient likelihood that the ~~foreign government or international organization~~ will have the economic resources to fulfill the commitment. [Section 22, AECA]

Designated Country Representative - ~~A person or persons~~ ^{Person (a)} duly authorized by a foreign government to act on behalf of that government to negotiate, commit, sign contractual agreements, ~~and~~ ^{or} accept delivery of materiel.

Disclosure Authorization - Authorization by appropriate ~~MILDEP~~ ^{DOD} authority which is required prior to disclosure of classified information to foreign nationals who are cleared by their government to have access to classified information.

^{for which} Disposable MAP Property - MAP property ~~determined to be no longer needed for the purpose initially furnished and for which~~ ^{original} no further MAP requirement exists, ~~and~~ ^{including} MAP property which does not meet the criteria for utilization screening and is classified as disposable property by the ~~Security Assistance Organization when initially reported by the foreign country.~~

DOD Activity Address Directory System (DODAADS) - ~~The DODAADS~~ ^{Provides} data elements and identification codes, and clear text addresses of ~~organizational activities~~ needed for materiel requisitioning, marking, shipping document preparation, billing and similar applications. [DODD 4000.25]

DOD Direct Credit - Long-term credit which is directly financed from the appropriation or account available for that purpose. Authority is Section 23 of the Arms Export Control Act, as amended, or pertinent earlier legislation.

Down Payment - [See Initial Deposit]

Dual Production - ~~It is~~ ^{defined articles both the U.S. and} the joint production of a weapons system in ~~other countries~~ ^{and} the United States. ~~The term can refer not only to independent production lines for the entire weapon system, but also to interdependent production whereby the participants produce for one another parts or components of the system components for one another.~~

E

Economic Support Fund - Program by which economic assistance is provided on a loan or grant basis ~~to selected foreign governments having unique security problems, which are of strategic concern to the U.S. The funds are used to finance imports of commodities, capital, or technical assistance in accordance with terms of a bilateral agreement. Counterpart funds thereby generated may be used as budgetary support. These funds enable a recipient to devote more of its own resources to defense and security purposes than it otherwise could do without serious economic or political consequences. [JCS Pub 1]~~

Eligible Recipient (FMS) - Any friendly foreign country or international organization determined by the President to be eligible to purchase defense articles and defense services, unless otherwise ineligible due to statutory restrictions. [Section 3, AECA]

Eligible Recipient (MAP) - Any foreign country or international organization determined by the President to be eligible to receive military assistance, unless otherwise ineligible due to statutory restrictions. [Section 508, FAA]

End Item - A final combination of end products, component parts, ~~and~~ ^{or} materials which is ready for its intended use (e.g., ship, tank, mobile machine shop, aircraft. [JCS Pub 1])

Eurogroup - ~~A term used for those European nations that have joined or combined~~ ^{working together} within the ~~North Atlantic Treaty Organization~~ ^{NATO} in order to make a greater and better coordinated contribution to the common defense effort and thus strengthen the Alliance.

Extended Training Service Specialists (ETSS) - ~~ETSS are~~ DOD military and civilian personnel technically qualified to provide advice, instruction, and training in the installation, operation, and maintenance of weapons, equipment, and systems. ETSS are attached to the SAO ~~rather than assigned and carried on the Joint Table of Distribution (JTD), but are not provided as an augmentation to the SAO staff.~~ ^{rather than assigned and carried on} ETSS may be provided for periods up to ~~but not exceeding~~ ^{a longer period is} one year, unless specifically approved by DSAA.

English Comprehension Level (ECL) Examination - ~~A test of how proficient foreign military students are overall in English listening and reading.~~ ^{efficiency} A minimum entry level for each course of instruction is set by the military departments (MILDEPs) ~~on the basis of course level difficulty and hazard factors.~~ ^{rather than assigned and carried on} ~~TRADOC approves the ECL for U.S. Army courses of instruction.~~

Excess Defense Articles - Defense articles owned by the ~~United States Government~~ ^{USG} and not procured in anticipation of military assistance or sales requirements, or pursuant to a military assistance or sales order, which are in excess of the ~~Approved Force Acquisition Objective and Approved Force Retention Stock of all Department of Defense Components~~ ^{AAFAO} at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations. [Sec. 644(g), FAA]

Exclusive (Non-Exclusive) License ^{Exclude; Non-Exclude} - A license covering a patent, technical or proprietary data, technical assistance, know-how, or any combination of these, granted by a U.S. firm to a foreign firm or government to produce, co-produce or sell a defense article or service within a given sales territory without competition from any other licenses or from the licensor. A non-exclusive license is a license as described above, except that competition may be permitted with other licensees ~~and~~ or the licensor.

DIDAM
- mov.
to
- "L"
section

Expendable Supplies and Material - Supplies which are consumed in use, such as ammunition, paint, fuel, cleaning and preserving materials, surgical dressing, drugs, medicines, etc., or which lose their identity, such as spare parts, etc. Sometimes referred to as consumable supplies and material. [JCS Pub 1]

Expenditure Authority (under FMS) - A document or authority from ~~SAAC~~ ^{DFAS-DE} to the ~~implementing DOD component~~ which allows expenditures against obligations previously recorded against an FMS case. The disbursing activity must ensure that cash is available prior to processing the disbursement.

IA
-
x
x

Expenditures - See Cash Disbursements.

Extended Offer - A new FMS offer for which a reply from the buyer has not been received within the time limit specified on the letter of offer which is still in effect pending clarification of its status.

F

Feasibility Study - ~~A feasibility study is carried out by industry or government agencies, or a combination of both with the object of providing a technical appraisal of the feasibility of developing and producing an equipment with the performance required.~~ ^{a technical appraisal of the feasibility of} The study identifies areas of technical risk, recommends characteristics of the system(s) and gives the optimum balance between performance, cost, and development time. The study also indicates areas where

considerable advances on the existing state of knowledge are likely to ^{be} necessary for successful development. It indicates the means by which the recommended solution will be achieved, suggests a program for project definition, development and production with a preliminary estimate of the costs for these stages.

Federal Financing Bank Financed Sale - Sale of defense ^{articles} items or services financed by credit supplied by the Federal Financing Bank. The sale may be made by DOD or by U.S. industry ~~directly to the foreign buyer~~. U.S. industry sales are subject to DOD approval. ^{directly}

Field Training Services ^{of} ~~FTSX~~ - Refers to either Engineering and technical services or contract field services.

Financing, Type of - The method by which the ^{U.S.G.} U.S. Government is authorized to sell defense articles and services under the ~~Arms Export Control Act~~ (e.g., cash with acceptance, dependable undertaking, credit). The type of financing is reflected through entry of the proper term(s) of sale on the ~~DD Form 1513, LOA~~.

Five-Year Defense Program ^{of} ~~FYDPI~~ - The official program summarizing the ^{SECDEF's} Secretary of Defense's approved plans and programs for the Department of Defense, DOD.

Foreign Affairs Administrative Support ^{of} ~~(FAAS)~~ - The purpose of the Foreign Affairs Administrative Support (FAAS) system is to provide on a reimbursable basis at the Washington level, ~~needed~~ administrative services to U.S. government offices ^{located} overseas. The administrative support services are provided by FAAS personnel of the Department of State, DoS. Normally, such personnel perform a variety of services including: personnel, budget and fiscal, general services, communications, security and guard, and management services. The specific services required are the basis of an agreement between State and the requesting agency. Charges are based on the amount of service received, with each agency, including State paying its share. The FAAS program provides an equitable method to share the cost of providing "common type" administrative support to the SAO and other agencies at the post.

Foreign Liaison Officer ^{of} ~~(FLO)~~ - An official representative, either military or civilian, of a foreign government or international organization stationed in the United States normally for the purpose of managing or monitoring ~~security assistance~~ programs. ^{U.S.}

^{AECA} Foreign Military Sales ^{of} ~~(FMS)~~ - That portion of U.S. security assistance authorized by the Arms Export Control Act, as amended, and conducted on the basis of formal contracts or agreements between the ^{U.S.} United States Government and an authorized recipient government or international organization. FMS includes government-to-government sale of defense articles or defense services, from DOD stocks or through purchase under DOD-managed contracts, regardless of the source of financing.

^{CLSSA} Foreign Military Sales Order No. I ^{of} ~~(FMSO No. I)~~ - Provides for pipeline capitalization of a ~~cooperative logistics support arrangement~~, which consists of stocks *on hand* and replenishment of stocks *on order* in which the participating country buys equity in the U.S. supply system for support of a specific weapons system. Even though stocks are not moved to a foreign country, delivery (equity) ~~does in effect take place~~ when the country pays for the ~~case~~. ^{LOA}

Foreign Military Sales Order No. II ^{of} ~~(FMSO No. II)~~ - Provides for replenishment of withdrawals of consumption-type items ~~(repair parts, primarily)~~ from the DOD supply system to include charges for accessorial costs and a systems service charge. ^{applicable}

Foreign Military Sales Planning Directive (DD Form 2061) - A working paper that provides identification of cost elements included in prices on DD Form 1513; provides a time-phased plan for execution of DD Form 1513, and, identifies procurement/reimbursement appropriations/funds. *(Vol 15 Fin. manual)*

Foreign Military Trainees (FMT) - Foreign military and associated civilian defense personnel receiving training under the Foreign Military Sales or International Military Education and Training Programs. *on FMS or IMET, also referred to as International Military Students (IMS).*

Foreign Training Officer (FTO) - The U.S. military officer or federal civilian employee named to coordinate and monitor the local foreign training program. The FTO provides required administrative support for foreign students at the training installation or activity level, and plans, coordinates, and implements the DOD Informational Program (IP). *also referred to as the IMS officer (IMS).*

Formal Training - Training (including special training) in an officially designated course, ~~is conducted or~~ administered according to an approved program of instruction. This training generally leads to a specific skill in a certain military occupational specialty.

G

Generic Code (GC) - A code which represents the type of materiel or services according to budget activity/project account classification. ~~[See DOD 5105.38-M, Security Assistance Management Manual (SAMM), Appendix D.]~~

Grant Aid (Military) - Military Assistance rendered under the authority of the FAA for which the United States receives no dollar reimbursement. Such assistance currently consists of MAP and IMET. *Also an military Assistance Program.*

H

~~Harmonization - The process and/or results of adjusting differences or inconsistencies to bring significant features into agreement.~~

Host Nation Support - Civil and military assistance provided by host nations to allied forces and organizations in peace, transition to war, and wartime.

Human Rights - Former Secretary of State Cyrus Vance grouped human rights into three major categories: *and* the right to be free from governmental violations of the integrity of the person; the right to the fulfillment of such vital needs as food, shelter, health care, and education; and the right to enjoy civil and political liberties. *During the Carter Administration, human rights considerations played a major role in bilateral relations and such policy areas as arms sales, foreign aid, and contributions to international organizations. [International Relations Dictionary, Department of State Library, 1978]*

I

IMET Order - Document Issued by DSAA to authorize and direct the delivery of defense articles or the furnishing of defense services (including training) to designated grant aid (IMET) recipients. The funding document that identifies the fund source for each program line of a country program (IMET program). *[SAMM, Chapter 10.]*

Document issued by DSAA to authorize training, including English language equipment and materials,

the WLDOPS to expend funds for IMET funded

(192) Ganga, Bugh, Lucknow 2 9/30/92

Date on which FMS case supply action is first authorized.
~~Implementation Date - The date when supply action on an FMS case is initiated or directed by the IA, the implementing agency. [See SAMM, Chapter 8, Section I, "Case Implementation and Execution."]~~

~~Implementing Agency - The Military Department responsible for the execution of ^{grant on} ~~grants~~ and FMS Programs.~~

~~In-Country Training - Training offered within the geographic boundaries of a recipient/purchaser country. The DOD, other organizations, or contractors conduct this training.~~

~~Informational Program (IP) - The ^{on provided} DOD Informational Program (IP) which affords a chance for foreign students to become familiar with the United States; its social, cultural, and political institutions; and its people and their ways of life. It further increases foreign students' awareness of U.S. commitment to basic principles of internationally-recognized human rights.~~

~~Interchangeability - A condition that exists when two or more items possess such functional and physical characteristics as to be equivalent in performance, fit and durability, and ^{are} capable of being exchanged one for the other without alteration of the items themselves or of adjoining items, except for adjustment.~~

~~Initial Deposit - Money ^{furnished to the US G for} transferred to the credit of the Treasurer of the United States or other authorized officer at the time of acceptance of a DD Form 151 ^{or COA} as full or partial payment for defense articles or services contracted for by an eligible foreign country.~~

~~Interfund Billing System (IBS) - Under IBS, the selling activity will credit the appropriation or fund which owns the materiel ~~and~~ or finances the accessorial charges at the time of billing the ordering activity and charge the ^{on} ~~appropriations~~ funds of the ordering activity. IBS normally encompasses all supply system sales and purchases of materiel, including perishable subsistence, bulk petroleum, oil, lubricants, and into-plane aviation fuels issues. Reimbursable sales will be billed at the time items are dropped from inventory except that billings for sales under FMS and MAP will be based on constructive delivery. [DODI 7420.12]~~

~~International Logistics - The negotiating, planning, and implementation of supporting logistics arrangements between nations, their forces, and agencies. It includes furnishing logistic support (major end items, materiel, ~~and~~ or services) to, or receiving logistic support from, one or more friendly foreign governments, international organizations, or military forces, with or without reimbursement. It also includes planning and actions related to the intermeshing of a significant element, activity, or component of the military logistics systems or procedures of the United States ^{U.S.} with those of one or more foreign governments, international organizations, or military forces on a temporary or permanent basis. It includes planning and actions related to the utilization of United ^{U.S.} States logistics, policies, systems, ~~and~~ or procedures to meet requirements of ~~one or more~~ foreign governments, international organizations, or forces. [JCS Pub. 1]~~

~~International Military Education and Training Program (IMET) - The portion of the U.S. security assistance program which provides training to selected foreign military and defense associated civilian personnel on a grant basis. Training is provided at U.S. military facilities and with U.S. Armed Forces in the U.S. and overseas, and by use of Mobile Training Teams. Training also may be provided by contract technicians, contractors (including instruction at civilian institutions), or by correspondence courses. The IMET is authorized by the Foreign Assistance Act of 1961, as amended.~~

plans training

International Traffic in Arms Regulation (ITAR) - A document prepared by the ^{Bureau of Political-Military Affairs} Office of Munitions Control, Department of State, providing licensing and regulatory provisions for the export of defense articles, technical data and services. The ITAR also ^{contains} provides the U.S. Munitions List. (Federal Register, Vol. 45, No. 246)

22 CFR 120-130

Investment Cost - Cost of equipment, supplies and services that improve the capability of a force, including initial unit equipment, war reserves of equipment and ammunition, concurrent spare parts, and initial spare parts stockage levels. Also includes replacement costs for obsolescent and attrited equipment, rebuild and modernization costs for newly provided equipment, projects programmed as dollar value lines to facilitate administration, and training costs associated with the introduction of new equipment or an improved capability. [varies with context, exclude]

Invitational Travel Orders (ITOs) - A written authorization for foreign personnel to travel to, from, and between U.S. activities for training under an ~~approved~~ and funded IMET or FMS program.

J

Joint Security Assistance Memorandum (JSAM) - ^A Joint Strategic Planning System document providing U.S. military views on alternate funding levels projected for U.S. financed ^{SA} security assistance program elements. The JSAM is based on individual U.S. Diplomatic Mission and ~~MAAG~~ submissions of the AIASA and the JSPD/SA, as well as Unified Command comments on both.

Joint Strategic Planning Document (JSPD) - This document contains a comprehensive appraisal of the military threat to the ~~United States~~, a statement of recommended military strategy to attain the objectives, and a summary of the JCS planning force levels that could execute, with reasonable assurance, the military strategy. It will incorporate an initial appraisal of the risk associated with programmed force levels and recommendations for changes in the prior consolidated guidance.

Joint Strategic Planning Document Supporting Analysis (JSPDSA) - That part of the JSPD which is submitted by the individual ~~MAAG~~ and addresses that specific country.

SAO to address planning within a

L

Language Training Detachment (LTD) - ~~Defense Language Institute, English Language Center (DLIELC)~~ personnel with duty in a foreign country or in CONUS on military installations, away from the Center. They serve as consultants or instructors in English as a foreign language.

Lease - An agreement for temporary transfer, ^{with or without a rental charge,} of the right of possession and use of a ~~non-excess~~ defense article ^{or articles} to a foreign government or international organization, with the transferee agreeing to pay rent to the U.S. Government ~~and~~ maintain, protect, repair, or restore the article, ~~subject to and~~ under authority of Title 10 USC, Section 2667. *Chap 6, A ECA.*

Letter of Offer and Acceptance (LOA) - ^{See Acceptance, Letter of Offer and} 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.

^{on} Letter of Request (LOR) - Term used to identify ^{written message or letter} a request from eligible FMS participants for the purchase of defense articles ^{and} services. The request may be in message or letter format.

Licensed Production - Licensed ^{Production based on} production involves agreements made by U.S. commercial firms with international organizations, foreign governments, or foreign commercial firms. ~~USG involvement is limited to the base license process. [International Relations Dictionary, Department of State Library, 1978].~~ Sale, under FMS, of a TDP for production purposes also results in licensed production.

Living Allowance - ~~Authorized~~ allowance paid to a foreign student while in ^{IMET} training under the IMET program.

Loan - An agreement for temporary transfer of the right of possession and use of a defense article ~~or articles~~ not acquired with military assistance funds to a foreign government or international organization, at no rental charge to the transferee, with the transferor U.S. Military Department being reimbursed from MAP funds, ~~subject to and~~ under authority of the Foreign Assistance Act, Section 503.
FAA

Logistics Support Charge (LSC) ^{or LSC}. A charge based on the AECA requirement for full cost recovery. The LSC is intended to recover the cost of support involved in providing the spares and other items required to maintain a weapon system. It is applied by the ~~Security Assistance Accounting Center~~ ^{OFAS-DE} to delivery costs for those lines in FMS cases which have been identified as support lines based on the generic code ~~included in the DD-1513~~.

M

Major Defense Equipment - Any item of significant military equipment on the ^{USML} ~~United States Munitions List~~ having a nonrecurring research and development cost of more than \$50 million or a total production cost of more than \$200 million. ~~[See SAMM, Chapter 7, paragraph 7002.B.1.b.]~~ X

Major Item (Line) - A program line for which the requirement is expressed ^{in quantity and} ~~quantitatively as~~ well as in dollars. These lines are identified in the MASL by a unit of issue other than dollars (XX).

~~Major Item Material Excess (MIMEX) Offers~~ - ~~Offers of major items of MAP equipment declared excess by the original recipient, made to eligible MAP materiel recipients for application against funded current year and prior year undelivered MAP program balances. [See SAMM, Chapter 8, paragraph 80201.C.2.]~~ (OBE) *

~~MAP Assets~~ - ~~Materiel for which title has been transferred to MAP ownership, but not to recipient country or organization.~~ NX

MAP Order - Document ^{commonly} issued by DSAA to authorize and direct the delivery ^{where} of defense articles or ~~the furnishing of defense services~~ to designated recipients. MAP orders are issued for ~~all~~ approved and funded MAP and IMET ~~articles and services~~ (materiel, training, construction, supply operations, administrative expenses, ~~etc.~~).

Memorandum of Understanding - A written ~~arrangement or~~ understanding between governments ~~and~~ or international agencies, setting forth the terms under which they will cooperate in the performance of certain work such as research, development, production or utilization. The MOU usually sets down, in broad terms, the objectives of the program, the work to be performed by each participant and its financing, the rights to technical data and patents to be acquired and other ~~necessary~~ elements concerned with the ~~administration and~~ performance of the program.

Military Articles and Services List (MASL) - Catalogue of materiel, services and training used in the planning and programming of ~~Military Assistance Program (MAP), International Military Education and Training (IMET), and Foreign Military Sales (FMS)~~. Separate MASLs are maintained for IMET and FMS training. ~~These catalogues disseminate course availability, price, and duration of training to all concerned.~~

Military Assistance Advisory Group (MAAG) - A joint service group normally under the military command of a commander of a unified command and representing the Secretary of Defense which primarily administers the United States military assistance planning and programming in the host country (JCS Pub 1). As used herein, the term MAAG encompasses ~~Joint U.S. Military Advisory Groups, Military Missions, Military Assistance Groups, U.S. Military Groups, and U.S. Military Representatives exercising responsibility within a U.S. Diplomatic Mission for security assistance and other related DOD matters. Defense Attaches are included only when specifically designated as having security assistance functions.~~

Military Assistance Program (MAP) - That portion of the ~~United States security assistance~~ authorized by the ~~Foreign Assistance Act~~ of 1961, as amended, which provides defense articles and services to recipients on a nonreimbursable (grant) basis. [JCS Pub 1] ~~Also see Grant Aid.~~

Military Assistance Program Address Directory (MAPAD) - ~~The MAPAD provides clear text addresses of country representatives, freight forwarders, and customer within country required for releasing FMS and MAP shipments processed in accordance with MILSTRIP, and addresses required for forwarding of related documentation. [DODD 4000.25]~~ ~~See DoD Activity Address Directory System.~~

Military Assistance Service Funded (MASF) - All defense articles and defense services transferred to foreign countries under the authority contained in the Department of Defense Appropriation Act. OBE

Military Civic Action - The use of preponderantly indigenous military forces on projects useful to the local population at all levels in such fields as education, training, public works, agriculture, transportation, communications, health sanitation, and other ~~contributing to economic and social development, which would also serve to improve the standing of the military forces with the population.~~ ~~[JCS Pub 1]~~ local

Military Export Sales - ~~All~~ Sales of defense articles and ~~defense~~ services made from U.S. sources to foreign governments, foreign private firms and international organizations, whether made by DOD or by U.S. industry ~~directly to a foreign buyer~~. Such sales fall into two major categories: Foreign Military Sales and Commercial Sales.

Military Standard Billing System (MILSBILLS) - ~~This system~~ ^{on MILSBILLS} provides data elements and codes, standard mechanized procedures and formats to be used by DOD components for billing, collecting and related accounting for sales from ~~system~~ stock, including direct deliveries. The mechanized procedures apply to MAP and FMS as outlined in DODI 7420.12 (regarding Interfund Billing System). [DODD 4000.25]

Military Standard Contract Administration Procedures (MILSCAP) - ^{on MILSCAP} Provides uniform procedures, rules, formats, time standards and standard data elements and codes for the interchange of contract-related information between and among DOD components and contractors. [DODD 4000.25]

Military Standard Requisitioning and Issue Procedures (MILSTRIP) - ^{on MILSTAIR} A uniform procedure ~~established by the Department of Defense~~ ^{DOD} to govern requisition and issue of materiel within standardized priorities. [JCS Pub 1]

^{on MILSTRAP}
Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP) - MILSTRAP prescribes uniform procedures, data elements and codes, documents and time standards for the flow of inventory accounting information, pertaining to receipt issue and adjustment actions, between inventory control points, stock control activities, storage sites, and posts or bases. [DODD 4000.25]

^{on MILSTAMP}
Military Standard Transportation and Movement Procedures (MILSTAMP) - ~~Uniform and Standard~~ transportation data, documentation, and control procedures applicable to ~~all~~ cargo movements in the DOD transportation system. [JCS Pub 1]

^{on MILSTEP}
Military Supply and Transportation Evaluation Procedures (MILSTEP) - MILSTEP provides a standard method for the preparation and collection of basic data necessary to measure supply system performance and transportation effectiveness. [DODD 4000.25]

Mission Analysis - A process to determine the operational capabilities of military forces that are required to carry out assigned missions, roles and tasks in the face of the existing ~~and~~ or postulated threat with an acceptable degree of risk. Having ascertained the ~~quality and quantity~~ of the military forces required, a comparative assessment is made between those available and those required in order to identify the qualitative and quantitative deficiencies that may be related to the element of risk involved.

Mission Area - A mission area is a grouping of military activities by mission-related functions.

Mission Need - A statement based on a mission analysis identifying in broad outline a quantitative or qualitative operational deficiency that cannot be solved satisfactorily with existing or planned forces ~~and~~ or equipment.

^{on}
Mobile Training Team (MTT) - Team of U.S. DOD personnel on temporary duty in a foreign country for the purpose of training foreign personnel in the operation, maintenance or support of ~~defense~~ weapon systems and support equipment, as well as training for general military operations. MTTs may be funded from either FMS or IMET Programs. [AFM 50-29]

^{USML}
Munitions List - The ~~U.S. Munitions List~~ is an enumeration of defense articles ^{and defense services} and defense services published in the ITAR (22 CFR 121). ok

N

^{on}
National Policy and Procedures for the Disclosure of Classified Military Information to Foreign Governments and International Organizations (U) [Short Title: National Disclosure Policy (NDP-1)] - ^{including} Promulgates national policy, and procedures in the form of specific disclosure criteria and limitations, definitions of terms, release arrangements, and other guidance required by U.S. departments and agencies having occasion to release classified U.S. military information to foreign governments and international organizations. In addition it establishes and provides for the management of an interagency mechanism and procedures that are required for the effective implementation of that policy.

0 (format for a given FMS case)

IA

Obligational Authority ^{on} ~~OA~~ ^(under FMS) - A document of Authority, passed from SAAC to the Implementing Agency which allows obligations to be incurred against a country's Trust Fund in an amount not to exceed the value of the ~~Obligational Authority (OA)~~. ~~(DD Form 2060, FMS Obligational Authority)~~

~~Obligational Authority (under FMS) - A document of Authority (DD Form 2060 format) passed from SAAC to the implementing DOD component, which allows obligations to be incurred against a given FMS case in an amount not to exceed the value of the obligational authority, OA.~~

Obligations ^{Dollar value} - Amounts of orders placed, contracts awarded, services received, and similar transactions during a given period requiring future payment of money. Such amounts include adjustments for differences between obligations previously recorded and ~~accrued expenditures of actual payments.~~ ^{actual payments to liquidate these obligations.}

Observer Training - Special training conducted to permit foreign students to observe U.S. military techniques and procedures.

Offer Date - The date which appears on the offer portion of ~~DD Form 1513~~ ^{LOAD} and which indicates the date on which an FMS offer is made to a foreign buyer.

Office of Defense Cooperation (ODC) ^{on} ~~A Security Assistance Organization limited to three U.S. military and DOD civilian members for the performance of security assistance functions. Where necessary, the Chief of the Diplomatic Mission may request up to three additional members to perform such functions. [PL 95-92, 1977]~~ ^{A/SAP}

On-the-Job Training (OJT) ^{on} - Training devoted to the practical application of a previously achieved skill.

Open Sales Case - An FMS case is designated open as long as any portion of the transaction is incomplete (i.e., delivery of materiel, performance of services, financial transactions, or rendering of the final statement of accounts).

Open Sales Offer - An FMS offer made to a foreign buyer which is pending acceptance.

Operation & Maintenance Costs (O&M Costs) ^{and} ^{on O&M} - Costs associated with equipment, supplies, and services required to train, operate, and maintain forces in a recipient country, including cost of spare parts other than concurrent spares and initial stockages, ammunition and missiles used in training or replacements for such items expended in training or operations, rebuild and overhaul costs (excluding modernization) of equipment subsequent to initial issue, training and other services that do not constitute investment costs, and administrative costs associated with overall program management and administration.

Orientation Tours - Tours arranged for key foreign personnel for the purpose of orientation and indoctrination.

~~Overseas Training - Training provided foreign nationals at training installations outside the U.S. to foreign nationals.~~

* payments for which obligations previously have not been recorded, and

8/31/92

UNCLASSIFIED

**DEFENSE SECURITY ASSISTANCE AGENCY
OPERATIONS DIRECTORATE
MANAGEMENT DIVISION
WASHINGTON, D.C. 20301-2800**

FACSIMILE TRANSMISSION

TO: Ms. Vicki Ebert

PHONE NUMBER: DSN 785-2994

OFFICE: DISAM

TELECOPIER NUMBER: 513-255-4319

REMARKS, INSTRUCTIONS, COMMENTS:

Vicki, Please substitute this replacement for the circled page 198 in the SAMM Change 5 package.

Thanks-

FROM:

Wayne Wells, DSAA/OPS-E
AV 227-8108, CM (703) 697-8108

TELECOPIER NUMBER: (703) 697-1656

NUMBER OF PAGES INCLUDING HEADER: _____ 2

UNCLASSIFIED

P

Paramilitary Forces - Forces or groups which are distinct from the regular armed forces of any country, but resembling them in organization, equipment, training, or mission.

Pipeline - That portion of (a) approved and funded MAP articles and services, and (b) accepted FMS orders for defense articles and services, for which delivery, either constructive or actual, has not occurred, or services have not been rendered.

~~Planning and Review (P&R) Data~~ ^{Replaced by} ~~Price and Availability (P&A) Data~~

(285)

Planning, Programming, and Budgeting System (PPBS) - An integrated system for the establishment, maintenance, and revision of the ~~Five-Year Defense Plan (FYDP)~~ and the DOD budget.

Price and Availability (P&A) Data - Prepared by the MILDEPs, DSAA, and other DOD components in response to a foreign government request for preliminary data for the possible purchase of a defense article or service. P&A data are not considered valid for the preparation of an LOA. Furnishing of this data does not constitute a commitment for the USG to offer for sale the articles and services for which the data are provided.

Program Decision Memorandum (PDM) - A document which provides ^{SECDEF} ~~Secretary of Defense~~ decisions on the ~~Program Objectives Memorandum (POM)~~ and the Joint Program Assessment Memorandum (JPAM).

Progress Payments - ~~Those~~ ^{DBOF} payments made to contractors or ~~DOD industrial fund~~ activities as work progresses under a contract, on the basis of cost incurred or percentage of completion, or of a particular stage of completion, accomplished prior to actual delivery and acceptance of contract items.

Project Definition - The process of exploring more thoroughly all aspects of the proposed project and to examine the relations between required performance, development time and cost. The areas of technical uncertainty are examined and possible trade-offs, are evolved in order to achieve a satisfactory balance between performance, development time and cost. These trade-offs may lead to amending the operational requirement. From then on, performance requirements regarding the technical characteristics are established so as to meet the operation requirements under the best conditions. These requirements will form the basis for the establishment of a development program and of more detailed and realistic estimates of development time and cost.

(more philosophy than definition)

The overall results of the studies carried out during project definition will be used for the discussion on whether to proceed with the development or not.

Deleted PL 400 Fund (see table)

R

Reappropriation - ^{Process whereby Grant Aid} ~~MAP or DMET~~ funds which at the end of the fiscal year are not reserved or obligated and are customarily made available by the Congress for use in the subsequent fiscal year.

Reciprocal Defense Procurement. Procurement actions which are implemented under ~~memoranda of understanding/memoranda of agreement (MOU/MOA)~~ ^{MOU/MOA} between the U.S. and various participating nations whereby the participants agree to effect complementary acquisitions of defense articles from each other's country.

Record Serial Number ^{on RSN} - A code which identifies ^{indication} a detail line item on the ~~DD Form 1513~~ ^{LDA ~~code~~ which is}. This code is perpetuated in the DD Form 645 billing document.

Recoupments - Adjustments or cancellations of outstanding MAP orders in prior year program accounts which generate additional funds for ~~the~~ current year operations.

Redistributable MAP Property - ~~All MAP personal~~ ^{U.S.} property which has been declared by the recipient ~~government~~ to the ~~United States~~ as no longer needed for the purposes for which furnished.

Reimbursements - Funds realized from the sale of MAP-owned property, such funds being deposited to MAP accounts and available for programming.

Repair and Replace ^{Procedure whereby} - Programs by which eligible CLSSA customers return reparable carcasses to the U.S. and receive a serviceable ~~item~~ ^{replacement} without awaiting the normal repair cycle timeframe. ~~The concept is that the replacement involves an exchange of CLSSA customer-owned stocks in the customer's hands and the CLSSA customer-owned stocks in the USG inventory in the U.S.~~ Countries are initially charged the estimated repair cost, with adjustment to the actual repair cost upon completion of repair of the ~~carcass~~ ^{unserviceable item}.

Repair and Return ^{Procedure} - Programs by which eligible foreign countries return unserviceable reparable items for entry into the U.S. ~~Military Department~~ ^{Military Dept} repair cycle. Upon completion of repairs, the same item is returned to the country and the actual cost of the repair is billed to the country.

Research Objective - A result to be obtained by a research activity, stated in operational and/scientific or technological terms.

Research Requirement - A research rationale to justify the decision to start the relevant research activity.

S

Security Assistance Organization/Office - The generic term SAO encompasses all DOD elements, regardless of actual title, located in a foreign country with assigned responsibilities for carrying out security assistance management functions.

Security Assistance ^{FAR} - Group of programs authorized by the ~~Foreign Assistance Act~~ ^{Foreign Assistance Act} of 1961, as amended, and the ~~Arms Export Control Act~~ ^{Arms Export Control Act}, as amended, or other related statutes by which the ~~United States~~ ^{U.S.} provides defense articles, military training, and other defense related services, by grant, credit or cash sales, in furtherance of national policies and objectives. [JCS Pub 1]

Security Assistance Management Manual (S/AMM) - A manual published by the Defense Security Assistance Agency under authority of DOD Directive 5105.38. It sets forth the responsibilities, policies, and procedures governing the administration of security assistance within the Department of Defense. ^(redundant)

200

Security Supporting Assistance - A Program (now termed the Economic Support Fund) by which economic assistance is provided on a loan or grant basis to selected foreign governments having unique security problems. The funds are used to finance imports of commodities, capital, or technical assistance in accordance with terms of a bilateral agreement; counterpart funds thereby generated may be used as budgetary support. These funds enable a recipient to devote more of its own resources to defense and security purposes than it otherwise could do without serious economic or political consequences. [JCS Pub 1]

[Control by ESF]

Services - Services include any service, test, inspection, repair, training, publication, technical or other assistance, or defense information used for the purposes of furnishing non-military assistance under the Foreign Assistance Act of 1961, as amended, or for making military sales under the U.S. Arms Export Control Act of 1976, as amended.

[See only service]

Significant Military Equipment ^{or} SMEs - Those defense articles and services on the U.S. Munitions List in the International Traffic in Arms Regulation (ITAR) which are preceded by an asterisk. SME are articles which require special export controls because of their capacity for substantial utility in the conduct of military operations. [Federal Register, Vol. 45, No. 246]

USML

Specialized English Terminology (SET) - Instruction conducted at DLIELC for FMTs who have attained the required ECL to develop vocabulary skills for entry into both hazardous and highly technical courses.

STANAG ^{or} Standardization Agreement - The record of an agreement among several or all of the member nations to adopt like or similar military equipment, ammunition, supplies and stores; and operational, logistics, and administrative procedures. National acceptance of a NATO allied publication issued by the Military Agency for Standardization may be recorded as a Standardization Agreement.

Supply Operation Costs - Refers to the categorization of those costs which are related to the procurement and issue of material and excess articles delivered to MAP and FMS recipients but not included in the standard prices of the material. These costs include packing, crating, handling and transportation expenses incurred in the issue and transfer of material; and logistics management expenses (exclusive of military pay and allowances in the instance of MAP transactions) incurred by activities in the areas of procurement operations, supply management, requisition control, and processing, and related services.

[Military]

Systems Acquisition Process - The sequence of acquisition activities starting from the agency's reconciliation of its mission needs, with its capabilities, priorities and resources and extending through the introduction of a system into operational use or the otherwise successful achievement of program objectives.

[?]



Teaming Arrangements - A agreement of two or more firms to form a partnership or joint venture to act as a potential prime contractor; or an agreement by a potential prime contractor to act as a subcontractor under a specified acquisition program; or an agreement for a joint proposal resulting from a normal prime contractor-subcontractor, licensee-licensor, or leader company relationship.

Technical Assistance Field Team ^{or} TAFTs - Team of ~~US~~ DOD personnel ^{under FMS} deployed on PCS status, normally for one year or longer, to a foreign country to train local defense cadre personnel to operate, maintain and employ weapons systems and support equipment, and in other non-equipment specific military skills.

(201)

Technical Assistance Team ^{on} ~~STAT~~ - Team of U.S. DOD personnel deployed to a foreign country on TDY status to place into operation, maintain and repair equipment provided under the FMS or MAP programs.

Technical Data - ~~Technical data is defined as~~ recorded information, regardless of form or characteristic, of a scientific or technical nature. Examples of technical data ~~packages~~ include research and engineering drawings and associated lists, specifications, standards, process sheets, manuals, technical reports, catalog item identifications, and related information and computer software documentation.

Technical Data Package ^{on top} - The most prominent category of technical data is described as a TDP. The TDP normally includes technical design and manufacturing information ~~sufficient~~ to enable the construction or manufacture of a defense item component ~~modification~~, or to enable the performance of certain maintenance or production processes. It may include blueprints, drawings, plans, or instructions that can be used or adapted for use in the design, production, manufacture, or maintenance of the defense items or technology.

Test Control Officer ^{on} ~~TCO~~ - U.S. military or civilian personnel designated to administer, supervise, and control ECL testing and test materials. Must be U.S. citizen, not a foreign national "local hire" civilian or foreign military officer or NCO.

Third World - Refers to those countries with under-developed but growing economies, often with colonial pasts, and low per capita incomes. Third World is often used interchangeably with or as a synonym for ~~EDCs~~ (less developed countries), "the South," "the Group of 77," "developing countries," or "underdeveloped countries." [International Relations Dictionary, Department of State Library, 1978]

(OBE for w/g perfect)

Total Package Approach ~~TPA~~ - A means of ensuring that FMS customers are ~~aware of and are~~ given the chance to plan for and obtain needed support items, training, and services required to introduce and sustain the operation of major items of equipment ~~or systems~~.

Training ^(FMS) - Formal or informal instruction of foreign students in the ^{U.S.} ~~United States~~ or overseas by officers or employees of the ~~United States~~, contract technicians, contractors (including instruction at civilian institutions), or by correspondence courses, technical, educational or information publications and media of all kinds, training aid, orientation, training exercise, and military advice to foreign military units and forces. [Sec. 47(5), AECA] ~~Also see~~ IMET.

Travel and Living Allowance ^{on} ~~TLA~~ - Those costs associated with transportation, excess baggage, and living allowance (per diem) of students which are authorized for payment under IMET.

Trust Fund (FMS) - A fund credited with receipts which are earmarked by law and held in trust, or a fiduciary capacity by the ~~Government~~ for use in carrying out specific purposes and programs in accordance with an agreement.



Unaccepted Case - An FMS letter of offer which was not accepted or funded within prescribed time shown.

202

V

Value -

Under Section 644(m), FAA:

- (1) With respect to an ^{EDA} excess defense article, the actual value of the article plus the gross cost incurred by the ^{USG} United States Government in repairing, rehabilitating, or modifying the article, except that for purposes of Section 632(d) such actual value shall not be taken into account:
 - (a) For major items the pricing guidance contained in DOD Instruction ^{7290.2} ~~2140.1~~ may be used to determine the value of EDA.
 - (b) For secondary items the inventory standard stock price is to be used.
- (2) With respect to a non-excess defense article delivered from inventory to foreign countries or international organizations under this Act, the acquisition cost to the United States Government, adjusted as appropriate for condition and market value.
- (3) With respect to a non-excess ^{EDA} defense article delivered from new procurement to foreign countries or international organizations under this Act, the contract or production costs of such article, and;
- (4) With respect to a defense service, the cost to the ^{USG} United States Government of such service.

(5) *with respect to IMET, the additional costs incurred by the USG in furnishing such assistance.*

Under Section 47(2), AECA:

"Value" means, in the case of an excess defense article, not less than the greater of: (1) the gross cost incurred by the USG in repairing, rehabilitating, or modifying such articles, plus the scrap value; or (2) the market value, if ascertainable.

W

Weapon System Life Cycle Cost - The period divided into phases, ranging from the first consideration of the need for a weapon system through the development and in-service stages down to phase-out and disposal.

(203)

TABLE D-16
FIRST POSITION OF LOA DESIGNATOR

**

CATEGORY

	<u>U.S. ARMY</u>	<u>U.S. NAVY</u>	<u>U.S. AIR FORCE</u>	<u>OTHER</u>
1. Defined Order	<p>G- SELPO/Communications Security</p> <p>H- Construction (Corps of Engineers)</p> <p>J- SDAF (Special Defense Acquisition Fund)</p> <p>M- Medical (U.S. Army Medical Materiel Agency)</p> <p>N- Coproduction</p> <p>O- Training (TRADOC)</p> <p>P- Planning</p> <p>Q- Materiel/services (from U.S. activities located in Europe)</p> <p>S- Materiel/services (U.S. Army Security Assistance Agency - Latin America)</p> <p>T- Publications</p> <p>U-Z- Materiel/services (provided from various AMCOM Materiel Readiness Cmds (including but not limited to system/package sales, munitions, spare parts, equipment, technical services, maintenance, etc.))</p>	<p>A- Ammunition and other explosives</p> <p>B-C- Individual spares and components</p> <p>G- Technical and engineering services</p> <p>L- Major end items (components and equipment)</p> <p>M- Repair and Return</p> <p>N- Repairable, Return and Requisition</p> <p>P- Cartridge Actuated Devices (CAD), Propellant Actuated Devices (PAD), Aircrew Escape Propulsion Systems (AEPS)</p> <p>S- Weapon system sale (ship or aircraft)</p> <p>T- Training</p> <p>Z- Leases</p>	<p>A- Munitions (AFLC)</p> <p>B- Munitions (Non-AFLC Managed)</p> <p>C- CAD/PAD</p> <p>D- Communication/Electronic System Sale</p> <p>F- Training films and film strips</p> <p>G- AFLC services</p> <p>H- Transportation, PC&H Support</p> <p>J- Aircraft ferry</p> <p>L- Equipment</p> <p>M- Maintenance</p> <p>N- Special support</p> <p>O- Communications security (COMSEC)</p> <p>P- Publications</p> <p>Q- AFLC system sale</p> <p>S- Aircraft system sale</p> <p>T- Training</p> <p>V- Class IV Modifications</p> <p>W- Class V Modifications</p> <p>X- Special Financial</p> <p>Y- USAF system sale (Missiles, etc.)</p> <p>Z- Leases</p>	<p>A-Z - Excess articles through the Defense Property Disposal Service</p> <p>A-Z - Miscellaneous Cases through the Defense Security Assistance Agency</p> <p>G- Communications equipment (Army other)</p> <p>U- Aeronautical charts/flips through the Defense Mapping Agency, Aerospace Center</p>
2. Blanket Order	<p>B- Repair parts</p> <p>G- SELPO/Communications Security</p> <p>O- Training (TRADOC)</p> <p>Q- Materiel/services (from U.S. activities located in Europe)</p> <p>T- Publications</p> <p>U-Z- Materiel/services from various AMCOM Materiel Readiness Cmds (e.g., maintenance, services, etc.)</p>	<p>G- Technical and Engineering Services</p> <p>H- Direct Requisitioning Procedures (non-fiscal year)</p> <p>J- Direct Requisitioning Procedures (as assigned on a fiscal year basis)</p> <p>M- Repair and Return</p> <p>R- Open End Requisitioning Procedures</p> <p>T- Training</p>	<p>E- Equipment</p> <p>F- Training film, filmstrips</p> <p>G- AFLC Services</p> <p>M- Maintenance</p> <p>P- Publications</p> <p>R- Spares</p> <p>T- Training</p> <p>V- Class IV Modifications</p>	<p>A- Audit services from Defense Contract Audit Agency</p> <p>A-Z - Excess articles sold via Defense Property Disposal Service</p> <p>U- Aeronautical charts/flips through the Defense Mapping Agency, Aerospace Center</p> <p>Y-Z - Federal catalog data/catalog services through the Defense Logistics Services Center, Battle Creek, Michigan</p> <p>X- Miscellaneous Financial Account with SAAC</p> <p>V</p>
3. Cooperative Logistics Supply Support Arrangements	<p>K- Foreign Military Sales Order I and II</p>	<p>^{or KS} K - FMSO (KA, FMSO I and KB-KW-FMSO II)</p> <p>KB-KR or KT-KW</p>	<p>K - FMSO (KA - FMSO I and KB-KW-FMSO II)</p>	

D-79

Change No. 4, 2 March 1992

204

Change 5

DOD 5105.38-M



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

30 JUL 1992

In reply refer to:
I-03797/92

*Change 5
Background*

MEMORANDUM FOR: OPERATIONS DIRECTORATE (MR. WELLS, OPS-E)

SUBJECT: Proposed Changes to DOD 5105.38-M, Security
Assistance Management Manual (SAMM)

REFERENCE: Navy IPO letter dated 22 Jul 1992, Subject:
Security Assistance Management Manual (SAMM)

The attached referenced Navy IPO letter proposes changes to Table D-16 of the SAMM. They have requested the changes be included in the next SAMM change.

Our point of contact is Mr. Jerry Friesz, DSAA/COMPT-FMD, X41173.

Ronald E. Failor
Chief, Financial Management Division
Office of the Comptroller

Attachment
As Stated

cc: Navy IPO

205



DEPARTMENT OF THE NAVY
 NAVY INTERNATIONAL PROGRAMS OFFICE
 WASHINGTON, D.C. 20350-5000

7/27/92
 JF

Change 5
 Background

4900
 Ser 049/2U009436

22 JUL 1992

From: Director, Navy International Programs Office
 To: Director, Defense Security Assistance Agency (COMPT/FMD)
 Subj: SECURITY ASSISTANCE MANAGEMENT MANUAL (SAMM)
 Ref: (a) SAMM Change No. 4 of 2 March 1992

1. Reference (a) adds Table D-16, First Position of LOA Designator. Please modify this table in the next SAMM change to reflect the current Navy LOA designator assignments as follows:

PREVIOUS

REVISED

Defined Order

N-Repairable, Return
 and Requisition

Delete

Blanket Order

H- Direct Requisitioning Pro-
 cedures (non-fiscal year)

H-J- Direct Requisitioning
 Procedures

J- Direct Requisitioning Pro-
 cedures (as assigned on a
 fiscal year basis)

Cooperative Logistics Supply
 Support Arrangements

K- FMSO (KA-FMSO I
 and KB-KW-FMSO II)

K- FMSO (KA or KS FMSO I
 and KB-KR or KT-KW
 FMSO II)

W.H. EPSTEIN
 By direction

cc: DISAM (DIR)

206

Reports Control Symbol (RCS)	Report Title	Reporting Frequency	Reporting Components	Responsible Office
<u>Foreign Military Sales Reports</u> (Continued):				
DSAA(M)1141	FMS Selected Constructive (Physical) Deliveries	Monthly	All Implementing Agencies	SAAC
DSAA(Q)1146	Unexpired Leases of DOD Property of Any Value (SAMM, page 1200-22)	Quarterly	All Implementing Agencies	DSAA/OPS/MGMT
DSAA(Q)1149	Annual Report on Sale of Govt. Furnished Equipment, Munitions and Related Security Assistance (DOD Directive 1135.1)	Annually	Army, Navy, Air Force, SAAC, Others, as directed	DSAA/OPS/MGMT
DSAA(AR)1150	Intensive Financial Management Report	As Required	Army, Navy, Air Force, SAAC, Others, as directed	DSAA/COMPT/PBD
DSAA(Q)1152	MAP Overhead Support Activities and SAO Budget Execution Reporting	Quarterly	Army, Navy, Air Force, Unified Commands	DSAA/COMPT/BUD
DSAA(A)1154	Report of FMS Administrative Fund Representational Expenditures	Annually	Army, Navy, Air Force	DSAA/COMPT/PBD
DSAA(A)1155	Report on Cash Flow Financing (Sec. 25(a)(5)(B), Arms Export Control Act	Annually	DSAA/COMPT	DSAA/COMPT/FMD
DSAA(Q)1156	Quarterly Report on Third Country Transfers (Section 36(a)(10), AECA)	Quarterly	Department of State	DSAA/COMPT/FMSCRD
DSAA(Q)1157	Quarterly Report of Munitions Items Transferred by the DOD to Other Federal Agencies Valued at \$250,000.00 or More (Section 36(a)(11), AECA)	Quarterly	Army, Navy, Air Force, Defense Agencies, AID, Depts. of Commerce, Energy, State, & Treasury	DSAA/COMPT/FMSCRD

TABLE E-7. (Continued) Page 3 of 5.

207

Called to Mr. Lucke. 9/15/92

Change No. 4, 2 March 1992

Change board on replacement of DOD 4175.1 w/59mm 603 & signed. of this manual.

Change 5
DOD 5105.38-M