



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

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Letter of Transmittal

Change 8 to the 1 October 1988 Security Assistance Management Manual includes greater emphasis on end use monitoring, an updated list of countries eligible to acquire items under the AECA or FAA, refinements to the rules regarding cargo preference, several logistics changes, and an update of Special Defense Acquisition Fund guidance, as well as other changes.

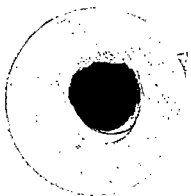
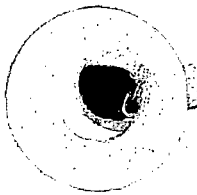
Any comments regarding publication or distribution of the manual, including subscriptions for non-USG users, should be directed to the Defense Institute of Security Assistance Management (DISAM), DSN 785-2994 or commercial (937) 255-2994. Questions or comments regarding content should be directed to DSAA, Mr. Wayne Wells, DSN 664-6609 or commercial (703) 604-6609, extension 315.

Attachment
as stated

A handwritten signature in black ink, appearing to read "M. Davison", is positioned above the typed name.

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SECURITY ASSISTANCE MANAGEMENT MANUAL (SAMM)**FORMAL CHANGE NO. 8 INCLUDES THE FOLLOWING INFORMATION:****MAJOR CHANGES (by Chapter) are as follows:**

- CHAPTER 2** **Section 202.** Commercial Air Travel guidance moved to Section 20202.E
- Section 203, Paragraphs 20301.J., K., and L.** Updated guidance on Depleted Uranium Rounds, Stinger, and Anti-Personnel Landmines.
- CHAPTER 6** **Section 600, Paragraph 60003.** This paragraph has been rewritten, reformatted and expanded.
- Table 600-1.** Update of country and organization information, some UCOM and Regional changes and updates of FMS, Dependable Undertaking and Defense Transportation Service authorizations.
- Section 603, Paragraph 60302.** End items in GFE/GFM sales defined.
- CHAPTER 7** **Section 700, Paragraph 70002.** Non Standard support guidance moved to this section.
- Table 700-2, Security Assistance Request for MDE or Sensitive Articles.** This table has been updated.
- Table 700-6, Major Defense Equipment List.** Table has been updated.
- Section 701, Paragraph 70105.** MANPADS security provisions revised and moved to paragraph 70105.L.9.
- Section 703, Paragraph 70304.** Congressional submission of supporting data refinement.
- CHAPTER 8** **Section 801, Paragraph 801.D.** FMS Purchaser Involvement moved from section 80102.
- Section 802, Paragraph 80201.** This section has been rewritten and updated.
- Section 802, Paragraph 80206.C.** Refinements to ocean cargo preference.
- Paragraph 80206.G.** Paragraph 80206.G.1.c.(1), reference shipment of sensitive materiel has been updated and refined.
- Paragraphs 80206 N. and O.** Previous paragraphs replaced. Paragraph 80206.P (Documentation) has been moved to Section 80207.

Section 802, Paragraph 80207. This section, Processing Supply Discrepancy Reports (formerly RODs) has been added.

Table 802-1. Added

Table 802-2. This table has been updated.

CHAPTER 12 **Section 1200.** Refinements have been made reference lease terms and conditions and updates have been made to Table 1200-3.

CHAPTER 13 **Section 1300, Paragraph 130104.B.** This section reference Cost Recoupment Waivers and Exclusions, including Nonrecurring Cost Charges has been revised and updated.

Table 1301-1. Table has been revised and updated.

CHAPTER 14 **Section 1400.** This section reference SDAF has been revised and reformatted.

APPENDIX F **Transportation Cost Look-Up Table.** Table has been updated and replaced.

MISCELLANEOUS EDITORIAL CHANGES

This change also includes miscellaneous editorial changes and refinements to correct and/or update office symbols, addresses, telephone numbers, etc.

FOREWORD

*

The *Security Assistance Management Manual* (SAMM) provides, in a single volume, information and instructions needed at all levels within the Department of Defense to carry out responsibilities of the Secretary of Defense for administering U.S. Military Assistance and Foreign Military Sales Programs and related activities. Subjects unique to these programs are covered in detail; those affecting program administration, but which are of general application to other DOD programs, are referenced and summarized if appropriate. The SAMM has been structured to capitalize on the flow of security assistance functions and take advantage of the fact that many of the topics have a natural interrelationship and corresponding logical interaction.

User suggestion for improvement to the SAMM, both as to coverage and arrangement, are solicited. Specific suggestions should be addressed to the Defense Security Assistance Agency (DSAA), Operations Directorate.

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CHAPTER ONE

INTRODUCTION TO SECURITY ASSISTANCE

@@Section 100 - Manual Purpose and Maintenance

10001 General This Manual applies to OSD, its separate agencies, the MILDEPs, UCOMs and their agencies, SAOs, the Organization of the Joint Staff (OJS), and all other Defense agencies (hereinafter referred to collectively as "DoD Components") engaged in the management or implementation of security assistance. It is to assist in complying with FAA, AECA, and related statutes and directives; complying with policies, procedures, and reporting requirements; and facilitating changes to SA policies and procedures. Unless otherwise indicated, provisions are effective on the date of transmittal. Deviations from policies may not be implemented without the explicit prior approval of the Director, DSCA.

10002 MAINTENANCE The Defense Security Cooperation Agency (DSCA) is responsible for developing Manual changes. Changes will normally be made through the centralized database. Routine USG access will be via the DSCA Homepage <http://www.dsaa.osd.mil/> or DoD Issuance Library <http://web7.whs.osd.mil/corres.htm>. Access is also possible through CD ROM DAD disk, see <http://web.deskbook.osd.mil/>. Upon formal request through SA channels, hard copy will be provided by the Defense Institute of Security Assistance Management, 2335 Seventh Street, Wright-Patterson Air Force Base, OH 45433-7803. Subscriptions to hard copy SAMM and other DISAM publications are available for sale to the public. Call (937) 255-2994 for details.

A. Substantial changes since the previous hard copy republication are indicated by at-at ("@@") symbols at the beginning and end of the changes.

B. Requests for interpretations or changes should be submitted through SA management channels to DSCA (Attn: DSCA/MEAN-AP), Washington DC, 20301-2800; telephone (703) 604-6612/DSN 664-6612; datafax (703) 604-6541. Guidance that appears to be in conflict with other DoD issuances or governing statutes and regulations should be reported to DSCA. (Rewritten 28 Sep 98)@@

Section 101 - Rationale and Scope
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10101 PURPOSE. This section summarizes the rationale and scope of the SA program.

10102 RATIONALE FOR SECURITY ASSISTANCE PROGRAM.

A. Security assistance has historically played a prominent role in foreign and defense policy. The SA Program is an essential complement to the overall US defense effort. When we directly assist other nations in meeting their defense requirements, we also make a contribution to our own security.

B. Security assistance represents a most visible aspect of our foreign and defense policy in that its implementation results in tangible evidence of US interests and presence. Such evidence is represented by the delivery of defense weapon systems to friendly foreign governments; by the numbers of international military students in US service schools; by US personnel advising other governments in increasing their internal defense capabilities; and by providing guidance and assistance in establishing a practical infrastructure and economic base through which regional stability can be achieved and maintained.

10103 SA SCOPE.

A. Security assistance, defined in its simplest terms, concerns the transfer of military and economic assistance through sale, grant, lease, or loan to friendly foreign governments. Transfers are carried out under the principle that if they are essential to the security and economic well-being of such governments and international organizations, they are equally vital to the security and economic well-being of the United States.

B. SA consists of the following major programs:

1. Programs administered by DoD:
 - a. FMS
 - b. FMF (FMS and Commercial)
 - c. MAP
 - d. IMET
2. Programs administered by the Department of State:
 - a. ESF
 - b. PKO
 - c. Commercial Export Sales licensed under the AECA

10104 IMPLEMENTATION. DoD administers and manages all transactions that involve the transfer of defense articles and services. In this regard, SA is an integral element of the DoD mission. The development and execution of the program shall be accorded the same high degree of attention and efficiency as other DoD programs. To the extent practical, security assistance requirements shall be integrated with other DoD requirements and implemented through the same DoD systems, facilities, and procedures.

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CHAPTER TWO

MAJOR STATUTORY AND POLICY PROVISIONS

Section 200 - General

20001 PURPOSE. This chapter highlights the fundamental legal authorities and restrictions that apply to the components of the overall security assistance program managed by the DOD.

20002 BACKGROUND. MAP and IMET are grant aid programs administered under the authority of the FAA of 1961, as amended. FMS is made under the authority of the AECA, 1976, as amended.

A. The Administration annually makes specific requests to Congress for the SA budget and any legislative amendments necessary to meet changing requirements. The Congress reviews the Administration's request and then appropriates the funds, and enacts such amendments deemed appropriate for carrying out the program. Standing authorizations relate to:

1. The sale of defense articles, services, and training (FMS).
2. The sale of design and construction services (FMCS).
3. The extension of direct and guaranteed credit in connection with sales (FMSCR).
4. The lease of defense articles.
5. The transfer of MAP funds to the FMS Trust Fund.
6. The provision of grant training under the IMET Program.
7. The furnishing of defense articles, defense services, and training as grant aid from DOD resources (FAA Section 506 drawdown).

B. **Appropriations.** Appropriations must be obtained from the Congress for paragraphs 3., 5., and 6. of the above USG-financed program authorizations. Appropriations also are requested to reimburse DOD for the value of items furnished under FAA Section 506 drawdown.

C. **CRA.** ^{Continuing Resolution Authority} In the event that the regular foreign aid appropriations are not legislated prior to the beginning of the fiscal year, essential FMSCR, MAP, and IMET activities are usually carried out under a CRA which constitutes temporary or stop-gap appropriations made by the Congress.

Section 201 - Grant Aid

20101 GENERAL. Grant aid is furnished through programs for MAP and IMET.

20102 MAP.

A. General authority and conditions of eligibility appear in Chapter 2 of the FAA.

B. The drawdown program includes furnishing defense articles, defense services, and training by drawdown of DOD resources under emergency conditions and procedures as set forth in Section 506, FAA. Procurement is not authorized under this provision. Refer to Chapter 11 for appropriate details.

C. Except for administrative costs and the close-out of country programs initiated prior to FY 1982, funded programs are implemented under the provisions of Section 503(a)(3) which permits the transfer of MAP funds to the countries' FMS trust accounts. Articles, services, and training acquired with such funds are indistinguishable from other FMS acquisitions and thus are treated identically.

20103 IMET. The IMET program is operated as a discrete grant aid program under unique policies and procedures. Refer to Chapter 10 for details.

Section 202 - FMS

20201 LEGISLATIVE AUTHORITY FOR FMS.**A. AECA, 1976, as amended.**

1. **Eligibility.** No defense articles or defense services may be sold or leased to any country or international organization under the AECA unless the President finds, in accordance with Section 3 thereof as amended, that:

a. The furnishing of defense articles and defense services to such country or international organization will strengthen the security of the U.S. and promote world peace;

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

c. The country or international organization shall have agreed that it will maintain the security of such article and will provide substantially the same degree of security protection afforded to such article by the U.S.; and

d. The country or international organization is otherwise eligible to purchase or lease defense articles or defense services. The countries or international organizations found eligible to purchase or lease defense articles or defense services under the Presidential finding are also subject to other provisions of the AECA.

2. **List of Eligible Countries.** The current list of eligible countries and international organizations determined by the President is provided in Chapter 6 of this Manual.

3. **Presidential Determination.** The President must determine the eligibility of the prospective purchaser on the basis that sales will strengthen U.S. security and promote world peace [AECA, Sec. 3(a)(1)].

4. **Designation of Defense Articles and Services.** The terms "defense article" and "defense service" are defined by AECA, Sec. 47, for purposes generally of the AECA, including FMS and leases. However, for the purposes of direct commercial exports, the President is authorized [AECA, Sec. 47(7)] to designate those items which shall be considered defense articles and defense services, and to promulgate regulations for control of the export and import of such articles and services. The items so designated shall constitute the United States Munitions List [AECA, Sec. 38(a)]. Items in categories which are asterisked on this list are considered SME. A copy of the U.S. munitions list is enclosed at Table 202-1.

5. **Secretary of State Approval Authority.** The Secretary of State shall be responsible for determining whether there shall be a sale to a country and the amount thereof, whether there shall be a lease to a country, and whether there shall be delivery or other performance under such sale or lease of export to the end that sales, leases, and exports are integrated with other U.S. activities and that the foreign policy of the U.S. is best served thereby [AECA, Sec. 2(b)].

6. **Arms Control.** Arms control consequences must be taken into consideration when evaluating any FMS sale [FAA, Sec. 511; AECA, Sec. 38(a)(2); AECA, Sec. 42(a)(3)].

Decisions to issue licenses or approve sales under the Arms Export Control Act or to furnish military assistance under the FAA of 1961, as amended, shall be made in coordination with the Director of the Arms Control and Disarmament Agency and shall take into account the Director's opinion on the extent to which such exports, sales, or assistance will contribute to an arms race, increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multilateral arms control arrangements.

7. **Atomic Energy Act and Major Ship Transfers.** Provisions of the Atomic Energy Act of 1954, as amended, and title 10 USC 7307 requiring separate legislation for major ship transfers are unaffected by the AECA, Sec. 44. (See Paragraph 20302 of this chapter for further discussion.)

8. **Sources of Sales Materiel.** Defense articles or services may be sold from the stocks of the DOD, or the DOD may enter into contracts for procurement of defense articles or defense services for sale to eligible foreign countries or international organizations (AECA, Secs. 21 and 22).

9. **Use of FMS Credit Funds for Procurement Outside United States.** FMS credit funds may be used for procurement outside the U.S. only if the President determines that such procurement will not result in adverse effects upon the U.S. economy or the industrial mobilization base [AECA Sec. 42(c)]. Prior consultations with DSAA and with the Departments of State and Treasury are required.

10. **Termination Due to Unnecessary Military Expenditures.** Further sales, credits, and guaranties shall be terminated to any economically less developed country which diverts economic aid, or its own resources to unnecessary military expenditures, to a degree which materially interferes with its development (AECA, Sec. 35). Existing sales, credits, and guaranties need not be terminated.

11. **Prohibition Against Discrimination, Intimidation or Harassment.** No sales will be made and no credits or guaranties extended to, or for any country whose laws, regulations, official policies, or governmental practices prevent any person from participating in the furnishing of defense articles or defense services on the basis of race, religion, national origin, or sex. No sales will be made and no credits or guaranties extended to any country determined to be engaged in a consistent pattern of acts of intimidation or harassment directed against individuals in the U.S. (AECA, Secs. 5 and 6).

20202 POLICIES.

A. General.

1. **Basic Sales Policy.** In Chapter 1, Section 1 of the AECA, the Congress:

a. Recognized the increasing cost and complexity of defense equipment and the continued need for international defense cooperation to maintain peace and security;

b. Established the policy that sales will facilitate the common defense by entering into international arrangements with friendly countries on projects of cooperative exchange of data, research, development, production, procurement, and logistics support to achieve national defense requirements and objectives of mutual concern;

c. Declared that the AECA authorizes sales that further U.S. security objectives to friendly countries to equip their forces with due regard to the impact of sales on social and economic development and on arms races; and

d. Declared the sense of the Congress that all such sales be approved only when they are consistent with US foreign policy interests.

B. Materiel Transfer Policy.

1. **Use of FAR and DoD FAR Supplement.** When procuring for a foreign government, DoD will apply the same contract clauses and contract administration as it would use in procuring for itself, except where deviations are authorized in the DoD FAR Supplement. If a sole source procurement requested by a foreign government appears to be motivated by objectives in conflict with this requirement or with any US legislation, the request must be forwarded to the DSAA, which may forward the request to the Department of State for consideration. No LOA in such cases will be issued without approval of the Director, DSAA.

2. **FMCS.** In addition to sales of defense items and defense services, the DoD may sell design and construction services to eligible foreign countries or international organizations (AECA, Sec. 29). Such sales are treated as AECA sales, but in a separate category from FMS.

3. **Proper Use of Materiel.** Consistent with its resources and the situation prevailing in country, the designated US SAO is responsible for supervising and reporting on the utilization by the foreign country of defense articles and services acquired through FMS or leased to the recipient by the DoD.

4. **Diversion of Materiel.** DoD policy calls for a determination to be made that the sale of a defense item will not degrade US defense efforts by taking needed equipment from US stocks (withdrawals), or by disrupting deliveries of critical items from production for US forces (diversions), unless security or foreign policy requirements are such that sale of the item is in the overall US national interest.

5. **Insurance.** Purchasers will self-insure FMS shipments or obtain commercial insurance without any right of subrogation of any claim against the United States. In extraordinary situations, and upon specific request by the Purchaser and receipt of written authorization from the Purchaser for the designated departmental procurement activity to act as the agent of the Purchaser to obtain pricing quotes and, if necessary, procure the insurance required, insurance may be obtained by the IA and billed as a separate LOA line item. For FMS cases already implemented, authorized insurance coverage can be added by amendment. Whenever an IA does provide these services to a purchasing country or organization, it should obtain insurance from a US insurance firm if possible, and in any event it should point out that this is an exceptional arrangement, and should encourage and assist the Purchaser to make its own arrangements for insurance for subsequent cases.

6. **Delivery Commitments.** The availability data set forth in FMS cases which have been properly accepted and funded by the purchasing country or international organization constitute commitments by the US. Fulfillment of these commitments is an important measure of the good faith of the US in dealing with its friends and allies. Accordingly, all DoD components shall assure that FMS delivery commitments are fully coordinated, and that the material conforms to the standards on the LOA, and can be delivered in the agreed time period. Cases where proposed sales involve the delivery of major equipment which is in relatively short supply, or in less than procurement lead time, or which the IA determines to be in conflict with US requirements, shall be referred promptly to the DSAA. In this matter, early awareness of foreign requirements which generate production or delivery conflicts will enable DoD to establish the most favorably attainable delivery schedule.

7. **Matériel Standards.** It is DoD policy that defense articles should reflect favorably on the United States.

a. Defense articles offered and sold under FMS will normally be new or unused or, as a result of rehabilitation, possess original appearance insofar as possible and, as a minimum, have serviceability standards prescribed for issue to US forces. If the customer country desires exclusively new end items of equipment, the requirement will be stated in the LOA. If the customer wishes to purchase "as is" (no assurance of serviceability), this will also be stated in the LOA.

b. In addition to full disclosure of item condition, best efforts will be applied to inform Purchaser of unusual safety or environmental risks known at the time of sale. This information will be included in the LOA with reference to separate publications or correspondence as appropriate.

8. **Procurement in Foreign Countries.** Unless dictated by overriding logistics considerations approved by the SecDef, the DoD will not enter into sales arrangements which entail commitments for DoD procurement in foreign countries.

C. **Financial Management.**

1. **Recovery of Cost.** The FMS program must be managed at no cost to the USG (with certain exceptions specifically covered by law), while insuring prompt and complete service to the customer. This requires a thorough understanding of procedures for pricing items or services furnished, administering FMS cases, and reporting of deliveries of matériel or services. The LOA agreement makes it mandatory for the Purchaser to pay for the full value of the transaction, regardless of terms of sale specified for the individual case.

2. **Payment in US Dollars.** Sales may be made under FMS only if the eligible Purchaser agrees to pay in US dollars (AECA Secs 21 and 22). Payment in kind (barter) is authorized by Section 21(h) AECA under the limited circumstances specified therein.

3. **Credits.**

a. **Use of Credit for Essential Items.** Credit and credit guaranties under the AECA will be used only to assist countries in acquiring essential items which cannot reasonably be financed by other means and normally will be used only to finance investment requirements.

b. **Use of Concessionary Credit Terms.** Concessionary credit terms (i.e., interest rates less than cost of money to the USG) will be granted only when determined by the President (Sec 23, AECA).

c. **Repayment of Credit.** FMS credits must be repaid in US dollars within 12 years after the loan agreement has been signed on behalf of the USG (Sec 23, AECA); unless otherwise provided for by US law.

d. **Use of Credit Payments.** Cash received from FMS and from repayments of FMS credits shall not be used for financing new credits or guaranties (Sec 37, AECA).

4. **Financing of Sales.**

a. **US Guaranties.** Financing by any individual, corporation, partnership, or other judicial entity doing business in the US (excluding USG agencies other than the Federal Financing Bank) may be guaranteed by the USG if such financing is in connection with FMS or

FMCS or direct commercial sales of defense items. Fees shall be charged for such guaranties (Sec 24, AECA).

b. **Export-Import Bank.** Export-Import Bank financing of sales of defense items to economically less developed countries is prohibited (Sec 32, AECA).

D. **Logistics Support.**

1. DoD considers the support of US origin defense articles to be critical to the success of the SA Program.

2. Systems in use with US forces will be supported through the normal DoD procurement system (also see Section 802).

3. When a system is to be phased out of the DoD inventory, countries which have acquired the system under FMS will be given the opportunity to determine support item requirements and to place final orders designed to maintain the capabilities of the system through the remainder of its service life. These orders will be consolidated to ensure the most economical final buys (also see Section 80204).

4. DoD will take reasonable steps to support systems which are not used by US forces. This policy may also apply to items which were never adopted by US forces.

a. Support should be provided for these items when mutually satisfactory arrangements can be made with the country involved and supply sources are available.

b. Support items which continue to be stocked, stored, and issued due to common application with end items remaining in use should continue to be routinely provided even though supported end items may have been acquired commercially or system support buyout has been completed.

c. As an exception to policy, special efforts should be made to support non-standard items, whether acquired commercially or through FMS, when circumstances dictate these efforts in order to best service US interests. *

E. **Commercial Air Travel.** US military and DoD civilian officials and employees who travel to and from a foreign country on SA business, whether the travel is financed by FMS administrative or case funds, must use the same commercial air carrier, class of service, and routing that the transportation officer requires of other DoD travelers. Waivers from the normal travel procedures shall be granted SA travelers on the same basis and in the same manner as provided for DoD personnel traveling on regular defense business. **

TABLE 202-1
Part 121 -- The United States Munitions List

[Extracted from Amendments to the International Traffic in Arms Regulations (ITAR) printed in 22 Code Federal Regulations (CFR) Part 120, et al, by DoS, July 1993. Further details can be found in the CFR.]

Enumeration of Articles

Sec.	
121.1	General. The United States Munitions List
121.2	Interpretations of the United States Munitions List and the Missile Technology Control Regime Annex.
121.3	Aircraft and related articles.
121.4	Amphibious vehicles.
121.5	Apparatus and devices under Category IV(c).
121.6	Cartridge and shell casings.
121.7	Chemical agents.
121.8	End-items, components, accessories, attachments, parts, firmware, software and systems.
121.9	Firearms.
121.10	Forgings, castings and machined bodies.
121.11	Military demolition blocks and blasting caps.
121.12	Military explosives.
121.13	Military fuel thickeners.
121.14	Propellants.
121.15	Vessels of war and special naval equipment.
121.16	Missile Technology Control Regime Annex.
	Authority: Sec.2, 38, and 71, Pub.L. 90-629, 90 Stat. 744 (22 U.S.C. 2752, 2778, 2797); E.O. 11958, 42 FR 4311; 3 CFR 1977 Comp. p. 79; U.S.C. 2658.

ENUMERATION OF ARTICLES

§ 121.1 General. The United States munitions list.

(a) The following articles services and related technical data are designated as defense articles and defense services pursuant to sections 38 and 47(7) of the Arms Control Act (22 U.S.C. 2778 and 2794(7)). Changes in designations will be published in the Federal Register. Information and clarifications on whether specific items are defense articles and services under this subchapter may appear periodically in the Defense Trade News published by the Center for Defense Trade.

(b) Significant military equipment: An asterisk precedes certain defense articles in the following list. The asterisk means that the article is deemed to be "significant military equipment" to the extent specified in § 120.19. The asterisk is placed as a convenience to help identify such articles.

(c) Certain items in the following list are placed in brackets. The brackets mean that the item is (1) scheduled to be moved to the licensing jurisdiction of the Department of Commerce upon establishment of a foreign policy control or (2) in the case of spacecraft and related equipment, the item is under review by an interagency space technical working group. The interagency review will result in a recommendation as to whether an item should be moved to the jurisdiction of the Department of Commerce or to USML category XV which was established for that purpose.

(d) Missile Technology Control Regime Annex (MTCR). Certain defense articles and services are identified in § 121.16 as being on the list of MTCR Annex items on the United States Munitions List. These are articles as specified in § 120.29 of this subchapter and appear on the list at § 121.16

Category I --Firearms

*(a) Nonautomatic, semi-automatic and fully automatic firearms to caliber .50 inclusive, and all components and parts for such firearms. (See § 121.9 and §§ 123.16--123.19 of this subchapter.)

(b) Riflescopes manufactured to military specifications, and specifically designed or modified components therefor; firearm silencers and suppressors, including flash suppressors.

*(c) Insurgency-counterinsurgency type firearms or other weapons having a special military application (e.g. close assault weapons systems) regardless of caliber and all components and parts therefor.

(d) Technical data (as defined in § 120.21 of this subchapter) and defense services (as defined in § 120.8 of this subchapter) directly related to the defense articles enumerated in paragraphs (a) through (c) of this category. (See § 125.4 of this subchapter for exemptions.) Technical data directly related to the manufacture or production of any defense articles enumerated elsewhere in this category that are designated as Significant Military Equipment (SME) shall itself be designated SME.

Category II--Artillery Projectors

*(a) Guns over caliber .50, howitzers, mortars, and recoilless rifles..

[Note: "Significant military equipment" means articles for which special export controls are warranted because of their capacity for substantial military utility.]

TABLE 202-1. The United States Munitions List.

***(b) Military flamethrowers and projectors.**

(c) Components, parts, accessories and attachments for the articles in paragraph (a) and (b) of this category, including but not limited to mounts and carriages for these articles.

(d) Technical data (as defined in 120.21 of this subchapter) and defense services (as defined in § 120.8 of this subchapter) directly related to the defense articles enumerated in paragraphs (a) through (c) of this category. (See § 125.4 of this subchapter for exemptions.) Technical data directly related to the manufacture or production of any defense articles enumerated elsewhere in this category that are designated as Significant Military Equipment (SME) shall itself be designated SME.

Category III--Ammunition

***(a) Ammunition for the arms in Categories I and II of this section. (See § 121.6.)**

(b) Components, parts, accessories, and attachments for articles in paragraph (a) of this category, including but not limited to cartridge cases, powder bags, bullets, jackets, cores, shells (excluding shotgun shells), projectiles, boosters, fuzes and components therefor, primers, and other detonating devices for such ammunition. (See § 121.6.)

(c) Ammunition belting and linking machines.

***(d) Ammunition manufacturing machines and ammunition loading machines (except handloading ones).**

(e) Technical data (as defined in § 120.21 of this subchapter) and defense services (as defined in § 120.8 of this subchapter) directly related to the defense articles enumerated in paragraphs (a) through (d) of this category. (See § 125.4 of this subchapter for exceptions.) Technical data directly related to the manufacture or production of any defense article enumerated elsewhere in this category that are designated as Significant Military Equipment (SME) shall itself be designated SME.

Category IV--Launch Vehicles, Guided Missiles, Ballistic Missiles, Rockets, Torpedoes, Bombs and Mines

***(a) Rockets (including but not limited to meteorological and other sounding rockets), bombs, grenades, torpedoes, depth charges, land and naval mines, as well as launchers for such defense articles, and demolition blocks and blasting caps. (See § 121.11.)**

***(b) Launch vehicles and missile and antimissile systems including but not limited to guided, tactical and strategic missiles, launchers, and systems.**

(c) Apparatus, devices, and materials for the handling, control, activation, monitoring, detection, protection, discharge, or detonation of the articles in paragraphs (a) and (b) of this category. (See § 121.5.)

***(d) Missile and space launch vehicle powerplants.**

***(e) Military explosive excavating devices.**

***(f) Ablative materials fabricated or semi-fabricated from advanced composites (e.g., silica, graphite, carbon, carbon/carbon, and boron filaments) for the articles in this category that are derived directly from or specifically developed or modified for defense articles.**

***(g) Non/nuclear warheads for rockets and guided missiles.**

(h) All specifically designed or modified components, parts, accessories, attachments, and associated equipment for the articles in this category.

(i) Technical data (as defined in § 120.21 of this subchapter) and defense services (as defined in § 120.8 of this subchapter) directly related to the defense articles enumerated in paragraphs (a) through (h) of this category. (See § 125.4 of this subchapter for exemptions.) Technical data directly related to the manufacture or production of any defense articles enumerated elsewhere in this category that are designated as Significant Military Equipment (SME) shall itself be designated SME.

Category V --Explosives, Propellants, Incendiary Agents, and Their Constituents

***(a) Military explosives. (See § 121.12)**

***(b) Military fuel thickeners. (See § 121.13)**

(c) Propellants for the articles in Categories III and IV of this section. (See § 121.14)

(d) Military pyrotechnics, except pyrotechnic material having dual military and commercial use.

(e) All components specifically formulated for the articles in this category.

(f) Technical data (as defined in § 120.21 of this subchapter) and defense services (as defined in § 120.8 of this subchapter) directly related to the defense articles enumerated in paragraphs (a) through (e) of this category. (See § 125.4 of this subchapter for exemptions.) Technical data directly related to the manufacture or production of any defense articles enumerated elsewhere in this category that are designated as Significant Military Equipment (SME) shall itself be designated SME.

Category VI --Vessels of War and Special Naval Equipment

***(a) Warships, amphibious warfare vessels, landing craft, mine warfare vessels, patrol vessels, auxiliary vessels and service craft, experimental types of navy ships and any vessels specifically designed or modified for military purposes. (See § 121.15.)**

***(b) Turrets and gun mounts, arresting gear, special weapons systems, protective systems, submarine storage batteries, catapults and other components, parts, attachments, and accessories**

TABLE 202-1. [Continued]

specifically designed or modified for combatant vessels.

(c) Mine sweeping equipment, components, parts, attachments and accessories specifically designed or modified therefor.

(d) Harbor entrance detector devices, (magnetic, pressure, and acoustic ones) and controls and components therefor.

*(e) Naval nuclear propulsion plants, their land prototypes, and special facilities for their construction, support, and maintenance. This includes any machinery, device, component, or equipment specifically developed, designed or modified for use in such plants or facilities. (See § 123.21 of this subchapter)

(f) All specifically designed or modifies components, parts, accessories, attachments, and associated equipment for the articles in this category.

(g) Technical data (as defined in § 120.21 of this subchapter) and defense services (as defined in § 120.8) directly related to the defense articles enumerated in paragraphs (a) through (f) of this category. (See § 125.4 of this subchapter for exemptions.) Technical data directly related to the manufacture or production of any defense articles enumerated elsewhere in this category that are designated as Significant Military Equipment (SME) shall itself be designated SME.

Category VII --Tanks and Military Vehicles

*(a) Military type armed or armored vehicles, military railway trains,, and vehicles specifically designed or modified to accommodate mountings for arms or other specialized military equipment or fitted with such items.

*(b) Military tanks, combat engineer vehicles, half-tracks and gun carriers.

*(c) Self-propelled guns and howitzers.

(d) Military trucks, trailers, hoists, and skids specifically designed, modified, or equipped to mount or carry weapons of Categories I, II and IV or for carrying and handling the articles in paragraph (a) of Categories III and IV.

*(e) Military recovery vehicles.

*(f) Amphibious vehicles. (See § 121.4)

*(g) Engines specifically designed or modified for the vehicles in paragraphs (a), (b), (c), and (f) of this category.

(h) All specifically designed or modified components and parts, accessories, attachments, and associated equipment for the articles in this category, including but not limited to military bridging and deep water fording kits.

(i) Technical data (as defined in § 120.21 of this subchapter) and defense services (as defined in § 120.8 of this subchapter) directly related to the defense articles enumerated in paragraphs (a) through (h) of this category. (See § 125.4 of this subchapter for

exemptions.) Technical data directly related to the manufacture or production of any defense articles enumerated elsewhere in this category that are designated as Significant Military Equipment (SME) shall itself be designated SME.

Category VIII--Aircraft, [Spacecraft] and Associated Equipment

*(a) Aircraft, including but not limited to helicopters, non-expansive balloons, drones, and lighter-than-air aircraft, which are specifically designed, modified, or equipped for military purposes. This includes but is not limited to the following military purposes: Gunnery, bombing, rocket or missile launching, electronic and other surveillance, reconnaissance, refueling, aerial mapping, military liaison, cargo carrying or dropping, personnel dropping, airborne warning and control, and military training. (See § 121.3)

*(b) Military aircraft engines, except reciprocating engines, [and spacecraft engines] specifically designed or modified for the aircraft in paragraph (a) of this category.

*(c) Cartridge-actuated devices utilized in emergency escape or personnel and airborne equipment (including but not limited to airborne refueling equipment) specifically designed or modified for use with the aircraft, [spacecraft] and engines of the types in paragraphs (a), (b), [and (h)] of this category.

(d) Launching and recovery equipment for the articles in paragraph (a) [and (i)] of this category, if the equipment is specifically designed or modified for military use [or for use with spacecraft]. Fixed land-bases arresting gear is not included in this category.

*(e) Inertial navigation systems, aided or hybrid inertial navigation systems, Inertial Measurement Units (IMUs), and Attitude and Heading Reference Systems (ARHS) specifically designed, modified, or configured for military use and all specifically designed components, parts and accessories. For other inertial reference systems and related components refer to Category XII(d).

*(f) Developmental aircraft and components thereof which have a significant military applicability, excluding such aircraft and components that have been certified by the Federal Aviation Administration and determined through the commodity jurisdiction procedure specified in § 120.4 of this subchapter, to be subject to the export control jurisdiction of the Department of Commerce for purposes of section 17(c) of the Export Administration Act, as amended.

*(g) Ground effects machines (GEMS) specifically designed or modified for military use, including but not limited to surface effect machines and other air cushion vehicles, and all components, parts, and accessories, attachments, and associated

TABLE 202-1. [Continued]

equipment specifically designed or modified for use with such machines.

[(h) * Spacecraft, including manned and unmanned, active and passive satellites (except those listed in Category XV).]

[(i) Power supplies and energy sources specially designed or modified for spacecraft in paragraph (h).]

(j) Components, parts, accessories, attachments, and associated equipment (including ground support equipment) specifically designed or modified for the articles in paragraphs (a) through (i) of this category, excluding aircraft tires and propellers used with reciprocating engines.

(k) Technical data (as defined in § 120.21 of this subchapter) and defense services (as defined in § 120.8 of this subchapter) directly related to the defense articles enumerated in paragraphs (a) through (j) of this category. (See § 125.4 of this subchapter for exemptions.) Technical data directly related to the manufacture or production of any defense articles enumerated elsewhere in this category that are designated as Significant Military Equipment (SME) shall itself be designated SME.

[(l) Non-military aircraft inertial navigation systems, except those systems or components that are standard equipment in civil aircraft, including spare parts and spare units to be used exclusively for the maintenance of inertial navigation equipment incorporated in civil aircraft and that are certified by the Federal Aviation Administration (FAA) as being an integral part of such aircraft.]

[(m) Technical data for the design, development, production or manufacture of inertial navigation equipment or its related parts, components or subsystems which are standard equipment in civil aircraft and which are certified by the Federal Aviation Administration as being an integral part of such aircraft. FAA certified inertial navigation systems and all other technical data associated with such systems is under the licensing jurisdiction of the Department of Commerce.]

Category IX --Military Training Equipment

(a) Military training equipment including but not limited to attack trainers, radar target trainers, radar target generators, gunnery training devices, antisubmarine warfare trainers, target equipment, armament training units, operational flight trainers, air combat training systems, radar trainers, navigational trainers, and simulation devices related to defense articles.

(b) Components, parts, accessories, attachments, and associated equipment specifically designed or modified for the articles in paragraph (a) of this category.

(c) Technical data (as defined in § 120.21 of this subchapter) and defense services (as defined in § 120.8 of this subchapter) directly related to the defense

articles enumerated in paragraphs (a) and (b) of this category. (See § 125.4 for exemptions.)

Category X --Protective Personnel Equipment

(a) Body armor specifically designed, modified or equipped for military use; articles, including but not limited to clothing, designed, modified or equipped to protect against or reduce detection by radar, infrared (IR) or other sensors; military helmets equipped with communications hardware, optical sights, slewing devices or mechanisms to protect against thermal flash or lasers, excluding standard military helmets.

(b) Partial pressure suits and liquid oxygen converters used in aircraft in Category VIII(a).

(c) Protective apparel and equipment specifically designed or modified for use with the articles in paragraphs (a) through (d) in Category XIV.

(d) Components, parts, accessories, attachments, and associated equipment specifically designed or modified for use with the articles in paragraphs (a), (b), and (c) of this category.

(e) Technical data (as defined in § 120.21 of this subchapter) and defense services (as defined in § 120.8 of this subchapter) directly related to the defense articles enumerated in paragraphs (a) through (d) of this category. (See § 125.4 of this subchapter for exemptions.)

Category XI --Military [and Space] Electronics

(a) Electronic equipment not included in Category XII of the U.S. Munitions List which is specifically designed, modified or configured for military application. This equipment includes but is not limited to:

* (1) Underwater sound equipment to include active and passive detection, identification, tracking, and weapons control equipment.

* (2) Underwater acoustic active and passive countermeasures and counter-countermeasures.

(3) Radar systems, with capabilities such as:

* (i) Search,

* (ii) Acquisition,

* (iii) Tracking,

* (iv) Moving target indication,

* (v) Imaging radar systems,

(vi) Any ground air traffic control radar which is specifically designed or modified for military application.

* (4) Electronic combat equipment, such as:

(i) Active and passive countermeasures,

(ii) Active and passive counter-countermeasures, and

(iii) Radios (including transceivers) specifically designed or modified to interfere with other communication devices or transmissions.

TABLE 202-1. [Continued]

* (5) Command, control and communications systems to include radios (transceivers), navigation, and identification equipment.

(6) Computers specifically designed or developed for military application and any computer specifically modified for use with any defense article in any category of the U.S. Munitions List.

(7) Any experimental or developmental electronic equipment specifically designed or modified for military applications or specifically designed or modified for use with a military system.

* (b) Electronic systems or equipment specifically designed, modified, or configured for intelligence, security, or military purposes for use in search, reconnaissance, collection, monitoring, direction-finding, display, analysis and production of information from the electromagnetic spectrum and electronic systems or equipment designed or modified to counteract electronic surveillance or monitoring. A system meeting this definition is controlled under this subchapter even in instances where any individual pieces of equipment constituting the system may be subject to the controls of another U.S. government agency. Such systems or equipment described above include, but are not limited to, those:

(1) Designed or modified to use cryptographic techniques to generate the spreading code for spread spectrum or hopping codes for frequency agility. This does not include fixed code techniques for spread spectrum.

(2) Designed or modified using burst techniques (e.g., time compression techniques) for intelligence, security or military purposes.

(3) Designed or modified for the purpose of information security to suppress the compromising emanations of information-bearing signals. This covers TEMPEST suppression technology and equipment meeting or designed to meet government TEMPEST standards. This definition is not intended to include equipment designed to meet Federal Communications Commission (FCC) commercial electro-magnetic interference standards or equipment designed for health and safety.

[(c) Space electronics:

* (1) Electronic equipment specifically designed or modified for spacecraft and space flight, and

(2) Electronic equipment specifically designed or modified for use with non-military communications satellites.

(3) Components, parts, accessories, attachments, and associated equipment specifically designed or modified for use with the equipment in subparagraphs (1) and (2).]

(d) Components, parts, accessories, attachments, and associated equipment specifically designed or modified for use with the equipment in subparagraphs (a) and (b) of this category, except for such items as are in normal commercial use.

(e) Technical data (as defined in § 120.21 of this subchapter) and defense services (as defined in § 120.8 of this subchapter) directly related to the defense articles enumerated in paragraphs (a) through (d) of this category. (See § 125.4 of this subchapter for exemptions.) Technical data directly related to the manufacture or production of any defense articles enumerated elsewhere in this category that are designated as Significant Military Equipment (SME) shall itself be designated SME.

Category XII--Fire Control, Range Finder, Optical and Guidance and Control Equipment

* (a) Fire control systems; gun and missile tracking and guidance systems; gun range, position, height finders, spotting instruments and laying equipment; aiming devices (electronic, optic, and acoustic); bomb sights, bombing computers, military television sighting and viewing units, and periscopes for the articles of this section.

* (b) lasers specifically designed, modified or configured for military application including those used in military communication devices, target designators and range finders, target detection systems, and directed energy weapons.

* (c) Infrared focal plane array detectors specifically designed, modified or configured for military use; image intensification and other night sighting equipment or systems specifically designed, modified, or configured for military use; second generation and above military intensification tubes (defined below) specifically designed, developed, modified, or configured for military use, and, infrared, visible, and ultraviolet devices specifically designed, developed, modified, or configured for military application.

Note: *Special Definition..* For purposes of this subparagraph, *second and third generation image intensifier tubes* are defined as having:

A peak response within the 0.4 to 1.05 micron wavelength and incorporating a microchannel plate for electron image amplification having a hole pitch (center-to-center spacing) of less than 25 microns, and having either:

(a) An S-20, S-25 or multialkali photocathode; or

(b) A semiconductor photocathode;

* (d) Inertial platforms or sensors for weapons or weapon systems; guidance, control and stabilization systems except for those systems covered in category VIII; astro-compasses and star trackers and military and [non-military] accelerometers and gyros. For aircraft inertial reference systems and related components refer to Category VIII.

(e) Non-military second generation and above image intensification tubes, non-military infrared focal plane arrays, and image intensification tubes identified in paragraph (c) of this section when a part of a commercial system (i.e., those systems originally

TABLE 202-1. [Continued]

designed for commercial use). This does not include military systems comprises of non-military specification components.]

(f) Components, parts, accessories, attachments and associated equipment specifically designed or modified for the articles in paragraphs (a), (b), (c) and (d) of this category, except for such items as are in normal commercial use.

(g) Technical data (as defined in § 120.21 of this subchapter) and defense services (as defined in § 120.8) directly related to the defense articles enumerated in paragraphs (a) through (f) of this category. (See § 125.4 of this subchapter for exemptions.) Technical data directly related to the manufacture or production of any defense articles enumerated elsewhere in this category that are designated as Significant Military Equipment (SME) shall itself be designated SME.

Category XIII --Auxiliary Military Equipment

(a) Cameras [including space cameras] and specialized processing equipment therefor, photointerpretation, stereoscopic plotting, and photogrammetry equipment which are specifically designed or modified for military purposes, and components specifically designed or modified therefor;

(b) Information Security Systems and equipment, cryptographic devices, software, and components specifically designed or modified therefor, including:

(1) Cryptographic (including key management) systems, equipment, assemblies, modules, integrated circuits, components or software with the capability of maintaining secrecy or confidentiality of information or information systems, except cryptographic equipment and software as follows:

(i) Restricted to decryption functions specifically designed to allow the execution of copy protected software, provided the decryption functions are not user-accessible.

(ii) Specially designed, developed or modified for use in machines for banking or money transactions, and restricted to use only in such transactions. Machines for banking or money transactions include automatic teller machines, self-service statement printers, point of sale terminals or equipment for the encryption of interbanking transactions.

(iii) Employing only analog techniques to provide the cryptographic processing that ensures information security in the following applications:

(A) Fixed (defined below) band scrambling not exceeding 8 bands and in which the transpositions change not more frequently than once every second;

(B) Fixed (defined below) band scrambling exceeding 8 bands and in which the transpositions change not more frequently than once every ten seconds;

(C) Fixed (defined below) frequency inversion and in which the transpositions change not more frequently than once every second;

(D) Facsimile equipment;

(E) Restricted audience broadcast equipment;

(F) Civil television equipment.

Note: *Special definition.* For purposes of this subparagraph, *fixed* means that the coding or compression algorithm cannot accept externally supplied parameters (e.g., cryptographic or key variables) and cannot be modified by the user.

(iv) Personalized smart cards using cryptography restricted for use only in equipment or systems exempted from the controls of the USML.

(v) Limited to access control, such as automatic teller machines, self-service statement printers or point of sale terminals, which protects passwords or personal identification numbers (PIN) or similar data to prevent unauthorized access to facilities but does not allow for encryption of files or text, except as directly related to the password of PIN protection.

(vi) Limited to data authentication which calculates a Message Authentication Code (MAC) or similar result to ensure no alteration of text has taken place, or to authenticate users, but does not allow for encryption of data, text or other media other than that needed for the authentication.

(vii) Restricted to fixed data compression or coding techniques.

(viii) Limited to receiving for radio broadcasts, pay television or similar restricted audience television of the consumer type, without digital encryption and where digital decryption is limited to the video, audio or management functions.

(ix) Software designed or modified to protect against malicious computer damage, (e.g., viruses).

Note: A procedure has been established to facilitate the expeditious transfer to the Commodity Control List of mass market software products with encryption that meet specified criteria regarding encryption for the privacy of data and the associated key management. Requests to transfer commodity jurisdiction of mass market software products designed to meet the specified criteria may be submitted in accordance with the commodity jurisdiction provisions of § 120.4. Questions regarding the specified criteria or the commodity jurisdiction process should be addressed to the Office of Defense Trade Controls. All mass market software products with cryptography that were previously granted transfers of commodity jurisdiction will remain under Department of Commerce control. Mass market software governed by this note is software that is generally available to the public by being sold from stock at retail selling points, without restriction, by means of over the counter transactions, mail order transactions, or telephone call transactions; and designed for installation by the user without further substantial support by the supplier.

TABLE 202-1. [Continued]

(2) Cryptographic (including key management) systems, equipment, assemblies, modules, integrated circuits, components or software which have the capability of generating spreading or hopping codes for spread spectrum systems or equipment.

(3) Cryptanalytic systems, equipment, assemblies, modules, integrated circuits, components or software.

(4) Systems, equipment, assemblies, modules, integrated circuits, components or software providing certified or certifiable multi-level security or user isolation exceeding class B2 of the Trusted Computer Systems Evaluation Criteria (TCSEC) and software to certify such systems, equipment or software.

(5) Ancillary equipment specifically designed or modified for paragraphs (b) (1), (2), (3), (4) and (5) of this category;

(c) Self-contained diving and underwater breathing apparatus as follows:

(1) Closed and semi-closed circuits (rebreathing) apparatus;

(2) Specially designed components for use in the conversion of open-circuit apparatus to military use; and

(3) Articles exclusively designed for military use with self-contained diving and underwater swimming apparatus.

(d) Carbon/carbon billets and preforms which are reinforced with continuous unidirectional tows, tapes, or woven cloths in three or more dimensional planes (i.e., 3D, 4D, etc.). This is exclusive of carbon/carbon billets and preforms where reinforcement in the third dimension is limited to interlocking of adjacent layers only, and carbon/carbon 3D, 4D, etc. end items which have not been specifically designed or modified for defense articles (e.g., brakes for commercial aircraft or high speed trains). Armor (e.g., organic, ceramic, metallic), and reactive armor which has been specifically designed or modified for defense articles. Structural materials including carbon/carbon and metal matrix composites, plate, forgings, castings, welding consumables and rolled and extruded shapes which have been specifically designed or modified for defense articles.

(e) Concealment and deception equipment, including but not limited to special paints, decoys, and simulators and components, parts and accessories specifically designed or modified therefor.

(f) Energy conversion devices for producing electrical energy from nuclear, thermal, or solar energy, or form chemical reaction which are specifically designed or modified for military application.

(g) Chemiluminescent compounds and solid state devices specifically designed or modified for military application.

(h) Devices embodying particle beam and electromagnetic pulse technology and associated components and subassemblies (e.g., ion beam current

injectors, particle accelerators for neutral or charged particles, beam handling and projection equipment, beam steering, fire control, and pointing equipment, test and diagnostic instruments, and targets) which are specifically designed or modified for directed energy weapon applications.

(i) Metal embrittling agents.

* (j) Hardware and equipment, which has been specifically designed or modified for military applications, that is associated with the measurement or modification of system signatures for detection of defense articles. This includes but is not limited to signature measurement equipment; prediction techniques and codes; signature materials and treatments; and signature control design methodology.

(k) Technical data (as defined in § 120.21 of this subchapter) and defense services (as defined in § 120.8 of this subchapter) related to the defense articles listed in this category. (See § 125.4 of this subchapter for exemptions; see also § 123.21 of this subchapter). Technical data directly related to the manufacture or production of any defense articles enumerated elsewhere in this category that are designated as Significant Military Equipment (SME) shall itself be designated SME.

Category XIV --Toxicological Agents and Equipment and Radiological Equipment

* (a) Chemical agents including but not limited to lung irritants, vesicants, lachrymators, tear gases (except tear gas formulations containing 1% or less CN or CS), stemutators and irritant smoke, and nerve gases and incapacitating agents. (See § 121.7.)

* (b) Biological agents.

* (c) Equipment for dissemination, detection, and identification of, and defense against, the articles in paragraphs (a) and (b) of this category.

* (d) Nuclear radiation detection and measuring devices, manufactured to military specification.

(e) Components, parts, accessories, attachments, and associated equipment specifically designed or modified for the articles in paragraphs (c) and (d) of this category.

(f) Technical data (as defined in § 120.21 of this subchapter) and defense services (as defined in § 120.8 of this subchapter) related to the defense articles enumerated in paragraphs (a) through (e) of this category. (See § 125.4 of this subchapter for exemptions; see also § 123.21 of this subchapter). Technical data directly related to the manufacture or production of any defense articles enumerated elsewhere in this category that are designated as Significant Military Equipment (SME) shall itself be designated SME.

TABLE 202-1. [Continued]

Category XV --Spacecraft Systems and Associated Equipment

*(a) Spacecraft and associated hardware, including ground support equipment, specifically designed or modified for military use.

(b)(1) [Reserved]

(2) Communications satellites (excluding ground stations and their associated equipment and technical data not enumerated elsewhere in § 121.1 of this subchapter; for controls on such ground stations, see the Commerce Control List) with any of the following characteristics:

(i) Anti-jam capability. Antennas and/or antenna-systems with ability to respond to incoming interference by adaptively reducing antenna gain in the direction of the interference.

(ii) Antennas:

(A). With aperture (overall dimension of the radiating portions of the antenna) greater than 30 feet; or

(B). With sidelobes less than or equal to -35dB; or

(C). Designed, modified, or configured to provide coverage area on the surface of the earth less than 200 nm in diameter, where "coverage area" is defined as that area on the surface of the earth that is illuminated by the main beam width of the antenna (which is the angular distance between half power points of the beam).

(iii) Designed, modified or configured for intersatellite data relay links that do not involve a ground relay terminal ("cross-links").

(iv) Spaceborne baseband processing equipment that uses any technique other than frequency translation which can be changed several times a day on a channel by channel basis among previously assigned fixed frequencies.

(v) Employing any of the cryptographic items controlled under Category XIII(b) of this subchapter.

(vi) Employing radiation-hardened devices controlled elsewhere in § 121.1 that are not "embedded" in the satellite in such a way as to deny physical access. (Here, "embedded" means that the device either cannot feasibly be removed from the satellite or be used for other purposes.)

(vii) Having propulsion systems which permit acceleration of the satellite on-orbit (i.e., after mission orbit injection) at rates greater than 0.1g.

(viii) Having attitude control and determination systems designed to provide spacecraft pointing determination and control better than 0.02 degrees azimuth and elevation.

(ix) Having orbit transfer engines ("kickmotors") which remain permanently with the spacecraft and are capable of being restarted after achievement of mission orbit and providing acceleration greater than 1g. (Orbit transfer engines which are not designed,

built, and shipped as an integral part of the satellite are controlled under Category IV of this subchapter.)

(c) Global Positioning System (GPS) receiving equipment specifically designed, modified or configured for military use; or GPS receiving equipment with any of the following characteristics:

(1) Designed for encryption or decryption (e.g., Y-Code) of GPS precise positioning service (PPS) signals;

(2) Designed for producing navigation results above 60,000 feet altitude and at 1,000 knots velocity or greater;

(3) Specifically designed or modified for use with a null steering antenna or including a null steering antenna designed to reduce or avoid jamming signals;

(4) Designed or modified for use with unmanned air vehicle systems capable of delivering at least a 500 kg payload to a range of at least 300 km.

Note: GPS receivers designed or modified for use with military unmanned air vehicle systems with less capability are considered to be specifically designed, modified or configured for military use and therefore covered under this subparagraph.

Any GPS equipment not meeting this definition is subject to the jurisdiction of the Department of Commerce (DOC). Manufacturers or exporters of equipment under DOC jurisdiction are advised that the U.S. Government does not assure the availability of the GPS P-Code for civil navigation. It is the policy of the Department of Defense (DOD) that GPS receivers using P-Code without clarification as to whether or not those receivers were designed or modified to use Y-Code will be presumed to be Y-Code capable and covered under this subparagraph. The DOD policy further requires that a notice be attached to all P-Code receivers presented for export. The notice must state the following: "ADVISORY NOTICE: This receiver uses the GPS P-Code signal, which by U.S. policy, may be switched off without notice."

(d) Components, parts, accessories, attachments, and associated equipment (including ground support equipment) specifically designed, modified or configured for the articles in paragraphs (a) through (c) of this category, as well as for any satellites under the export licensing jurisdiction of the Department of Commerce, except as noted below:

Explanatory Note

This language is not intended to preclude a license application of a complete satellite that is under the jurisdiction of the Department of Commerce from including in that license application any directly associated components, parts, accessories, attachments and associated equipment (including ground support equipment) unless such items are specifically identified for control in paragraphs (a) or (b) of this

TABLE 202-1. [Continued]

category or any other category of § 121.1 of this subchapter. It is understood that spares, replacement parts, ground support and test equipment, payload adapter/interface hardware, etc. are typically provided as part of a satellite launch campaign; however, such items are only exempt from USML licensing when their intended use is directly related to supporting the Commerce-licensed satellite launch campaign. Once the satellite has been successfully launched, it is understood that such items remaining unlaunched will be returned to the United States.

(e) Technical data (as defined in § 120.21 of this subchapter) and defense services (as defined in § 120.8 of this subchapter) directly related to the defense articles enumerated in paragraphs (a) through (d) of this category. (See § 125.4 of this subchapter for exemptions.) Technical data directly related to the manufacture or production of any defense articles enumerated elsewhere in this category that are designated as Significant Military Equipment (SME) shall itself be designated SME. In addition, detailed design, development, production or manufacturing data for all spacecraft systems and specifically designed or modified components thereof, regardless of which U.S. government agency has jurisdiction for export of the hardware. (See § 125.4 of this subchapter for exemptions.) This restriction does not include that level of technical data (including marketing data) necessary and reasonable for a purchaser to have assurance that a U.S.-built item intended to operate in space has been designed, manufactured and tested in conformance with specified contract requirements (e.g., operational performance, reliability, lifetime, product quality, or delivery expectations) and data necessary to evaluate in-orbit anomalies and to operate and maintain associated ground equipment.

Category XVI --Nuclear Weapons Design and Test Equipment

* (a) Any article, material, equipment, or device which is specifically designed or modified for use in the design, development, or fabrication of nuclear weapons or nuclear explosive devices. (See § 123.21 of this subchapter and Department of Commerce Export Regulations, 15 CFR part 778).

* (b) Any article, material, equipment, or device which is specifically designed or modified for use in the devising, carrying out, or evaluating of nuclear weapons tests or any other nuclear weapons explosions, except such items as are in normal commercial use for other purposes.

(c) Technical data (as defined in § 120.21 of this subchapter) and defense services (as defined in § 120.8 of this subchapter) directly related to the defense articles enumerated in paragraphs (a) through (b) of this category. (See § 125.4 of this subchapter for exemptions.) Technical data directly related to the manufacture or production of any defense articles

enumerated elsewhere in this category that are designated as Significant Military Equipment (SME) shall itself be designated SME.

Category XVII --Classified Articles, technical Data and Defense Services Not Otherwise Enumerated

* (a) All articles, technical data (as defined in § 120.21 of this subchapter) an defense services (as defined in § 120.8 of this subchapter) relating thereto which are classified in the interest of national security and which are not otherwise enumerated in the U.S. Munitions List.

Category XVIII ---(Reserved)

Category XIX ---(Reserved)

Category XX ---Submersible Vessels, Oceanographic and Associated Equipment

* (a) Submersible vessels, manned or unmanned, tethered or untethered, designed or modified for military purposes, or powered by nuclear propulsion plants.

* (b) Swimmer delivery vehicles designed or modified for military purposes.

(c) Equipment, components, parts, accessories, and attachments specifically designed or notified for any of the articles in paragraphs (a) and (b) of this category.

(d) Technical data (as defined in § 120.21 of this subchapter) and defense services (as defined in § 120.8 of this subchapter) directly related to the defense articles enumerated in paragraphs (a) through (c) of this category. (See § 125.4 of this subchapter for exemptions.) Technical data directly related to the manufacture or production of any defense articles enumerated elsewhere in this category that are designated as Significant Military Equipment (SME) shall itself be designated SME.

Category XXI ---Miscellaneous Articles

(a) Any article not specifically enumerated in the other categories of the U.S. Munitions List which has substantial military applicability and which has been specifically designed or modified for military purposes. The decision on whether any article may be included in this category shall be made by the Director of the Office of Defense Trade Controls.

(b) Technical data (as defined in § 120.21 of this subchapter) and defense services (as defined in § 120.8 of this subchapter) directly related to the defense articles enumerated in paragraphs (a) of this category.

TABLE 202-1. [Continued]

Section 203 - Special Provisions

20301 CONSTRAINTS ON ELIGIBILITY.

A. **Terrorism.** Unless the President finds that the national security requires otherwise, he shall terminate all assistance, sales, credits and guaranties to any government which aids or abets (by granting sanctuary from prosecution) any individual or group which has committed an act of international terrorism. [Sec. 620A, FAA, and Sec. 3(f), AECA]

B. **Nationalization of US Property.** Assistance will be suspended for countries which have nationalized, expropriated, or seized US property, or have imposed discriminatory taxes. Assistance is also to be suspended if a country has initiated steps to repudiate or nullify existing agreements with US citizens or entities without taking proper compensatory action [Sec. 620(e), FAA].

C. **Transfer.** The Purchaser or grant recipient must agree not to transfer title or possession of any defense article or related training or other defense services to any other country without prior US consent; the President must report to the Congress before such consent is given. [Sec. 3(a)(2), AECA, and Sec. 505(a), FAA]. Special care must be taken to ensure that minor repair parts, fuel, or other defense articles which lose identity when co-mingled, are controlled by the recipient government using a procedure which will reasonably assure there will be no non-approved transfers (see Section 90006).

D. **Proper Use of Materiel.** Sales and assistance may be made to countries only for purposes of internal security, legitimate self-defense, civic action, or regional or collective arrangements consistent with the United Nations (U.N.) Charter, or requested by the U.N. (Sec. 4, AECA, and Sec. 502, FAA).

E. **Communist-Controlled Countries.** Assistance may be provided to Communist countries only if the President exercises his waiver authority under section 614(a), FAA and concomitantly finds and reports to Congress that such assistance is vital to the security of the United States and promotes the independence of the recipient country from international communism. [Sec. 620(f), FAA].

F. **Narcotics.** Economic and military assistance and sales to a country will be suspended if the President determines the government of that country has failed to take adequate steps to prevent either the sale of illegal drugs or other controlled substances to US government personnel or their dependents or the smuggling of such narcotics into the United States. [Sec. 481(h), FAA].

G. **Violations.** Any government using American equipment and/or services in substantial violation of an applicable agreement entered into under US law with that government shall be made ineligible for future US assistance until such time when the President determines that such violations have ceased and has been assured that they will not recur. [Sec. 505(d), FAA, and Sec. 3(c), AECA].

H. Police, Counterterrorism, and Military Intelligence Programs.

1. The FAA prohibits using funds authorized under the Act to conduct any *police training or related programs* either in a foreign country, or in the United States. All military assistance, not just training, is subject to this prohibition.

2. *Police* training in the context of the FAA prohibition includes military police as well as civilian police, *if* the military police perform on-going civilian law enforcement functions. Neither the name given to a unit nor the ministerial authority under which it operates is sufficient to determine whether a particular unit is a "police unit." *The determining factor is the nature of the functions performed by the unit.* Assistance in foreign countries for any phase of civilian law enforcement (except maritime law enforcement or international narcotics control) is prohibited.

3. The AECA does not prohibit *police training or related programs*. However, prior DSCA approval shall be obtained before offering this type of defense article or service through FMS procedures.

4. If the DSCA authorizes foreign students to attend *military police training*, foreign governments must certify that the students will *not* be involved in any civilian law enforcement functions for at least two years after receiving the training.

5. *Law enforcement* includes apprehension and control of political offenders and opponents of the government in power (other than prisoners of war), as well as persons suspected of common crimes.

6. The prohibitions discussed above do not apply to units that have the *sole function* of that aspect of *internal security* which may involve combat operations against insurgents or legitimate self-defense of national territory against foreign invasion, whether or not the unit is called *police*.

7. If some personnel from a *smaller unit within a larger unit* that is eligible for assistance are detailed to on-going civilian law enforcement functions, then just the smaller unit will be prohibited from receiving grant support under the FAA. However, no grant funds may be used in any program of *internal intelligence or surveillance* on behalf of any foreign government either within the US or abroad.

8. *Antiterrorism and counterterrorism* training may be requested through the Department of State (Attention: M/CT and PM/SAS) using United States Embassy channels. The DSCA should be informed of any request for antiterrorism or counterterrorism training.

9. Limited *military intelligence training* is available. The scope of this type training shall be limited to training that is *directly related to combat or operational intelligence or intelligence management* of combat or operational intelligence *at the joint military staff level*. In case of doubt about whether or not a particular course or type of training falls into one of these two categories, obtain a clarification from the DSCA.

10. Defense articles and defense services will not be sold or leased to foreign organizations or personnel under the AECA unless they are part of the national defense establishment, under the direction and control of the ministry responsible for defense matters.

11. Requests for training for foreign *personnel* (or units) that are *not part of the Defense Ministry* must be directed to the Department of State and to the Agency of International Development through United States Embassy channels. The DSCA and relevant MILDEP should be informed of the request.

12. Prior DSCA approval must be obtained for the sale or lease of defense articles, defense services, or training to foreign organizations or personnel if they are engaged in on-going civilian police functions under the direction and control of the ministry responsible for defense matters.

I. **Incendiary Items, White Phosphorous, and Riot Control Agents.** The following is USG policy regarding the sale of these 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 (Section 700). Requests should indicate, by type of ammunition requested, the quantity and intended use of the ammunition. Requests should be accompanied by the US 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. DSCA will be responsible for coordinating approval of the request. Upon approval, DSCA 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 DoS, Office of Defense Trade Controls.

J. **M-833 and Comparable Depleted Uranium Rounds.** FAA Sec 620G prohibits sale of M-833 depleted uranium ammunition and comparable anti-tank rounds containing a depleted uranium penetrating component except to NATO member countries, major non-NATO allies, Taiwan, and countries for which a Presidential national security interest determination has been completed. Such a determination has been completed for the M-833 round for Bahrain and Saudi Arabia and the M-829 round for Saudi Arabia and Kuwait.

K. **Stinger/MANPADS @@** Section 532, Foreign Operations, Export Financing, and Related Programs Appropriations Act, FY94 continues the prohibition on provision of Stinger to countries bordering the Persian Gulf (Iraq, Iran, Kuwait, Saudi Arabia, Qatar, United Arab Emirates, and Oman).. Based on a Presidential Determination and other specific circumstances discussed in Section 581, Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1990/PL 101-167, this prohibition does not apply to Bahrain's one-for-one purchase of replacement missiles.

1. The DoS will ensure that transfers of MANPADS under FAA Sec 506(a) include the security requirements as previously mentioned in this paragraph.

2. The following procedures apply after an LOA for the purchase of a MANPADS has been accepted or if MANPADS are provided under the authority of Section 506(a).

a. The US Army will provide a copy of the LOA to the in-country SAO.

b. US Army personnel will inspect the physical security arrangements prior to the delivery of the first shipment of MANPADS to ensure that security meets US requirements.

c. The US Army will notify the SAO when delivery of the missiles has begun; serial numbers will be provided to the SAO for missiles received by the foreign government.

d. The STINGER system and all its variants shall be accounted for by verifying receipt of missiles and, as applicable, launchers or gripstocks.

e. The SAO will arrange with the purchasing government to verify by serial number receipt in country of the missiles. The first annual physical inventory should occur after the US Army notifies the applicable SAO of final delivery of missiles. Yearly requirements for US inspection and inventory will begin from that date.

f. Except for missiles deployed to hostile areas, the SAO must physically inventory all MANPADS by serial number. This requirement cannot be satisfied by the foreign government, or through a review of host nation records.

(1) Inventory will consist of 100 percent comparison of serial numbers on missile containers and lists discussed in c. above. At least five percent of those containers, selected to ensure an accurate sample of all country inventory, will be opened to ensure container and missile serial numbers correspond.

(2) The CINC may determine, based on assessment of the threat to security of missiles in the area, if a percentage of missiles higher than five percent should be sampled.

(3) For MANPADS obtained through foreign coproduction or manufacture, the inventory requirements imposed by the MOU and any implementing instructions will govern, subject to minimum standards in (1) and (2) above.

g. The SAO must, at least once a year, randomly review the recipient government's records of monthly, two-man verifications.

h. A report of the SAO findings shall be sent to DSCA/MEAN and US Army (USASAC), with an information copy to the applicable UCOM. (Changed 12 Aug 98) @@

L. Anti-Personnel Landmines. Section 556 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act of FY97 (PL 104-208) extends the moratorium on sale, transfer, or assistance with respect to the provision of anti-personnel landmines.

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 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 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 IPO. DSCA coordinates all transfers within OSD and with DoS. DSCA ensures compliance with statutory notification and authorizing legislation requirements. The Navy prescribes policies and procedures for ship transfers in SECNAV Instruction 4900.48 series.

3. Navy IPO submits each request for sale to the Director, DSCA. 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.

4. Lease procedures are found in Chapter 12. 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, DSCA, will coordinate all ship lease requests and advise Navy IPO of approval or disapproval. If approved, Navy IPO may offer the ship to the requesting country concerned, when statutory notification or legislative authorization requirements have been met.

20303 SUSPENSIONS AND CANCELLATIONS OF SECURITY ASSISTANCE.

A. If DoS determines that it is necessary to suspend security assistance to a particular country, the Director, DSCA, will issue instructions to the SA program IAs. The following procedures normally will be employed:

1. All deliveries of defense articles to the embargoed country will be stopped immediately. No release of new LOAs will be made. No materiel will be released to the country's freight forwarder or to the country. There should be no new contracting actions for an embargoed country; on-going contracting actions should be suspended.

2. If procurements have been started, but contracts have not been awarded, the IA should inform DSCA of the details and ask for guidance.

3. Normally, contracts that have been awarded should continue. However, DSCA should be informed when deliveries are ready to be made so that the possible diversion of the materiel to another country, or to a DoD component, or to storage can be decided. The Director, DSCA, will issue appropriate instructions once the decision is made.

4. Shipments of defense articles, where the materiel is under USG control, will not be loaded at the ports of embarkation. Materiel already enroute to the country will not be delivered; it will be retained under USG control. Defense articles that fit these categories should be stored by the appropriate DoD component using the most economical storage until further DSCA instructions arrive.

5. Materiel ready for shipment from a contractor should be shipped to an appropriate DoD facility for segregated storage until DSCA disposition instructions arrive. Arrangements for storage at the contractor's facility may be made if that is the most economical storage.

6. Requisitions submitted against either a CLSSA or a blanket order FMS case will be held by the receiver. Requisitions from an embargoed country will not be filled.

7. With regard to training funded through an FMS case or under IMET, students in training before the suspension date notification may complete their course. Sequential training (proceeding to the next scheduled course) is excluded unless specifically authorized by the Director, DSCA. Students who have not started training by the suspension date will not begin a course. Instructions on what to do with students from embargoed countries will be provided by the DSCA (also see 100120.G.).

8. Within ten days of a suspension notification, the IA will advise DSCA of the impact of the suspension. This should include the identification of major items and significant secondary items that are within the DTS and which are scheduled for release to the embargoed country within 30 days, and those items that are on order but which have not been shipped. As soon as possible and not later than 21 days after the suspension, DSCA should be advised of all other materiel that is either enroute, scheduled for shipment within 30 days, or on order but unshipped. The latter report should also identify the total unused dollar value on blanket order and CLSSA (FMSO II) cases.

B. Suspension of delivery is not the same as FMS case cancellation or contract termination action. DoS may extend a suspension to become a cancellation in accordance with AECA Secs 2(b) and 42(e). If State makes this decision, case cancellation and contract termination will be directed by DSCA. Specific guidance about disposition of items, funding, etc., will be provided after a case-by-case review.

C. DoS has responsibility for issuing instructions with respect to revoking and refusing to issue export licenses and will deal directly with foreign government representatives in cases where title has passed to the Purchaser but which may be in storage or in transit within the United States.

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CHAPTER THREE

RESPONSIBILITIES AND RELATIONSHIPS

Section 300 - Responsibilities

30001 GENERAL.

A. Within the Executive Branch, the NSC, the OMB, the Department of the Treasury, and others all have responsibilities related to security assistance. However, aside from the President, the principal legislated responsibilities fall to the Secretary of State and to the DoD.

1. The Secretary of State is responsible for continuous supervision and general direction of the program. This includes determining whether there will be a program for a particular country or activity and, if so, its size and scope. It also includes the determination of whether a particular sale will be made and, if so, when.

2. The SecDef is responsible primarily for establishing military requirements and for implementing programs effecting the transfer of defense articles, and services.

B. The Congress authorizes and appropriates the funds for the USG financed portions of SA. Congress also has an oversight role with respect to the sale of defense articles and services to foreign countries and international organizations.

30002. THE DEPARTMENT OF DEFENSE.

A. The growing size, complexity, and importance of the SA program requires that recommendations, decisions, and implementing actions be coordinated and tracked in a timely manner to ensure coherent support of foreign and national security objectives. Several departments, agencies, and offices are involved in the coordinations. (See Table 300-1.)

B. The SecDef has directed a DoD-wide emphasis on NATO Defense Cooperation in Armaments to embody armaments cooperation, DIC, reciprocal MOU implementation, and SA. It is essential that Defense Cooperation in Armaments activities be coordinated and tracked in a timely manner. See Table 300-2 for channels of decision for Defense Cooperation in Armaments. Table 300-3 lists Defense Cooperation in Armaments programs and the OSD office of responsibility.

C. Detailed requirements relating to security assistance are found in the FAA, AECA, and Executive Orders that give SA authority and responsibility to the SecDef. There is additional detail in applicable DoD directives, instructions, terms of reference, and in specific memoranda signed by high level defense officials. In general, the major responsibilities of the principal DoD components are:

1. USDP acts for the SecDef and is his principal representative and spokesman on SA matters. He works closely with the Director, DSAA, who provides staff support for SA matters. USDP is responsible for overall policy and relationships in regard to the NATO Alliance, and individual nations therein and other alliances and security partners and to ensure that both US and allied technology receive the appropriate and necessary protection through management of technology security. USDP will provide coordination with State for all bilateral/multilateral agreements.

2. The OUSD(P) Assistant Secretaries with regional responsibilities have an interest ** and coordination responsibilities in security assistance policy that directly affects their regions and work with the Director, DSAA, on regional SA policy matters and budget development.

3. USD(A&T) in coordination with USD(P) is responsible to promote coordination, ** cooperation, and mutual understanding of all matters related to assigned activities, both inside and outside of DoD, including oversight and policy formulation for international agreements on systems acquisition matters with NATO allies and other friendly nations. Serves as National Armaments Director (NAD) and interfaces with allied NADs. Responsible for delivery and movement policy and policy formulation for international logistics and military construction agreements and implementation of coproduction agreements with NATO allies and other friendly nations in coordination with USD(P). Also responsible for development of policies, systems, plans, and reviews directed at industrial base and resources, industrial preparedness, production and manufacturing support, technical data management. The DoD procurement focal point for armaments cooperation and international acquisition policy.

4. ASD(C) establishes policy and procedures involving financial management, fiscal matters, accounting, pricing, auditing, and international balance of payments as these matters relate to security assistance. *

5. DSAA is the principal organizational element through which the SecDef carries out his responsibilities for SA. It serves as the DoD focal point and clearinghouse for tracking arms transfers, budgetary, legislative, and other SA matters through the analysis, coordination, decision, and implementation processes. It keeps all concerned elements of the DoD informed about the status of ongoing SA actions and raises issues through appropriate channels when decision of higher authority is required. The agency is also responsible for the conduct of international logistics and sales negotiations with foreign countries, and the maintenance of liaison with and the provisions of assistance to US industry in the export of military equipment and services. All authorities conferred on the SecDef by the FAA and the AECA, and all authorities under those acts delegated by the President to the SecDef, are redelegated to the Director, DSAA.

6. The Secretaries of the MILDEPs advise the SecDef on all SA matters that have an impact on their departments. They act for the SecDef on SA matters only when the responsibility has been specifically delegated. The Secretaries also ensure that their departments are responsive to the SecDef (or to those to whom an appropriate delegation of authority has been made).

7. MILDEPS have the performance of SA as an integral part of their overall defense mission. They procure and provide defense articles and services to meet approved SA requirements. They also are responsible for providing information necessary to ensure that proper SA planning can be accomplished; e.g., information related to production capacity that is associated with integrating MILDEP and SA procurement planning.

8. The Director, DLA advises the SecDef on all SA matters impacting on or relating to DLA and acts for the SecDef where responsibility for such action is delegated. DLA is responsible for preparing FMS cases for articles and services managed for DoD by DLA, * including cataloging services, contract administration services on US allies' commercial contracts for defense supplies and equipment produced in the US, and the sale of DoD and MAP disposable defense articles. DLA will coordinate on military service FMS cases relating exclusively to medical equipment and supplies, clothing and textiles (C&T), subsistence, and bulk petroleum. As the item manager for consumable stock-funded secondary items, DLA supply centers will work closely with the military services in filling requisitions, processing RODs, case closure, and other actions related to items for which they are the managers.

9. JCS correlates SA objectives with joint military force planning. The Chairman of the JCS provides the SecDef with military advice on SA. The OJCS and, as appropriate, the JCS shall provide a military perspective and advice on proposed transfers of MDE and technology and participate in national disclosure policy considerations.

10. The Unified Commands have SA and Armaments Cooperation responsibilities; i.e., to correlate programs with regional plans, provide military advice, support the SAOs, and contribute to the budget development process.

11. Security Assistance Organizations.

a. 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 under Section 515 of the FAA. This section of the law authorizes members of the MILDEPs to be assigned in foreign countries to manage SA programs administered by the DoD by performing one or more of the following functions:

- (1) Equipment and services case management
- (2) Training management
- (3) Program monitoring
- (4) Evaluation and planning of the host government's military capabilities and requirements
- (5) Administrative support
- (6) Promoting RSI, and other armaments cooperation measures *
- (7) Liaison functions exclusive of advisory and training assistance

b. The purpose, under US law, for establishing and assigning personnel to an SAO is for in-country management of international SA programs conducted under Chapter 2 and Chapter 5 of the FAA and under the AECA. The programs include grant military assistance (including those grant programs provided under the authority of Peacekeeping Operations, Section 551, Chapter 6, FAA), IMET, and FMS. The SAO is the in-country mechanism, as authorized under DoD Directive 5132.3, under the direction and supervision of the Chief of the US Diplomatic Mission, for ensuring that DoD SA management responsibilities, prescribed by US law and Executive direction, are properly executed.

c. The functions which should normally be performed by SA personnel assigned to the SAO under the authority of FAA Sec 515 are as follows:

(1) Program Management and Oversight. These functions are described as providing the in-country management oversight of all SA activities; to ensure they are conducted in a proper and legal manner and to provide the interface for the exchange of information and advice between the host nations' military establishment, the Chief of the US Diplomatic Mission, and DoD components responsible for the SA programs. This includes promotion of RSI, and other armaments cooperation measures among members of NATO and with the Armed Forces of Japan, Australia, and New Zealand in connection with SA programs.

(2) Advisory and Training. Personnel assigned to SAOs may provide advisory and training assistance to the host country military establishment; however, this assistance must be kept to an absolute minimum and cannot impact on the ability of the SAO to fully perform its SA management responsibilities.

(3) The Chief of the SAO, when designated the United States Defense Representative (USDR), will comply with DoD Instruction 5105.47, *US Defense Representatives in Foreign Countries*, on all matters relating to USDR. In general terms, the Chief will provide oversight and in-country supervision of personnel assigned to non-SA functions in addition to his SA functions and will serve as a channel of communications between non-SA personnel and the appropriate interested agencies, the UCOM, JCS, and DSAA, as well as facilitating interface with the host government and the Chief of the US Diplomatic Mission.

d. Those functions which are more properly performed by other than SA personnel assigned and funded under the authority of FAA Sec 515 are broken into the following categories:

(1) Advisory and Training. If direct advisory and training assistance is required for a specific purpose (particularly such assistance related directly to an FMS case), it must be provided by TAFTs, TATs, MTTs, or similar teams authorized by the FAA or the AECA and paid for by the host country through a case.

(2) Armaments Cooperation. Provide for the required in-country liaison, administration, information exchange and other activities in applicable countries in support of the Nunn initiatives, allied participation in the SDI, the implementation of bilateral DIC MOUs, and other related armaments cooperation initiatives. When personnel are required to be dedicated to Armaments Cooperation, such personnel will be funded from other than SA sources. Personnel shall be under the supervision and oversight of the SAO Chief.

(3) Collateral Duties. Assignment of collateral duties must have the approval of the Chief of Mission. These collateral duties most often relate to functions performed on behalf of US forces under the direction of the CINC. If these duties are to be conducted on a permanent basis, a review and classification prior to assignment to determine appropriate funding category should be conducted and provided to the UCOM and the Director, DSAA. These duties may be performed by SAO personnel if they do not detract from the SAO's ability to efficiently perform the SA mission.

e. Following are the general criteria for reviewing, requesting, and approving SAO manning authorizations:

(1) The functions of the SAO as a whole and of each of its members must be related primarily to SA management. SAO manning must be justified based on the SA duties to be performed. If it is a SA management requirement, manning should be requested and funded through SA channels. If the requirement involves training and advising, it should be funded by the country. If the requirement is non-SA, manning requests should be justified and processed with the UCOM Special Activities Joint Manpower Program (JMP) and funded by other appropriation (e.g., O&M, MPA, or R&D).

(2) When a major US policy initiative with a country results in the need for personnel to support exercises, prepositioning, ship visits, or other efforts, these personnel should be provided under other appropriations. When these functions gradually accrue to the SAO, it is more difficult to determine the threshold at which personnel should be shifted to other appropriations or new personnel added. As a general rule, an individual should be on the SA JMP if he spends 50 percent or more of his time performing SA functions. Conversely, personnel

spending 50 percent or more of their time performing non-SA functions should be carried as, or transferred to, an alternatively funded position.

(3) Problems can arise when a number of individuals in an SAO each accrue non-SA functions while performing mostly SA functions. During manpower reviews and upon the occasion of a request for increased manning, these functions should be sorted out, and if one man-year or more of the SAO's effort is devoted to O&M, MPA, R&D, or other functions, those functions should be combined into a single position, if possible, and funded accordingly.

(4) Many SA functions can be satisfied either by personnel who are permanently assigned to an SAO or by temporary personnel paid by the country on a case; i.e., TAFTs, TATs, MTTs. In this case, the degree of involvement, the extent of dedicated effort required to perform the function will be the determinant. In general, temporary personnel from outside the SAO should be used to accomplish SA functions if those functions would detract from permanently assigned SA personnel performing their primary management and oversight duties or if it involves dedicated training and advising functions performed in the field or at least outside the local MOD central office. Permanently assigned SA personnel should not be dedicated to a single project when its primary purpose is to assist the host government in a function in which the host government should be ultimately self-sufficient. Dedicated planning, training, advising, and management of logistics centers are a few examples of SA functions that should be paid for by the host government.

(5) The determination of which positions, if any, will be added or changed to another funding source will be based on UCOM, JCS, and DSAA assessment of the extent of the degradation of the SA mission performance by non-SA duties. Any revised manpower costs as a result of such changes will be processed under the regular procedures of the JCS and applicable directives and will be coordinated with appropriate DoD offices.

(6) The SAO can provide normal administrative support for personnel assigned in country to perform non-SA functions so long as such support does not reach a level that would require additional administrative personnel. If the support for non-SA personnel requires additional administrative personnel, O&M, MPA, R&D, or other funded billets should be provided.

(7) Positions that are approved by authority other than an SAO JMP to perform non-SA functions under the oversight and supervision of the Chief of the SAO (or in his capacity as the US Defense Representative) should be clearly identified as such on the SAO JMP but not as an SAO personnel authorization.

f. A listing of appropriate SAO program management and oversight functions is at Table 300-4.

g. A listing of appropriate SAO Armaments Cooperation functions is at Table 300-5.

h. The SAO is responsible for safeguarding US classified information located in foreign countries which is required for conduct of the SA mission. Except for classified information that has been authorized for release to a foreign government or international organization pursuant to DoD Directive 5230.11, and is under the security control of that government or organization, the retention of US classified materiel is authorized only if it is necessary to satisfy USG requirements of the SA mission. This includes classified materiel temporarily transferred into a foreign country via USG personnel authorized to escort or handcarry such materiel. Whether permanently or temporarily retained, classified materiel shall be stored under USG control as follows:

(1) At a US military installation, or a location where the US enjoys rights of inviolability, such as an embassy or consulate.

(2) At a USG activity located in a building used exclusively by USG tenants, provided the building is under 24-hour control by USG personnel.

(3) At a USG activity located in a building not used exclusively by USG tenants nor under host government control, provided the classified materiel is stored in security containers approved by the GSA and is placed under 24-hour control by USG personnel.

(4) At a USG activity located in a building not used exclusively by USG tenants but which is under host government control, provided the classified materiel is stored in GSA-approved security containers which are further secured in a locked room or area to which only USG personnel have access.

(5) When host government, including locally hired foreign national USG employees, and USG personnel are co-located, US classified materiel that has not been authorized for release to the host government pursuant to DoD Directive 5230.11 shall, to the extent possible, be segregated from releasable classified materiel to facilitate physical control and prevent inadvertent compromise. However, US classified materiel that is releasable to the host country need not be subject to the 24-hour US control requirement provided the host government exercises its own control measures over the pertinent areas or containers during non-duty hours.

(6) Foreign nationals shall be escorted while in areas where non-releasable US classified materiel is present. However, when required by operational necessity, foreign nationals may be permitted, during duty hours, unescorted entry to such areas provided the non-releasable information is properly stored or is under the direct personal supervision and control of cleared USG personnel who can prevent unauthorized access.

(7) Foreign nationals employed by the USG in SAOs or in other US installations may not have access to US classified information unless specifically authorized under a Limited Access Authorization (LAA) issued in accordance with Chapter III, DoD 5200.2-R. As the LAA is issued under the condition that access is not inconsistent with determination of releasability to the country of which the individual is a citizen, the requirements for control of non-releasable US classified information also apply to foreign nationals employed by the US.

i. Procedures for implementing AECA Sec 21(c)(2) require a report to Congress, under certain conditions, within 48 hours of the existence or change in status of significant hostilities or terrorist acts, or a series of such acts, that may endanger American lives or property.

(1) The report is required when all the following criteria are met, including instances where there is doubt in this regard:

(a) US military or US civilian personnel are in-country performing services under the AECA or the FAA, other than those assigned to SAOs. The term "defense services," does not include administrative services performed by the SAO assigned with the US diplomatic mission to manage SA. The term "US civilian personnel" means USG civilian employees and United States employees of US firms under DoD contracts financed by SA funds, including FMS customer funds. If the SAO is the subject of hostile or terrorist acts, but there is no one else in country performing defense services, a report to Congress is not required.

(b) The existence or the change in status of hostilities or terrorist acts from the previous situation must be of a meaningful nature.

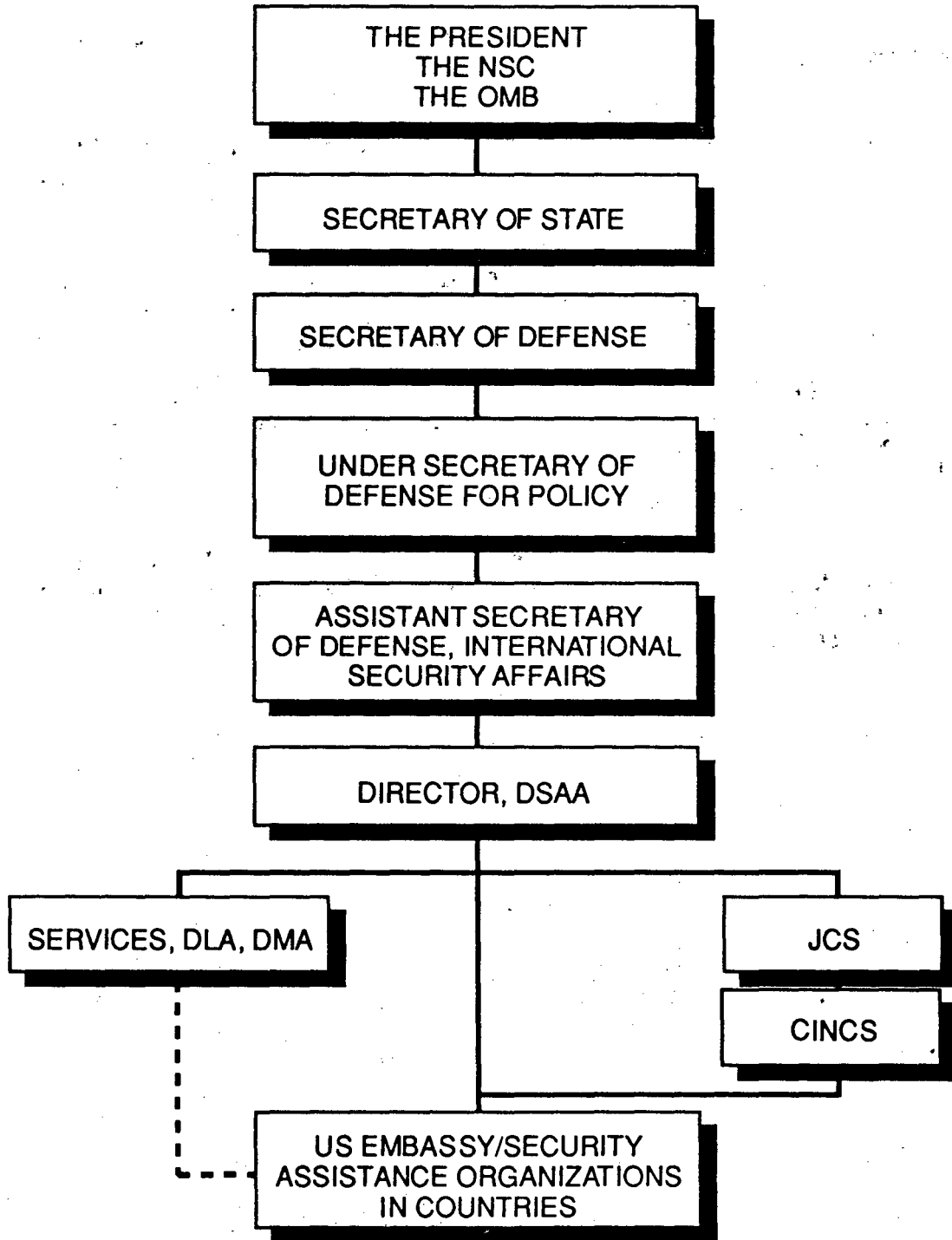
(c) The hostilities or terrorist acts constitute a general threat to American lives or property.

(2) Responsibility for identifying these situations rests with the Chief, SAO. The SAO will transmit a message by the most rapid means available to USD(P); DoD General Counsel (GC); CJCS; CINC UCOM; Director, DSAA; Director, DIA; and Secretary of State.

(3) The SAO report must show the identity of the country; description of the hostilities or acts, including an explanation of how they constitute a meaningful change in the existing situation; the estimated number of US personnel present in country; and any additional information needed to assist report recipients in evaluating the situation.

(4) Upon receipt of a report, the Director, DSAA, through DSAA GC, will consult immediately with the DoD GC, providing relevant facts and a recommendation as to whether a report to Congress under Sec 21(c)(2) should be made. DoD GC will then consult with USD(P), CJCS, DoS, and others as appropriate, to determine whether a report to Congress will be made and will advise the SecDef or DepSecDef of the conclusion.

(5) If a report to Congress is required, DoD GC will advise the Director, DSAA, and provide an approved draft of the report. The Director, DSAA, will submit the required report to Congress. If a report is not required, DoD GC will prepare a memorandum for record and provide a copy to Director, DSAA.



Legend: ——— Direction
----- Coordination

TABLE 300-1. Decision Channels for Security Assistance.

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**TABLE 300-2
ARMAMENTS COOPERATION DECISION RELATIONSHIPS FOR SAOs**

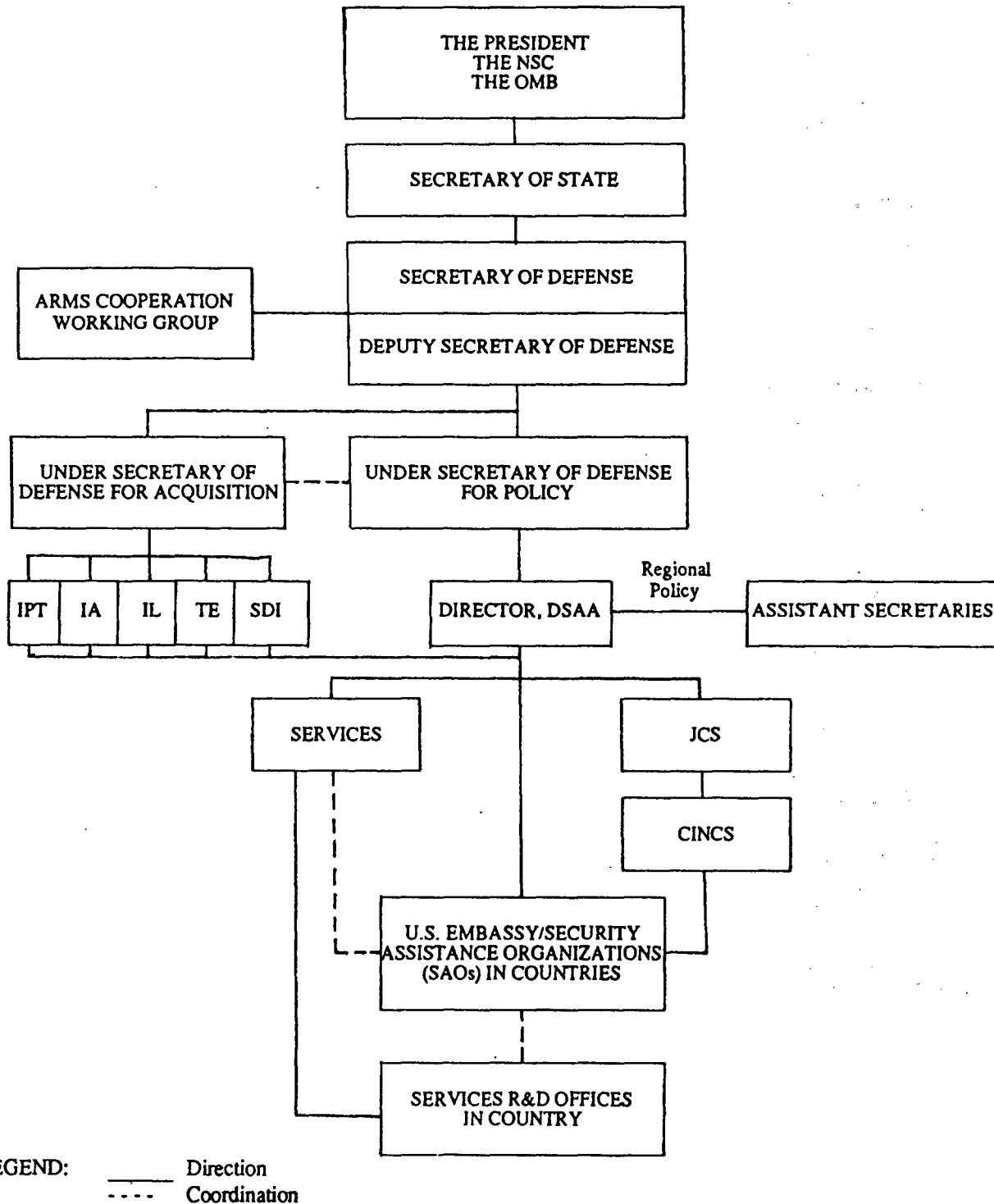


TABLE 300-2. Armaments Cooperation Decision Relationships for SAOs.

TABLE 300-3
ARMAMENTS COOPERATION PROGRAMS

<u>TYPE OF PROGRAM</u>	<u>RESPONSIBLE OFFICE</u>
1. U.S. development and acquisition, involving the expenditure of U.S. funds, or equivalent compensation, to acquire foreign technical information or components.	USD(A)
2. Joint U.S./foreign development programs involving shared efforts and expenditure of U.S. funds or equivalent compensation.	USD(A)
3. Foreign production of U.S. designed equipment (i.e., coproduction) under predominantly commercial arrangements with shared product improvement potential involving U.S. funds committed or anticipated.	USD(A)
4. Foreign production of U.S. designed equipment, under either commercial or FMS arrangements, with no U.S. program or commitments involved (but with flowback included without charge).	DSAA
5. Foreign production of U.S. designed equipment (i.e., coproduction with anticipated or committed U.S. second source utilization (foreign countries acquisition of U.S. data or equipment by means of either commercial or FMS arrangement is secondary issue).	USD(A)
6. Foreign production of U.S. designed equipment (i.e., coproduction) where principal issue is acquisition of data or equipment from U.S. sources, via FMS or commercial, without U.S. commitment or funding for second source.	DSAA
7. Sale of U.S. equipment or services in order to further the foreign production of U.S. designed equipment with no U.S. commitment or funding involved.	DSAA
8. Cooperative logistics support arrangements for alliance fielded equipments.	ASD (P&L)

TABLE 300-3. Armaments Cooperation Programs.

TABLE 300-4
SAO SECURITY ASSISTANCE PROGRAM MANAGEMENT
AND OVERSIGHT FUNCTIONS

Maintain liaison among DoD components, the appropriate elements of the US Diplomatic Mission, and the foreign defense organization in order to:

1. Enable the foreign government to acquire information needed to make decisions concerning the acquisition, use, and required training involved in obtaining defense articles and services from the United States through SA programs (keeping in mind that the host countries are to be encouraged to establish and depend, to the extent possible, upon their own procurement missions in the United States).
2. Obtain information needed to evaluate host military capability to employ and maintain equipment being requested and to assist, as required, in the processing of the foreign government's security assistance proposals.
3. Enable the United States to request the foreign government to take action in order to facilitate the timely, efficient, and responsible implementation of approved security assistance programs.
4. Assist US Military Departments and their subordinate elements in arranging for the receipt, transfer, and acceptance of security assistance materiel, training, and other services for recipient countries.
5. Monitor the progress of DoD security assistance programs and transactions, initiating appropriate remedial action or advising appropriate DoD components on problems and issues encountered.
6. Perform required in-country programming, planning, management, and implementation functions relating to FMS and International Military Education and Training programs.
7. Keep host country military officials informed on appropriate US security assistance laws, policies, and procedures.
8. Monitor FMS billing statements and payments and keep the appropriate host military informed, as necessary, on financial requirements and procedures.
9. Engage the host military, to the extent practicable, in cooperative planning for total military acquisitions in an orderly fashion over a three- to five-year planning period.
10. Enable the United States to acquire information concerning potential future defense acquisitions by the foreign government and anticipate demands on US resources.

TABLE 300-4. SAO Security Assistance Program Management and Oversight Functions.

11. Observe and report on the utilization by the host country of defense articles, defense services, and training of US origin. This function should be carried out as a secondary duty. How and to what extent such observation and reporting should and can be done will vary considerably from country to country, and thus no standard procedures are prescribed. The process for accumulation of information should use all available resources (e.g., country reporting or documentation, TDY personnel assigned in country performing other duties, other elements of the US Diplomatic Mission, and spot checks during the normal course of SAO duties and travel). Reporting should be done on an exception basis through established security assistance channels. Records, as accumulated, should be kept on file at the SAO.
12. Assist the host government in the identification, administration, and proper disposition of security assistance materiel that is in excess of current needs.
13. Provide input to the Chief of the US Diplomatic Mission for preparation of the Annual Integrated Assessment of Security Assistance and the Consolidated Data Report.
14. Coordinate and supervise the activities of all personnel, other than those assigned to the SAO under the authority of Section 515 of the FAA, who are in country under DoD sponsorship (excluding DIA) or other SA authority.
15. When authorized, coordinate and facilitate the interface between US defense industry representatives and the host nation defense establishment, and provide oversight, without limitation to any particular country or group of countries, for in-country RSI and DIC agreements and initiatives. *
16. Manage the C-12 aircraft activities, when assigned to the SAO.
17. Perform SAO administrative functions to include preparing and administering the SAO budget and continuously reviewing SAO organizational and manning requirements consistent with US law and DoD manning criteria.

TABLE 300-4. SAO Security Assistance Program Management and Oversight Functions. (Continued)

TABLE 300-5
SAO ARMAMENTS COOPERATION FUNCTIONS

1. In support of overall armaments cooperation activities:
 - a. Liaison for Armaments Director to counterparts in host country Ministry, services and industry for:
 - Representations,
 - Information exchange,
 - Coordination of contacts,
 - Advisor on in-country technical capabilities and military developments.
 - b. Advisor/liaison for Armaments Director for cooperation in research, development, production and support of military systems for:
 - Identification of possibilities and contacts,
 - Transmittal of proposals and liaison with contacts,
 - Point of contact for exchange of data, information, and questions on DoD and NATO cooperative initiatives and programs,
 - Stimulation of host country participation in cooperative initiatives (e.g., emerging technologies, SDI, Nunn Amendment concerning cooperative projects),
 - Participation in negotiations for initiation and continuation of cooperative programs and monitor ongoing programs,
 - Identification of problem areas and proposing solutions.
2. In support of specific armaments cooperation (AC) activities:
 - a. Liaison for DoD planning and advisory activities intended to develop defense industrial capabilities in those nations with whom we have a formal AC agreement:
 - Identification of host country defense industry needs and capabilities,
 - Point of contact for exchange of data,
 - Monitoring and assessment of projects under way.
3. In support of specific reciprocal defense procurement MOU/MOA implementation:
 - a. Substantive and administrative participation and support for:
 - Bilateral MOU/MOA meetings,
 - Renegotiation of MOU/MOAs and negotiations of annexes to MOU/MOAs,
 - Seminars (government and industry) intended to explain acquisition practices.
 - b. Point of contact for MOD and foreign firms on DoD acquisition and logistics practices and contacts for:
 - Explanation of DoD practices,
 - Identification of DoD contacts,
 - Interface with host country staff/organizations where implementing annex exists.

TABLE 300-5. SAO Armaments Cooperation Functions.

- c. Point of contact for OSD and foreign governments to support initiatives to establish new reciprocal procurement MOU/MOAs.
4. Applicable to all of the above categories are other activities including:
- a. Monitoring participating arrangements for protection of US and allied technologies and military systems as necessary to ensure continued cooperative activities.
 - b. Coordinating host country cooperative activities such as hosting meetings with US theater force activities, US Mission NATO activities, and representatives of CONUS organizations located in host country involved with armaments cooperation/DIC.
 - c. Providing liaison and advisory support for the Services' activities in support of cooperative programs.
 - d. Providing administrative support for visits in connection with above.
 - e. Serving as POC for US defense industry visits.

TABLE 300-5. SAO Armaments Cooperation Functions. (Continued)

SECTION 301 - Relationships

30101 CHANNELS OF COMMUNICATIONS.

A. Personnel assigned to SAOs serve under the direction and supervision of the Chief of the United States Diplomatic Mission to the extent provided by law and in accordance with the President's letter to Chiefs of Missions (COM). Unified Command security assistance responsibilities include the provision of necessary technical assistance and administrative support. The chief, SAO, shall ensure that all activities and those of his organization and fully coordinated with the COM.

B. The primary channel of communication is direct between the in-country SAO, the DSAA, and the MILDEP security assistance elements as appropriate. Information copies of communications of record are provided to the Unified Command for evaluation and comment as specified by the Unified Commander.

C. The Services maintain overseas offices directly under their Commands which coordinate acquisition activities, identify technological capabilities, stimulate participation in joint projects and fund local basic research and studies. Recognizing the potential of these Service offices to the SAOs, formal liaison arrangements will be established locally, with applicable unified command cognizance, to maximize complementary activities.

30102 DIRECTIVES AND RECORD COMMUNICATIONS. Security assistance directives and record communications to the Unified Commands, SAOs, and MILDEPs that have military operational or policy implications require coordination with the OJCS. All JCS SA directives and record communications to the Unified Commands (e.g., new fighter aircraft sales policy recommendations), SAOs, and MILDEPs require coordination with the Director, DSAA. If appropriate, the Director, DSAA will coordinate further within the Office of the SECDEF and the Executive Branch.

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CHAPTER FOUR

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CHAPTER FOUR

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SECURITY ASSISTANCE PLANNING

Section 400 - General

40001 PURPOSE AND SCOPE. The purpose of this chapter is to discuss the SA planning process, where it fits into the national security planning process, and its importance in US cooperative security efforts with foreign countries.

40002 POLICY. DoD SA planning activities must be in consonance with US military strategic plans and objectives and policy guidance issued by the SecDef and the SecState (DoDD 5132.3).

40003 GENERAL.

A. Plans are intended to accomplish a common objective, normally within a given time and space (JCS Pub. 1).

B. SA programs support US national security and foreign policy objectives. SA programs increase the ability of our friends and allies to deter and defend against possible aggression, to promote the shouldering of the common defense burden, and to foster regional stability.

C. Long-range SA planning is intended to assist friendly and allied governments to identify and assess military capabilities and requirements, to provide justification for scarce USG SA funding, and to provide orderly program implementation. The transfer of end-items is accompanied by the necessary planning of follow-on support and other elements of continuity. The reliability of the US on a long-term basis depends on this "total package approach."

D. Involvement of a friendly government in SA planning and programing normally entails the release of essential information and data (see Section 50203).

40004 RESPONSIBILITIES. The following shows principal planning agencies, primary responsibilities for SA planning, and the corresponding document outlining those responsibilities:

A. **Security Assistance Offices.** "Evaluation and planning of the host government's military capabilities and requirements" (FAA Sec 515(a))

B. **Unified Commands.** "Provide to the JCS a military assessment and impact upon SA programs within their respective areas of responsibility" (DoDD 5132.3)

C. **The Joint Staff.** "Coordinate SA with military plans and programs and provide the SecDef with military advice concerning SA programs, actions, and activities" (DoDD 5132.3)

D. **Defense Security Assistance Agency.** Direct, administer, and supervise the execution of SA programs (DoDD 5105.38)

40005 PLANNING CONSIDERATIONS

A. SA planning is at times complex, but must remain adaptive and flexible to ensure that security assistance is a valuable tool of US national security and foreign policy objectives.

B. Friendly governments have the fundamental responsibility to determine and plan their own security objectives.

C. SA planning differs from the DoD FYDP and planning program budget system. This is because the USG does not promote defense sales (except in rare instances), financing is obtained on a year-to-year basis, and funding is usually not assured for the long term. The USG does not plan for countries; friendly governments shall do their own planning based on their respective security priorities. The level of planning capability varies from country-to-country; the more sophisticated the planning in a country, the less likely the country is to make the USG privy to its plans. Lastly, crises, conflicts, and other events frequently intervene to change directions in programs and overall financing options. Within these limits, some estimates of needs and priorities can be made, and every effort must be made to anticipate the shape of the future without expecting it will result in a definitive SA plan.

D. Discussions and communications between DoD representatives and foreign governmental officials incidental to the development of plans, programs, and related data shall be conducted in such a way as to ensure mutual understanding that such discussions or communications do not constitute or imply any commitment on the part of the US (DoDD 2100.2).

E. SA plans shall take into consideration the economic capabilities of the respective foreign government, the support provided by third parties, and the overall US conventional arms transfer policy and respective regional conventional arms transfer policies. Except for overriding military considerations, the build-up of military forces that the prospective recipient country ultimately cannot support shall be discouraged. In providing SA to less developed countries, emphasis shall be placed on the development of their capabilities to organize, employ, and manage national resources allocated to defense.

F. A friendly government needs assessment is critical to the establishment of any long-range SA plan. The assessment is generally a list of items the country team believes is necessary for the maintenance of the country's defense needs.

40006 PLANNING ACTIVITIES AND TOOLS. SA planning is important to both USG-funded programs and to country-financed (cash) sales. Several planning tools already exist:

A. **Fiscal Year Planning Assessment (FYPA).** The single most important planning instrument for USG-funded programs is the FYPA which is prepared by the country team, normally with the SAO as the focal point. The FYPA provides certain information required as part of the federal budget development process. If the annual FYPA submission is to have strong impact, it must be timely and complete. Subsequent to submission of the FYPA to DoS, and the completion of initial staffing, the Security Assistance Planning and Review Working Group (SAPRWG) may meet to review the SA programs for the budget year. After this staff effort, formal interagency coordination (which includes the Department of Defense) takes place before DoS submits the budget to OMB. If DoS and OMB disagree, resolution of issues may take place in the White House Budget Review Board. The final SA budget for the upcoming fiscal year is presented in detail and justified to the Congress in the annual Congressional Presentation Document (CPD). The CPD is required by law to be presented to the Congress by 1 February each year.

B. **The Javits Report (AECA Sec 25(a)).** On or before 1 February of each year, the President shall transmit to Congress the annual "Arms Sales Proposal" covering all sales, including USG-funded and cash FMS and licensed commercial exports of major weapons or weapons-related defense equipment for \$7M or more, or of any other weapons-related defense equipment for \$25M or more, which are considered eligible for approval during the next fiscal year (see Table E-6).

C. **Security Assistance Survey Teams (AECA Sec 26)**. Teams consisting of USG personnel, along with host country, commercial contractor, or other representatives, conduct surveys in a country, as requested by the country. These teams (Table 400-1) review country military capabilities and deficiencies, generally or in a specific area, and make recommendations to meet SA objectives. These include defense requirements surveys, site surveys, general surveys or studies, and engineering assessment surveys. Funding is discussed in Section 702. Logistics conferences for program definitization, as discussed in Section 701, are excluded. A comprehensive survey of a country's military capabilities may be requested at the time a new program is initiated in order to provide a baseline for program development. More often, surveys are conducted in the context of ongoing programs to address specific needs.

D. **Annual Legislative Initiatives**. Each year DSAA solicits input from the MILDEPs and UCOMs, through the Joint Staff, regarding the upcoming year's SA legislative initiatives. These initiatives are reviewed for submission within the Administration's proposed annual foreign aid and defense legislation. DSAA forwards its legislative proposals to the DoD General Counsel or DoS, as appropriate, for departmental and interagency coordination. The DoD General Counsel or DoS then submits the initiatives to OMB for approval prior to their being sent to the Congress.

E. **Materiel Notices**. These notices inform countries of events which will have an impact on their ability to acquire or support an item through FMS. They normally call for submission of an LOR to ensure an ability to acquire items or associated support.

1. IAs may consider preparation of notice messages or letters under conditions such as when US production for the items is scheduled to end (for support items, see Section 80204) or the US is making a periodic buy of items for which there may be foreign demand.

2. Notices will be disseminated only to those countries that have previously shown an interest in the items. Interest might include purchase, request for P&A data or an LOA for which data have been released, or purchase of weapon systems which utilize the items. IAs will assure that countries addressed on the notices are eligible to purchase the items under the NDP. Notices will be coordinated with DSAA (which will in turn coordinate with DoS) prior to dispatch.

3. Notices initially will be developed within the respective MILDEP. The MILDEP will coordinate proposed notices with other involved DoD Components and then with DSAA prior to dispatch. Notice correspondence must include rationale for issuing the notification, the final date for receipt of an LOR, and the final date for acceptance of the LOA.

40007 SECURITY ASSISTANCE IN WARTIME. Under normal FMS procedures, the USG is precluded from making commitments which would extend into wartime. The US will continue SA programs to the extent that US national security requirements permit.

A. The following AECA Sec 42(e)(1) provision is contained in each LOA: Each contract for sale entered into under Secs 21, 22, 29, and 30 of this Act, and each contract entered into under Sec 27(d) of this Act, shall provide that such contract may be canceled in whole or in part, or its execution suspended, by the United States at any time under unusual or compelling circumstances if the national interest so requires.

B. While FMS arrangements may be canceled in certain situations, it is normally in the US interest to continue some or all of the arrangements. Assets may not be sufficient to meet all requirements. Outlined below are some of the considerations and a summary of possible alternatives.

1. In most situations, SA programs will continue. They may increase for some countries directly involved in the emergency.

2. DSAA, through the IAs, will identify materiel in the FMS pipeline and the Director, DSAA, in consultation with the Joint Staff, will reallocate this materiel among FMS countries. The Joint Staff will consult with the combatant commands as necessary.

3. Assets may be allocated between US and FMS requirements based on the level of conflict and other pertinent factors.

4. The Joint Staff Joint Materiel Priorities and Allocation Board (JMPAB) may review requirements based on MILDEP/UCOM input and recommend to the SecDef a worldwide Allocation Plan. At some point, the US and the FMS logistics flow may be merged into a single pipeline allocated to the theater by the JMPAB. Within the theater, the UCOM may allocate to US, allied, and friendly forces.

5. A Presidential Determination might be proposed to exercise emergency authorities; for example, waiver of AECA Sec 36(b) pre-sale notification requirements or authority to bill after delivery (AECA Sec 21(d)).

6. After consultation between DoS and DoD, emergency legislation might be presented to Congress to meet the needs of the situation; for example, modification of Congressional reporting requirements or a supplemental SA funding request.

C. Each country should evaluate its own needs, stock more critical items if it deems this to be necessary to reduce its risk during time of war, keep open the mechanism for expedited supply by keeping blanket order and CLSSA cases active, and unilaterally develop contingency plans to the Minimum Essential Security Assistance Requirements (MESAR) level in order to process orders quickly through those cases in an emergency.

TABLE 400-1

SECURITY ASSISTANCE SURVEY TEAMS
(Under AECA Sec 26)**I. GENERAL**

A. OASD(ISA) coordinates DoD actions relating to surveys to assess country or international organization capabilities and to identify future needs. This includes the required interface with DoS, ACDA, and other agencies. Survey actions, including personnel details, also are coordinated with the Joint Staff and DSAA.

B. The decision to dispatch a survey team will include an assessment of US and country impact of funding the program for which the survey is being conducted, the program's regional arms control implications, interface with current arms sales policies, and pertinent data beyond strictly military considerations, such as human rights factors. This information will be reflected in the Terms of Reference (TOR) developed by the combatant command/lead agency and provided to the team.

C. Teams normally will be led by DoD, with DoS invited to provide a deputy team chief of roughly comparable rank. MILDEP affiliation shall be determined by the purpose of the survey. For surveys to meet a requirement rather than to evaluate overall capabilities, the lead agency will be identified during initial staffing of the requirement. When a joint team is required, the team chief will be determined on the basis of the MILDEP having predominant interest. DoD participation shall be limited to the minimum number required to gather effectively the technical information necessary to ensure the success of the information-gathering effort. The SecState will have final authority to rule on the participation on the survey team by agencies other than DoD, although these decisions normally are reached by DoD/DoS consensus. Concerns of other agencies will be carefully considered in determining team composition.

D. DSAA, based on AECA Sec 26(b), and as part of the overall AECA Sec 36(a) quarterly report to Congress, will include a list of SA Surveys authorized during the preceding calendar quarter. The report will include the following information: Country surveyed, dates of survey, purpose of survey, and number of USG personnel participating.

1. The lead MILDEP is responsible for submitting the report to DSAA/OPS not later than 30 days after the end of each quarter. The report will identify SA Surveys conducted during the preceding quarter. Negative replies are required.

2. DSAA will review each submission and provide a consolidated report with the quarterly report to Congress.

E. Necessary staffing should be accomplished before finalization of survey reports to ensure that each report reflects a coordinated USG position. Coordination with DSAA is required for each draft survey report within 30 days of its preparation. Consistent with AECA Sec 26(c), individual survey reports should not be provided to Congress unless a specific request is received. The lead MILDEP should ensure that a copy of each such request is forwarded to the Director, DSAA, for submission to Congress.

II. GENERAL TERMS OF REFERENCE

A. Teams:

1. Will report to the US Ambassador or, in his/her absence, the charge d'affaires upon arrival in country and will serve under the overall supervision of the Ambassador. Formal consultations with the host country will be conducted subject to the concurrence of the Ambassador, with the participation of such embassy staff as s/he may direct (the SAO office is normally the coordination office within the mission). Prior to departure, the team will brief the Ambassador as well as the SAO office on its preliminary conclusions. Additionally, the team will consider, on a case-by-case basis, whether its evaluation warrants leaving an interim report with the host country upon departure.

2. Will ensure recommendations reflect the total package concept including end-items, ancillary equipment, training, and logistics. Recommendations should not necessarily be based on US force solutions. At least three levels of funding alternatives should be presented in the report.

3. Should evaluate the military manpower base, its capacity, the existing logistics support capability, the capability of the country to prevent compromise of sensitive data and equipment, training requirements, and compatibility of recommended equipment with that currently in the host country inventory.

4. Will debrief the respective combatant command on preliminary findings prior to its return to the US.

B. Teams should avoid:

1. Making comments to host governments concerning possible availability of USG resources in any form.

2. Providing the host government any P&A data, DoD lead times on equipment, or indicate any prospects for accelerated deliveries. The team, however, may provide general orders of magnitude information concerning P&A for illustrative purposes. Firm estimates can be provided only through normal channels and only in response to specific requests conveyed through the US Embassy, not through the survey team.

3. Committing the USG to the sale of any specific defense article or service.

TABLE 400-1. Security Assistance Survey Teams (Pg 2 of 4)

4. Providing any possible indication that the USG would assist in construction of airfields, camps, or other military facilities.

5. Providing any kind of independent assessment or confirmation of the external threat as perceived by the host country. Release of classified information will be in accordance with NDP-1.

6. Providing military advice concerning tactics, doctrine, basing, combat planning, or operations.

7. Making commitments to follow-up technical discussion or further surveys.

8. Except as discussed in II.A.1 above, providing the host country with an interim report.

III. SECURITY ASSISTANCE TEAM PROCEDURES

A. Consideration of conducting a survey normally is a result of presenting the USG with a significant defense sales request, or requesting the USG survey defensive capabilities and requirements. Also, the USG may, at its own initiative, propose a survey team.

B. The normal response to the initial request for a survey shall be that the scope of the request requires review before a decision on the survey can be given. A comprehensive review of current defense sales restraint policies, regional arms control considerations, potential economic impacts, and human rights implications of defense sales is then initiated.

C. DoS, DoD, and ACDA shall review the defense sales request within the context of policy guidance, highlighting areas requiring policy decisions. DoD will prepare a preliminary assessment of the availability of the requested equipment or services, as well as the requesting nation's requirement for and technical ability to absorb the items in question. DoS will review the FMF situation for the host country, where applicable. Any statement regarding FMF beyond the current fiscal year's approved budget must receive Executive Office clearance by NSC and OMB. Future financing contributions can only be made in accordance with prevailing procedures.

D. DoS and AID will estimate the extent of the ability of the host country to devote its economic resources to defense purchases without an unduly deleterious effect on the host country economy. Needs for additional information will be identified during this review.

E. Simultaneously with the above review, the US embassy will be instructed by the DoS to contact appropriate host country ministries to ascertain the extent to which the host country is willing to commit its own resources to military purposes over the next three-five years, noting that financial parameters are essential ingredients in a realistic survey effort.

F. The Director, Central Intelligence Agency, will be requested to produce an interagency threat assessment.

TABLE 400-1. Security Assistance Survey Teams (Pg 3 of 4)

G. Information gathered above is incorporated by DoS (PM) into an Action Memorandum to the SecState, coordinated with ACDA, DoD, OMB, and NSC, to determine (1) whether to send a survey team and (2) the mission of the team. In the event a decision is made to send the team prior to completion of the information gathering process outlined above, as many of the above steps as are possible will nevertheless be completed prior to the departure of the team. Affirmative decisions will be reported to Congress by DSAA as required by AECA Sec 26(b).

H. If the decision is made to dispatch a survey team, TOR and team composition will be developed by DoD in coordination with DoS, ACDA, and AID, if appropriate. The NSC and OMB must clear TOR and team composition. The US embassy will ensure that the government of the country to be surveyed understands and accepts the projected scope. If a decision is made not to dispatch the survey team, the US embassy, by direction of DoS, will convey this decision to the government, with explanatory rationale.

I. Pre-departure briefings for survey teams will include:

1. Scope and mission of the survey, Congressional or legal considerations, and arms control considerations (DoS/DoD).
2. Condition of the host country economy (DoS/AID).
3. Political situation in the host country and personal conduct-in-country (DoS).
4. Threat assessment and armed forces (CIA/DIA).

J. In-country gathering of information. Conduct of the survey team will be in accordance with the TOR.

K. Within ten duty days after returning to CONUS, a preliminary briefing will be given by the team chief for relevant DoS, DoD, ACDA, AID, NSC, OMB, CIA, and DIA personnel, with special attention to issues requiring high level policy review.

L. Within 30 days of its return to CONUS, the team will provide the draft report for review.

M. All appropriate agencies will simultaneously review the draft review. The Arms Transfer Management Group (ATMG) will serve as the interagency forum for the coordination of the report and the formulation of policy issues. The NSC staff, as necessary, will review the survey findings and make recommendations to the President.

N. The approved report will be presented to the host country and to Congress, if requested, pursuant to AECA Sec 26(c).

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CHAPTER FIVE

TECHNOLOGY TRANSFER, CLASSIFIED MILITARY INFORMATION AND SECURITY

Section 500 - Transfer of Technology

50001 PURPOSE. The purpose of this section is to provide specific instructions and guidance for responding to requests for transfer of technology to an approved foreign country or international organization.

50002 DEFINITIONS. Also See Appendix B.

A. **Technology.** The technical information and know-how that can be used to design, produce, manufacture, utilize, or reconstruct goods, including technical data and computer software, but not the goods themselves.

B. **Critical Technology.** Technologies which consist of (a) arrays of design and manufacturing know-how (including technical data); (b) keystone manufacturing, inspection, and test equipment; (c) keystone materials; and (d) goods accompanied by sophisticated operation, application, or maintenance know-how that could make a significant contribution to the military potential of any country or combination of countries that may prove detrimental to the security of the United States (also referred to as Militarily Critical Technology).

C. **Goods.** Any articles, materials, supplies, or manufactured products, including inspection and test equipment and excluding technical data.

D. **Items of Intrinsic Military Utility.** End items other than those identified in the MCTL whose transfer to potential adversaries must be controlled for the following reasons:

1. The end product in question could significantly enhance the recipient's military or war-making capability either by virtue of its technology content or because of the quantity to be sold, or

2. The product could be so analyzed as to reveal U.S. system characteristics and thereby contribute to the development of countermeasures to equivalent U.S. equipment.

E. **Keystone Equipment.** Includes manufacturing, inspection, or test equipment and is the required equipment for the effective application of technical information and know-how. Keystone materials have the same significance of application.

F. **Know-How.** Includes the know-how of both design and manufacturing and is the know-how and related technical information that is needed to achieve a significant development, production or utilization purpose. This know-how includes services, processes, procedures, specifications, design data and criteria, and testing techniques.

G. **Munitions.** Includes:

1. Arms, ammunition, and implements of war.

2. Any property, installation, commodity, material, equipment, supply, or good used for the purposes of making military sales.

3. 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 article listed in this paragraph.

4. Technical data related to State Department Munitions List items.

H. **Strategic Trade Cases.** These are cases involving technology and goods that are dual-use in nature; i.e., which could be used either for legitimate civilian purposes, or which could be applied or diverted to aid in increasing a nation's military potential.

I. **Technical Data:**

1. Classified information relating to defense articles and defense services;

2. Information covered by an invention secrecy order;

3. Information which is directly related to the design, engineering, development, production, processing, manufacture, use, operation, overhaul, repair, maintenance, modification, or reconstruction of defense articles. This includes, for example, information in the form of blueprints, drawings, photographs, plans, instructions, computer software, and documentation. This also includes information which advances the state of the art of articles on the Munitions List. This does not include information concerning general scientific, mathematical or engineering principles.

J. **Technical Assistance Agreement.** An agreement for the performance of defense services or the disclosure of technical data, as opposed to an agreement granting a right or license to manufacture defense articles.

K. **Public Domain.** Public domain means information which is published and which is generally accessible or available to the public:

1. Through sales at newsstands and/or bookstores;

2. Through subscriptions which are available without restriction to any individual who desires to obtain or purchase the published information;

3. Through second class mailing privileges granted by the USG; or,

4. At libraries open to the public.

50003 POLICY.

A. DODD 2040.2, *International Transfers of Technology, Goods, Services and Munitions*, establishes the following policy:

1. Treat defense related technology as a valuable, limited national security resource, to be husbanded and invested prudently in pursuit of national security objectives.

2. Restrict the export of technology, goods, services, and munitions which could make a contribution to the military potential of any other country or combination of countries which could prove detrimental to our national security interests.

3. Manage transfers of technology, goods, services, and munitions consistent with U.S. foreign policy and national security objectives.

4. Limit the transfer to any country or international organization of advanced design and manufacturing know-how regarding technology, goods, services and munitions subject to control under the AECA to those transfers which support specific national security objectives.

5. Support the NDP-1 objectives in those cases where a proposed transfer involves the release of classified military information.

B. **Implementation.** These policies will be implemented through the strategic trade licensing, munitions licensing, and the FMS process.

C. **Procedures.** For munitions licensing and FMS cases, applicable MILDEPs will:

1. Give favorable consideration to transfers of services and munitions to allied and friendly countries which are intended to achieve specific U.S. national defense objectives.

2. Ensure that transfers of munitions and services involving technology receive special scrutiny, taking into account the importance of arms cooperation with NATO and other close friends and allies, potential third party transfers, and the protection of military capabilities and technology.

D. **Release of Technical Data.** [See Chapter Fourteen, Paragraph 140107.]

Section 501 - Disclosure of Classified Military Information to Foreign Governments and International Organizations

50101 PURPOSE. The purpose of this section is to describe the policy and procedures to be followed in the authorization for the disclosure of classified military information to foreign governments and international organizations in support of security assistance programs.

50102 POLICY. DOD Directive 5230.11 prescribes that:

A. All classified military information will be treated as a national security asset which must be conserved and protected and which may be shared with foreign entities only when there is a clearly defined advantage.

B. Disclosures and denials of such information to foreign governments and international organizations will be made only when authorized by those officials specifically granted disclosure or denial authority in writing, after determining that all of the requirements of NDP-1 have been met.

C. Decisions to disclose or deny classified military information will be based on a common standard (DOD Instruction 5230.17) within the DOD. Such decisions will be expedited.

D. To ensure consistency of disclosure decisions, the DOD component having responsibility for taking the action outlined in paragraph 3., above, shall notify other DOD components of significant negotiations and disclosure decisions concerning subject matter in which they have a direct or related interest.

50103 DISCLOSURE AUTHORITIES. Under the terms of NDP-1, the NDPC has been designated as the central authority for the formulation, promulgation, administration, and monitoring of the NDP. The SECDEF or the DEPSECDEF, personally, and the NDPC are authorized to grant exceptions to established NDPs. Pursuant to DODD 5230.11, the SECDEF has delegated disclosure authority to the Secretaries of the MILDEPs and other DOD officials whose decisions must be in compliance with NDP-1.

50104 RESPONSIBILITIES. The Deputy Under Secretary of Defense (Policy) has been designated by the SECDEF to assume DOD responsibility for the oversight and effective implementation of the national disclosure policy and operation of the NDPC under the provisions of NDP-1.

50105 DISCLOSURE DECISIONS.

A. All requests for the disclosure of classified information pertaining to or contained in defense articles and defense services will be evaluated on a case-by-case basis in accordance with DOD Directive 5230.11 and appropriate MILDEP regulations. A disclosure determination will be provided to the appropriate implementing agency for guidance in implementing approved transfers of classified information.

B. To record disclosure decisions, FORDTIS has been established as a central repository for such decisions. Four types of information are recorded in FORDTIS:

1. All decisions made by disclosure officials regarding release of classified documentary information or materiel. These are normally made within the guidelines of the NDP.

2. All decisions on requests for exceptions to policy.
3. All disclosures involving top secret information.
4. All DOD decisions on munitions license applications.

C. This information is used on a routine basis to provide a background of previous, similar cases by weapon or country. It is also used to make damage assessments if a sudden change occurs in a foreign government which brings into question its capability to protect U.S. classified information.

D. FORDTIS provides an interactive, real-time terminal at each disclosure office. This system includes decisions on foreign military sales, munitions cases and commerce licenses.

E. All MILDEPs will follow the instructions in DODI 5230.18 in reporting disclosure decisions.

50106 FALSE IMPRESSIONS. It is the policy of the U.S. to avoid creating false impressions of its readiness to make available classified military materiel, technology, or information. Lack of strict adherence to this policy may create problems. Much military hardware is unclassified. However, this same unclassified hardware, if sold, may require the release of sensitive classified information for its operation or maintenance, or for the foreign recipient to receive training on it. Therefore, the disclosure decision must be made based on the classification level of all *information* which may be required for release if the system were to be acquired. If the proposed foreign recipient is not authorized to receive the highest level of classified information required, *no information*, not even *unclassified* may be released or discussed until the required authority is obtained. This means that there can be no weapon specific information, and no release of price or availability data, until authority is obtained to release the highest level of classified information ultimately required for disclosure.

50107 CONTROL OF FOREIGN REPRESENTATIVES. DOD Instruction 5230.20, entitled *Policy and Procedures for the Control of Foreign Representatives*, sets forth standard procedures concerning requests for visits, accreditations, and attendance at classified meetings by foreign representatives. Accreditation, as used in DODI 5230.20, pertains only to foreign representatives, military or civilian, to include U.S. citizens, who are officially employed by a particular foreign government. As implemented by the MILDEPs and the Defense Intelligence Agency (DIA), "accreditations" are extended only to the foreign government-sponsored officials who have a frequent need for contacts with DOD departments and agencies, such as liaison officers and procurement officials. Normally, those individuals are assigned to the foreign embassy or mission in the United States. Those foreign officials who do not have a frequent need, such as foreign government officials stationed outside the U.S. and foreign industry representatives, must apply for either a one-time visit authorization or an extended visit authorization.

50108 INDUSTRIAL SECURITY. The security of the U.S depends in part upon the proper safeguarding of classified information released to industry. The objective of the Industrial Security Program is to assure the safeguarding of classified information in the hands of U.S. industrial organizations, educational institutions, and all organizations and facilities used by prime and subcontractors. The *Industrial Security Regulation (ISR)*, DOD 5220.22-R, sets forth policies, practices, and procedures of the Industrial Security Program used internally by the DOD to insure maximum uniformity and effectiveness in its application throughout industry. The *Industrial Security Manual (ISM)*, DOD 5220.22-M, a companion document to the ISR, is a DOD publication which contains detailed security requirements to be followed by U.S. contractors for safeguarding classified information. The ISM is made applicable to industry by management's

execution of the Department of Defense Security Agreement (DD Form 441), and by direct reference in the "Military Security Requirements" clause in the contract.

50109 DEFENSE INDUSTRIAL SECURITY CLEARANCE OFFICE (DISCO).

The Defense Industrial Security Program (DISP) establishes procedures for safeguarding classified defense information which is entrusted to contractors. Included in these procedures is a system for determining the eligibility of industrial personnel for access to classified defense information. This function is performed centrally by DISCO.

50110 USER AGENCY CONTRACTS REQUIRING OVERSEAS DELIVERIES.

When a USG agency (User Agency) places a contract with a cleared U.S. contractor which calls for delivery of classified information or materiel to a foreign government (principally FMS contracts), the responsibility for delivery rests with the User Agency.

50111 TRANSMISSION OF CLASSIFIED MATERIEL TO FOREIGN GOVERNMENTS.

Transmission of classified materiel to foreign governments, either to addresses located in the U.S. or outside the U.S. must be on a government-to-government basis and in accordance with Chapter VIII of DOD 5200.1-R, *Information Security Program Regulation*. After a determination by designated officials pursuant to DOD Directive 5230.11 that classified information or materiel may be released to a foreign government, the materiel shall be transferred between authorized representatives of each government. To assure compliance, each contract, agreement, LOA, or other arrangement that involves the release of classified materiel to foreign entities shall either contain transmission instructions or require that a separate transportation plan be approved by the appropriate DOD security and transportation officials prior to release of the materiel. (See DOD TS-5105.21-M-3 for guidance regarding SCI and DOD C5105.21-M-1 for COMSEC and Controlled Cryptographic Items (CCI)).

A. Classified materiel to be released directly to a foreign government representative shall be delivered or transmitted only to a person who has been designated in writing by the recipient government as its officer, agent, or employee (hereafter referred to as the designated representative). Foreign governments may designate a freight forwarder as their agent. This written designation shall contain assurances that such person has a security clearance at the appropriate level and that the person will assume full security responsibility for the materiel on behalf of the foreign government. The recipient will be required to execute a receipt for the materiel, regardless of the level of classification.

B. Classified materiel that is suitable for transfer by courier or postal service, and which cannot be transferred directly to a foreign government's designated representative as specified in paragraph A. above shall be transmitted by the Defense Courier Service, authorized DOD component courier service, Department of State courier system, or U.S. registered mail as prescribed by DOD 5200.1-R for the designated classification level to:

1. An embassy, consulate, or other official agency of the recipient government having rights of inviolability in the United States or to

2. A U.S. Embassy or a U.S. military organization in the recipient country or in a third-party country, if applicable, for delivery to a designated representative of the intended recipient government. In either case, the assurance in paragraph A. above and a receipt, must be obtained.

C. The shipment of classified materiel as freight via truck, rail, aircraft, or ship shall be in compliance with the following:

1. **Shipments Resulting from FMS.** DOD components authorized to approve an FMS transaction that involves the delivery of U.S. classified materiel to a foreign purchaser shall, at the outset of negotiation or consideration of proposal, consult with DOD component transportation authorities (Military Traffic Management Command, Military Sealift Command, Military Airlift Command, or other, as appropriate) to determine whether secure shipment from the CONUS point of origin to the ultimate foreign destination is feasible. Normally, the USG will use the DTS to deliver classified material to the recipient government. If, in the course of FMS case processing, the foreign purchaser proposes to take delivery or custody of the classified materiel in the U.S. and use its own facilities and transportation for onward shipment to its territory, the foreign purchaser or its designated representative shall be required to submit a transportation plan. This plan, as a minimum, shall specify the storage facilities, delivery and transfer points, carriers, couriers or escorts, the methods of handling to be used from the CONUS point of origin to the final destination and return shipment when applicable. (See Table 503-4.) The DOD Component that initiates the FMS transaction shall designate the security officials who are authorized to evaluate the transportation plan to determine whether the plan adequately ensures protection of the highest level of classified materiel involved. Unless the DOD Component initiating the FMS transaction approves the transportation plan as submitted, or it is modified to meet U.S. security standards, shipment by other than DTS shall not be permitted. Transmission instructions or the requirement for an approved transportation plan shall be incorporated into the security requirements of the LOA, DD Form 1513.

2. **Shipments Resulting from Direct Commercial Sales.** Classified shipments resulting from direct commercial sales must comply with the same security standards that apply to FMS shipments. Defense contractors will consult, as appropriate, with the purchasing government, the DIS Regional Security Office, and the cognizant DOD component prior to consummation of a commercial contract that will result in the shipment of classified material to obtain approval of the transportation plan.

3. **Delivery within the United States, its Territories, or Possessions.** Delivery of classified materiel to a foreign government at a point within the United States, its territories, or its possessions, shall be made only to a person identified in writing by the recipient government as its designated representative as specified above. The only authorized delivery points are:

a. An embassy, consulate, other official agency, or designated representative such as the freight forwarder under the control of the recipient government.

b. Point of Origin. When a designated representative of the recipient government accepts delivery of classified U.S. materiel at the point of origin (for example, a manufacturing facility or depot), the DOD official who transfers custody shall obtain a receipt for the classified materiel and assure that the recipient is cognizant of secure means of onward movement of the classified materiel to its final destination, consistent with the approved transportation plan.

c. Military or commercial POEs that are recognized points of departure from the U.S., its territories, or possessions, for onloading aboard a ship, aircraft, or other carrier authorized under subparagraph 5 below. In these cases, the transportation plan shall provide for U.S.-controlled secure shipment to the CONUS transshipment point and the identification of a secure storage facility, government or commercial, at or in proximity to the POE. A DOD official authorized to transfer custody is to supervise or observe the onloading of FMS materiel being transported via the DTS and other onloading wherein physical and security custody of the materiel has yet to be transferred formally to the foreign recipient. In the event that transfer of physical and security custody cannot be accomplished promptly, the DOD official shall ensure that the classified materiel is either returned to a secure storage facility of the U.S. shipper (government or contractor); or segregated and placed under constant surveillance of a duly cleared U.S. security.

force at the POE; or held in the secure storage facility (government or commercial) designated in the transportation plan.

d. Freight forwarder facility that is identified by the recipient government as its designated representative and that is cleared in accordance with subparagraph 6 below, to the level of the classified materiel to be received. In these cases, a person identified as a designated representative must be present to accept delivery of the classified materiel and receipt for it, to include full acceptance of security responsibility.

4. **Delivery Outside the United States, Its Territories, or Possessions.**

a. **Delivery within the Recipient Country.** Classified U.S. materiel to be delivered to a foreign government within the recipient country shall be delivered on arrival in the recipient country to a USG representative who shall arrange for its transfer to the designated representative of the recipient government. If the shipment is escorted by a USG official authorized to accomplish the transfer of custody, the materiel may be delivered directly to the recipient government's designated representative upon arrival.

b. **Delivery within a Third Country.** Classified materiel to be delivered to a foreign government representative within a third country shall be delivered to an agency or installation of the U.S., or of the recipient government, the premises of which are inviolable or otherwise are exempt from the jurisdiction of the third country. Unless the materiel is accompanied by a USG official authorized to accomplish the transfer of custody, a USG official shall be designated locally to receive the shipment upon arrival and be vested with authority to effect delivery to the intended recipient government's designated representative.

5. **Overseas Carriers.** Overseas shipments of U.S. classified materiel shall be made only via ships, aircraft, or other carriers that are: owned or chartered by the USG or under U.S. registry; owned or chartered by or under the registry of the recipient government; or otherwise expressly authorized by the head of the DOD Component having classification jurisdiction over the materiel involved. Overseas shipments of classified materiel shall be escorted, prepared for shipment, packaged, and stored onboard as prescribed by DOD 5220.22-R and DOD 5220.22-M.

6. **Freight Forwarders.** Only freight forwarders that have been granted an appropriate security clearance by the DOD or the recipient government are eligible to receive, process, and store U.S. classified materiel authorized for release to foreign governments. However, a freight forwarder that does not have access to or custody of the classified materiel need not be cleared.

50112 U.S. CONTRACT TO FOREIGN FIRMS. A user agency may initiate action to award or permit one of its contractors to award a classified contract to a foreign contractor provided the classified information involved has been approved for release (or is determined to be releasable) to the government of that country under the NDP-1. In addition, the foreign government concerned must have entered into a security agreement or other security arrangement with the U.S. under which it agrees to protect U.S. classified information released to it. User agency responsibilities are contained in DOD Regulation 5220.22-R.

Section 502 - Security Classification and Release of Information

50201 PURPOSE. The only basis for classifying selected security assistance information is to protect the national security, that is, the national defense and foreign relations of the U.S. This section contains specific criteria, based on Executive Order 12356 (National Security Information), and that provided by the Department of State, for classification and release of SA information for the purpose of protecting the conduct of U.S. foreign policy. SA information will be classified for national security purposes in accordance with the criteria of this section and of DOD 5200.1-R, *Information Security Program Regulation*, and corresponding MILDEP regulations. The Department of State, the Assistant Secretary of Defense for International Security Affairs (ASD/ISA), the Assistant Secretary of Defense for International Security Policy (ASD/ISP), and the Director, DSCA may issue special instructions which modify or supplement this section in particular situations.

50202 SECURITY CLASSIFICATION GUIDELINES.

A. General Guidelines.

1. **Basis for Classification.** All security assistance information not specifically designated as classified under paragraph B below is unclassified unless the Department of State, ASD/ISA, ASD/ISP, or the Director, DSCA directs classification in a particular situation, or unless the national security classification criteria of DOD 5200.1-R and corresponding MILDEP regulations warrant classification for national defense purposes.

2. **Levels of Classification.** All security assistance information designated as classified under paragraph B below is *Confidential* unless the Department of State, ASD/ISA, ASD/ISP, or the Director, DSCA directs a higher level of classification in a particular instance, or unless the national security classification criteria of DOD 5200.1-R and corresponding MILDEP regulations warrant a higher level of classification for national defense purposes.

3. **Declassification.** All classified security assistance information will be declassified in accordance with the guidelines in paragraph B below unless a longer period of classification is either directed in a particular situation by the Department of State, ASD/ISA, ASD/ISP, or the Director, DSCA or is warranted by the national security classification criteria of DOD 5200.1-R and corresponding MILDEP regulations for national defense purposes.

B. Specific Guidelines.

1. **MAP and IMET Program.** The dollar levels and content of a program for the budget or a subsequent fiscal year are considered *For Official Use Only* (FOUO) for each individual country and international organization. The budget year program no longer need be marked FOUO after delivery of the CPD to the Congress.

2. **FMS.**

a. The primary factors considered by the Department of State ASD/ISA, ASD/ISP, and the Director, DSCA in requiring classification of FMS information under paragraphs (b) and (c) below are: the extent to which disclosure of the information would reveal the purchaser's order of battle, taking into consideration the nature and quantity of defense articles being sold and the degree to which the purchaser relies on the U.S. as a source of military supply; and, the extent to which disclosure of the information could be expected to stimulate demands by third countries upon the U.S. or upon other supplying nations for defense articles, thus encouraging

global or regional instability or fostering an arms race. Classification of FMS information under paragraphs (b) and (c) below in the interest of U.S. foreign relations, is to prevent unauthorized disclosure of the fact that a specific defense article (e.g., F-16 aircraft) is or may be sold to a particular foreign government.

b. **LORs. @@** In accordance with paragraph 11-100 of DOD 5200.1-R, DOD elements will respect the security classification of documents originated by foreign governments, including LORs. LOAs, however, will not be classified unless authorized under paragraph 50202.A.1 above or paragraph (c), below. (Changed 12 Aug 98) @@

c. **Letters of Offer.** LOAs will be unclassified unless:

(1) Classification is directed by any of the organizational elements listed in paragraph B.1.a., above, or

(2) The foreign purchaser requests classification of the sale and any of the organizational elements in paragraph B.1.a., above approves the classification.

d. **Declassification.** Classified information in an LOA and related documents will be declassified when the originating agency so determines. The LOA and related documents will be marked:

"CLASSIFIED BY SAMM (DOD 5105.38-M), DECLASSIFY ON OADR"

[Note: Originating Agency's Determination Required.]

e. FMS implementation records, such as case directives, production or repair schedules, international logistics supply delivery plans, requisitions, shipping documents, bills of lading, work orders, contract documents, billing and accounting documents, work sheets, and related feeder information are unclassified.

f. Projections of dollar levels or content of FMS agreements, and of dollar levels of FMS credit extensions for the budget year or a subsequent fiscal year are classified for each individual country and international organization. Such projections will be declassified upon delivery to the Congress of the CPD for the fiscal year to which the projections apply. Such projections will be marked:

*"CLASSIFIED BY SAMM (DOD 5105.38-M), DECLASSIFY ON DELIVERY TO
CONGRESS OF CONGRESSIONAL PRESENTATION DOCUMENT
FOR FISCAL YEAR (insert fiscal year)"*

g. Reports from the RCS: DSAA (AR) 1200 FMS reporting system which contains classified information will be marked:

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

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 and Executive Order 12600, 23 June 1987, "Predisclosure Notification Procedures for Confidential Commercial Information," 5 USC 552 note. Final decisions to withhold or release, in whole or in part, LOAs already accepted or in preparation shall be coordinated with DSCA.

3. The DSCA 1200 FMS information system is a frequent source for providing information to the public. DSCA 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 articles delivered or services rendered or training furnished to the country or organization as Grant Aid.

B. **Classified.**

1. **Compilations of Program Data.** A large percentage of individual records in the 1200 system are unclassified. They may, however, when grouped, produce a complete or virtually complete compilation of data. These kinds of groupings include but are not limited to: all current LORs, current undelivered balances of MDE, or groupings of generic classes of items such as "all surface to air missile sales". Such groupings may then reveal concepts about a country's order of battle plans or current or planned defense posture of a country, region, or geographical area and result in a *Confidential* classified compilation of individually unclassified data. Such a compilation then, by DOD 5200.1-R, paragraph 2-211, would be denied public release. Classification and denial of release to the public on this basis shall be fully supported by a documentary explanation that will identify with the specific criteria which resulted in such a judgment.

2. **Compilations of FMS Case-Level Data.** On June 25, 1985, the SECDEF decided that a compilation of FMS case-level data should be classified Confidential. For this purpose, a compilation is defined as consisting of data provided to the Congress quarterly pursuant to paragraphs (1) and (2) of section 36(a) of the AECA that covers a single period longer than five consecutive calendar quarters.

a. Since a quarterly report covers FMS case-level data for the entire fiscal year through the date of the report, the report for the fourth quarter covers a period of four consecutive calendar quarters. Therefore, a classified compilation could consist, for example, of the data contained in the reports for the fourth quarter of FY 1985 and the second quarter of FY 1986 for one or more purchasers.

b. The Data Management Division, Office of the DSCA Comptroller, ensures that quarterly reports of FMS case-level data are provided only to persons having a need-to-know who hold a current personnel security clearance if such persons already possess sufficient numbers of quarterly reports so that the provision of additional reports would constitute a compilation thereof.

c. This classification shall only be applicable to compilations of quarterly reports prepared after June 25, 1985.

3. **Tentative Security Assistance Plans and Programs.** Classified information as to tentative plans and programs for the budget and future years may be released to an involved foreign government or international organization to the extent necessary for its effective participation in the security assistance planning process or its effective development of related defense plans, and to the extent that it can be relied upon to maintain adequate security precautions and to use the information only for the purposes for which provided. Classified dollar levels of tentative country or organization programs may be released only with the specific permission of the Director, DSCA, with the concurrence of the Department of State. U.S. officials who release information under this paragraph will ensure that the recipient government or international organization clearly understands that such release does not constitute a commitment by the United States.

4. **FMS Agreements.** Classified information as to the quantity and projected delivery schedules for articles and services in FMS agreements may be released to the concerned country or international organization to facilitate appropriate planning by the recipient, subject to assurance by the recipient that it will maintain adequate security precautions and will use the information only for the purposes for which provided.

5. **Procedures for Release.** Release of classified information under paragraphs a. and b. above is subject to the provisions of DOD Directive 5230.11 (*Disclosure of Classified*

Military Information to Foreign Governments and International Organizations), and DOD 5200.1-R, paragraph 8-104. Release will be made only to officials of the country or international organization involved who require the information in their official capacity.

C. **Approval of Chief of Diplomatic Mission.** In-country release of all security assistance information to a foreign government or international organization will be made through or with the approval of the Chief of the U.S. Diplomatic Mission to the government or organization involved after a disclosure decision has been made by the appropriate authority in accordance with paragraph B.3 above.

50204 RCS: DSAA (AR) 1200 FMS REPORT SUBMISSIONS.

A. **Entry of Data.** Each entry into the DSCA 1200 system of data pertaining to a new FMS case will indicate whether that data is classified under the criteria of paragraph 50202.A.1 or 50202.B.2.(c) above. The security classification, for foreign relations purposes, of an FMS case in the 1200 system is based on the identification in that system of the fact that a specific defense article (e.g., Hawk missile) is or may be sold to particular foreign government. The existence of classified technical data concerning defense articles which are or may be sold under an FMS case does not warrant classification of that FMS case in the 1200 system, since such technical data are not entered into the 1200 system.

B. **Declassification.** The implementing agency must notify in writing the Director, DSCA of any FMS agreement which is declassified under the national defense classification criteria of DOD 5200.1-R and corresponding MILDEP regulations. This notification will identify the case designator and the date of declassification. The Director, DSCA will also ensure that declassification of any data in the 1200 system is reflected in that system within 15 working days after it occurs.

C. **Codes: Card Columns.** Machine readable code "U" will designate unclassified FMS cases; code "C" will designate CONFIDENTIAL cases. The proper code for classification or declassification as appropriate, will be entered in column 78 of the "1" Card. See Chapter 15 of this manual for DSCA(AR) 1200 report entry details.

50205 FOREIGN COUNTRY INVOLVEMENT IN THE DOD CONTRACTUAL PROCESS.

A. **DOD Policy.** Procurements made for FMS requirements must comply with U.S. Government acquisition regulations and procedures. Accordingly, such procurements are normally conducted by the same DOD component that would procure the same article or service for a U.S. DOD requirement. The DOD component responsible for the FMS offer and acceptance will assure that sufficient details are included in the LOA to enable the U.S. contracting officer to negotiate and award a contract without foreign country representation or direct involvement in the formal negotiation process. Required discussions with the foreign purchaser must be undertaken during the development of the LOA and prior to actual implementation in order to assure that the contracting community has all the data required to award a contract consistent with contracting regulations and the foreign country desires.

B. **Release of Contractual Data.** Since all pertinent information and contractual obligations between the DOD and the foreign purchaser are identified in the FMS LOA, there normally should be no need for the DOD component to provide a copy of the contract to the foreign purchaser. If the contract is unclassified and provides only for the requirement of the requesting country, release can be considered. This does not include internal documentation such as negotiation or pricing memoranda. If the contract is classified, contains USG requirements, or contains other foreign purchaser requirements, release is not authorized.

C. Any questions or requests for exception to these provisions must be forwarded to the Director, DSCA.

50206 FOREIGN GOVERNMENT INFORMATION.

A. Information that is provided to the U.S. by a foreign government or an international organization with the expectation, either expressed or implied, that the information, the source of the information, or both, are to be held in confidence, or similar information which is produced by the USG pursuant to or as a result of a joint arrangement with a foreign government or international organization, is to be held in confidence.

B. Classification of foreign government information will be in accordance with Chapter XI of DOD 5200.1-R.

C. Requests for mandatory review for the declassification of foreign government information shall be processed and acted upon in accordance with Chapter XI of DOD 5200.1-R.

D. Equivalent Foreign and International Organization Security Classifications are at Table 503-5.

Section 503 - Export License and Customs Clearance Guidance for FMS Customers
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50301 PURPOSE. Paragraphs 50302 through 50305 provide guidance and instructions for processing export licenses and customs clearances for items purchased on a government-to-government basis under the FMS program. Paragraph 50306 provides information on the requirement for State Department approval prior to the submission of sales proposals or presentations for SME items and/or technical data. Paragraph 50307 provides information on the export of classified defense articles and services.

50302 U.S. DOD SPONSORED SHIPMENTS OF FMS MATERIEL.

A. **U.S./DOD Exemption from Export Licensing.** Under certain conditions, no license is required for the export of defense articles or defense services made by an agency of the USG. When DOD sponsored FMS materiel is shipped through the DTS on GBLs or other transportation documents, or by DOD-owned, controlled, or arranged transportation, with DOD retaining custody until arrival at the overseas port of discharge of the destination country, the DOD is exempt from the requirement for an Export License and the completion of the Shipper's Export Declaration. Under no circumstances will these exemptions be extended to shipments made by any foreign government.

B. **Annotation of Transportation Documents.** When DOD retains custody of the shipment and transportation responsibility until arrival of the shipment at the overseas port of discharge of the destination country, under the conditions defined above, and when movement is effected under Delivery Term Codes "6," "7," and "9," all GBLs and other transportation documents issued to cover movement of such shipments will be annotated "*(APPLICABLE MILITARY DEPARTMENT) SPONSORED FOREIGN MILITARY SALES SHIPMENT -- NO EXPORT DECLARATION OR LICENSE REQUIRED 22 CFR 126-4(a) APPLICABLE.*" The signature of the issuing officer on the GBL/document will serve as a certification of this statement. NOTE: Under no circumstances will this annotation be made on GBL(s) or other transportation documents for FMS shipments made through or by a forwarding agent or by any representative of a foreign country.

C. **Reporting of FMS Export Shipments.** All U.S./DOD sponsored shipments of FMS export materiel moving overseas within the DTS or under U.S./DOD auspices and control, identified by Delivery Term Codes "6," "7," and "9" will be reported monthly by MTMC to the Foreign Trade Division, Bureau of Census, Department of Commerce, in the Foreign Trade Report to comply with the conditions under which the above-mentioned waiver was granted and to satisfy the export data requirements of the U.S. Department of Commerce.

50303 SHIPMENTS OF UNCLASSIFIED FMS PURCHASED MATERIEL THROUGH COUNTRY REPRESENTATIVES OR FREIGHT FORWARDERS.

A. **Policy.** The Department of State has established policy and procedures in the ITAR, Section 126.6, relative to the permanent export of unclassified defense articles purchased on a government-to-government basis under the FMS program. This section of the ITAR provides for Form DSP-94 (Table 503-1) to be used instead of an export license for shipments through commercial channels of unclassified defense articles sold under the FMS program.

B. **Country/Freight Forwarder Requirements.** To make use of DSP-94, freight forwarders must be registered with the Office of Munitions Control (OMC), file a letter with OMC

from the foreign embassy or government appointing them as forwarding agent for that government's shipments, and file a statement with OMC assuming full responsibility for compliance with the ITAR.

C. Procedures in Section 126.6 of the ITAR are quoted below for information:

126.6 Foreign Military Aircraft and Naval Vessels, and the Foreign Military Sales Program.

(a) General. A license is not required for the export of any defense article if:

(1) The article was sold, leased, or loaned by the Department of Defense to a foreign country or international organization pursuant to the Arms Export Control Act or the Foreign Assistance Act of 1961, as amended, and

(2) The article was delivered to representatives of such a country or organization in the United States; and

(3) The article is to be exported from the United States on a military aircraft or naval vessel of that government or organization.

(b) Foreign Military Aircraft and Naval Vessels. A license is not required for the entry into the United States of military aircraft of any foreign state if no overhaul, repair, or modification of the aircraft is to be performed. Department of State approval of overflight (pursuant to the 49 U.S.C. 1508) and naval visits must, however, be obtained.

(c) Procedures for the Foreign Military Sales Program.

(1) General. District directors of customs are authorized to permit the export of unclassified defense articles, defense services, and technical data without a license if they were sold by the U.S. Department of Defense to foreign governments or international organizations under the Foreign Military Sales (FMS) program of the Arms Export Control Act. This procedure may be used only if a proposed export is:

(i) Pursuant to an executed U.S. Department of Defense Letter of Offer and Acceptance (DD Form 1513); and

(ii) Accompanied by a properly executed DSP-94, and

(iii) Made by the relevant foreign diplomatic mission of the purchasing country or its authorized freight forwarder, provided that the freight forwarder is registered with the Office of Munitions Control pursuant to Part 122 of this subchapter.

(2) Filing of Documents.

(i) The original copy of completed Form DSP-94, together with one copy of the corresponding authenticated DD Form 1513 and a shipper's export declaration, must be filed with the District director of customs at the port of exit prior to actual shipment. An executed DD Form 1513 is one which has been signed by:

(A) An authorized Department of Defense representative and countersigned by the Comptroller, Defense Security Assistance Agency (DSAA), and

(B) An authorized representative of the foreign government.

(ii) SED. The shipper's export declaration must be annotated as follows:

"The shipment is being exported under the authority of Department of State Form DSP-94. It covers FMS Case _____, expiration date _____. 22 CFR 126.6 applicable."

(iii) Notification to the Office of Munitions Control. Copy number two of the completed Form DSP-94 should be removed by the exporter and sent immediately, together with a copy of the applicable authenticated DD Form 1513 and the Shipper's export declaration, to the Office of Munitions Control. Form DSP-94 shall be valid for two years from the date on which it is executed.

50304 FMS CUSTOMER RESPONSIBILITY.

A. **General.** Upon execution of an LOA, the foreign country authorized representative must file necessary documentation with the Department of State to permit the legal export of FMS materiel from the U.S. by the country freight forwarder.

B. **Export Customs Clearance.** It is the foreign country's responsibility to obtain export customs clearance for all FMS materiel exported from the U.S., except when it is moved under USG auspices. Movement of materiel which remains in the custody of DOD is handled by a separate procedure. See Paragraph 50302.A.

1. Export declaration (U.S. Department of Commerce Form 7525-V, *Shipper's Export Declaration*) must be prepared by the foreign country representative/freight forwarder for all FMS materiel which is not moved by the USG. Declarations must be filed with and authenticated by a District Director of Customs. Provisions of law and regulations concerning export declarations are found on the reverse side of Commerce Form 7525-V, and in 22 CFR 123.9, 123.25, and 126.6.

2. After declarations have been prepared and authenticated, shipments must be cleared through U.S. Customs by submission of documents to the District Director of Customs or export control officers (22 CFR 123.25 and 126.6).

C. **Movements Requiring Export Customs Clearance.** Shipper's Export Declarations, appropriate U.S. Department of State and U.S. Customs export clearances for FMS shipments, for which the customer country has transportation responsibility, are required for the following categories of country-arranged movement:

1. All exports of materiel made through or by the FMS customer freight forwarder or designated agent.

2. Pilot pick-up of materiel by foreign country-owned or chartered aircraft, or by FMS customer-procured space on commercial aircraft.

3. Export by FMS country-owned or chartered ocean vessel, or by FMS country-procured space aboard commercial vessels.

D. **Overseas Customs Clearance.** The FMS customer country is responsible for obtaining overseas customs clearance of all FMS materiel through its customs agencies for receipt of the materiel at the country port of discharge.

E. **Reporting of Export Traffic.** All export of FMS materiel from the U.S. will be reported to the U.S. Department of Commerce as required by current federal statutes.

50305 INTRANSIT SHIPMENTS OF UNCLASSIFIED DEFENSE ARTICLES.

A. **General.** For the import into, and re-export from, the U.S. of any unclassified defense articles, a Temporary Import License Form DSP-61 (See Table 503-2) is required. This includes defense articles being temporarily imported to the U.S. for overhaul, repair, modification, and intransit shipments to a third country. An example of an intransit shipment to a third country is a defense article imported to the U.S. for incorporation into another article and is returned to the country of origin or shipped to another country.

B. **Procedures for Repair and Return.**

1. **Department of State and U.S. Customs Service Requirements.** The foreign government is responsible for obtaining the DSP-61 and the appropriate U.S. Customs clearance in accordance with paragraphs 123.3 and 123.5 of the ITAR. The U.S. Customs Service will accept an approved DSP-61 as authority from the Department of State, for duty-free entry into the U.S. and U.S.-origin defense articles which are the property of a foreign government and which are being temporarily imported for repair and maintenance pursuant to an FMS agreement. The DSP-61 must cite the FMS case in block 10 and a copy of the DD Form 1513 must be attached. This will eliminate the need for foreign governments to request separately a duty-free exemption from the Department of State.

2. **Shipments Arranged by the U.S. DOD.** A DSP-61 is not required when the shipment arrangements are being made on a U.S. GBL within the DTS.

3. **FMS LOA Requirements.** DOD Components preparing LOAs for repair and return programs will include a supplemental condition, when applicable, indicating the requirement for the foreign country to obtain an approved DSP-61 from the Department of State.

50306 STATE DEPARTMENT APPROVAL OF PROPOSALS RELATING TO SME.

A. **Policy.** Before making a proposal or presentation to a foreign person to sell SME valued at \$14 million or more for end-use by foreign armed forces, a commercial company must obtain approval from the Department of State if the identical SME has not been previously approved for export. This requirement does not apply to the NATO countries, Australia, New Zealand, or Japan. This prior approval permits the contractor to conduct unclassified discussions and make a sales proposal in connection with the sale of a specific item of SME to a particular country. The prior approval is not required when the specific item of equipment has been previously approved for export to any foreign country. In such cases, the State Department must be notified in writing thirty days in advance of the proposal or presentation.

In addition, prior approval must be obtained for any proposal to enter a Manufacturing Licensing Agreement (MLA) or Technical Assistance Agreement (TAA) with any foreign person for the production or assembly of SME. The Office of Munitions Control advises that there are not exemptions from this requirement, hence the 30-day prior notification is not applicable to proposals designed to constitute a decision to enter any agreement for the production or assembly of SME.

B. **ITAR Provisions.** The policy and procedures relative to State Department approval requirements regarding sales proposals or presentations are in the ITAR, Section 126.8. If marketing efforts will entail the disclosure of technical data or temporary export of defense articles, the appropriate export license must be obtained.

50307 PROCEDURES FOR THE EXPORT OF CLASSIFIED DEFENSE ARTICLES AND SERVICES. Application for export license for the export or import of classified defense articles and services must be made on Department of State Form DSP-85 (See Table 503-3). Application must be made by a U.S. national in accordance with the provisions of Part 125 of the ITAR. Classified materiel may only be released to a foreign government representative who has been designated in writing by the recipient government. A foreign government may designate a freight forwarder as their agent. The written designation shall contain assurances that the person has a security clearance at the appropriate level and that the person will assume full security responsibility for the materiel on behalf of the foreign government. The recipient will be required to execute a receipt for the materiel, regardless of the level of classification. Classified shipments resulting from direct commercial sales must comply with the same security standards that apply to FMS contracts. Prior to consummation of a commercial contract that will result in the shipment of classified materiel, contractors must consult with the purchasing government, the DIS Cognizant Security Office and the responsible DOD Component to obtain approval of the transportation plan. The transportation plan is at Table 503-4. In the event the defense contractor is unable to make suitable arrangements for shipment of classified materiel being procured under a direct commercial contract, the contractor should notify the foreign customer to make appropriate arrangements for DTS shipment under an FMS LOA.

50308 FMS CREDIT FINANCED DIRECT COMMERCIAL CONTRACTS. Consistent with the guidelines in Chapter 9, Section 902, Paragraph 90209, DSAA reviews direct commercial contracts submitted by FMS credit recipients for FMS credit financing approval. The review for financing approval is separate and distinct from the munitions/export licensing requirement of the Department of State or Department of Commerce, as applicable. Approval of financing for a commercial contract does not relieve the exporter from the necessity of obtaining required export licenses, nor imply automatic USG approval of such licenses when requested.

TABLE 503-1
Authority to Export Defense Articles and Defense Services Sold under the Foreign Military Sales Program (Form DSP-94)

FORM APPROVED: OMB NO. 1405-0051
 EXPIRATION DATE: JANUARY 31, 1988



UNITED STATES OF AMERICA
DEPARTMENT OF STATE

AUTHORITY TO EXPORT DEFENSE ARTICLES AND DEFENSE SERVICES SOLD UNDER THE FOREIGN MILITARY SALES PROGRAM

This form, when properly executed and accompanied by an authenticated Department of Defense Offer and Acceptance (DD Form 1513), constitutes authority under section 126.6 of the International Traffic in Arms Regulations (ITAR) to export the defense articles and defense services listed thereon. This form may be used in lieu of a Department of State export license to export defense articles and services sold by the Department of Defense under the Foreign Military Sales (FMS) program. This export authority is valid for 2 years from the date shown in item 12 below.

The Department of State may, without prior notice to the exporter, deny, revoke, suspend, or amend this authority consistent with ITAR section 126.7.

Willful violation of the ITAR, making an untrue statement of a material fact, or omission of a material fact required to be stated on this form are subject to prosecution and, upon conviction, fines up to \$100,000 or up to 2 years' imprisonment, or both. (Section 38(c), Arms Export Control Act; section 127.3, ITAR.)

1. PM/MC Applicant Code	2. Country of Ultimate Destination/Purchaser	3. Port of Exit from U.S.
4. Applicant's Name, Address, ZIP Code, Tel. No.	5. Foreign Military Sales Case Identifier	6. Date of FMS Case Implementation
	7. Total Value of Defense Articles and Defense Services of Original FMS Case \$ _____	
	8. Only the unshipped balance, valued at \$ _____ of this FMS case is covered by this DSP-94. Previous shipments of this FMS case were covered by a Form DSP-94 dated _____ and/or Department of State license No. _____	
9. Form DSP-94 constitutes an amendment to the value and/or quantity of defense articles and services authorized under this FMS case as shown in the attached amended DD Form 1513. Yes <input type="checkbox"/> No <input type="checkbox"/>		
10. If exporter is a freight forwarder acting on behalf of a foreign government or diplomatic mission, provide the name, address, and telephone number of the foreign official in the U.S. familiar with this FMS case.		

11. U.S. Munitions List Categories (see section 121.1 of the ITAR). Please check the appropriate categories to indicate the types of defense articles and/or defense services included on this FMS case:

- | | | | | |
|------------|-------------|-------------|--------------|------------|
| I. _____ | VI. _____ | XI. _____ | XVI. _____ | XXI. _____ |
| II. _____ | VII. _____ | XII. _____ | XVII. _____ | |
| III. _____ | VIII. _____ | XIII. _____ | XVIII. _____ | |
| IV. _____ | IX. _____ | XIV. _____ | XIX. _____ | |
| V. _____ | X. _____ | XV. _____ | XX. _____ | |

12. Exporter's Statement

I, _____, hereby exercise the authority to effect the export described above, warrant the truth of all statements made herein, and acknowledge, understand, and will comply with the provisions of Title 22 CFR Part 120-128 and 130 and any conditions and limitations imposed.

Signature _____ Date _____
 (Authority valid for 24 months from above date.)

TABLE 503-1. Authority to Export Defense Articles and Defense Services Sold under the Foreign Military Sales Program (Form DSP-94).

TABLE 503-3

Application/License for Permanent/Temporary Export or Temporary Import of Classified Defense Articles and Related Classified Technical Data

(DEPARTMENT OF STATE USE ONLY)

<p>SEAL</p> <p style="text-align: right;">Signature</p> <p>License is hereby granted to the applicant for the described commodity to be permanently exported from the U.S., to be temporarily exported from and returned to the U.S., or to be temporarily imported into the U.S. and returned to the foreign owner, provided shipment is made in accordance with the Department of Defense Industrial Security Manual. This license may be revoked, suspended or amended by the Secretary of State without prior notice whenever the Secretary deems such action advisable. (DO NOT REPRODUCE THIS LICENSE (121.20(c)))</p>	C		<p>LICENSE NO. _____</p> <p style="text-align: right;">LICENSE VALID FOR 24 MONTHS FROM ABOVE DATE</p>	
<p>UNITED STATES OF AMERICA DEPARTMENT OF STATE</p> <p>APPLICATION/LICENSE FOR PERMANENT/TEMPORARY EXPORT OR TEMPORARY IMPORT OF CLASSIFIED DEFENSE ARTICLES AND RELATED CLASSIFIED TECHNICAL DATA</p>				
1. Date prepared	2. PM/MC applicant code	3. Check one. <input type="checkbox"/> Permanent export <input type="checkbox"/> Temporary export <input type="checkbox"/> Temporary import	4. Country of ultimate destination or sojourn	5. Country from which shipped (temporary imports only)
<p>6. Applicant's name, address, ZIP code, tel. no.</p> <p>TELEPHONE NUMBER: _____</p>		<p>7. Names and telephone numbers of U.S. Government personnel (not PM/MC) familiar with the commodity</p> <p>8. Name, State and telephone number of applicant contact if U.S. Government needs additional information</p>		
9. QUANTITY	10. COMMODITY (Follow instructions carefully)	11. CLASSIFICATION	12. MUNITIONS LIST CATEGORY	13. VALUE
	<input type="checkbox"/> Hardware <input type="checkbox"/> Technical Data			
		14. TOTAL VALUE: \$ _____		
15. Source or manufacturer of commodity		16. Specific purpose for which the material is required, including specific program/end item		
17. Name and address of seller in United States		18. Name and address of consignee in United States		
19. Name and address of cognizant DIS security office		20. Name and address of foreign consignee		
21. Name and address of foreign end-user		22. Date and level (TS, S or CI) of security clearance of facility in item 5 Date: _____ Level: _____		
24. If commodity is being provided under a Foreign Military Sales (FMS) or Grant Aid (GAI) program, state which _____ and give the case no. _____		23. This application represents: <input type="checkbox"/> ONLY completely new shipment; <input type="checkbox"/> ONLY the unshipped balance of license no. _____ NOTE: APPLICATION CAN NOT INCLUDE BOTH		
26. Would approval of this application result in an application to export more highly classified commodities? <input type="checkbox"/> No <input type="checkbox"/> Yes If yes, explain in a cover letter (8 copies).		25. The IDENTICAL commodity <input type="checkbox"/> was licensed to the country in block 3 under license no. _____; <input type="checkbox"/> was licensed to other countries under license no. _____; <input type="checkbox"/> was denied to the country in block 3 under voided license no. _____; <input type="checkbox"/> was never licensed for this applicant		
28. LICENSE COPY TO BE SENT TO: Name, address, ZIP code		27. APPLICANT'S STATEMENT (See Instructions) I, _____ (Typed name), hereby apply for a license to complete the transaction described above; warrant the truth of all statements made herein; and acknowledge, understand and will comply with the provisions of Title 22 CFR 121.128 and 130, any conditions and limitations imposed, and the DOD Industrial Security Manual. Signature _____		

FORM DSP-85
11/82 (DISCARD PREVIOUS EDITIONS)

1—APPLICATION/LICENSE

FORM APPROVED
OMB NO. 1405-0022

TABLE 503-3. Application/License for Permanent/Temporary Export or Temporary Import of Classified Defense Articles and Related Classified Technical Data (Form DSP-85).

**TABLE 503-4
TRANSPORTATION PLAN**

The provisions of DOD 5200.1-R and DOD 5100.76-M require that the transmission instructions or the requirement for an approved transportation plan be incorporated into the security requirements of the LOA when the foreign purchaser proposes to take delivery and custody of classified materiel in the United States and use its own facilities and transportation for forward shipment to its territory. The requirement for this plan will be included with any contract, agreement, LOA or other arrangement involving the release of classified materiel to foreign entities.

The transportation plan is to be submitted to, and approved by, applicable DOD component authorities. As a minimum, the transportation plan shall include the following provisions:

- a. A description of the classified materiel together with a brief narrative as to where and under what circumstances transfer of custody will occur;
- b. Identification, by name or title, of the designated representative(s) of the foreign recipient government or international organization who will receipt for and assume responsibility for the materiel. In case of U.S. classified materiel, the person(s) so identified must be cleared for access to the level of the classified materiel to be shipped;
- c. Identification and specific location of delivery points and any transfer points;
- d. Identification of commercial carriers and freight forwarders or transportation agents who will be involved in the process, the extent of their involvement, and, as applicable, security clearance status;
- e. Identification of any storage or processing facilities to be used and, relative thereto, certification that such facilities are authorized by competent government authority to receive or process the level of classified materiel to be shipped;
- f. When applicable, the identification, by name or title, of couriers and escorts to be used and details as to their responsibilities and security clearance status;
- g. Description of shipping methods to be used, together with the identification of carriers (foreign and domestic). For classified materiel, see Chapter 8, DOD 5200.1-R and for classified sensitive materiel, see Chapter 7, DOD 5100.76-M.
- h. In those cases when it is anticipated that the U.S. classified materiel or parts thereof may be returned to the U.S. for repair, service, modification, or other reasons, the plan must require that shipment shall be via a carrier of U.S. or recipient government registry, handled only by authorized personnel, and that the applicable DOD component (for FMS) or DIS (for commercial sales) will be given advance notification of estimated time and place of arrival and will be consulted concerning inland shipment;
- i. The plan shall require the recipient government or international organization to examine shipping documents upon receipt of the classified materiel in its own territory and advise the responsible DOD component in the case of FMS, or DIS in the case of commercial sales, if the materiel has been transferred enroute to any carrier not authorized by the transportation plan; and
- j. The recipient government or international organization also will be required to inform the responsible DOD component or the DIS promptly and fully of any known or suspected compromise of U.S. classified materiel while such materiel is in its custody or under its cognizance during shipment.

TABLE 503-4. Transportation Plan.

**TABLE 503-5
EQUIVALENT FOREIGN AND INTERNATIONAL PACT ORGANIZATION
SECURITY CLASSIFICATIONS**

COUNTRY	TOP SECRET	SECRET	CONFIDENTIAL	.....
Argentina	ESTRICTAMENTE SECRETO	SECRETO	CONFIDENCIAL	RESERVADO
Australia	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Austria	STRENG GEHEIM	GEHEIM	VERSCHLUSS	
Belgium: (French)	TRES SECRET	SECRET	CONFIDENTIEL	DIFFUSION RESTREINTS
(Flemish)	ZEER GEHEIM	GEHEIM	VERTROUWELIJK	BEPERTKE VERSPREIDING
Bolivia	SUPERSECRETO or MUY SECRETO	SECRETO	CONFIDENCIAL	RESERVADO
Brazil	ULTRA SECRETO	SECRETO	CONFIDENCIAL	RESERVADO
Cambodia	TRES SECRET	SECRET	SECRET/ CONFIDENTIEL	
Canada	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Chile	SECRETO	SECRETO	RESERVADO	RESERVADO
Columbia	ULTRASECRETO	SECRETO	RESERVADO	CONFIDENCIAL RESTRINGIDO
Costa Rica	ALTO SECRETO	SECRETO	CONFIDENCIAL	
Denmark	YDERST HEMMELIGT	HEMMELIGT	FORTROLIGT	TIL TJENESTEBRUG
Ecuador	SECRETISIMO	SECRETO	CONFIDENCIAL	RESERVADO
El Salvador	ULTRA SECRETO	SECRETO	CONFIDENCIAL	RESERVADO
Ethiopia	YEMLAZ BIRTOU MISTIR	MISTIR	KILKIL	
Finland	ERITAIN SALAINEN	SALAINEN		
France	TRES SECRET	SECRET DEFENSE	CONFIDENTIEL DEFENSE	DIFFUSION RESTREINTE
Germany	STRENG GEHEIM	GEHEIM	VS-VERTRAULICH	
Greece	ΑΚΡΗΣ ΑΠΟΡΡΗΤΟΝ	ΑΠΟΡΡΗΤΟΝ	ΕΜΠΙΣΤΕΥΤΙΚΟΝ	ΠΕΡΙΟΡΙΣΜΕΝΗ ΧΡΗΣΗ
Guatemala	ALTO SECRETO	SECRETO	CONFIDENCIAL	RESERVADO
Haiti		SECRET	CONFIDENTIAL	
Honduras	SUPER SCERETO	SECRETO	CONFIDENCIAL	RESERVADO

TABLE 503-5. Equivalent Foreign and International Pact Organization Security Classifications.

COUNTRY	TOP SECRET	SECRET	CONFIDENTIAL	.....
Hong Kong	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Hungary	SZIGORUAN TITKOS	TITKOS	BIZALMAS	
India	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Indonesia	SANGAT RAHASIA	RAHASIA	TERBATAS	
Iran	BEKOLI SERRI بکلی سری	SERRI سری	KHEILI MAHRAMANEH خیلی محرمانه	MAHRAMANEH محرمانه
Iraq	سری مطلقاً (Absolutely secret)	سری (Secret)	مکتوم	محدود (Limited)
Iceland	ALGJORTI	TRUNADARMAL		
Ireland Gaelic	TOP SECRET AN-SICREIDEACH	SECRET SICREIDEACH	CONFIDENTIAL RUNDA	RESTRICTED SRIANTA
Israel	SODI BEYOTER סודי ביותר	SODI סודי	SHAMUR שמור	MUGBAL מגבל
Italy	SEGRETISSIMO	SEGRETO	RISERVATISSIMO	RISERVATO
Japan	KIMITSU 機密	GOKUHI 極密	HI 秘	TORIATSUKAICHUI 取扱注意 BUGAIHI 部外秘
Jordan	مکتوم جداً MAKTUM JIDDAN	سری MAKTUM	مکتوم SIRRI	محدود MAHDUD
Korea	I 급 비밀 I KUP PI MIL	II 급 비밀 II KUP PI MIL	III 급 비밀 III KUP PI MIL	
Laos	TRES SECRET	SECRET	SECRET/ CONFIDENTIEL	DIFFUSION RESTREINTE
Lebanon	TRES SECRET	SECRET	CONFIDENTIEL	
Mexico	ALTO SECRETO	SECRETO	CONFIDENCIAL	RESTRINGIDO
Netherlands	ZEER GEHEIM	GEHEIM	CONFIDENTIEEL or VERTROUWELIJK	DIENSTGEHEIM
New Zealand	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Nicaragua	ALTO SECRETO	SECRETO	CONFIDENCIAL	RESERVADO
Norway	STRENGT HEMMELIG	HEMMELIG	KONFIDENSIELL	BEGRENSET
Pakistan	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Paraguay	SECRETO	SECRETO	CONFIDENCIAL	RESERVADO
Peru	ESTRICTAMENTE SECRETO	SECRETO	CONFIDENCIAL	RESERVADO

TABLE 503-5. Equivalent Foreign and International Pact Organization Security Classifications. (Continued)

COUNTRY	TOP SECRET	SECRET	CONFIDENTIAL	.....
Philippines	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Portugal	MUITO SECRETO	SECRETO	CONFIDENCIAL	RESERVADO
Saudi Arabia	SAUDI TOP SECRET	SAUDI VERY SECRET	SAUDI SECRET	SAUDI RESTRICTED
Singapore	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Spain	MAXIMO SECRETO	SECRETO	CONFIDENCIAL	DIFFUSION LIMITADA
Sweden (Red Borders)	HEMLIG	HEMLIG		
Switzerland	[Three languages. Top Secret has a registration number to distinguish from Secret and Confidential.]			
French	TRES SECRET	SECRET DEFENSE	CONFIDENTIEL DEFENSE	DIFFUSION RESTREINTE
German	STRENG GEHEIM	GEHEIM	VERTRAULICH	
Italian	SEGRETISSIMO	SEGRETO	RISERVATISSIMO	RISERVATO
Taiwan	絕對機密	極機密	機密	密
Thailand	LUP TISUD ลูปติสุด	LUP MAAG ลูปมาถ	LUP ลูป	POK PID ปอกปิด
Turkey	ÇOK GİZLİ	GİZLİ	ÖZEL	HİZMET ÖZEL
Union of So. Africa				
English	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Afrikaans	UITERS GEHEIM	GEHEIM	VERTROULIK	BEPERK
United Arab Republic (Egypt)	سري بالقره TOP SECRET	سري جدا VERY SECRET	سري SECRET	سري OFFICIAL
United Kingdom	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Uruguay	ULTRA SECRETO	SECRETO	CONFIDENCIAL	RESERVADO
USSR	СОВЕРШЕННО СЕКРЕТНО	СЕКРЕТНО	НЕ ПОДЛЕЖАЩИЙ ОГЛАШЕНИЮ	ДЛЯ СЛУЖЕБНОГО ПОЛЬЗОВАНИЯ
Viet Nam: French	TRES SECRET	SECRET DEFENSE	CONFIDENTIEL DEFENSE	DIFFUSION RESTREINTE
Vietnamese	ƯỚC-ĐẶC BIỆT	ĐẶC BIỆT	KINH	TU ĐẶC BIỆT
International Organization	TOP SECRET	SECRET	CONFIDENTIAL	
NATO	COSMIC TOP SECRET	NATO SECRET	NATO CONFIDENTIAL	NATO RESTRICTED

NOTES:

In all instances foreign security classification systems are not exactly parallel to the U.S. system and exact equivalent classifications cannot be stated. The classifications given above represent the nearest comparable designations that are used to signify degrees of protection and control similar to those prescribed for the equivalent U.S. classifications.

ATOMAL information is an exclusive designation used by NATO to identify "Restricted Data" or "Formerly Restricted Data" information released by the U.S. Government to NATO.

TABLE 503-5. Equivalent Foreign and International Pact Organization Security Classifications. (Continued)

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CHAPTER SIX

MILITARY EXPORT SALES POLICIES AND CONSIDERATIONS

Section 600 - Policy Considerations

60001 GENERAL. Basic sales policy is as outlined in Chapter Two.

A. **Benefits.** FMS supports US foreign policy and security objectives. Historically, FMS has improved internal order; increased prospects for regional stability and reduced the likelihood of US military involvement; increased standardization of materiel, doctrine, and training among our allies and friends; helped sustain the US production base; increased US employment; reduced research, development, and unit production costs; and facilitated forward materiel support.

B. **Eligibility.** Eligible countries and international organizations, determined by the President, are listed in Table 600-1. Sales to certain customers may be suspended for legal or policy reasons. Questions relative to eligibility should be referred to DSAA Regional Directorate.

C. **USML.** The US Munitions List is shown Table 202-1. SME items are highlighted with an asterisk ("*").

D. **Neutrality.** Except as described in Section 601, the Purchaser has the option to buy defense articles or services commercially or through FMS channels. In some instances, such as for certain GFE and GFM, controls provided within AECA Sec 38(a)(3) are applied and items are sold only via FMS.

E. **Marketing.** In accordance with FAA Sec 515, "The President shall continue to instruct US diplomatic and military personnel in the US missions abroad that they should not encourage, promote, or influence the purchase by any foreign country of US-made military equipment, unless they are specifically instructed to do so by an appropriate official of the executive branch." Section 602 provides general instructions to SAOs and DoS has furnished similar guidance to country teams as a whole. Additional instructions may be provided for specific programs.

F. **Constraints.** In general the USG offers to sell equipment to eligible countries and international organizations after a case-by-case review of each request. Factors considered include:

1. Legislative Restraints. See examples in SAMM Section 203.
2. Type of Equipment. Sales of small numbers of low technology items which are in use by US forces are normally easiest to approve.
3. Country and Region. The requirement, threat being faced, impact on capability to participate in collective security efforts with the US, ability to maintain and use the item, compatibility with existing inventory, and impact on perceptions or actions of neighbors are considered.
4. World Situation. Changes in terms of foreign policy, diplomacy, economy, finances, and security reflecting the changing world-wide situation can cause adjustments in the overall US approach to foreign sales.

5. National Disclosure Policy. NDP-1 shows levels of classification which the USG is willing in general to release to specific countries. Requests for exceptions to policy established by this document are handled by the National Disclosure Policy Board, which is chaired by DoD at the Under Secretary level.

6. Counterbalancing of Positive and Negative Factors. Positive contributions to US interests and objectives must more than offset detrimental effects of the transfer.

G. **Consultation.** The USG welcomes consultation with our friends and allies regarding planning to meet their defense needs or to undertake research, development, production, and logistic support programs of mutual interest. Information obtained through consultation is important in the planning process (Chapter Four).

60002 DISBURSING AGENT/NON-US ADMINISTRATIVE SUPPORT COSTS. The USG does not serve as the disbursing agent for funds received under LOAs unless those funds are required for materiel or services provided by DoD, another Federal agency, or through a DoD procurement contract. LOAs will not include transportation, lodging, per diem, or other administrative expenses of foreign government representatives, even though such expenses may be relatable to the materiel or service being provided. In exceptional situations, DSAA may specifically authorize an LOA to include the payment of travel and living allowances for International Military Students.

60003 PROPER USE OF US-ORIGIN ITEMS. Proper use of US-origin items is a joint responsibility of the recipient and US personnel. US representatives normally have primary responsibility until items are physically transferred to the recipient. The recipient then assumes this responsibility, based on agreements under which transfers are made, including transfer to a third party or other disposal. The following applies to FMS items, including those purchased with MAP Merger funds. Section 1101 provides guidance for items granted under the FAA. **

A. **Guidance Interface.** Other specific guidance is in Sections 300 (SAO monitoring duties), 100109 (monitoring of trainees), and 140105 (monitoring of international agreements, including co-production programs). The booklet "End Use Monitoring of Defense Articles and Services," available from DISAM, provides references to legislation and other details regarding usage controls. These complement other US controls which, together, extend throughout item life.

B. **End Use Monitoring.** EUM encompasses all laws, policies, regulations, and processes which ensure proper use of defense items. It includes all actions to prevent misuse, including illicit transfer, of these items. Its end objective is to minimize the security and safety risks inherent in arms transfers, consistent with the need to support US policy objectives. While items are in US hands, it is integral to formal and informal accountability processes. The capability and will of a recipient to provide EUM controls is a primary factor in determining if programs with foreign countries or international organizations will be allowed to start or continue. Controls established by the receiving country provide the primary means for assuring that defense articles are used, from receipt to final disposition, according to agreements with the US. The SAO and others with knowledge of usage must be alert to indications of unauthorized use and report such use to the appropriate host country or US country team organization.

1. When an indication of unauthorized end-use is found within a country, checked locally, and not resolved, the country team forwards the information to DoS (PM/DTC and PM/ATEC). DoS will normally determine if AECA Sec 3 criteria for a report to Congress of a possible end-use violation have been met.

2. The need for SAO-led post-delivery sample checks is indicated when an AECA Sec 3 violation may have occurred, ties are developing with countries to which US defense exports are proscribed (e.g., ITAR Part 126.1), unusual political or military upheaval has occurred or is impending, countries unfriendly to the US in the region are seeking US equipment or support items of the types held by the legitimate user, or substantial problems are found during a GSOMIA security survey.

3. Checks are mandatory at any time DoS reports an AECA Sec 3 violation. Within 60 calendar days after notification, SAO will initiate action to complete sample checks of at least two US-origin items for each Sec 3 report. The SAO may conduct those checks. Assistance from other country team offices, the UCOM, or experienced country counterparts can often facilitate a level of checks not possible using SAO resources alone. Items selected for special checks will be those where receipt and subsequent accountability have been representative of the item involved in the DoS Sec 3 report.

4. Checks are to help ascertain adequacy of country accounting, with a determination if problems exist for the specific items chosen of secondary interest. They help determine if the country's generally sound process failed due to unusual circumstances, item accounting is not given sufficient priority, or country interests are diverging from those of the US.

5. Those making these checks should be alert for unauthorized use of hardware items or information provided during training or in technical assistance support. This includes misuse of O&M, study, or production technical data. Information gained should be shared through the country leadership with DoS, DSCA, and the UCOM, particularly when a violation of end-use or retransfer assurances is indicated.

6. Information from personnel not members of the country team should be reported through the chain of command to DoS (PM/DTC and PM/ATEC).

C. **Disposal.** Special attention must be given to EUM during the disposal stage of item life. At this time, items often move from operating force units to holding areas, where awareness of classified features, potential lethality, or other sensitivity may be reduced. Operation, maintenance, regular inventories, and other activities which could disclose misuse or diversion may also be reduced.

1. **Special Items.** Classified features must be neutralized during the disposal process. Features which pose dangers, directly or through environmental hazards, should also be neutralized prior to or during the disposal process.

2. **Demilitarization.** This involves destruction of item military capability. If in-country demilitarization practices do not appear to meet US standards, the recipient country should be encouraged to use US demilitarization guidance in DoD 4160.21-M-1 which may be obtained through FMS publications LOAs. Assistance may also be obtained from the DoD integrated materiel managers or DRMS. A disposal process which fails to meet US standards should be raised to the appropriate US level of the command chain, either within the host country or in the US, for resolution.

3. **Disposal Avenues.**

a. **Migration to Non-Defense Articles.** Scrap (Condition Code S) items, including unserviceable consumable items, non-consumable items beyond repairability, and those for which demilitarization or special item controls have been applied, are no longer defense articles and may be disposed without US involvement. Migration may occur through consumable item wearout, incineration or melting, controlled deep water dumping, or

comparable destruction. Cannibalization may be viewed as disposal if controlled parts removal causes item migration to non-defense article status. Because potential for unauthorized disclosure of classified or sensitive information, safety concerns, and other factors vary among countries, use of DoD disposal procedures is encouraged.

b. **@@Defense Articles.** Items may retain military capability and be transferred to another country. It will normally be the responsibility of the transferring country to locate a purchaser from among countries and international organizations listed in Table 600-1. This requires DoS approval (see 60004).**@@ (Changed 24 Dec 98)**

60004 @@ THIRD PARTY TRANSFERS DoS is responsible for control of third party transfer of US-origin defense articles or defense services worldwide and has approved this guidance for requesting approval of these transfers. The Office of Regional Security and Arms Transfer Policy (PM/RSAT) is responsible for processing requests for USG consent to the retransfer of defense articles which were provided under the FAA (e.g., MAP, 516 grant and 525 sale EDA, 506 drawdowns) or the AECA through FMS to a foreign government. Defense articles or services transferred under a commercial export license pursuant to AECA Sec 38 are subject to similar requirements but under different procedures administered by the Office of Defense Trade Controls (PM/DTC). DTC is also responsible for the temporary import of defense articles. Department of Treasury's Bureau of Alcohol, Tobacco, and Firearms (BATF) is responsible for control of the permanent import of USML items into the US. DoS approval of a retransfer request by a foreign government must precede and be separate from submission by the importer of a Form 6 import license application to BATF. SAOs will normally be directly involved only in actions related to retransfers of items received through DoD-administered programs. Information below pertaining to direct commercial programs is provided for use in advising country counterparts to contact the proper embassy personnel.

A. **Retransfer of Items Transferred Government-To-Government.** The US retransfer Policy is to approve the transfer of US-origin military equipment only to third countries to which the USG would approve the transfer of the equipment directly. Procedures below address the transfer/disposal of items acquired by foreign governments through FMS, MAP, and EDA. Retransfer of US-origin equipment acquired via direct commercial sale is addressed in C. below.

1. Requests should be made by message from the Embassy to PM/RSAT, with information copies to DSCA and the SAO of the proposed third party recipient. The original of the transferor's formal request for transfer should be mailed to PM/RSAT. A Copy should be emailed or faxed to allow initiation of action as soon as possible.

2. Requests must include --

a. A clear description of the item being transferred including model, serial number(s), and any classified components or data.

b. The source program of the defense articles proposed for transfer: e.g., MAP, grant EDA, FAA Sec 506 drawdown, or FMS.

c. The original acquisition cost or best estimate of that cost. If no reliable estimate is available, for Congressional reporting requirements the request should, at a minimum, include a statement indicating whether the total value of the items requested for transfer exceeds \$1,000,000.

d. For articles where the source program was grant (e.g., MAP, grant EDA, 506 drawdown), a best estimate of the current net value. This value will normally be the anticipated

gross proceeds of sale less reasonable administrative, transportation, and other direct disposal costs. For these items, the request should also include a statement of whether retention of funds by the host nation is requested. DoS policy is not to permit retention of net proceeds. If the SAO believes that special circumstances warrant an exception to this policy, a clear justification should be provided. Also see Section 1101.

e. When possible, the name, title, and phone number of a contact in the recipient country, familiar with the proposed transfer to whom required assurance commitment language can be referred.

f. The proposed new use for the defense equipment.

g. US and recipient security interests served by the proposed transfer.

h. Proposed timeframe or time constraints.

i. How demilitarization, if required, will be accomplished.

3. Following review, DoS will request end-use and retransfer assurances from the recipient government's Ministry of Foreign Affairs (MFA) through the US embassy. These assurances are a mandatory prerequisite to transfer and are generally non-negotiable.

4. Assurances must be binding on the entire government of the new recipient. Typically, MFA statements to another government are binding on the entire government. Country teams should determine, based on a review of the domestic legal system, whether assurances issued by a ministry other than MFA are considered binding. If assurances may be provided by another department, such as the MoD, they must begin with the text "For, and on behalf of, the Government of _____." Any questions regarding this issue should be directed in writing to PM/RSAT.

5. When the embassy receives end-use and transfer assurances from the host government and they do not deviate from the DoS-supplied text, the country team should notify PM/RSAT that assurance requirements have been met. The message, with information copies to DSCA and the transferring country, should provide the new recipient the correspondence's pouch registration number and date of transmission. A translated copy of the signed assurance language may also be faxed to PM/RSAT to speed up the final steps towards reaching a decision. Where language supplied to the new recipient-country team does not appear to meet US requirements, the supplied language should be relayed to DoS for review.

B. Transfers to Private Entities. Defense articles are transferred to serve US policy, including national security interests. Therefore, it is the policy of the USG not to approve requests for transfer of US-origin military equipment to private entities either in the US or abroad. As a result, the DoS will consider these requests on a case-by-case basis only when the following criteria have been scrupulously fulfilled.

1. Transfer to a Private Entity in the US.

a. End-use must be specified when the request for retransfer is made.

b. Entity must agree not to use the item for any purpose other than that identified in the request and approved by the DoS in writing.

c. Entity must provide proof that the item will be used in the public interest; specifically, to fulfill a government contract or, when demilitarized to DoD standards, for static display in a bona fide museum.

d. Entity must provide end-use and retransfer assurances.

e. The foreign selling government or organization must agree title does not transfer to the US purchaser until the item is within US Customs jurisdiction.

f. Transfer must take place in accordance with US laws and regulations, including all Customs and Treasury requirements for demilitarization and import.

2. Requests or questions regarding transfers to foreign entities should be referred to PM/RSAT.

C. Retransfer of US-Origin Items Originally Transferred via Direct Commercial Sale.

For items originally transferred via direct sale, the written approval of PM/DTC must be obtained before the resale, transfer, transshipment, or disposal of a defense article to any end-user, end-use, or destination other than as stated on the export license. Procedures for requesting approval for retransfer, re-export, or change in end-use of a commercially-acquired defense article are outlined in ITAR section 123.9. AECA Sec 3(b), implemented in ITAR section 123.9, authorizes third party transfer of US-origin components incorporated into foreign defense articles to a government of a NATO member country, Australia, or Japan. This transfer may take place without the prior written authorization of PM/DTC provided that the conditions of ITAR 123.9(e) are met.

D. Congressional Notification and Reports. Third-party transfers are subject to Congressional notification and reporting requirements.

1. Third-party transfers are subject to requirements for Congressional notification under AECA Sec 3(d), using guidelines similar to those in Section 703. This reporting requirement does not apply to the following:

a. Temporary transfer of defense articles for the sole purpose of receiving maintenance, repair, or overhaul.

b. Transfer of maintenance, repair, or overhaul defense services, or of repair parts or other defense articles used in furnishing such services, if the transfer will not result in any increase, relative to the original specifications, in the military capability of the items.

c. Transfers pursuant to arrangements among NATO members for cooperative cross-servicing.

d. Transfers pursuant to arrangements among NATO members, or between NATO and any of its member countries for lead-nation procurement. If the item to be transferred was originally purchased from the US and was notified to Congress under AECA Sec 36(b), the transfer is exempt from Sec 3(d) reporting if the Sec 36(b) report identified the transferee on whose behalf the lead-nation procurement was proposed. For Sec 36(b) sales to a NATO member country purchasing on behalf of a third NATO party, information as to possible subsequent transfers shall be provided to DSCA in accordance with SAMM Section 703.

2. Re-export of commercial sale-origin defense articles are subject to the requirements of AECA section 36 (c and d).

3. DoS lists, in a quarterly report to Congress (AECA 36(a)(1)), approved consents to third-party transfers of defense articles or services, if the original acquisition cost of the defense goods or services to be transferred is \$1,000,000 or more. @@ (Rewritten 30 Dec 1998)

60005 FOREIGN MILITARY DESIGN AND CONSTRUCTION SALES

A. **General.** AECA Sec 29 authorizes the sale of design and construction services to eligible foreign countries and international organizations provided that full costs are paid to the US. If such services are to be procured by the USG, the Purchaser must make funds available in such amounts and at such times as they may be needed to meet the payments required by the contract and any damages and costs that may accrue from the cancellation of such contract, in advance of the time funds are required. Congressional reporting required in AECA Sec 36(b) applies to design and construction programs valued at \$200 million or more.

B. **Procedure.** Design and construction services will be offered under normal FMS procedures.

1. When part of a larger program, the services will be included in the total package LOA under the cognizance of the managing IA. A note will indicate that the services are offered under the authority of AECA Sec 29 and will identify the construction agent for this portion of the program; e.g., US Army Corps of Engineers. When required, the IA and construction agent may conclude an internal agreement to show program management relationships.

2. When these services are stand-alone, the construction agent will also normally be the IA.

60006 COMMUNICATIONS SECURITY (COMSEC) PROGRAMS. Discussions relating to COMSEC will not be initiated without obtaining prior approval from DSCA. Requests for information will be forwarded to DSCA for staffing and approval. Following approval, standard procedures apply. The IA is responsible for assuring that NDP requirements are satisfied and that program details are staffed with appropriate security activities before a response is provided to the purchaser. Refer to NACSI 6001, *Foreign Military Sales of Communications Security and Services to Foreign Governments and International Organizations*, and JCS Memo 131, *Joint and Combined Communications Security*, dated 18 July 1983.

60007 TRANSLATION SERVICES. Responsibility for translation of documents rests with the user or recipient country. SAOs should make this point clear to host country counterparts.

A. SAOs may provide, for purposes of communicating between USG and purchaser representatives only, "informal translations" using the same practices as the local US diplomatic mission, when the chief of the SAO determines an informal translation of an English text is in the US interest. Translators must clearly mark the translated document "Informal and unofficial translation--English text governs." SAOs should ensure that a forwarding letter accompanies each contractual document (i.e., LOA) emphasizing that the English text is the officially binding document.

B. Translation assistance shall be limited to officials of the US or host country. Other requestors should be advised to seek assistance from local translators.

60008 EXCLUSIVE LICENSING ARRANGEMENTS. When a request for P&A or an LOA is received from an FMS customer and the request falls within an exclusive commercial license arrangement for the article or service, the customer will be informed that the specific foreign firm has exclusive rights in that country relating to the sale of the item being sought.

A. If the customer still pursues an FMS transaction, the customer should be advised that the request should be set forth in a letter from the MOD, Deputy MOD, or equivalent, to Director, DSCA showing why purchase via an FMS transaction is desired.

B. Upon receipt of written requests containing justification, in order to comply with AECA Sec 42(a), DSCA will advise the foreign firm involved (or its representative in the US) in writing of the requests. DSCA will provide the firm with a copy of the written request, if unclassified, and other unclassified records germane to the transaction, and give the firm an opportunity to provide data pertinent to the request, including a statement as to the amount of financial return to the US economy should such a sale be made by the foreign firm. The firm will normally be allowed 30 days to provide comments.

C. If P&A data is to be provided, or an LOA is to be issued to the requesting government, the Director, DSCA will so advise the foreign firm and will provide upon its request relevant unclassified and non-proprietary P&A data. DSCA will advise the firm of LOA renewals, modifications, or extensions prior to acceptance by the purchasing country.

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 Publication 10-4, "Federal Information Processing Standards," maintained by NIMA. If a territory, the host country Code is listed in parenthesis to the right of the Country name. Where FMS and NIST codes differ, NIST codes are listed parenthetically to the right of the SA Code.

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). NR - Nonregional, AFR - Africa Region, AR - American Republic, EUR - European, EAP - East Asia and Pacific, NESAs - Near East and South Asia

FMS (AECA eligibility). F - 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 DSCA Operations.

DU (dependable undertaking). U - authorized terms of sale DU.

@@ ~~DTS~~ @@ (Deleted 4 Dec 1998)

All interim or permanent changes to this table must be made by DSCA Operations Directorate, Management Division. Country/organization/ other codes which are not included below will not be introduced into records, including automated local records, without formal approval.

<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 ₁		
Albania	AL	EU	EUR	F		
Algeria	AG	EU	NESA	F	U	
Andorra	AN	EU	EUR			
Angola	AO	EU	AFR			
Anguilla	AV	AT	AR			
Antigua and Barbuda (UK)	AC	AT	AR	F		
Argentina	AR	SO	AR	F	U	
Armenia	AM	EU ₄	EUR			
Australia	AT (AS)	PA	EAP	F	U	
Austria	AU	EU	EUR	F	U	
Azerbaijan	AJ	EU ₄	EUR			

TABLE 600-1. Country and International Organization Information (Pg 1 of 8)

<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</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	
Belarus	BO	EU ⁴	EUR			D
Belgium	BE	EU	EUR	F	U	E
Belize (UK)	BH	SO	AR	F		L
Benin	DA (BN)	EU	AFR	F		E
Bermuda (UK)	BD	AT	AR			T
Bhutan	BT	PA	NESA			E
Bolivia	BL	SO	AR	F		D
Bolivia INC	D1	SO	AR	F		
Bosnia-Herzegovina	BK	EU	EUR	F		
Botswana	BC	EU	AFR	F	U	
Brazil	BR	SO	AR	F	U	4
British Indian Ocean (UK)	IO	PA	NESA			
British Virgin Islands (UK)	VI	AT	AR			D
Brunei	BX	PA	EAP	F	U	E
Bulgaria	BU	EU	EUR	F		C
Burkina Faso	UV	EU	AFR	F		
Burma - see Myanmar	-	-	-	-	-	
Burundi	BY	EU	AFR	F		
Cambodia	CB	PA	EAP	F		1
Cameroon	CM	EU	AFR	F	U	9
Canada	CN (CA)	NR	EUR	F	U	9
Cape Verde, Republic of	CV	AT	AFR	F		8
Cayman Islands (UK)	CJ	AT	AR			
Central African Republic	CT	EU	AFR	F		
Chad	CD	EU	AFR	F		
Chile	CI	SO	AR	F	U	
China	CH	PA	EAP	F	U	
Colombia	CO	SO	AR	F	U	
Colombia INC	D5	SO	AR	F	U	
Comoros	CR (CN)	PA	AFR	F		
Congo (Brazzaville)	CF	EU	AFR	F		
Congo (Kinshasa)	CX (CG)	EU	AFR	F		
Cook Islands	CW	PA	EAP	F		
Costa Rica	CS	SO	AR	F	U	
Croatia	HR	EU	EUR			
Cuba	CU	AT	AR			
Cyprus	CY	EU	EUR			
Czech Republic	EZ	EU	EUR	F		
Denmark	DE (DA)	EU	EUR	F	U	
Djibouti	DJ	CE	AFR	F		
Dominica	DO	AT	AR	F	U	
Dominican Republic	DR	AT	AR	F	U	

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<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>
Ecuador	EC	SO	AR	F	U
Ecuador INC	D6	SO	AR	F	U
Egypt	EG	CE	NESA	F	U
El Salvador	ES	SO	AR	F	U
Equatorial Guinea	EK	EU	AFR	F	
Eritrea	ER	CE	AFR	F	
Estonia	EN	EU	EUR	F	
Ethiopia	ET	CE	AFR	F	
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	
Gambia	GA	EU	AFR	F	
Georgia	GG	EU ⁴	EUR	F	
Germany	GY (GM)	EU	EUR	F	U
Ghana	GH	EU	AFR	F	
Gibraltar (UK)	GI	EU	EUR		
Greece	GR	EU	EUR	F	U
Greenland (DE)	GL	AT	AR		
Grenada	GJ	AT	AR	F	
Guadeloupe (FR)	GP	AT	AR		
Guatemala	GT	SO	AR	F	U
Guinea	GV	EU	AFR	F	
Guinea-Bissau	PU	EU	AFR	F	
Guyana	GU	SO	AR	F	
Haiti	HA	AT	AR	F	U
Honduras	HO	SO	AR	F	U
Hong Kong	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		
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	

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<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>
Jamaica	JM	AT	AR	F	U
Japan	JA	PA	EAP	F	U
Jordan	JO	CE	NESA	F	U
Kazakstan	KZ	CE ⁴	EUR	F	
Kenya	KE	CE	AFR	F	U
Kiribati	KR	PA	EAP		
Korea (Seoul)	KS	PA	EAP	F	U
Kuwait	KU	CE	NESA	F	U
Kyrgyzstan	KG	CE ⁴	EUR	F	
Laos	LA	PA	EAP	F ¹	
Latvia	LG	EU	EUR	F	
Lebanon	LE	EU	NESA	F	U
Lesotho	LT	EU	AFR	F	
Liberia	LI	EU	AFR	F	U
Libya	LY	EU	NESA	F ¹	
Liechtenstein	LS	EU	EUR		
Lithuania	LH	EU	EUR	F	
Luxembourg	LX (LU)	EU	EUR	F	U
Macau (PT)	MC	PA	EAP		
Macedonia, Former Yugoslav Republic of (FYROM)	MK	EU	EUR	F	
Madagascar	MA	PA	AFR	F	
Malawi	MI	EU	AFR	F	
Malaysia	MF (MY)	PA	EAP	F	U
Maldives	MV	PA	NESA		
Mali	RM (ML)	EU	AFR	F	
Malta	MT	EU	EUR	F	U
Marshall Islands	R1 (RM)	PA	EAP	F	
Martinique (FR)	MB	AT	AR		
Mauritania	MR	EU	AFR	F	
Mauritius	MP	PA	AFR	F	
Mexico	MX	NR	AR	F	U
Micronesia	FM	PA	EAP	F	
Moldova	MD	EU ⁴	EUR	F	
Monaco	MN	EU	EUR		
Mongolia	MG	PA	EAP	F	
Montserrat (UK)	MH	AT	AR		
Morocco	MO	EU	NESA	F	U
Mozambique	MZ	EU	AFR	F	
Myanmar (formerly Burma)	BM	PA	EAP	F	
Namibia	WA	EU	AFR	F	
Nauru	NR	PA	EAP		
Nepal	NP	PA	NESA	F	U
Netherlands	NE (NL)	EU	EUR	F	U
Netherlands Antilles (NE)	NA (NT)	AT	AR		

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<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>
New Caledonia (FR)	NC	PA	EAP		
New Zealand	NZ	PA	EAP	F	U
Nicaragua	NU	SO	AR	F\1	
Niger	NK (NG)	EU	AFR	F	
Nigeria	NI	EU	AFR	F	U
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\1	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
Peru INC	D3	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	F	
Russia	RS	NR	EUR	F	
Rwanda	RW	EU	AFR	F	
San Marino	SM	EU	EUR		
Sao Tome and Principe	TP	AT	AFR	F	
Saudi Arabia	SR (SA)	CE	NESA	F	U
Saudi Arabia National Guard	SI	CE	NESA	F	U
Senegal	SK (SG)	EU	AFR	F	
Serbia	S2 (SR)	EU	EUR		
Seychelles	SE	PA	AFR	F	
Sierra Leone	SL	EU	AFR	F	
Singapore	SN	PA	EAP	F	U
Slovak Republic	LO	EU	EUR	F	
Slovenia	S3 (SI)	EU	EUR	F	
Solomon Islands	BP	PA	EAP	F	
Somalia	SO	CE	AFR	F	
South Africa	UA (SF)	EU	AFR	F	
Spain	SP	EU	EUR	F	U
Sri Lanka	CE	PA	NESA	F	
St Helena (UK)	SH	AT	AFR		
St Kitts and Nevis	SC	AT	AR	F	
St Lucia	ST	AT	AR	F	U

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<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>
St Pierre and Miquelon (FR)	SB	AT	AR		
St Vincent and Grenadines	VC	AT	AR	F	U
Sudan	SU	CE	AFR	F	U
Suriname	NS	SO	AR	F	U
Swaziland	WZ	EU	AFR		
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	
Tajikistan	TI	CE ⁴	EUR		
Thailand	TH	PA	EAP	F	U
Togo	TO	EU	AFR	F	
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
Turkmenistan	TX	CE ⁴	EUR	F	
Turks and Caicos (UK)	TS	AT	AR		
Tuvalu	TV	PA	EAP		
Uganda	UG	EU	AFR	F	
Ukraine	UP	EU ⁴	EUR	F	
United Arab Emirates (previously code TC)	AE	CE	NESA	F	U
United Kingdom	UK	EU	EUR	F	U
United Kingdom Polaris Project	UZ	EU	EUR		
Uruguay	UY	SO	AR	F	U
Uzbekistan	U2	CE ⁴	EUR	F	
Vanuatu	NH	PA	EAP	F	
Venezuela	VE	SO	AR	F	U
Vietnam	VS (VM)	PA	EAP	F ¹	
Western Sahara	WI	EU	AFR		
Western Samoa	WS	PA	EAP	F	
Yemen	YE (YM)	CE	NESA	F ¹	
Yemen, Aden	YS (YM)	CE	NESA		
Zaire (see Congo, Kinshasa)					
Zambia	ZA	EU	AFR	F	
Zimbabwe	ZI	EU	AFR	F	@@

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<u>Organization \2 /Other</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>
Central Treaty Organization (CENTO)	T3	NR	NR		
DSCA/DFAS reserved					
Airborne Warning and Control System	W1	NR	NR\3		
Department of Defense	00	NR	NR		
European Participating Group F16 follow on	PG	NR	NR		
Expanded IMET (Nonspecific)	66	NR	NR		
F-16, Belgium	F1	NR	NR		
F-16, Denmark	F2	NR	NR		
F-16, Netherlands	F3	NR	NR		
F-16, Norway	F4	NR	NR		
FAA Grants - Other	S7	NR	NR		
FAA Sec 607 Sales, Reimbursable (Delayed Payment)	S5	NR	NR		
FAA Sec 607 Sales, Payment in Advance	S6	NR	NR		
FAA Sec 632 Transactions	S4	NR	NR		
FMF Administration (DFAS use through FY95)	55	NR	NR		
FMS Agreements (FACTS Data, DSCA)	C2	NR	NR		
General Cost-MAP (GC-MAP)	22	NR	NR		
MAP Owned Materiel (DSCA Records)	M3	NR	NR		
MAP Property Sales and Disposal (MAPSAD)	M2	NR	NR		
Panama Canal Area Military Schools (PACAMS)	11	SO	AR		
Seasparrow (Sec 1004, P.L. 98-525)	N3	NR	NR\3		
Special Defense Acquisition Fund (SDAF)	D2	NR	NR		
Intl Civil Def Organization (ICDO)	T8	NR	NR		
NATO					
Headquarters	N2	EU	EUR	F	U
Airborne Early Warning and Control Operations and Support Budget (O+S) Prog Mgt Ofc (NAPMO)	N6	EU	EUR	F	U
C3 Agency (NC3A)	K7	EU	EUR	F	U
NEFMA (historic use only)	N1	EU	EUR	F	U
HAWK Prod & Log Org (NHPL0)	K4	EU	EUR	F	U
Missile Firing Installation (NAMFI)	M1	EU	EUR	F	U
EF2000 and Tornado Dev, Prod, & Log Mgt Agency (NETMA)	M6	EU	EUR	F	U
Mutual Weapons Dev Prog (MWDP)	N9	EU	EUR	F	U
NAMSA-F104 + C-130	K3	EU	EUR	F	U
NAMSA General + Nike	N8	EU	EUR	F	U
NAMSA-HAWK	K2	EU	EUR	F	U
NAMSA-Weapons	N4	EU	EUR	F	U
Southern Region Signal/Communications	N7	EU	EUR	F	U
Supreme Allied Commander, Atlantic (SACLANT)	M5	EU	EUR	F	U
Supreme HQ, Allied Powers, Europe (SHAPE)	M7	EU	EUR	F	U
	K5	EU	EUR	F	U
Organization of African Unity	A2	EU	EUR	F	U
Organization of American States (OAS)	A3	NR	NR	F	
	A1	NR	NR	F	T

TABLE 600-1. Country and International Organization Information (Pg 7 of 8)

<u>Organization</u> <u>2</u> / <u>Other</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>
Regions					
Africa	R6	EU	AFR		
American Republic	R5	SO	AR		
East Asia and Pacific	R4	PA	EAP		
European	R2	EU	EUR		
Near East and South Asia	R3	EU	NESA		
SE Asia Treaty Organization (ceased 24 Sep 75)	T4	NR	NR		
Trust Territory, Pacific Islands	PS	PA	EAP		
United Nations	T9	NR	NR	F	
International Civil Aviation Org (ICAO)	T7	NR	NR	F	
Office for the Coordination of UN Humanitarian and Economic Assistance Programs (UNOCHA)	A4	NR	NR	F	
Dept of Humanitarian Affairs (UNDHA)	A5	NR	NR	F	

\1 Program is currently restricted or suspended (suspension is noted only if extant for a prolonged period).

\2 International Treaty Organizations include:
 North Atlantic Treaty Organization (NATO) and its agencies
 Organization of African Unity (OAU)
 Organization of American States (OAS)
 United Nations (UN) and its agencies
 Intl Commission of Control and Supervision in Vietnam (inactive)
 Intl Commission of Control and Supervision in Laos (inactive)

\3 Affiliated with, but not eligible for FMS as part of, NATO.

\4 EU effective 1 October 1998. CE effective 1 October 1999. NR until effective date.

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@@Section 601 – FMS – Commercial Interface

60101 GENERAL DoD prefers that countries friendly to the US fill defense requirements with US origin items. DoD is generally neutral as to whether a country satisfies requirements for US origin defense articles or services through FMS or on a commercial basis. This section supports these policies and shows actions to interface FMS and commercial activities.

60102 FMS ONLY DESIGNATION The following criteria will form the basis for DoD components to recommend that an item be sold only through FMS channels: A legislative or Presidential restriction; DoD policy (e.g., NDP-1); international agreement; or a US force interoperability or safety requirement. These criteria will be administered within DoD by DTSA through the export licensing process. Recommendations based on these criteria must be fully supported. Disagreements may be reconciled by DTSA or referred to the appropriate DoD element for resolution in accordance with NDP-1, DoDD 2040.2, or DoDD 5120.49.

60103 DIRECT COMMERCIAL SALES (DCS) PREFERENCE If a request is received by the IA or DSCA which identifies formal negotiations with one or more foreign countries, consideration will be given to DSC for the transaction. A copy of the request for a price quotation from the country must be included. When approved, these preferences will be honored for one year. Approved DCS preferences should be held within SA organizations and at the item manager level to allow proper screening of LORs. The process outlined in this section is a best efforts commitment by DoD. Failure on the part of a DoD component to comply with these procedures will not invalidate any resultant FMS transaction. Before approving DCS preference for a specific transaction, the following will be considered:

A. Article or Service Exclusions Automated procedures for supply under CLSSA, BO, CSP, or other dollar lines do not lend themselves to the manual process through which commercial preference operates. Also, system packages which may include dollar and defined lines, are routinely sold. Therefore, items provided on FMS LOA dollar lines and those required in conjunction with a system sale do not normally qualify for DCS preference.

B. Specific Sale Exclusions For certain countries and when the sale is to be financed with MAP or FMS funds (see Chap 9), articles or services which may otherwise qualify for DCS preference must be sold through FMS procedures. FMS for a specific sale may also be mandated by the Director, DSCA.

C. P&A or LOA Requests Within three weeks of receipt of the LOR, notify the Purchaser of any DCS preference, using the following text:

“[Company] has advised us that it is actively negotiating with you a program under which [article or service] is to be provided commercially.

“Although we have no preference as to whether this item is procured through FMS or on a commercial basis, we do not normally provide price and availability information that could conflict with information formally requested from commercial firms. If a commercial transaction is undertaken, the US Government will not be a party to the contract; therefore, all aspects of contract performance must be between your Government and the company.

“If you do not desire to pursue a commercial purchase, please advise us as to the basis for this decision.”

Based on the rationale provided, the IA must determine that commercial activity has ceased, determine if guidance in 60104 below applies, or seek further guidance from DSCA.

60104 CONCURRENT FMS AND COMMERCIAL NEGOTIATIONS IAs will not normally engage in foreign government requested FMS-commercial comparison studies.

A. Seeking Comparison Data In certain instances, national policy or specific circumstances may dictate that both FMS and commercial data must be obtained. The FMS customer is not precluded from first obtaining FMS data and later determining it should request a commercial price quote. In such instances, the customer should avoid concurrent FMS and commercial requests. If it is determined commercial acquisition is desired after FMS data has been requested, but before receipt of the data, the customer should cancel the LOR prior to requesting commercial data. When a contractor has been granted commercial preference per 60103 above, commercial data should be obtained and evaluated before FMS data are requested. If, after evaluating the commercial data, the decision is made to purchase via FMS, the customer should provide information showing commercial acquisition efforts have ceased and request any commercial preference be waived in order to meet the requirement.

B. Withdrawal of LOAs Instances may arise where an SA customer received an LOA and subsequently solicited formal bids from private industry for the same item. Such action does not automatically require DoD withdrawal of the LOA. Upon receipt of a copy of the bid request and statement from the contractor that FMS data could jeopardize any commercial program, the IA should query the country as to its intentions and express a predilection for withdrawing the LOA in light of the commercial bid request. **@@ (Rewritten 4 Dec 1998)**

Section 602 - SAO - Industry SA Relations

60201 PURPOSE. This section contains policy and guidelines for SAO assistance to industry representatives marketing U.S.-produced defense articles or services in the host country. It also summarizes actions which the commercial marketer can take to help assure success of these efforts.

60202 SAO GUIDELINES.

A. Individuals marketing U.S. defense products should receive the same courtesies and support offered to persons marketing any other U.S. product. The principal point of contact for most U.S. defense industry representatives marketing defense equipment in U.S. missions is normally the SAO, rather than the commercial attache.

B. If a country intends to purchase a defense article it is in both the U.S. national security and economic interests that the purchase be a U.S. product. Consequently, SAOs should support the marketing efforts of U.S. companies while maintaining strict neutrality between U.S. competitors. In general and subject to releasability considerations, including export licensing, the SAO should facilitate the flow of information regarding U.S. systems to allow countries to make acquisition decisions, commercially or through FMS, while avoiding advocacy of a program with a specific U.S. producer (Also see Paragraph 7.)

C. DSAA is working closely with industry representatives to develop a mutually supportive relationship. The following guidance for SAOs is designed to supplement that provided from the State Department and to define the appropriate relationship that the SAOs should have with representatives of U.S. industry.

1. **Providing Country Information.** An important function of the SAO is to be well informed about, and properly responsive to, U.S. defense industry interests in the host country. Upon request, and subject to such factors as availability of resources and country sensitivity to release of specific data, the SAO should be prepared to provide industry representatives with the following kinds of unclassified information:

a. Data on the defense budget cycle in the host country including the share of that budget devoted to procurement. Industry representatives may also be made aware of the country's current FMS and MAP budgets.

b. Information on the national decision making process, both formal and informal, and on decision makers in the MOD and military services.

c. Information on the national procurement process, to include bidding procedures, legal or policy impediments to procurement from U.S. sources, and other information needed for the American commercial competitor to deal effectively with the country.

d. Estimates as to the kind of equipment the country currently needs to fill defense requirements and that it is likely to need in the future, as well as procurement plans for this equipment as known and appropriate to reveal.

e. Information as to the marketing efforts of foreign competitors.

f. Information on the major in-country defense firms and their products. This can assist U.S. firms when trying to identify possible subcontract support services needed or for exploring teaming, licensing, or other cooperative arrangements.

In providing this information the SAO should attempt to draw on any expertise resident in the Embassy. As an example, it might be useful for industry representatives to be aware of the overall financial position of the country, any International Monetary Fund (IMF) controls/restrictions on credit, and the relationship between the MOD and other branches of the government. This might mean drawing on the expertise of the Commercial, Economic, or Political Officers in the Embassy.

2. **Reciprocal Procurement Agreements.** The countries that have entered into reciprocal procurement agreements with the DOD (covering mutual cooperation in R&D, production, procurement, and logistics) have agreed to provide equal access by each party to the defense market of the other. Based on these agreements, SAOs should have a working knowledge of the host country's acquisition system and, in conjunction with the Embassy Commercial Attache, have a process for obtaining advance procurement information on bid solicitations which is simultaneous with the bid solicitations provided to in-country suppliers. The information on the reciprocal agreement and on the host country's defense solicitations should be provided to appropriate U.S. industry representatives. The exchange of information between the SAO and the industry representative can be used to monitor host country compliance with the reciprocal agreement. If it is suspected that U.S. companies are not being provided equal access to the defense market of the host country or if U.S. industry representatives can provide information which indicates that the agreement is not being honored, the SAO should work with the Embassy Commercial Attache to resolve the issue as well as advise the host country procurement officials and appropriate OSD activities.

3. **Appointments.** The SAO should assist industry representatives with visit appointments elsewhere in the Embassy and, as time and circumstances permit, facilitate appointments in the host country MOD and services. This will normally be accomplished by advising industry representatives of the proper country individuals/offices to contact. In order to avoid the impression of SAO endorsement of a given item or service, making calls for appointments with country officials will normally be done by the industry representatives involved in a marketing effort, unless the host country prefers to deal with SAOs for appointments and the SAO concurs with the approach. If requested by the industry representatives and the host government, the SAO may sit in on key meetings to help assess defense requirements and the extent of U.S. industries' ability to meet those requirements.

4. **U.S. Competitors.** Unlike most other countries that sell defense equipment, the U.S. is likely to have more than one producer of any given weapons system. An SAO obviously should maintain neutrality between such competitors. When more than one U.S. competitor is involved, the SAO should still be able to explain to host country personnel why the purchase of a U.S. system would be to the country's advantage. If asked by a representative of one U.S. company, the SAO can acknowledge whether and when other U.S. vendors have come through the country, but he should not divulge any marketing strategy or other proprietary information of any U.S. competitor. In cases where it is clear that there is only one U.S. source or producer marketing a system, the SAO may endorse a specific American product to the host government. If it has not already been communicated to the SAO that a specific product or capability is to be supported, the SAO may inquire from DSAA whether DOD can actively participate in supporting a specific sale.

5. **Commercial Versus FMS Sales.**

a. DOD policy is that it generally has no preference as to whether a foreign country fills its valid defense needs through FMS or commercial channels. Moreover, DOD policy provides that DOD should try to accommodate a U.S. contractor preference for direct sales if such a preference is indicated by the contractor, unless the host country requests to make the purchase

through FMS. DOD policy also provides that price quotes will not normally be provided for comparison of FMS with direct sales.

b. A particular concern of industry is that SAOs may be requested to provide pricing data on an informal basis, and that the planning data provided may be unfavorable to a commercial sale because the data does not reflect a considered response prepared by a MILDEP procurement activity. All inquiries on pricing should be referred back to the appropriate MILDEP and/or DSAA in accordance with the procedures elsewhere in this manual. This is the only way to assure that an SAO response will provide the most accurate P&A data possible. Even then it will be noted that a particular sale, either FMS or commercial, may include marked differences in delivery schedules, equipment modifications, spare parts, and training packages, and the recipient should exercise considerable caution in comparing FMS and commercial data.

c. The SAO should endeavor to be of assistance to a broad spectrum of U.S. defense industry marketing efforts. The SAO should endeavor to see that defense industry representatives marketing less complex, less expensive equipment receive attention just as do representatives marketing more sophisticated equipment. It is not uncommon for various levels of any Embassy to be involved in promoting particularly large sales of American equipment. While smaller vendors cannot expect this level of support, they should receive as much attention from the SAO and the mission staff as time and the specific case permits.

6. **Follow-Up.** The SAO should encourage visiting U.S. contractors to debrief him and other relevant members of the mission staff on their experiences in country. The SAO should also be prepared to respond to possible follow-up inquiries from industry representatives with respect to any reactions from host country officials or subsequent marketing efforts by foreign competitors. Embassy staff may also be alerted by the SAO about obtaining reactions from the host country officials and passing these on to industry representatives.

7. **Exceptional Circumstances.** It is reaffirmed that, in general, industry representatives are to receive assistance for defense materiel or service marketing efforts when requested. In the unusual event that assistance is requested but, in the judgement of the SAO, marketing efforts do not coincide with overall U.S. defense interests (e.g., the product is wrong for the country), or have potential for damaging U.S. credibility and relations with the country, SAO concerns should be relayed to the appropriate MILDEP and/or DSAA along with a request for instructions on how to proceed.

60203 GUIDELINES FOR INDUSTRY INTERFACE WITH SAOs

**

This subsection is directed toward representatives of U.S. industry. It is included as information in recognition of overlapping DOD and commercial interests in the area of defense sales and as a courtesy to the commercial organizations which purchase and use this manual as a reference document in their marketing efforts. It shows actions which U.S. commercial marketers may take which, when working with SAOs, will support U.S. interests while improving the opportunities for marketing success.

A. Background.

1. It is the mutual responsibility of the USG and U.S. industry to understand the merits of transferring U.S. military items and services in furtherance of U.S. objectives, including enhancement of U.S. defenses through support to friendly countries. It is to the advantage of both parties to build these defenses through both FMS and commercial channels and, in the process, to support U.S. policy and foster U.S. trade.

2. In order to carry defense marketing efforts out effectively, a working knowledge of the major differences between FMS and direct commercial sales should be helpful. A DOD booklet, *A Comparison of Direct Commercial Sales and Foreign Military Sales for the Acquisition of U.S. Defense Articles and Services*, as well as other DOD publications pertaining to security assistance, are available from the Defense Institute of Security Assistance Management (DISAM/DIR), Building 125, Area B, Wright-Patterson Air Force Base, OH 45433-5000; telephone (513) 255-2994/3669.

B. SAO-Host Country-Industry Interface. Representatives of U.S. industry should take into consideration that SAOs are responsible for long-term mutually beneficial relationships between the U.S. and host countries. This "honest broker" role has, as one important aspect, the need to stress maximum defensive capability within available resources. This and other factors are weighed by SAOs, who give their overall mission precedence over the benefits of a specific prospective sale.

C. Contacts with Country Representatives. When dealing with international customers for the first time, it will be found that ethics, customs, policies, and laws sometimes vary from those which are accepted or in force in the United States. It is important to become aware of these distinctions before consequential problems develop; therefore, industry representatives should familiarize themselves with U.S. laws which have a bearing on the conduct of international business.

D. Quality of Products and Support.

1. Industry representatives should be knowledgeable and forthright concerning follow-on support arrangements and should assist customer countries in using the available logistics infrastructure to operate and maintain marketed equipment. This is especially important in less developed countries.

2. In any direct sale, but particularly those for items which are not in the DOD inventory, industry should make every effort to provide a total package, including concurrent and follow-on spare parts, special tools, publications, training, and a repair and return program.

3. Quality control and customer service should be carried to delivery and acceptance since small nations often have great difficulty in correcting even minor problems.

E. Administration Actions. Thirty days in advance of initial visits, defense industry representatives should provide SAOs:

1. A synopsis of equipment and services proposed for sale.
2. Current export license information, including restrictions and provisos.
3. Dates of planned in-country travel.
4. Non-proprietary information already provided to the host country, or other contacts concerning this equipment or service.
5. Specific support (briefings, appointments) requested.

In order to help insure program continuity, industry representatives should also backbrief SAOs before departure.

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. **IA Execution.** The IA 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 IA responsible for acquisition of the applicable end item.

B. **Records and Reporting.** A central IA 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 or would be supplied as GFE or GFM in connection with 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. End items in this context means the end product of the commercial program, such as a tank, ship, or plane, a combination of such items, or a mix of SME and non-SME, with or without services, that form the program.

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 IA 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 IA shall determine whether a sale will be concluded. In determining production priorities, the IA 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, IAs 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 IA 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.

**

a. Sales of articles from stock. Total payment is required in advance for the full cost of any USG shipment.

b. Sales of articles or services from procurement, or sales of services from resources on hand. Payment will normally be cash payable in full at the time the agreement is signed. Based on Purchaser request, a payment schedule may be considered when full funding will not be immediately required. When requested by the Purchaser, the IA, in coordination with the contracting officer, may negotiate a payment schedule which complies with SAMM paragraphs 60304.A and C. Funds must be available prior to USG entering into a contract, submitting a MIPR, or making other obligations. Payment will be equal to the full cost of the obligations plus reasonable uncertainties, such as costs which could be incurred should it become necessary to prematurely terminate the Sales Agreement.

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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. 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.

c. P&A data for systems will normally reflect the incorporation of standard US subsystems.

(1) In exceptional cases, when requested and justified by the prospective purchasing government and approved by DSAA, P&A data for one or more non-standard subsystems may also be provided, either in lieu of or in conjunction with data for the standard US subsystem. A description of the performance characteristics of the desired non-standard subsystem(s) and supporting justification should accompany the Purchaser's P&A request.

(2) If an IA believes it should modify contractor-furnished data for the non-standard subsystem(s), the IA, when time permits, should expeditiously notify the contractor of the proposed modification, and contractor comments should be considered prior to the issuance of the data. If warranted, significant differences should be reconciled.

2. **LOA.** The Letter of Offer and Acceptance 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 a complete request.

3. **LOI.** Letters of Intent are used on an exceptional basis to 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 to allow a program to proceed on schedule and within the projected cost.

B. Categories of Items and Services.

1. **Defense Articles and Defense Services.** Categories of defense articles and services are identified in the *International Traffic in Arms Regulations (ITAR)*, Part 121, "Arms, Ammunition and Implements of War." Items thus identified constitute the United States Munitions List (Reference Table 202-1). The import and export of such items is under the control of the Office of Defense Trade Controls, Bureau of Politico-Military Affairs, DoS. The munitions list is not all inclusive nor are FMS limited solely to those items.

a. **SME.** Articles in those defense articles and services on the US Munitions List which are preceded by an asterisk are referred to as SME.

b. **MDE.** A US defense article is considered to be an item of major defense equipment when it is identified as SME on the USML and when the USG has incurred either a nonrecurring research and development cost for the item of more than \$50 million or the item has had a total production cost of more than \$200 million. These dollar thresholds encompass all expenditures to date, including both US military services and security assistance requirements. Each DoD component is responsible for identification of MDE items under its cognizance, and for notification of MDE items to DSAA. DoD components will notify DSAA of applicable MDE items by providing information cited in Table 700-1. Once identified as MDE, the item is then recorded on the Major Defense Equipment List (MDEL), which designates equipment for special scrutiny when considered for sale to foreign governments either through foreign military sales or commercial sales channels. See Table 700-6 for the current MDEL.

C. **Standard FMS Cases.** Standard FMS cases are Defined Order, Blanket Order, and CLSSA. These cases generally allow DoD to provide to FMS Purchasers the same kinds of defense articles and services used by US forces. Defined Order and Blanket Order cases are also routinely used to provide hardware or services to support commercial end items, obsolete end items (including end items which have undergone system support buy outs), and selected non-US origin military equipment. **

1. **Defined Order Cases.** Most commonly used for sale of items requiring item-by-item trade security control throughout the sales process, items to be provided are stated explicitly on the LOA based on an LOA data study. SME, including MDE, and the related initial support package; explosives, including munitions; specific services; and TDPs are typical of items provided under these cases. Orders are normally placed by the IA following LOA implementation and, unless the IA (ICP head for secondary items) approves issue from stock, customer requirements are filled from DoD procurement.

2. **Blanket Order Cases.** Used for sale of relatively minor, non-SME, items which do not require intensive by-item control, to avoid the need for numerous defined line LOAs and thus reduce administrative burden and order leadtime. LOAs for these cases reflect categories (normally to support one or more end items) with no definitive listing of items or quantities. Scope is limited to described item categories and the Purchaser-furnished LOA dollar value. The Purchaser normally submits requisitions following LOA implementation as requirements occur and, unless the IA, normally at ICP head level, approves issue from stock, requisitions are filled from DoD procurement.

a. Examples of types of non-SME items which lend themselves to BO LOAs include: Spare and repair parts (consumables and reparables); publications (forms, catalog data, manuals, stock lists, reports, books, maps); support equipment (tools, test equipment); supplies (fuel, personnel items, commercial consumable items); maintenance (repair, rebuild, minor modifications or alterations); technical assistance (specialist advice or actions, site survey teams, system integration, item checkout, systems evaluation, study groups to develop engineering requirement plans, technical assistance teams); training (formal or informal); and training aids.

b. Classified materiel (Air Force has been granted an exception); SME, including MDE (Table 700-6) and the related initial support item package; commercial items more readily provided from in-country (e.g., lumber, sand, gravel, household goods); TDPs; and ozone depleting substances (ODS) will not be provided through a BO LOA.

3. **Cooperative Logistics Supply Support Arrangements.** CLSSAs provide, under Foreign Military Sales Order I and II LOAs, for FMS pre-stockage, storage, and consumption for DoD-stocked non-SME items which will be needed by the Purchaser on a recurring basis. Weapon system WCF-managed repair parts are typical of items included. CLSSAs are not to be used for initial provisioning of repair parts. CLSSA LOAs reflect support for end items with no definitive listing of items or quantities, although items and quantities may be negotiated with the Purchaser as part of the CLSSA management process. Scope is limited by the LOA description of end items to be supported and dollar values of the FMSOs I and II which make up each CLSSA. FMSO I and II dollar values are based on the cost of forecasted requirements for the anticipated period of support. The Purchaser submits requisitions following LOA implementation as requirements occur. Also see 80202. *

a. **FMSO I** LOAs provide for purchase and sustainment of an equity in DoD inventory and pipeline, normally equal to 17 months projected recurring demand. Following receipt of adequate stocks for sustained fill of incoming requisitions (i.e., FMSO I maturity), the FMSO I normally provides for 5 months on hand (FMSO 1A) and 12 months on order (FMSO 1B). The DoD components use this equity investment (capitalization) to procure additional stocks of secondary items, in preparation for Purchaser stock withdrawals.

b. **FMSO II** complements the FMSO I FMS case and allows the Purchaser to withdraw stocks from DoD inventories and deposit funds for routine FMSO I replenishment. Unless item stock levels are adequate to support all customers, FMSO II case requisitions received prior to receipt of augmentation stock are normally placed on backorder pending maturity of the FMSO I. As augmentation stocks become available, requisitions received under the FMSO II can be filled from stock. Requisitions received for materiel valued in excess of FMSO I investments will normally be treated as BO case requisitions.

c. For items to be supplied by DLA, the IA shall submit to DLA requirements information and the appropriate funds as soon as possible after signing of a new arrangement, or when an arrangement is revised.

d. When items subject to CLSSA augmentation are transferred from one DoD component to another, CLSSA program data and funds will be provided to the receiving component, as mutually agreed, during the transfer process.

e. Performance standards and measurement records shall be maintained by the DoD Components, including DLA, in such a manner that overall effectiveness for supplies provided under CLSSAs can be determined and compared with like US forces in a timely and efficient manner. The standards to be used are to be the same as those used for US forces.

f. Demand records shall be reviewed before excess materiel is transferred or declared surplus. If stockage of excess items resulted from CLSSA requirements, Purchasers shall be notified, in a timely manner, of their liability, along with a request for disposition instructions.

g. When a requirement exists to terminate a CLSSA, action shall be taken to ensure close-out is completed within six months. The IA, in coordination with other appropriate DoD components, including managers of items included in the CLSSA, will identify to customers their pro-rata share, in either quantities or dollar value, of stocks on hand and on order, above the level of DoD requirements, that are applicable to weapon systems and equipment being supported.

4. **Non-Standard Support.** This includes hardware or services required to support commercial end items; support of obsolete end items, including end items which have undergone system support buy outs; and to support selected non-US origin military equipment. **

a. In the absence of special circumstances such as existing commercial support arrangements, security assistance for these items may be provided through normal FMS procedures.

b. Requests involving sensitive technology or which have significant impact on US programs should be coordinated with DSAA.

70003 PROCEDURES.

A. **LOR.** An eligible foreign country or international organization which desires P&A data or an LOA from the USG conveys that desire to the US Government in an LOR.

1. **Format.** Although no specific format is required for an LOR, the requestor must assure that the request is complete as indicated below:

a. The LOR must specify what is desired. For BO LOAs, the required level of funding must be provided.

b. The LOR must contain the name and address of the originator and a traceable reference number (e.g., letter serial number).

c. The articles and services requested in an LOR must be sufficiently detailed to be understood clearly and provide a firm basis for estimates by the DoD component.

d. When LORs are received which do not meet the requirements of paragraphs a. through c. above, the DoD component initially receiving the request shall notify the requestor of the deficiency and hold action on the request until the information is received.

e. LORs transmitted by US embassies or SAOs should, when possible, refer to the country letter or message requesting data. This can then be referenced in the LOA or other US response.

2. **Channels of Submission of LOR.** DoS has statutory responsibility for approving requests for FMS. DoS has established the following procedures for the submission of requests:

a. **SME.** Requests for SME, which originate in country, should be transmitted by the US Embassy (rather than by the SAO or similar military element of the Embassy) and should be addressed to the cognizant DoD component (see Paragraph 70105.N) with an *

information copy to the Bureau of Political-Military Affairs, Department of State (SecState-PM) and the Office of the Secretary of Defense, Defense Security Assistance Agency (SecDef/DSAA), and the UCOM. Requests regarding SME which originate with Purchaser country representatives in the US should also be addressed to the cognizant DoD component with an information copy to the Bureau of Political-Military Affairs and DSAA. For MDE items, the cognizant DoD component will provide the applicable unified command and SAO with a copy or details of the Purchaser's request, as appropriate. The following must be addressed in transmission of the request by the US Embassy: *

- (1) The reason the nation desires the articles or services.
- (2) How the item would affect the recipient's force structure and how it would affect the recipient's capability to contribute to mutual defense or security goals.
- (3) The anticipated reactions of neighboring nations.
- (4) The ability of the Purchaser to operate, maintain, and support the article. Training required either in-country or in the US and the possible impact of any in-country US presence that might be required as a result of providing the article.
- (5) The source of financing and the economic impact of the proposed acquisition.
- (6) Relevant human rights considerations that might bear on the proposed acquisition.
- (7) Whether the US Government should approve transfer of the article and reasons therefore.

b. **Non-SME (All other FMS).** Requests for P&A or an LOA which originate in the Purchaser's country should be transmitted either by the customer country's authorized representative or the DoD element of the US country team directly to the cognizant DoD component (see Paragraph 70105.N), with an information copy to the UCOM, Bureau of Political-Military Affairs, DoS, and DSAA. Requests originated by foreign representatives of the customer country in the US should be sent directly to the cognizant DoD component with an information copy to the Bureau of Political-Military Affairs, DoS, and DSAA.

c. **Exceptions.**

(1) **Direct Submission to State or DSAA.** In exceptional circumstances requests for P&A and LOAs may be submitted directly to the Bureau of Political-Military Affairs, DoS, and DSAA. Such submission should be used only when the US embassy in-country or the Purchaser's representative in the US believes that the request is sensitive enough to require a higher level policy determination.

(2) **Requirement for Copies Furnished.** DoD components receiving requests for P&A or an LOA will assure that the Department of State and DSAA are on distribution for copies of the Purchaser's request. If copies have not been furnished, immediate action is required to furnish the copies. Further, for MDE requests received from the Purchaser's representative in the US, the DoD component will provide the UCOM and SAO with a copy or details of the Purchaser's request, as appropriate.

(3) **Unknown Implementing Agency.** When the LOA IA cannot be readily determined by the Purchaser or the SAO/US embassy, the P&A or LOA request should be submitted to SecState/PM and SecDef/DSAA for further dissemination.

d. **DSAA and State Department Approval.** Based upon receipt of the information copy of the P&A or LOA request, DSAA and DoS will, within five working days, initiate the necessary coordination to determine if the request is approved, 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 IA 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 IA 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 Paragraphs 70103.G. and 70103.H.

e. **IA Disapproval Recommendation.** In the event the IA recommends that the Purchaser's request be disapproved, the DSAA Operations Directorate will be notified. DSAA will coordinate the disapproval with the DoS Bureau of Political-Military Affairs.

f. **OT&E Incomplete.** The IA will refer any LOR to DSAA before responding to a request for any MDE item that has not completed Operational Testing and Evaluation. LOA or P&A data will not be released pending approval by DSAA. A note, discussed further in Section 701, will be included in the P&A correspondence or on the LOA.

g. **Integration of Non-US Subsystems.** Requests for integration or certification services for installation of non-US subsystems will be assessed carefully and coordinated with DSAA Weapons Systems Division prior to development of P&A or an LOA.

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 US 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. List the:

a. Quantity, major item or 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 and publications.

d. Estimated accessorial charges.

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

f. Estimated availability of the articles or services.

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

(1) Standard DoD component factors were used in developing the ancillary equipment 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.

h. Key factors which will effect the above planning data, for example:

(1) Current contract for this item expires on (indicate date) and an LOA must be accepted by (indicate date) so that options can be added to the current contract.

(2) Production line is due to phase out by (indicate date). Start-up costs would have to be applied if an LOA is not accepted by (indicate date).

(3) Materiel has a shelf-life of (indicate date).

i. **Validity:** The above information is not valid for purposes of preparing an LOA and may not be adequate for budgetary purposes. It is planning information for review purposes only, to assist in your government's determination of the feasibility of requesting an LOA.

4. **P&A Estimates are not Commitments.** All responses for P&A data will include the following note: "If the Government of (insert the appropriate foreign country) is interested in pursuing this potential purchase, it must request a Letter of Offer and Acceptance."

5. **Agents Fees or Commissions.** Any P&A quotation which contains agents fees or commissions will be coordinated with the Management Division of the DSAA Operations Directorate before dispatch.

6. **LOA.** The LOA will not be used to provide P&A data.

a. **Purpose.** The LOA (Table 701-1) will be used for all FMS of defense articles and services and sales of design and construction services.

b. **Periods of Effectiveness.** The LOA will itemize the defense articles and services offered, and when executed becomes an official tender by the USG. An accepted LOA is effective until all articles offered are delivered and all services completed. BO LOAs remain in effect until the Purchaser has requisitioned articles or services up to funds available on the LOA (also see Section 130503).

7008.B.1.c.

c. **Acceptance.** Signing of the LOA by the designated foreign official, together with applicable funding, constitutes the agreement of the Purchaser and constitutes a contractual commitment between the US and foreign government or international organization.

7. **Response to Requests which Involve Less than EOQ.** When a request is received for P&A or an LOA which cannot be supplied from stock and cannot be immediately obtained from normal procurement because it represents less than an EOQ, the response to such requests should provide the following information to the country or international organization:

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

b. Whether a USG procurement is planned for the near future, the anticipated price of such procurement and the anticipated delay if the requirement were held pending such procurement in conjunction with USG procurement. All such responses to a foreign country or international organization must be coordinated with DSAA Regional Directorate.

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 Regional Directorate. 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). In addition, the following routine training actions are exempt from this prior coordination requirement. (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 the desired timeframe.

d. Courses where annual foreign participation is 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&T) must be advised by DSAA, utilizing the format at Table 700-2, of all new requests for P&A or an LOA which meet the following criteria:

a. Coproduction or licensing agreements for MDE as defined in paragraph 70002.B.1.(b).

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&T) must be advised when LORs are received for which operational testing and evaluation are incomplete.

3. 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 notifications.

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

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 LOA 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. A copy of the basic LOI and any previous amendment(s) must accompany each LOI Amendment recommended for countersignature.

DATE PREPARED		RECAP DATE		SECTION 2 RECUPEMENT OF NONRECURRING COSTS OF MAJOR DEFENSE EQUIPMENT				SECTION 5 PRODUCTION QUANTITIES	TOTAL	SECTION 6 PRODUCTION QUANTITIES	TOTAL
DATE PREPARED	RECAP DATE	RECUPEMENT OF MAJOR DEFENSE EQUIPMENT	UNIT CHARGE	PRODUCTION QUANTITY	SECTION 2	SECTION 3	SECTION 4					SECTION 5	SECTION 6	SECTION 7

TABLE 700-1. Recouplement of Nonrecurrent Costs on Sales of Major Defense Equipment (MDE).

SECTION 2		
QUANTITY PROJECTION BREAKOUT		
MAP		
COUNTRY/ INT'L ORGN	PROJECTED QUANTITY	EXPLANATION FOR PROJECTIONS
TOTAL MAP		
DIRECT SALES		
TOTAL DIRECT SALES		
PMS		
TOTAL PMS		
TOTALS		

TABLE 700-1. (Continued)

MEMORANDUM FOR THE CHAIRMAN, JOINT CHIEFS OF STAFF

OFFICE OF THE UNDER SECRETARY OF DEFENSE
(ACQUISITION AND TECHNOLOGY)
INTERNATIONAL AND COMMERCIAL PROGRAMS

SUBJECT: Security Assistance Request [Country or International Organization](*)

(*) The attached request from [Country or International Organization] for [Identification of Articles] which is identified as MDE or is considered to be of a sensitive nature has been received by this Agency.

(*) [Insert additional information, if required].

(*) Request that you review the Government of [Country] request. Comments should be provided by [Normally 15 days from date of this memo]. My point of contact for this action is [Name, office symbol, and phone number of DSAA contact].

(Space for signature by Director
or Deputy Director, DSAA)

Attachment[s]
as stated

Copy furnished:
OASD(ISA)
OJCS, Director, J-5
ADUSD(P)-PS
DTSA(PD/AC&PA), via room 4B687
DoS (PM/ATEC)
Applicable SAO
Applicable DoD Component
Applicable Unified Command

*Memoranda will be classified if applicable.

TABLE 700-2. Memorandum -- Security Assistance Request
for MDE or Sensitive Articles.

**

**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), items pertaining to the following:

*[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. [Add AECA Sec 36(b) note if applicable (Paragraph 70003.D.3).]

or

C A Letter of Offer and Acceptance that includes items in Section A 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].

D The undersigned are authorized representatives of their governments and hereby commit their governments to this Letter of Intent (LOI):

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

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

TABLE 700-3. US DoD Letter of Intent.

**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 Government commits 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 judgment, and will furnish a list of the items so ordered at the conference.

TABLE 700-4. LOI Standard Terms and Conditions

* [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], which we signed * [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 * [show change desired] 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)

<p>* 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</p>

TABLE 700-5. Amendment to US DoD Letter of Intent.

<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)	8	25MAR80
<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, M922A1 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)	88.00	05JUL91
CARTRIDGE, 105MM HE (A)	0.87	21MAY79
CARTRIDGE, 120MM, M829 APFSDS-T (A)	126.60	02DEC88
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)

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 1 of 14)

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, 155MM, M864 HE (A)	47.00	10AUG93	(A)
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, GUIDED MISSILES, BALLISTIC MISSILES,
ROCKETS TORPEDOES, BOMBS AND MINES**

BOMB, BLU-109 (AF)	747	18MAY89	
BOMB, CBU-87 COMBINED EFFECTS BOMBLETS (AF)	1,080	06DEC84	(D)
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 UNIT, GBU-24	2,720	02JUL97	*
BOMB, GUIDED, WALLEYE SERIES (N)	6,183	06DEC84	
COUNTERMEASURE, MK214/MK216 SEA GNAT (N)	145	01APR92	
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)	1,232,863	14DEC87	
SYSTEM (VLS) (8 CELL VARIANT)	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, AGM-130 POWERED STANDOFF WPN	167,000	07JAN97	*
MISSILE, AGM-142A/B/C/D HAVE NAP	56,764	23MAY97	*
MISSILE, AIM-4A-G, FALCON (AF)	3,321	12MAR82	

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 2 of 14)

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-9H SIDEWINDER (N)	3,457	03OCT78	
MISSILE, AIM-9 J/P/N SIDEWINDER (AF)	134	12MAR82	
MISSILE, AIM-9L SIDEWINDER (N)	2,604	18MAY78	
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, MIM-72 CHAPARRAL SERIES (A)	2,100	16DEC88	
MISSILE, RGM-66D STANDARD ARM (N)			(D)
MISSILE, RIM-66B/B-2, RIM-66E RIM-67A-13 STANDARD I (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	
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, AMRAAM (AF)			
MISSILE, AIM-120	114,182	22JAN92	
MISSILE, AIM-120 AIR VEHICLE INSTRUMENTED (AAVI) (AF)	114,182	22JAN92	
LAUNCHER, LAU-127 A (F/A-18)	3,530	22JAN92	
LAUNCHER, LAU-128 A (F-15)	3,530	22JAN92	
LAUNCHER, LAU-129 A (F-16)	3,530	22JAN92	
MISSILE SYSTEM, ARMY TACTICAL (ATACMS) (A)	192,959	19JUN97	*
MISSILE SYSTEM, HARPOON (N)			
LAUNCHER, AN/SWG-1(V) BASELINE	80,562	20JAN78	
LAUNCHER, HARPOON SHIPBOARD COMMAND AND LAUNCH CONTROL SYSTEM, AN/SWG-1A(V) (HSCALCS)	109,603	11DEC86	
MISSILE, AGM-84 (RGM/UGM)	44,083	20JAN78	

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 3 of 14)

MISSILE SYSTEM, AGM-114 HELLFIRE (A)		14MAY85	
LAUNCHER, HELLFIRE	14,715		
MISSILE AGM-114A/B/C HELLFIRE	4,124		
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	
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, MLRS EXTENDED RANGE	4,445	18JUL97	**
ROCKET SYSTEM, M77, MULTIPLE LAUNCH			
(MLRS), TACTICAL, PRACTICE, TRAINING (A)		02DEC85	
LAUNCHER	173,000		
ROCKET (6 ROCKETS PER POD)	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 US Munitions List.

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 4 of 14)

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)	2,975,714	21SEP95	
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)			(E)
LSD - DOCK LANDING SHIP (N)			(E)
LST - TANK LANDING SHIP (NEWPORT CLASS) (N)	824,840	25JAN84	
LKA - AMPHIBIOUS CARGO SHIP (N)			(E)
LPA - GENERAL PURPOSE AMPHIBIOUS ASSAULT SHIP (N)			(E)
MSO - MINESWEEPER. OCEAN. NONMAGNETIC (N)			(E)
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)			(E)

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. M109A1-A3 SELF-PROPELLED. 155MM. (A) (INCLUDES CANNON ASSEMBLY)	8,771	23JUN87	
(WITHOUT CANNON ASSEMBLY)	7,447	23JUN87	

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 5 of 14)

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 TOWED, 155MM (A)	47,483	14FEB86	
TANK, M1 ABRAMS (A)	114,443	27OCT88	
TANK, M1A1 (A)	226,725	27OCT88	
TANK, M1A2 (A)	248,001	07JAN93	(A)
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/Thermal Tank Sights	31,427	03MAR80	
W/O Thermal Tank Sights	21,939	03MAR80	
TANK ENGINE, AGT-1500 (M1 TANK SERIES)(A)	18,714	07JAN93	(A)
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	
VEHICLE, LAV-25 SERIES LIGHT ARMORED (LAV) (N)		17JUN91	
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, M88A2, IMPROVED RECOVERY (A)	74,400	03JUL97	*
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			

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 6 of 14)

VEHICLE, M551 ARMORED RECONNAISSANCE ASSAULT (A)	33,213		(D)
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, M998 SERIES, HIGH MOBILITY MULTI-PURPOSE WHEELED (HMMWV) (A)			
CARRIER, M996 TOW MISSILE	232	26OCT90	
CARRIER, M1025 ARMAMENT, BASIC ARMOR	232	26OCT90	
CARRIER, M1026 ARMAMENT, BASIC ARMOR	232	26OCT90	
CARRIER, M1036 TOW MISSILE, BASIC	232	26OCT90	
CARRIER, M1043 ARMAMENT, SUPPLEMENTAL	232	26OCT90	
CARRIER, M1044 ARMAMENT, SUPPLEMENTAL	232	26OCT90	
CARRIER, M1045 TOW MISSILE, SUPPLEMENTAL	232	26OCT90	
CARRIER, M1046 TOW MISSILE, BASIC	232	26OCT90	
VEHICLE, FIRE DIRECTION CONTROL CENTER (FDCV) (A)	3,382	21MAY86	

CATEGORY VIII - AIRCRAFT, SPACECRAFT AND ASSOCIATED EQUIPMENT

AIRCRAFT

767 AWACS (AF)	8,700,000	11AUG92	
BASIC CONFIGURATION (\$6,900,000)			
INFORMATION SYSTEM,			
JTIDS (\$1,600,000)			
RADIO, HAVE QUICK (\$200,000)			
A-NET SYSTEM			
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)	33,226	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 HARRIER (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	

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 7 of 14)

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	
E-3A SENTRY, US/NATO STANDARD (AF)	33,021,000	26OCT81	
(TOTAL US 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/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 CRUSADER (N)	56,859	12MAY81	
F-14 (W/ENGINE) (N)	1,600,000	29NOV76	
F-15A/B EAGLE W/MSIP	2,040,322	24JUL96	
F-15A/B EAGLE (W/O ENGINES, AN/APG-63 RADARS, MSIP, & TEWS) (AF)	1,660,591	24JUL96	
F-15C/D EAGLE W/MSIP	2,467,773	24JUL96	
F-15C/D EAGLE (W/O ENGINES, AN/APG-63 RADARS, MSIP, & TEWS) (AF)	2,088,042	24JUL96	
F-15E W/MSIP	3,191,610	24JUN96	
F-15E EAGLE (W/O ENGINES, AN/APG-63 RADARS, MSIP, & TEWS) (AF)	2,811,879	24JUL96	
F-16 A/B FIGHTING FALCON (W/O EPG SPECIAL NC \$85,000) (AF)	640,000	04JUN80	
F-16C/D (W/ ENGINES) (AF)	1,018,050	24FEB89	
F-18 Airframe (N)	1,117,281	30MAR87	
F-20 (AF)	941,504	30MAR87	
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	

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 8 of 14)

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-3A VIKING (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-33A (AF)	2,857	12MAR82	
T-37 (AF)	19,651	28MAR89	(B)
T-38A (AF)	80,972	12MAR82	
TH-55 OSAGE (A)	6,000	11JUN87	
VEHICLE, REMOTELY PILOTED (RPV)			
ACQUILA (A)			(D)
<u>HELICOPTERS</u>			
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 SUPER COBRA (W/2 T-700-GE-401 ENGINES) (N)	326,461	18JUN90	
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	18,000	11JUN87	
OH-58A KIOWA (A)	22,000	11JUN87	

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 9 of 14)

OH-58C KIOWA (A)	48,000	11JUN87	
OH-58D KIOWA (W/MAST MOUNTED SIGHTS) (A)	663,082	10AUG93	(A)
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)	689,944	15OCT82	
(LAMPS, MARK III AIRFRAME W/O T-700-GE-401 ENGINES)	859,636		
MINIMUM AVIONICS SUITE	366,236		
MISSION AVIONICS SUITE	1,063,400		
SHIP ELECTRONICS	1,131,227		
TH-55 OSAGE	6,000	11JUN87	
UH-1H IROQUOIS (A)	4,501	01MAY81	
UH-1N (N)	48,032	12JUL85	
UH-60A BLACKHAWK AIRFRAME (A)	169,692	03OCT81	

ENGINES

CFM-56 (AF)	20,000	25MAY89	
CFM-56 ENGINE INTEGRATION, E-3 (AF) (SPECIAL RECOUPMENT, EXP. 01JUL94)	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	
F100-PW-100/200 ALTERNATE FIGHTER ENGINE (AFE) (AF)	284,001	27JAN92	
F100-PW-220 ALTERNATE FIGHTER ENGINE (AFE) (AF)	458,232	24JUL96	*
F100-PW-229 INCREASED PERFORMANCE ENGINE (IPE) (AF)	283,217	24JUL96	*
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)	458,232	24JUL96	*
F110-GE-129 INCREASED PERFORMANCE ENGINE (IPE) (AF)	283,217	24JUL96	*
F404 (N)	63,840	30MAR87	
F404-GE-400/402	164,222	09OCT92	(A)
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	

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 10 of 14)

J85 (AF)	17.901	23MAR83	
RM-12	110.029	09OCT92	(A)
T33-P-100 (AF)			(D)
T53 (N)	1.542	07MAY81	
T53-L-703 (A)	2.220	17MAY89	
T55 (A)	3.200	06NOV70	
T56 (AF)	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 US MUNITIONS LIST AS SIGNIFICANT MILITARY EQUIPMENT.

CATEGORY X - PROTECTIVE PERSONNEL EQUIPMENT

NO ITEMS IN THIS CATEGORY ARE DEFINED IN THE US 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	

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 11 of 14)

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, TACTICAL (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	11AUG92	(A)
INFORMATION SYSTEM, OCEAN SURVEILLANCE (OSIS), BASELINE UPGRADE (OBU) (N)	6,551,852	27JAN92	
OSIS, REMOTE GRAPHIC WORKSTATION	5,874,074	27JAN92	
MAPPING SYSTEM, MK90 DIGITAL (DMA)	35,102,998	18MAY89	
DATA EXTRACTION MODULE	324,248		
DATA SERVICES MODULE	34,254,561		
PRODUCT GENERATION MODULE	91,898		
SOURCE PREPARATION MODULE	432,291		
POSITIONING SYSTEM, NAVSTAR GLOBAL (GPS) (AF)	1,000	28OCT87	
RADIO, AN/ARA-54 (A)	40	28MAR89	
RADIO, AN/PRC-119 SINCGARS (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 SINCGARS (A)	803	26JAN90	
RADIO, RT-1439 RECEIVER/TRANSMITTER (A)	296	26JAN90	
RADIO, HAVE QUICK A-NET SYSTEM (AF)	200,000	11AUG92	(A)
SONAR, AN/SQQ-32 MINE HUNTING	1,562,124	13OCT92	(A) *
SONAR, AN/SQR-18A (N)	267,069		
SONAR, AN/SQR-18A(V)1 (N)	601,837	24MAY84	
SONAR, AN/SQR-19, COMPLETE SYSTEM (N)	1,756,900	21MAR90	
SHIPBOARD ELECTRONIC SYSTEM (SES)	1,071,800	21MAR90	
TOWED ARRAY GROUP (TAG)	359,400	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		
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TABLE 700-6. Major Defense Equipment List (MDEL) (Page 12 of 14)

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 (AF)	203	15JUN87	
GUIDED BOMB UNIT, GBU-15 (AF)	12,528	11MAY81	
GUIDED BOMB UNIT, GBU-16 (AF)		(D)	
LANTIRN NAVIGATION AND TARGETING SYSTEM (AF)			
NAVIGATION POD, AN/AAQ-13	217,453	18MAY89	
TARGETING POD, AN/AAQ-14	201,057	18MAY89	
MANPACK, AN/PSC-1 AND AN/PSC-7 SINGLE CHANNEL UHF SYSTEM (A)			(D)
MANPACK, AN/PSN-6 LOREN			(D)
MISSION PAYLOAD SUBSYSTEM (MPS) DAYLIGHT (A)			(D)
MISSION PAYLOAD SUBSYSTEM (MPS) FORWARD LOOKING INFRARED (FLIR) (A)			(D)
NIGHT VISION, AN/PVS-5 GOGGLES (A)			(C)
NIGHT VISION, AN/PVS-7A/B GOGGLES (A)	50	19JUN91	
POSITION LOCATION REPORTING SYSTEM, (PLRS) (A)	11,775,783	30NOV88	
BASIC USER UNIT, RT-1343/TSQ-129	41,298		
MASTER STATION, AN/TSQ-129	1,179,261		
RADAR, AN/APG-63 (AF)	410,407	28MAR89	
RADAR, AN/APG-65 (F-18) (N)	29,471	30MAR87	
RADAR, AN/APG-65 (EPA MOU ONLY)	23,543	21APR89	
RADAR, AN/APG-66 (F-16A/B) (AF)	30,400	12APR84	
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	
RADAR, AN/AWG-9 PHOENIX (N)	338,403	28MAR89	(B)
RADAR, AN/FPS-117 (AF)	883,053	20APR89	
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/MPS-39 MULTIPLE OBJECTS TRACKING RADAR (A)	320,471	21JAN93	(A)

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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	
RADAR, AN/TPQ-36 (A)	252,968	05JUL91	
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-71 RELOCATABLE OVER THE HORIZON (ROHTR) (N)	15,076,923	20APR90	
SIGHT, MAST MOUNTED (A)	209,265	10AUG93	(A)
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	

CATEGORY XIII - AUXILIARY MILITARY EQUIPMENT

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

NOTES

- A. NEW SINCE 12AUG92.
- 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. 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.

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 14 of 14)

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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. **NC Charges.** LOAs will not normally be established for the sole purpose of collecting nonrecurring costs. LOAs that sell a TDP for production purposes must include an obligation for the Purchaser to pay the USG an NC charge per unit of production which may be fixed subsequently by an LOA Amendment. Pro rata NC 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 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 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 in the 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 FMS. DSAA, including OSD, coordination will be accomplished by Operations Directorate, including documents which require countersignature. DSAA approval/disapproval will be provided from FMS.

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 140008 for Financial Analysis 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.

70103.F.2.c.(2).

(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 two copies of the TLW with the cover letter forwarding the LOA package to DSAA COMPT FMS for countersignature. FMS will provide one copy to COMPT FM and the other to DFAS-DE/I 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/I.

G. **Countersignature.** Unless specifically exempted (e.g., LOA Amendments and Modifications exempted in Section 804), 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 five days prior to the expiration of the Congressional review period for AECA Sec 36(b) notifications, IAs will forward the signed original documents plus two copies (three when FMF or MAP funded) to DSAA. DSAA COMPT will forward all submissions to DSAA Regional Directorate 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-DE/I with the TLW if applicable; and retain a copy in order to enter appropriate information into the DSAA FMS data base.

H. **Automated Case Approval System (ACAS).** ACAS is designed to expedite DoS clearance for certain LOAs, amendments, and modifications. If a case does not require clearance by DoS, ACAS processing is not applicable.

1. ACAS will not be used for defined line LOAs, amendments, and modifications, other than for training; LOAs, amendments, or modifications included in AECA Sec 36(b) notifications; offering SDAF, EDA, or TDPs; or cases involving FMF, including residual MAP merger, or third country financing; LOAs with waived costs (except where previously approved); country-cash financing by El Salvador, Greece, Honduras, Japan with dual payment schedules, Jordan, Kuwait basic cases, Pakistan, Saudi Arabia, Taiwan, or Turkey.

2. With exception of exclusions listed above, and following DoS approval, IAs may issue to the Purchaser ACAS-processed BO, CLSSA, and defined line training LOA documents. This includes basic LOAs, amendments with an overall dollar value increase; concurrent notices of modification; and scope increases, irrespective of dollar value. For hardware cases where costs are increased by \$13M or more, a statement must be included that "this case contains no MDE." When services involving travel to the recipient country (such as a TAFT) are included, a statement must show "this case contains PCS personnel." These statements, when appropriate, should follow the item description. *

3. IAs should annotate the LOA on the DSAA countersignature line "SAMM 70103.H." The DSAA countersignature line date should reflect the date of DoS approval or later.

4. The IAs will provide one copy of each LOA issued to a foreign government or international organization, along with applicable termination liability worksheets (TLWs) to DSAA/COMPT-FM and DFAS.

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 AECA Sec 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, MDE(Y)/non-MDE(N) code, a description of the articles or services, and the condition code or reference to a note in which the condition will be shown.

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, 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 (Table 701-1). 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 and 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 the FMR.

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.

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 OUSD(A&T) 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. **Personnel Protection and Related Costs.** For the purpose of performing services outside the US, "US personnel" as discussed below and in Table 701-7 pertains to personnel involved in the performance of actions under the LOA.

1. In carrying out LOA programs, it is desirable that US personnel operate to the extent possible in safety and immunity in US-type conditions. A government-to-government SOFA is commonly used for acquiring safety and immunity for US personnel. Where the MILDEP General Counsel (GC) indicates a SOFA (see Table 701-8) or SOFA-like agreement exists, which is pertinent to the SA case at hand, that agreement may be referenced in the LOA

and noted in the countersignature cover memo in order to highlight to DSAA that DSAA/DoD GC approval may be required.

2. The DoD GC has advised that inclusion of SOFA-like status provisions in an LOA requires that the LOA be staffed through DoD in accordance with procedures for staffing international agreements in DoDD 5530.3 (see Section 140103). Since these procedures are complex and require the development of specialized supporting documentation, inclusion of status provisions in LOAs should be avoided if possible. Status provisions will not normally be used to require compliance when authority to ensure compliance is outside the Purchaser's defense establishment. Individual situations should be brought to the attention of DSAA for coordination during LOA preparation.

3. Provisions for recouping costs associated with in-country duty (e.g., currency revaluation, unanticipated import/export charges) are covered in LOA Standard Terms and Conditions and do not normally require special LOA provisions. Where it is envisioned that failure by the Purchaser to abide by existing SOFA or other status provisions may result in increased costs associated with an FMS program, Table 701-7 shows sample terms and conditions and required Purchaser actions which can be used as a guide.

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.

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 (Section 400).

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 IA 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 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 U.S. and who comply with the provisions of Paragraph 50111.C.1, 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 Administrative Costs.** All LOAs will contain the following note:

The DoD is not a party to any offset agreements/arrangements which may be required by the Purchaser in relation to the sales made in this LOA and assumes no obligation to administer or satisfy any offset requirements or bear any of the associated costs.

(When a contractor requests inclusion of offset administrative costs in the line item unit cost, see Section 140107.)

5. **Shipment Consolidation.** 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.

6. **OT&E Incomplete.** If the LOA includes developmental systems which have not yet been approved for US production [i.e., Defense Acquisition Board full rate production, following successful final OT&E (Milestone 3.b): has not been approved], a note will be added which concisely summarizes the potential effects on the program if the system does not receive production approval.

7. **Environmental Hazards.** Add the following when unusual environmental hazards are expected as a result of the sale:

"There may be items included in this sale that require special skills or equipment for operation, maintenance, or disposal in a manner which will minimize environmental hazards. Purchaser should refer to [technical manual or other source data] for details."

8. **TOW-2B.** For each FMS offer of TOW 2B missiles, the applicable DSAA country director will be consulted regarding the need to add the following LOA note:

Physical Security and Accountability. The [SAO] will be permitted, at its discretion, to conduct an inspection and physical inventory of all missiles transferred under this LOA. Upon request, the inventory and accountability records maintained by the Purchaser will be made available to the US personnel conducting this inspection.

9. **Man-Portable Air Defense Systems**

**

a. The following note 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 [insert appropriate missile/system]. 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), US Army.

"a. Physical Security. The [insert appropriate missile] will be stored in magazines that are at least equivalent in strength to US Army requirements as specified in subparagraph (1) below. The Purchaser also agrees to comply with US 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. US Army representatives will be allowed to verify security measures and procedures established for implementation of these requirements.

"1. 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).

"2. Lighting. Lighting will be provided for exterior doors and along perimeter barriers. Security lighting requirements will conform to the ammunition and safety

under this LOA. Upon request, the inventory and accountability records maintained by the Purchaser will be made available to the US personnel conducting this inspection.

9. **Man-Portable Air Defense Systems**

a. The following note 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 [insert appropriate missile/system]. 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), US Army.

*"a. **Physical Security.** The [insert appropriate missile] will be stored in magazines that are at least equivalent in strength to US Army requirements as specified in subparagraph (1) below. The Purchaser also agrees to comply with US 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. US Army representatives will be allowed to verify security measures and procedures established for implementation of these requirements.*

*"1. **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).*

*"2. **Lighting.** Lighting will be provided for exterior doors and along perimeter barriers. Security lighting requirements will conform to the ammunition and safety requirements of US Army Technical Manual 9-1300-206, appendix C (standards of which will be provided to the Purchaser).*

*"3. **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.*

*"4. **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).*

List Bullet 4;

*"5. **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.*

*"6. **Access to Storage Facilities.** Two authorized persons will be required to be present during any activity which affords access to storage facilities containing [insert missile/system]. Lock and key procedures will be developed to ensure that no single individual can obtain unescorted or unobserved access to [insert missile/system] storage facilities.*

*"b. **Accountability.***

"1. A 100 percent physical inventory of [insert items required to be inventoried], when applicable, will be taken monthly by the Purchaser. A 100 percent physical inventory by serial number shall be taken quarterly of [insert items] issued at the operational unit level. A 100 percent physical inventory by serial number shall be taken semiannually of [insert items] stored or retained at installation, depot, post, or base level. All inventories must be conducted by two authorized persons to ensure verification. [Insert items] expended during peacetime will be accounted for by serial number.

"2. The [insert appropriate foreign country SAO] will be permitted to conduct a US inspection and inventory of [insert items] by serial number annually. [As appropriate, insert {items} are required to be inventoried annually by physical count.] Inventory and accountability records maintained by the Purchaser will be made available for review.

*"c. **Transportation.** Movements of [insert appropriate missile] will meet US standards for safeguarding classified materiel in transit as specified by the USG in DoD 5100.76-M, Physical Security of Sensitive Conventional Arms, Munitions, and Explosives (standards of which will be provided to the Purchaser), and paragraph 8 below.*

*"d. **Access to Hardware and Classified Information.***

"1. Access to hardware and related classified information will be limited to military and civilian personnel of the purchasing government (except for authorized US personnel as specified herein) who have the proper security clearance and who have an established need to know the information in order to perform their duties. Information released will be limited to that necessary to perform assigned responsibility and, where possible, will be oral or visual only.

"2. Maintenance which requires access to the interior of the [insert missile, operational system, etc] beyond that required of the operator, and maintenance or repair which requires access to the interior of the guidance assembly of [insert item(s)] will be performed under US control.

*"e. **Compromise, Loss, Theft, and Unauthorized Use.** The Purchaser will report through the security assistance office and country team to the DoS by the most expeditious means*

any instances of compromise, unauthorized use, loss or theft of any [missile and any other material] or related information. This will be followed by prompt investigation and the results of the investigation will be provided through the same channels.

*“f. **Third-Party Access.** The recipient will agree that no information on [insert appropriate missile] will be released to a third-country government, person or other third-country entity without US approval.*

*“g. **Damaged/Expended Materiels.** Damaged [insert systems, material] will be returned to the US Army for repair or demilitarization.*

*“h. **Conditions of Shipment and Storage for [insert missile system].** Principal components (missiles and, as applicable, gripstocks or launchers) of the [insert missile system and any other items requiring separate storage] will be stored in at least two separate locations and will be shipped [show how; e.g., in separate containers, separately]. The storage locations will be physically separated sufficiently so that a penetration of the security at one site will not place other sites at risk.*

*“i. **Conditions of Use.** Assembly of the system will not be permitted for field exercises or deployments wherein the use of the [insert appropriate missile] system is simulated. In such cases, inert training devices may be used. The recipient will use information on the [insert appropriate missile] only for the purpose for which it was given.”*

b. All sales of MANPADS to nations other than those identified in a. above will include notes in a., with exception of subparagraph i. Subparagraph i, “Conditions of Use,” will be replaced with:

*“i. **Conditions of Use.***

“1. The two principle components of the [insert appropriate missile system and any other items] may be brought together and assembled under the following circumstances:

“(a) In the event of hostilities or imminent hostilities.

“(b) For firing as part of regularly scheduled training; however, only those rounds intended to be fired will be withdrawn from storage and assembled.

“(c) For lot testing; however, only rounds to be tested will be withdrawn from storage and assembled.

“(d) When systems are deployed as part of the point defenses of high priority installations or activities (e.g., key government buildings, military headquarters, essential utilities, air defense facilities).

List Bullet 4;

"2. The Purchaser will advise the US Security Assistance Organization in advance of any assembly of the various missile and [insert any other items] for the [insert appropriate missile] for training or lot testing.

"3. The US Government will be notified of deployments through the Security Assistance Organization."

c. @@ (Paragraphs 70105.L.9.c through 70105.L.9.d.(8) moved to Paragraph 20301.K.)@@ (Changed by E-Change 1, 12 Aug 1998)

10. @@ **Anthrax Vaccine.** The following note applies to all LOAs with anthrax vaccine: "The Purchaser agrees the US Government will not incur liability for adverse reactions, morbidity, mortality, or any other actual or possible consequential damages resulting from use, storage, or handling of anthrax vaccine by the Purchaser, to include acts or omissions of its officials, agents, or employees. The Purchaser further agrees to indemnify and hold harmless the US Government for any and all liability in the event liability is incurred."

@@ (Added by E-Change 1, 12 Aug 98)

11. @@ **Waiver of NC Charges** Add one of the following notes, as applicable, for each defined line LOA:

" 'Nonrecurring costs (NC) apply to line item [number] of this LOA. The customer's waiver of NC costs against line item [number] has been approved by DSCA memorandum I-[number] dated [date] and no NC costs are included herein.' "

" 'Nonrecurring costs (NC) apply to line item [number] of this LOA. The customer's request for waiver of NC costs against line item [number] is under review and was forwarded to DSCA on [date]. An LOA Amendment or Modification will be prepared to reflect this waiver if approved.' "

" 'Nonrecurring costs (NC) apply to line item [number] of this LOA. If desired, a request for waiver of NC costs must be forwarded, with appropriate justification, for consideration prior to your acceptance of the LOA.' "

" 'No Nonrecurring costs (NC) apply to this FMS sale.' " @@ (Added by E-Change 6, 30 Dec 1998)

12. @@ **Unauthorized Use of Defense Articles.** All LOAs will contain the following note:

Defense articles furnished under this LOA may be used only for those authorized purposes set forth in section 2.2 of the Standard Terms and Conditions, unless the written consent of the U.S. government has been obtained for a different use. The

"3. The US Government will be notified of deployments through the Security Assistance Organization."

e. @@ (Paragraphs 70105.L.9.c through 70105.L.9.d.(8) moved to Paragraph 20301.K.) @@

10. @@ (Added 12 Aug 98) Anthrax Vaccine. The following note applies to all LOAs with anthrax vaccine: "The Purchaser agrees the US Government will not incur liability for adverse reactions, morbidity, mortality, or any other actual or possible consequential damages resulting from use, storage, or handling of anthrax vaccine by the Purchaser, to include acts or omissions of its officials, agents, or employees. The Purchaser further agrees to indemnify and hold harmless the US Government for any and all liability in the event liability is incurred." @@

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/I along with the required initial deposit before the expiration date.

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/I. All concerned should be advised of the consequences of extension.

2. Pen and ink changes should be kept to a minimum, with processing as follows:

a. Minor changes, made prior to implementation of a Modification or Purchaser signature of an LOA or Amendment, may be approved by the IA. This may include insignificant technical corrections such as a small arithmetic change which does not increase total value and administrative changes such as an address correction, initial deposit or payment schedule adjustment, or extension of the offer expiration date.

b. More significant changes, such as an increase in program scope (including a revision of the terms of sale or total costs), Modification changes other than those in paragraph a. above, and any change to an LOA or Amendment which has been signed by the Purchaser, require DSCA (through Compt-FM) concurrence. Changes initiated after a Modification has been implemented will normally be completed in another Modification versus a pen and ink change. Changes initiated after LOA or Amendment Purchaser signature will normally be accomplished through a corrective Amendment implemented subsequent to the basic LOA or Amendment.

c. In conjunction with these changes, the IA must (1) formally confirm all authorized pen and ink changes, prior to the expiration date, to the Purchaser with a copy to document distribution addresses; (2) submit appropriate S3 transactions (Section 1500) for expiration date changes; (3) following acknowledgment of receipt of Modification or Purchaser signature of the LOA or Amendment, furnish those documents, altered by authorized pen and ink changes, to their distribution addresses; and (4) furnish revised TLWs (Para140008) if applicable.

When an LOA or Amendment is signed by the Purchaser and returned to the IA with unauthorized pen and ink changes, it will normally be processed as a counter-offer. Re-statement and re-offer, or cancellation and a new LOA or Amendment, will be the routine courses of action

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

4. Each SAO will immediately advise DSCA 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/I and the IA by message showing the acceptance date. If notice of acceptance is not received within ten calendar days after the expiration date, the LOA, even though accepted, may be cancelled.

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 -

Department of the Army
Deputy Undersecretary of the Army (IA)
Washington DC 20310-0512

Messages - DA WASHINGTON DC//SAUS-IA//

Navy

Department of the Navy
Navy International Programs Office
Crystal Gateway North, Suite 701E,
1111 Jefferson Davis Highway
Arlington VA 22202-1111

Messages - NAVY IPO WASHINGTON DC

Air Force

Communications, Electronics, Aircraft, and
Missile Systems -

Headquarters, US Air Force (SAF/IAX)
Washington DC 20330-1000

Follow-On Support -

Air Force Materiel Command
Air Force Security Assistance Center
Wright-Patterson AFB OH 45433-5000

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 – Fort Belvoir Va// MMCI

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-MMCI
8725 Kingman Road, Suite 2533
Fort Belvoir VA 22060-0221

NIMA

National Imaging and Mapping Agency
6001 Mac Arthur Blve
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]	_____	_____
US Signature	Date	Purchaser Signature	Date
[A. R. DiTrapani Director]	_____	_____	_____
Typed Name and Title		Typed Name and Title	
[Navy International Programs Office]		_____	_____
Implementing Agency		Agency	
_____	_____		
DSCA	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 _____

Table 701-1. Page 1 of [13] pages

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) Itm Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs		(5) SC/MOS/ TA or Notes	(6) Ofr Rel Cde	(7) Del Trm Cde
			(a) Unit	(b) Total			
1.	B2D 141000STDMSYS(Y)40 EA STANDARD MISSILE BLOCK VI (Note 1)		\$448,732	\$17,949,280	S(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]							
(13) Total Estimated Cost					19,510,825]		

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

ESTIMATED PAYMENT SCHEDULE

<u>Payment Date</u>	<u>Quarterly</u>	<u>Cumulative</u>
[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]

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Signed Copy Distribution:

1. Upon acceptance, the Purchaser should return one signed copy of this LOA to Defense Finance and Accounting Service (DFAS), ATTN:DFAS-DE/I, Denver, CO 80279-5000. [Simultaneously, wire transfer of the Initial Deposit should be made to: United States Treasury, New York, NY, 021030004, DFAS-DE/I, Agency Code 00003801, 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 049, 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.

Note 2. Containers are being provided for shipment and storage of item 1 defense articles 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.

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:

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- 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.

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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.

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 DSCA 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.

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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

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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 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 Deputate for Security Assistance (DFAS-I), 6760 E. Irvington Place, Denver CO 80279-2000.

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:

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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-I), Denver, Colorado 80279-2000. Purchasers should consult applicable FMF agreements for explicit instructions. Questions pertaining to the status of FMF financing and balances should be directed to DSCA-COMPT-FM.

f. Payments not received by DFAS-DE/I 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, DFAS DE/I 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, DSCA.

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
(Country, Agency, Case Designator)

Liability/ Payment Holdback Date	(a) Total Payment		(c) Estimated Disbursements		(e) Termination Contractor	
	(b) Cum	(d) Cum	(e) Qtr	(f) Cum	(e) Qtr	(f) Cum
	Qtr	Cum	Qtr	Cum	Qtr	Cum
Initial Deposit	352,000	352,000	352,000	352,000	0	0
15Jun92	864,000	1,216,000	499,200	851,200	364,800	364,800
15Sep92	1,376,000	2,592,000	833,600	1,684,800	542,400	907,200
15Dec92	2,112,000	4,704,000	1,372,800	3,057,600	739,200	1,646,400
15Mar93	3,008,000	7,712,000	1,955,200	5,012,800	1,052,800	2,699,200
15Jun93	4,000,000	11,712,000	2,951,360	7,964,160	1,048,640	3,747,840
15Sep93	4,768,000	16,480,000	4,066,240	12,030,400	701,760	4,449,600
15Dec93	5,024,000	21,504,000	5,602,880	17,633,280	(578,880)	3,870,720
15Mar94	4,512,000	26,016,000	6,561,600	24,194,880	(2,049,600)	1,821,120
15Jun94	3,264,000	29,280,000	4,499,520	28,694,400	(1,235,520)	585,600
15Sep94	1,888,000	31,168,000	2,473,600	31,168,000	(585,600)	0
15Dec94	832,000	32,000,000	832,000	32,000,000	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 701-2. Sample Termination Liability Worksheet

TABLE 701-3
Supplementary Information for Letters of Offer

SUPPLEMENTAL INFORMATION												
	Mode & Distribution of Shipment	Delivery Schedule of Items	Personal Movement to & From Country	Qualification Regarding Validity off P&A Date	Agreements to Safeguard Status of U.S. Gov or Contractor Personnel While in Country	Statement of Facilities, Services, or Personnel to be Provided by Purchasing Nation	Separate Memorandum of Understanding or Detailed Statement of Work	Schedule of Personnel Training	Logistical Information	Responsibility for Initiation of Requisitions	Payment Schedules	Administrative Change in Event of Cancellation
Weapons Systems Package Sale	X	X	A/R	X	A/R	A/R	A/R	A/R	A/R	X	X	X
Communication Systems Package Sale	X	X	A/R	X	A/R	A/R	A/R	A/R	A/R	X	X	X
Coproduction/ Coassembly	X	A/R	A/R	X	A/R	A/R	A/R	A/R	A/R	X	X	X
End Item	X	X	X						A/R	X	A/R	X
SSA Stock Level Case					A/R	A/R	A/R		A/R			X
Requisition Cases Include SSA Req	X								A/R	X		X
Definitized Spare Parts or Supplies (Include Ammunition)	X			X		A/R			A/R	X	A/R	X
Excesses "As Is, Where Is"	X	X				A/R			A/R		A/R	X
Modifications	X	A/R	A/R	X	A/R	A/R			A/R	A/R	A/R	X
Publications, Charts, Film	X								A/R	A/R	A/R	X
Training			A/R	X		A/R	A/R				A/R	X
Maintenance & Overhaul	X	A/R	A/R	X					A/R	X	A/R	X
Contractual Services CETS	A/R		X	X	X	A/R	A/R	A/R			A/R	X
Military Services Overseas, e.g., TAFT			X	X	X	A/R	A/R	A/R			A/R	X
Military Services in CONUS (i.e., Program Mgmt Office)											A/R	X
Aircraft Flight Delivery	X	X		X	A/R	A/R			A/R		A/R	X
Transportation Services AMC & MSTs	X	X	A/R	X	A/R						A/R	X
RDT&E Services				X		A/R	A/R		A/R		A/R	X
Technical Data Package	X	A/R	X						A/R		A/R	X
Pro-Rate R&D or Royalty Cases											A/R	X
Non-Standard Military Equipment	X	A/R	A/R	X	A/R	A/R		A/R	A/R	A/R	A/R	X

X - Must be addressed in supplemental terms and conditions

A/R - Should be addressed if applicable to this LOA

Table 701-3. Supplementary Information for Letters of Offer

**TABLE 701-4
LOA Preparation Checklist**

Item	Validation		
	Action Officer (Last Name, Phone, Date)	Service (Last Name, Phone, Date)	DSCA (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			
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:

[*Including notification of special conditions such as environmental hazards, safety of operation information, or other factors requiring special operation, maintenance, or disposal skills or equipment.]

Table 701-4. LOA Preparation Checklist

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

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 Implementing Agency (IA), in coordination with the Purchaser, will develop 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 of any changes as they occur to the transportation plan. The Purchaser will be notified of the approval or disapproval of the changes. If disapproved, the Purchaser will be notified of the reason for disapproval and, when possible, changes that would be acceptable to the USG. As an alternative, the USG will ship the classified materiel by the Defense Transportation Service.

Table 701-6. Additional Terms and Conditions. Transportation and Services

The brackets below show provisions which typically would be applicable to USG commercial contractor (including subcontractor) or to military and civilian USG personnel.

A. Passports, Visas, Licenses, and Permits.

1. [USG, Contractor] Cost and delivery estimates herein anticipate 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, entry, or exit visas; work, vehicle operator, residence, or in-country travel permits; and any other appropriate licenses or permits required of the personnel, including dependents, to carry out this effort.

2. [Contractor] The US contractor shall be responsible for timely and complete submittal of the necessary information and forms directly to the appropriate GO_ agency for the required passports, visas, licenses, or permits. The contractor shall be responsible for the sponsorship of its employees and their dependents and shall process said permits directly with the appropriate GO_ agency.

B. Access. [USG, Contractor] Cost and delivery schedules herein anticipate that US personnel in [country] will be authorized, at no cost, reasonable access to all data, plans, reports, or other information and all existing and proposed offices, sites, and areas within [country] as required to accomplish this effort.

C. Export of Data. [Contractor] US personnel shall not be required or expected 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 LOA until the Government of [country] has been furnished with clear evidence that such delivery of the data is (1) approved by the US State Department pursuant to the International Traffic in Arms Regulation, or (2) approval is not required.

D. Taxes, Duties, and Charges for Doing Business. [Contractor] The contract(s) implementing this LOA will include the clause entitled "Taxes-Foreign Fixed-Price Contracts (Jan 1991)" set forth in Federal Acquisition Section 52.229-6; therefore, price and delivery estimates within this LOA anticipate the following:

1. Property, materiel, equipment, household furniture, appliances, and supplies imported into [country] by contractor exclusively for use in support of the contractor and its personnel and consigned and marked as required or approved by the USG will be exempt from import and export duties, taxes, licenses, excises, imposts, and any other identifiable charges. The contractor will 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 LOA.

2. The GO_, its agencies, and political subdivisions will levy no taxes or fees (including taxes on individual or corporate income or property, customs and import duties, or other taxes on employee personal household goods, supplies and personal effects imported into [country] for personal use) on the contractor, its employees, or the dependents of such employees.

Table 701-7. Sample Terms and Conditions - Personnel Related Costs (Page 1 of 2)

3. If any charges under D.1 or D.2 are imposed by the GO_, costs thereby incurred by the contractor will be reimbursed to the contractor at cost, including applicable overhead and General and Administrative, but excluding profit, out of national funds to be provided by the GO_ under this LOA.

E. Security. [USG, contractor] Price and delivery estimates anticipate that the Purchaser will provide adequate security to protect personnel and property associated with this LOA and located on Purchaser military bases, installations, or other designated work sites.

Table 701-7. Sample Terms and Conditions - Personnel Related Costs (Page 2 of 2)

As of 15 May 1992, the United States has entered into SOFAs or other agreements pertaining to status of personnel whose duties include work in the listed country :

[Numerical references are to the published Treaties and Other International Act Series (T.I.A.S.) of the Department of State]:

Antigua and Barbuda (9054)
 Australia (5349)
 Italy (2846)
 Bahamas
 Bahrain (8632)
 Belgium (2846)
 Canada (2846, 3074)
 Denmark (2846, 4002)
 Diego Garcia [with the United Kingdom] (6196, 8230)
 Dominican Republic
 Egypt (10238)
 Federated States of Micronesia [in Compact with US]¹ France (2846)
 Germany (2846, 5351, 5352, 7759)
 Greece (2846, 3649)
 Honduras
 Iceland (2295)
 Japan (4510)
 Korea (6127)
 Luxembourg (2846)
 Marshall Islands [in Compact with US]¹ again
 The Netherlands (2846, 3174)
 New Zealand (4151)
 Norway (2846, 2950)
 Panama (10032)
 Papua New Guinea
 Philippines (1775, 5851, 9224, 10585)
 Portugal (2846) [Lajes Agreement is unpublished]
 Singapore
 St. Kitts and Nevis
 St. Vincent and the Grenadines
 Spain (2846, 10589)
 Turkey (2846, 3020, 3337, 6582, 9901)
 United Kingdom (2846, 6196) See also, Visiting Forces Act²
 Western Samoa

1. For both the Federated States of Micronesia and the Marshall Islands see: *Compact of Free Association Act* of 1985, Pub. L. No. 99-239 (January 14, 1986). The SOFA was concluded pursuant to Section 323 of the Act and has been reprinted in the *Compilation of Agreements Between the Government of the United States and the Freely Associated States of the Federated States of Micronesia*, The President's Personal Representative for Micronesian Status Negotiations, 1987.

2. The 1952 *Visiting Forces Act* is a unilateral British statute enacted to implement the NATO SOFA within the United Kingdom. Britain has elected this approach, rather than conclude a supplementary agreement to the NATO SOFA with the United States as sending state. Unfortunately, the Visiting Forces Act does not fully agree with the NATO SOFA and this has led to disputes from time to time.

Table 701-8. Status of Forces Agreements

SECTION 702 - SPECIALIZED LOA LINES
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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.

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) are 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 DFAS-DE 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. (See DoD 7000.14-R, Volume 15)

3. Program management lines will be identified as such and include Generic Code R6B. 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 the FMR.

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. The FMS administrative surcharge will be applied to the contingency line value.

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.

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) are 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 DFAS-DE 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. (See DoD 7000.14-R, Volume 15)

3. Program management lines will be identified as such and include Generic Code R6B. 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 the FMR.

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. The FMS administrative surcharge will be applied to the contingency line value.

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.

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SECTION 703 - CONGRESSIONAL SECTION 36(b) NOTIFICATIONS AND REPORTS OF FOREIGN MILITARY SALES
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70301 PURPOSE. The purpose of this section is to provide DoD components with the procedures to be followed during the processing of an LOA, DD Form 1513, when that LOA meets or exceeds the thresholds established for Congressional notification in the AECA and Congressional reporting in AECA. Section 36(b). This section enumerates the requirements of the AECA. Section 36(b), under which Congressional notifications and reports must be submitted; defines the criteria, responsibilities, and procedures established for the submission of these Congressional notifications and reports; and prescribes the data elements, format (to include classification), and procedures for the submission of information to DSAA required for Congressional notifications and reports.

70302 STATUTORY PROVISIONS, EXECUTIVE REQUIREMENTS, AND EXCEPTIONS.

A. Statutory Provisions.

1. Section 36(b)(1) of the AECA requires that, in the case of any LOA to sell any defense articles or services under the Act for \$50 million or more, any design and construction services for \$200 million or more, or any MDE for \$14 million or more, before such LOA is issued, a numbered certification must be submitted to the Congress indicating (a) the foreign country or international organization to which the defense article or service is to be offered for sale, (b) the dollar amount of the offer to sell and the number of defense articles to be offered, (c) a description of the defense article or service to be offered, and (d) the US Armed Forces or other agency of the US which is to make the offer to sell or, in the case of a sale of design and construction services, the following must be shown: (a) the purchaser, (b) the US department or agency responsible for implementing the sale, (c) an estimate of the dollar amount of the sale, and (d) a general description of the real property facilities to be constructed pursuant to such sale. In either type of submission, the certification must contain a description of any contribution, gift, commission, or fee paid or offered or agreed to be paid in order to solicit, promote, or otherwise to secure such LOA, including (a) the name of the person who made or will make such payment, contribution, gift, commission, or fee; (b) the name of any sales agent or other person who is to receive or has received such payment, contribution, gift, commission, or fee; (c) the date and amount of such payment, contribution, gift, commission, or fee; (d) a description of the sale in connection with which such payment, contribution, gift, commission, or fee was or will be paid; and (e) the identification of any business information considered confidential by the person submitting it which is included in the report. Such numbered certifications shall also contain an item, classified if necessary, identifying the sensitivity of technology contained in the defense articles, defense services, or design and construction services proposed to be sold, and a detailed justification providing the reasons necessitating the sale of such defense articles or services in view of the sensitivity of such technology. Each such numbered certification shall contain an item indicating whether any offset agreement is proposed to be entered into in connection with such Letter of Offer to sell (if known on the date of certification submittal). The AECA, Section 36(b), Paragraph (4) requires that each certification cite any quarterly report submitted under Section 28 of the Act which listed a P&A estimate or a request for LOA, which was a basis for the proposed sale. The FAA, Section 620C(d), requires a special certification for notifications of proposed sales to either Greece or Turkey. The International Security and Development Cooperation Act of 1985, Section 130(c), requires a special certification for notifications of proposed sales to Jordan pertaining to US advanced aircraft, new air defense systems, or other new advanced military weapons. These Jordan certifications, prepared by the State Department and signed by the President, will be appended to Section 36(b)(1) notifications to the Congress involving such items.

2. The AECA, Section 36(b)(1) states that the LOA shall not be issued to NATO, any NATO member country, Japan, Australia, or New Zealand, if the Congress, within 15 calendar days after receiving such certification, or to any other country or organization, if the Congress within 30 calendar days after receiving such certification, adopts a joint resolution stating that it objects to the proposed sale, unless the President states in his certification that an emergency exists which requires such sale in the national security interests of the US. If the President states in his certification that an emergency exists he shall set forth in the certification a detailed justification for his determination, including a description of the emergency circumstances which necessitate the immediate issuance of the LOA and a discussion of the national security interests involved.

3. In addition, the President shall, upon the request of the Committee on Foreign Relations of the Senate or the Committee on Foreign Affairs of the House of Representatives, transmit promptly to both such committees a statement setting forth:

a. A detailed description of the defense articles, defense services, or design and construction services to be offered, including a brief description of the capabilities of any defense article to be offered;

b. An estimate of the number of officers and employees of the United States Government and of United States civilian contract personnel expected to be needed in such country to carry out the proposed sale;

c. The name of each contractor expected to provide the defense articles, defense services, or design and construction services proposed to be sold and a description from * such contractor of any offset agreements proposed to be entered into in connection with such sales (if known on the date of transmittal of such statement);

d. An evaluation, prepared by the Director of the Arms Control and Disarmament Agency in consultation with the Secretary of State and the Secretary of Defense, of the manner, if any, in which the proposed sale would:

- (1) Contribute to an arms race;
- (2) Increase the possibility of an outbreak or escalation of conflict;
- (3) Prejudice the negotiation of any arms controls; or
- (4) Adversely affect the arms control policy of the United States;

e. The reasons why the foreign country or international organization to which the sale is proposed to be made needs the defense articles, defense services, or design and construction services which are the subject of such sale and a description of how such country or organization intends to use such defense articles and services, or design and construction services;

f. An analysis by the President of the impact of the proposed sale on the military stocks and the military preparedness of the United States;

g. The reasons why the proposed sale is in the national interest of the U.S.;

h. An analysis by the President of the impact of the proposed sale on the military capabilities of the foreign country or international organization to which such sale would be made;

i. An analysis by the President of how the proposed sale would affect the relative military strengths of countries in the region to which the defense articles, defense services, or design and construction services which are the subject of such sale would be delivered and

whether other countries in the region have comparable kinds and amounts of defense articles, defense services, or design and construction services;

j. An estimate of the levels of trained personnel and maintenance facilities of the foreign country or international organization to which the sale would be made which are needed and available to utilize effectively the defense articles, defense services, or design and construction services proposed to be sold;

k. An analysis of the extent to which comparable kinds and amounts of defense articles, defense services, or design and construction services are available from other countries;

l. An analysis of the impact of the proposed sale on United States relations with the countries in the region to which the defense articles, defense services, or design and construction services which are the subject of such sale would be delivered;

m. A detailed description of any agreement proposed to be entered into by the United States for the purchase or acquisition by the United States of defense articles, defense services, or design and construction services or defense equipment, or other articles, services, or equipment of the foreign country or international organization in connection with, or as consideration for, such LOA, including an analysis of the impact of such proposed agreement upon United States business concerns which might otherwise have provided such articles, services, or equipment to the United States, an estimate of the costs to be incurred by the United States in connection with such agreement compared with costs which would otherwise have been incurred, an estimate of the economic impact and unemployment which would result from entering into such proposed agreement, and an analysis of whether such costs and such domestic economic impact justify entering into such proposed agreement;

n. The projected delivery dates of the defense articles, defense services, or design and construction services to be offered;

o. A detailed description of weapons and levels of munitions that may be required as support for the proposed sale; and

p. An analysis of the relationship of the proposed sale to projected procurements of the same item.

B. Executive Requirements.

1. **Preparation and Submission of Notifications and Reports.** Under Executive Order 11958, the SECDEF is delegated the responsibility of implementing Section 36(b) of the AECA in consultation with the Secretary of State. DSAA is responsible for preparing and submitting Congressional notifications and reports under AECA, Sec 36(b). To minimize delays in processing such notifications, consistent with the legislative and other requirements, the procedures in this section are placed into effect.

2. **Advance Section 36(b)(1) Notification.** In order to provide Congress with sufficient time to review the proposed sale about to be notified under Section 36(b)(1), DSAA has agreed to provide Congress with advance notification of such offer at least 20 days prior to the submission of the statutory notification. Offers to NATO, any NATO member country, Japan, Australia, and New Zealand are exempt from the advance notification agreement.

3. Sensitivity of Technology.

a. AECA Sec 36(b)(1), as amended by Section 20(b) of the International Security Assistance Act of 1979, and the International Security and Development Cooperation Act of 1985 require a Sensitivity of Technology Statement concerning the extent to which the items to be included in the proposed sale contain sensitive technology or classified information and a justification for the proposed sale in view of the sensitivity of such technology.

(1) For purposes of this requirement, the term "sensitivity of technology" will be construed to mean the extent to which the unauthorized disclosure or diversion of any equipment, technical data, training, services, or documentation required to be conveyed in connection with the proposed sale could be detrimental to the national security interests of the US. The evaluation will address not only sensitive technological information contained in equipment components or technical documentation related to the sale, whether classified or not, but also restricted information contained in classified components or classified documentation required to be released in connection with the sale.

(2) It should be noted that the evaluation of sensitivity is to be made solely with reference to unauthorized disclosure or diversion of the defense equipment, technical data, training, services, and documentation to be provided and need not address either the risk of such unauthorized disclosure or diversion (covered by NDP-1 procedures and OUSD (A&T) review) or the foreign policy implications of authorized use by the proposed recipient (covered by ATMG). *

(3) Whenever the transfer of sensitive technological information is involved, the equipment components, types of documentation, or technical data containing the sensitive information are to be identified, and the reasons for considering them as sensitive information must be provided. Whenever the transfer of classified defense equipment or classified documentation is required, the classified information must be identified and the reasons for the classification provided.

(4) When release is within classification guidelines for disclosure to a specific government as stipulated in NDP-1, a separate paragraph should be included in the Sensitivity of Technology Statement (Table 703-6A) to show that a determination has been made that the recipient government can provide substantially the same degree of protection for the technology being released as the USG. That paragraph should also include a statement to the effect that the sale is necessary in furtherance of the US foreign policy and national security objectives as outlined in the policy justification portion of the notification.

(5) When an exception to NDP-1 has been granted for release of the classified or sensitive technology, a separate paragraph on the Sensitivity of Technology Statement should show the sale is necessary in furtherance of the US foreign policy and national security objectives outlined in the policy justification. Moreover, the benefits to be derived from the sale outweigh the potential damage that could result if the sensitive technology were revealed to unauthorized persons. Additional justification for granting the exception to NDP-1, such as that included in the request for the exception, should also be provided in that paragraph when such information is available.

(6) DSAA will forward the required Sensitivity of Technology Statement by a separate classified annex since the public disclosure of such information could adversely affect the foreign and defense policy interests of the United States.

b. AECA Sec 36(b)(5)(A) requires that a report will be sent to Congress when the sensitivity of technology or the capability of major defense articles (including electronic devices which, if upgraded, would enhance the mission capability of a weapons system), or services are

enhanced or upgraded from the level of sensitivity or capability described in the original Section 36(b)(1) certification. This legislation also provides a continuing requirement for ten years following the original certification unless deliveries are completed sooner. Only such changes in the levels of sensitivity or capability as previously described in the Section 36(b)(1) certification provided to the Congress are required to be reported to Congress and this action must be performed at least 45 days prior to delivery of the article or equipment or the furnishing of the service. Accordingly, it is necessary for the IA to monitor programs before deliveries are made to determine whether enhancements or upgrades have occurred. Copies of the original Section 36(b)(1) certification may be obtained from the DSAA Comptroller. Should reportable enhancements or upgrades be identified, IAs will submit a report to DSAA (FMSCRD):

(1) Describing the manner in which the technology or capability has been enhanced or upgraded, including the significance of such enhancement or upgrade, and

(2) Providing a detailed justification for the sale of such enhancement or upgrade.

This report will be sent to DSAA (FMSCRD) in the format provided in Table 703-4 with a copy of the original Section 36(b)(1) certification attached. A minimum of an additional 15 days prior to delivery of the items to the Purchaser (a total of 60 days) is required for DSAA review and transmittal to the Congress. Rather than submitting multiple 36(b)(5)(A) reports to DSAA, the IA should consolidate and provide these reports to DSAA not less than 60 days prior to the forecast delivery of the affected equipment or services. Note that it is essential for the IA to maintain adequate documentation of each decision that justifies non-submission of Section 36(b)(5)(C) reports. A Section 36(b)(5)(A) report is not required before delivery of enhancements or upgrades previously identified in a Section 36(b)(5)(C) notification.

c. AECA Sec 36(b)(5)(C) requires that any enhancement or upgrade, the net cost of which meets or exceeds dollar thresholds for Section 36(b)(1) certification, as outlined in paragraph 70302.A.1.(a), must be treated as though it were a separate LOA. Accordingly, if the net cost of an enhancement or upgrade meets or exceeds Section 36(b)(1) thresholds, the IA will provide 36(b)(1) input that clearly describes the enhancement or upgrade, explains the level of sensitivity or capability that the change produces, and provides the estimated net cost of the change. The requirement to report enhancement or upgrade of previously described capability or sensitivity of technology applies only to items or services that have not been delivered or performed. When the capability was clearly described in the Section 36(b)(1) certification and there is a current request to purchase an enhancement or upgrade thereof, data will be provided on Table 703-6C only when the net cost of the enhancement or upgrade portion reaches the Section 36(b)(1) dollar threshold as follows:

Equipment/Services To Be Enhanced	Net Cost of Enhancement (Millions)
Major Defense Equipment	\$ 14
Other Defense Equipment/Services	\$ 50
Design and Construction Services	\$200

Statutory notification for enhancements or upgrades of sensitivity of technology should be submitted within 30 days of the request to purchase in the format provided in Table 703-6C to DSAA (FMSCRD) for review and submission to Congress. Such changes in enhancement or upgrade requiring 36(b)(5)(C) certification may not be implemented nor may a corresponding LOA, Amendment, or Modification be issued until the certification has been processed to the Congress and the required time period pursuant to Sec 36(b)(1) has elapsed. Deliveries of unmodified items on a case for which other items are to be enhanced or upgraded, such as unmodified spare parts, are unaffected and may continue to be delivered without interruption. Advance 20-day notifications prior to the statutory certifications will not be required for enhancement certifications.

C. Price and Availability.

Exception. No Sec 36(b) notification is required for the provision to a prospective Purchaser of separately stated P&A data even though applicable notification thresholds are met or exceeded.

70303 CRITERIA AND RESPONSIBILITIES FOR CONGRESSIONAL SUBMISSIONS.

A. Processing Letters of Offer for \$50 Million or More or for Major Defense Equipment of \$14 Million or More, or for Design and Construction Services for \$200 Million or More.

1. In compliance with AECA Sec 36(b)(1), Congress must be provided with a notification of all "Letters of Offer" to sell any defense articles or services for \$50 million or more, any MDE of \$14 million or more, or for design and construction services for \$200 million or more, before such LOA is issued. DSAA has been designated to submit this notification to the Congress.

2. The DoD General Counsel has determined that the term "Letter of Offer" used in the AECA pertains to any proposed sale of defense articles or services to any foreign government or entity, whether or not the initial document (or set of documents) to be used to consummate the sale is an LOA or a document bearing another name. If a document other than an LOA is used for this purpose, an LOA shall be subsequently executed to conclude the final details of the agreement unless an exception is authorized by the Director, DSAA. If there is a conflict between the terms of the agreement and the LOA, the agreement shall provide that the LOA will govern.

3. The statutory requirement for notification and the requirement for advance notification to Congress extend to any undertaking by DoD to establish an FMS transaction. This includes, but is not limited to FMS transactions embodied in the following:

- a. MOU for Coproduction of military items,
- b. Cooperative Research and Development Agreements, and
- c. Providing specific items or services under any existing general agreement, such as the Engineering Assistance Agreement entered into between the Army Corps of Engineers and the Saudi Arabian Government in 1965.

4. AECA Sec 36(b)(1) notifications to Congress are to be made when:

- a. An LOA under preparation is expected to meet or exceed the thresholds;

b. An LOI, meeting or exceeding the thresholds, is authorized to be accepted by a DoD component; or

c. An LOA amendment is prepared adding \$50 million or more to an existing FMS case unless such amendment results solely from identifiable inflationary cost increases, and to any amendment adding MDE valued at \$14 million or more. These provisions also apply to any amendment which would increase the value of an existing case from under \$50 million to a value of \$50 million or more, and any amendment which would increase the value of MDE in an existing case from under \$14 million to a value of \$14 million or more. New LOAs will be processed to cover the new requirements unless such amendments are absolutely necessary and justified, in writing, to the Director, DSAA.

5. The following are examples of MDE FMS cases that must be notified under Section 36(b)(1):

a. An FMS case for a single line item of MDE totalling \$14 million or more.

b. An FMS case for two or more line items of MDE totalling \$14 million or more.

c. An amendment to an FMS case for additional units of MDE if that portion of the amendment totals \$14 million or more.

6. MDE FMS cases that do not require notification under Section 36(b) are:

a. An FMS case for one line item of MDE totalling less than \$14 million. The case does not contain any other MDE; however, other defense items are included which bring the total case value to more than \$14 million but less than \$50 million.

b. An FMS case for one line item of MDE totalling less than \$14 million. The case does not contain any other MDE; however, spare parts, publications, and training associated with the MDE are included which bring the total case value to more than \$14 million but less than \$50 million.

7. The following special considerations apply to FMSO cases:

a. An amendment to an LOA for a FMSO I transaction, the result of which brings the total case value of that LOA and related amendments to \$50 million or more, does not require prior Section 36(b) notification to Congress.

b. A FMSO I transaction for \$50 million or more, or an amendment to a FMSO I transaction which adds \$50 million or more to the previous case total, or a LOA for a FMSO II transaction for \$50 million or more does require prior Section 36(b)(1) notification to Congress.

8. The above exception to Section 36(b)(1) notification of FMSO I amendments is based on the following:

a. FMSO I cases must be amended each year to adjust the dollar values based on requisition activities and new LOAs for this purpose are not practicable, and

b. FMSO I cases reflect customer equity in the US supply system and defense articles upon which these cases are based are not shipped to the country, but are drawn down against a corresponding FMSO II LOA.

B. Issuing Letters of Offer for \$50 Million or More or for MDE of \$14 Million or More.

1. The AECA provides that the LOA shall not be issued if Congress, within 30 calendar days (15 calendar days for NATO, NATO member nations, Japan, Australia, or New Zealand) after receiving the notification, adopts a joint resolution stating that it objects to the proposed sale, unless the President, in his notification to Congress, had certified that an emergency exists which requires such sale in the national security interests of the US.

2. If Congress adopts a concurrent resolution objecting to a proposed sale, the Director, DSAA will promptly notify the IA of that fact, seek the guidance of the President as to the course of action which should be taken, and advise the IA of the action to be taken. *
*

70304 PROCEDURES.

A. Categories of Purchasers.

1. The AECA makes a distinction between exempted purchasers (i.e., NATO, NATO countries, Japan, Australia, and New Zealand) and non-exempted purchasers (all others).

2. For exempted purchasers:

- a. Advance notification is not required.
- b. The waiting period after statutory notification is 15 days.

B. State and Defense Relationship, Staffing Agreement, and Timing.

1. Prior to any advance or statutory notification to Congress under the AECA, Section 36(b)(1), the DSAA must receive clearance from DoS for that notification.

2. Representatives of the State and Defense Departments have agreed that State policy deliberations, intra-agency coordination, and submission for Presidential approval (if required) and Defense preparation of the Sec 36(b)(1) notification, and the LOA all aim toward the common objective of completing these actions within 60 days after receipt of the prospective purchaser's complete request. The procedures established in this section are designed to meet these objectives.

3. Under normal circumstances the milestones indicated in Tables 703-1 and 703-2 should be met by all functional areas involved in the processing of Section 36(b)(1) notifications and LOAs.

C. Submission of Supporting Data.

1. The development of a Congressional notification must begin as soon as possible after receipt of the LOR from a foreign government. Concurrent with LOA or LOI preparation, the IA must submit notification data to DSAA (ATTN: DSAA/COMPT-FM). A copy of the LOR is to be attached to the notification data prescribed in Section 703. If the LOR information has not been previously entered into the 1200 system, DSAA will make the entry. **

2. Appropriate steps will be taken by DoD components to assure that the ten-day requirement to provide data to DSAA is met. Consistent with this requirement field inputs will be obtained by DoD components on an expedited basis as necessary. Additionally, cost estimates will include separate identification of the estimated dollar value of the MDE portion of the proposed sale. Rough order of magnitude cost estimates are acceptable for processing Congressional notifications. In the exceptional situation, if it is determined by DoD component that the ten-day requirement cannot be met, approval for extension must be sought from the DSAA Comptroller (Chief, Financial Policy Division). *

3. Requests from exempted prospective purchasers require the following data to be submitted: Military Justification (see Table 703-4), Statutory Notification (see Table 703-5), and, as required, Sensitivity of Technology Statement (see Table 703-6A). *

4. Requests from non-exempted prospective purchasers require the following data to be submitted: Notification as specified in Table 703-3, Advance Notification; Table 703-4, Military Justification; and, as required, Table 703-6A, Sensitivity of Technology.

5. To the extent possible for non-exempted prospective purchaser requests, the submission should also include the supporting data required to meet the statutory notification requirement as specified in Table 703-5. If these data can be provided during the initial submission, no further data are needed by DSAA to process the advance and statutory Section 36(b)(1) notifications. However, if all data are not available, the advance notification data only should be submitted to meet the ten-day data submission requirement.

6. To the extent that it is not possible for DoD component to provide statutory notification Table 703-5 data with the initial submission, these data will be forwarded to DSAA/COMPT-FP as early as possible but no later than ten days after the start of the 20 day advance notification period so that the follow-on statutory notification will not be delayed. Should it be impractical to meet the ten day deadline, approval for extension must be sought from Chief, FP, DSAA. *

7. As the process evolves, the cognizant DoD component will be informed via message of each Congressional notification and provided with a copy of the letters which transmit the advance and statutory Section 36(b)(1) notifications to Congress.

8. Following completion of the 20 day advance notification period and after State clearance, the Director, DSAA, will provide the statutory Section 36(b)(1) notification of the proposed sale to the Congress. At this time, and after receiving express authority from the Comptroller, DSAA, and coordination with DSAA Regional, the IA will furnish a copy of the unsigned LOA to the purchaser as an enclosure to a transmittal letter in the format of Table 703-7 (Transmittal Letter for the Unsigned LOA). If Congress adopts a joint resolution objecting to a proposed sale, the Director, DSAA will promptly notify the IA of that fact, seek the guidance of the President as to the course of action which should be taken, and advise the IA of the action to be taken. *

9. IAs will submit signed LOAs to the DSAA/COMPT-FPD, no later than five working days prior to completion of the statutory 15 or 30 day Congressional review period. Unless there are appropriate reasons to do otherwise, the IA assigned expiration date will allow for normal country review periods beyond the final date of the Congressional review. When the signed LOA and all subsequent amendments and notices are submitted to DSAA, they will include the identifying DSAA Transmittal Number used for the statutory Congressional notification (e.g., 94-15). This number will be shown on the message sent to DoD component advising of the dispatch of the statutory notification. *

10. LOAs for \$7 million or more must be submitted to the Countersignature Branch with a TLW-- except for FMSO I and II cases, spare parts requisition cases, training cases, equipment and services cases where the source is DoD inventories, or programs for which termination liability requirements have been waived pursuant to the FMR.

11. Upon the expiration of the statutory 15 or 30 day waiting period the Comptroller, DSAA, will, if Congress has not adopted a joint resolution objecting to the proposed sale, countersign the LOA and return the original to the IA and forward a copy to DFAS-DE/I. Upon receipt of the DSAA countersigned LOA, the IA may forward the original signed LOA to the prospective Purchaser.

70305 CLASSIFICATION.

A. Advance Section 36(b)(1) Notifications. All data, information, and advance Congressional notifications of proposed sales to all prospective Purchasers will be treated as, and marked "SECRET" or "CONFIDENTIAL" until the statutory notification is provided to Congress. The following classification guidelines apply to all inputs of supporting data required for advance notifications by the Financial Management Division:

1. If none of the data presented is classified, the documents will be stamped "SECRET" or "CONFIDENTIAL" on the top and bottom of each page, all paragraphs will be preceded by "(U)," and the following marking will be shown on the bottom of the first page of each submittal:

"CLASSIFIED BY SAMM (DoD 5105.38-M) (CHAPTER 7, SECTION 703)
DECLASSIFY ON STATUTORY NOTIFICATION TO
CONGRESS UNLESS REQUIRED OTHERWISE
BY COMPETENT AUTHORITY."

2. If any of the data presented is classified, the documents will be stamped with the required level of classification on the top and bottom of each page, each classified paragraph will be marked with the required classification, and the appropriate "classified by" and "declassify on" data are to be entered on the bottom of the first page of each submittal. The marking indicated in paragraph 1.a. above will not be used on these submittals.

B. Statutory Section 36(b)(1) Notifications. As specified in the AECA, Section 36(b), each statutory notification provided to Congress is to be unclassified except that the dollar amount and quantity of the offer and details of the description of the defense articles or services offered may be classified. Furthermore, the justification may also be classified. However, if any of the items are to be classified, the rationale must be provided, fully justified, and the justification attached to the statutory notification data submission (Table 703-5). Supporting data inputs pertaining to statutory notifications will be submitted to DSAA/Compt-FM in accordance with the following classification guidelines:

1. If none of the data presented is classified, the procedures indicated in paragraph A.1. above are to be followed.

2. If any of the data presented is classified, the procedures indicated in paragraph A.2. above are to be followed.

C. Sensitivity of Technology Statements. Classification guidance indicated in paragraph A.1. or A.2. above is to be followed in submitting Sensitivity of Technology statement supporting data to the DSAA/Compt-FM.

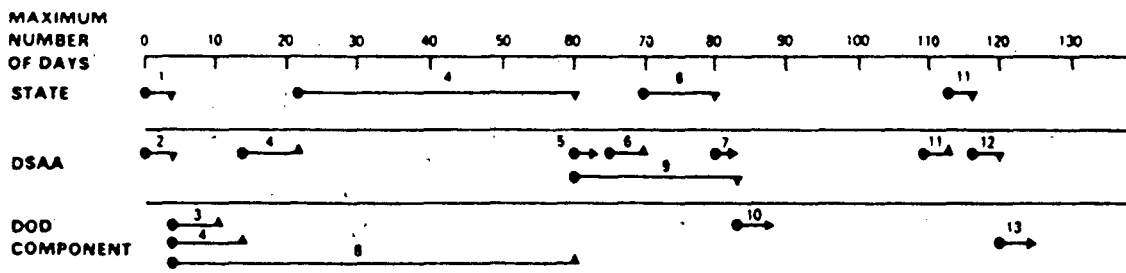
TABLE 703-1

MILESTONES FOR LOA REQUESTS FOR SIGNIFICANT MILITARY EQUIPMENT

MILESTONES FOR LOA REQUESTS FROM NON-EXEMPTED PURCHASERS FOR SIGNIFICANT MILITARY EQUIPMENT WHICH REQUIRE 36(b)(1) NOTIFICATION

ACTION FROM PURCHASER: Message request from in country via U.S. Embassy jointly addressed to Sec State/PM and Sec Def/DSAA. Info copy to appropriate DOD Component (Mil Dept, Unified Command, and Arms Control and Disarmament Agency (ACDA))

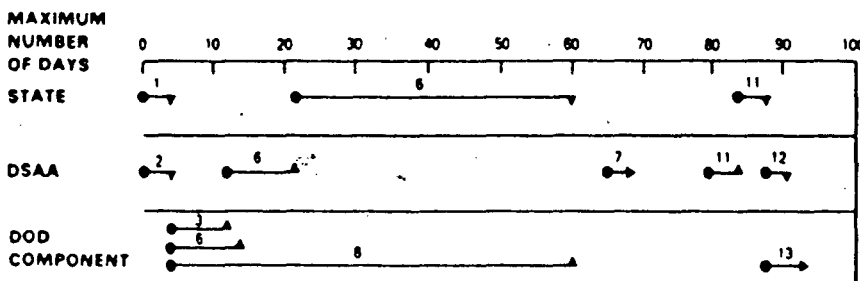
or
Letter request from Purchasing Mission, Embassies, or Military Attaches in U.S. jointly addressed to Sec State/PM and Sec Def/DSAA



MILESTONES FOR LOA REQUESTS FROM EXEMPTED PURCHASERS FOR SIGNIFICANT MILITARY EQUIPMENT WHICH REQUIRE 36(b)(1) NOTIFICATION

ACTION FROM PURCHASER: Message request from in country via U.S. Embassy jointly addressed to Sec State/PM and Sec Def/DSAA. Info copy to appropriate Unified Command and ACDA.

or
Letter request from Purchasing Mission, Embassies, Military Attaches in U.S. jointly addressed to Sec State/PM and Sec Def/DSAA.



PROCESSING FOREIGN MILITARY SALES LETTERS OF OFFER

- 1 Preliminary review and approval.
- 2 Tasking of the preparation of the Letter of Offer and Acceptance and 36(b) information, as appropriate
- 3 Input of 36(b) data to DSAA/FMSCD and case identifier information into the DSAA 1200 system.
- 4 Preparation, review, and approval of the advance 36(b) notification to the Congress, including interagency and Executive Office staffing, as necessary
- 5 Transmittal of the advance 36(b) notification to Congress
- 6 Preparation, review, and approval of the statutory 36(b) notification to the Congress, including interagency and Executive Office staffing, as necessary
- 7 Transmittal of the statutory 36(b) notification to Congress
- 8 Letter of Offer and Acceptance preparation
- 9 Review and approval of unsigned Letter of Offer and Acceptance
- 10 Dispatch of unsigned Letter of Offer and Acceptance to the customer
- 11 Final review and approval
- 12 Countersignature
- 13 Dispatch of the signed Letter of Offer and Acceptance to the customer
- 14 DoD component to notify Sec State/PM and Sec Def/DSAA, which will initiate the appropriate procedures

MILESTONES FOR LOA REQUESTS FOR SIGNIFICANT MILITARY EQUIPMENT WHICH DO NOT REQUIRE 36(b)(1) ACTION

ACTION FROM PURCHASER: Message request from in country via U.S. Embassy jointly addressed to Sec State/PM and Sec Def/DSAA. Info copy to appropriate Unified Command and ACDA.

or
Letter request from Purchasing Mission, Embassies, Military Attaches in U.S. jointly addressed to Sec State/PM and Sec Def/DSAA

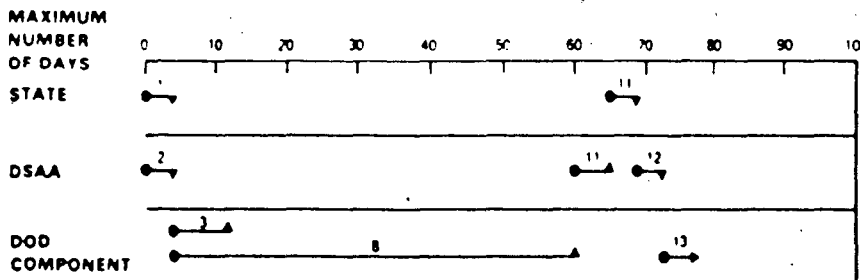


TABLE 703-1. Milestones for LOA Requests for Significant Military Equipment Which Require 36(b)(1) Notifications.

2011 (PFA data request)

FORMAT

Channel of Submission

Response to LOR

FORMAT FOR PFA

Coordination for PFA or LOR

Letter of Intent

Typical Requests

• PFA Data

• LOR

• LOI

45 day after 2011 LOR

offer to SPN official tender

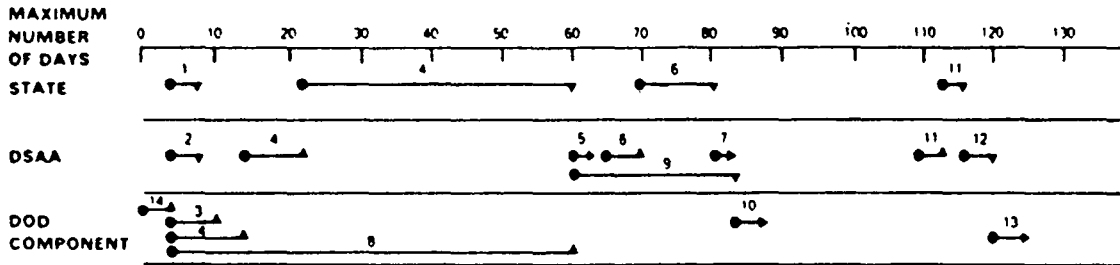
TABLE 703-2

MILESTONES FOR LOA REQUESTS FOR NON-SIGNIFICANT MILITARY EQUIPMENT

MILESTONES FOR LOA REQUESTS FROM NON-EXEMPTED PURCHASERS FOR NON-SIGNIFICANT MILITARY EQUIPMENT WHICH REQUIRE 36(b)(1) NOTIFICATION

ACTION FROM PURCHASER: Message request from in country through country's representatives in the U.S. or through U.S. country team directly to the cognizant DoD Component. Info copy to Sec State/PM and Sec Def/DSAA

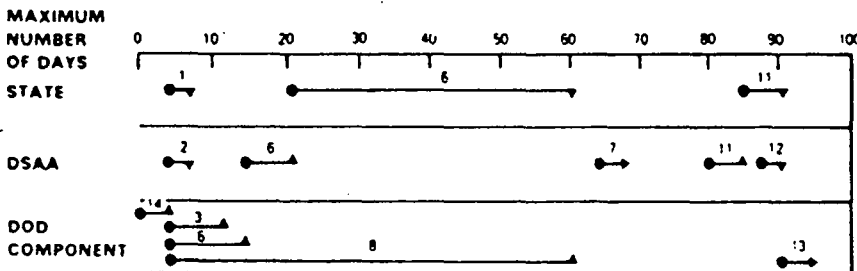
Requests originating from foreign country representatives in the U.S. should be sent directly to the cognizant DoD Component. Info copy to Sec State/PM and Sec Def/DSAA



MILESTONES FOR LOA REQUESTS FROM EXEMPTED PURCHASERS FOR NON-SIGNIFICANT MILITARY EQUIPMENT WHICH REQUIRE 36(b)(1) NOTIFICATION

ACTION FROM PURCHASER: Message request from in country through country's representatives in the U.S. or through U.S. country team directly to the cognizant DoD Component. Info copy to Sec State/PM and Sec Def/DSAA

Requests originating from foreign country representatives in the U.S. should be sent directly to the cognizant DoD Component. Info copy to Sec State/PM and Sec Def/DSAA



PROCESSING FOREIGN MILITARY SALES LETTERS OF OFFER

1. Preliminary review and approval
2. Tasking of the preparation of the Letter of Offer and Acceptance and 36(b) information as appropriate
3. Input of 36(b) data to DSAA FMSCD and case identifier information into the DSAA 1200 system
4. Preparation review and approval of the advance 36(b) notification to the Congress including interagency and Executive Office staffing as necessary
5. Transmittal of the advance 36(b) notification to Congress
6. Preparation review and approval of the statutory 36(b) notification to the Congress including interagency and Executive Office staffing as necessary
7. Transmittal of the statutory 36(b) notification to Congress
8. Letter of Offer and Acceptance preparation
9. Review and approval of unsigned Letter of Offer and Acceptance
10. Dispatch of unsigned Letter of Offer and Acceptance to the customer
11. Final review and approval
12. Counter-signature
13. Dispatch of the signed Letter of Offer and Acceptance to the customer
14. DoD component to notify Sec State/PM and Sec Def/DSAA, which will initiate the appropriate procedures

MILESTONES FOR LOA REQUESTS FOR ALL OTHER FOREIGN MILITARY SALES WHICH DO NOT REQUIRE 36(b)(1) ACTION

ACTION FROM PURCHASER: Message request from in country through country's representatives in the U.S. or through U.S. country team directly to the cognizant DoD Component. Info copy to Sec State/PM and Sec Def/DSAA

Requests originating from foreign country representatives in the U.S. should be sent directly to the cognizant DoD Component. Info copy to Sec State/PM and Sec Def/DSAA

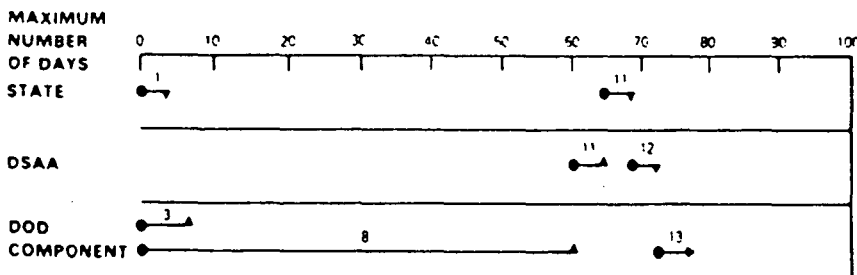


TABLE 703-2. Milestones for LOA Requests for Non-Significant Military Equipment Which Require 36(b)(1) Notifications.

**TABLE 703-3
ADVANCE NOTIFICATION DATA**

(CLASSIFICATION)

MEMORANDUM FOR (or LETTER TO) THE COMPTROLLER, DSAA (ATTENTION: FMSCD)

SUBJECT: Data for a Possible Advance Section 36(b)(1) Notification (U)

(U) The following supporting data are provided in accordance with Chapter 7, Security Assistance Management Manual:

- a. (*) Prospective purchaser:
- b. (*) Purchaser's reference and date of receipt by implementing agency:
- c. (*) Description and quantity or quantities of all articles and/or services under consideration for purchase (to include all MDE and non-MDE items, segregating the MDE items and indicating the MDE value):
- d. (*) Estimated total dollar value of this case (to include all costs associated with this proposed sale e.g., packing, crating, handling, transportation, administrative changes, etc.) and the dollar value of major defense equipment, if any, included in the case:
- e. (*) Description of total program of which this case is a part (including any associated weapons, training, construction, logistical support, or other direct supply implications not included in the case itself):
- f. (*) Estimated value of total program of which this case is a part (including the estimated number and dollar value of any increments and the duration of the total program, if it is a multi-year project):
- g. (*) Prior related cases, if any (including case designators, descriptions, values, acceptance dates, etc.):
- h. (*) DoD component:
- i. (*) Estimated date LOA will be ready for statutory notification to Congress:
- j. (*) Case designator:

CLASSIFIED BY: (See DoD 5105.38-M, Chapter 7, Section 703.)

(CLASSIFICATION)

TABLE 703-3. Advance Notification Data.

(CLASSIFICATION)

k. (*) A description of each payment, contribution gift, commission or fee paid or offered or agreed to be paid in order to solicit, promote or otherwise to secure such LOA. Description should include:

(1) Name of person who made such a payment, contribution, gift, commission, or fee:

(2) The name of any sales agent or other person to whom such payment, contribution, gift, commission, or fee was paid:

(3) The date and amount of such payment, contribution, gift, commission, or fee:

(4) A description of the sale in connection with which such payment, contribution, gift, commission, or fee was paid:

(5) The identification of any business information considered confidential by the person submitting the information under the AECA, Section 39 to the Secretary of State:

l. (*) Sensitivity of technology contained in the defense articles or defense services proposed to be sold (see Paragraph 70302.B.3. of this section for definitions, Note 1 below for entry requirements, and Table 703-6A for details of required data and format):

m. (*) Previously reported under DSAA(A) 1138 Report requirements? If so, for which fiscal year quarter?

n. (*) Third party transfer certification:

(1) Name of the proposed third party recipient of these articles, training, or other defense services:

(2) Reason for the proposed transfer:

(3) Date on which such transfer is proposed to be made:

o. (*) Expected security classification of the case and LOA after statutory notification (If the case and LOA will be classified, cite rationale and attach justification.):

p. (U) Action officer's name, office, and telephone number (For individuals located in the Washington area provide commercial number, others are to provide DSN and commercial numbers.):

(*) Indicate required security classification paragraph markings per Chapter 7, Section 703.

Attachment (see Note 2 below.):

(CLASSIFICATION)**TABLE 703-3. (Continued)**

(CLASSIFICATION)

Note: 1. Whenever a proposed sale involves no transfer of sensitive technology or classified information, the word "None" will be entered under this heading. Whenever the transfer of sensitive technology or classified information is involved, the words "See Attachment _____" will be entered under the heading and the data specified in Table 703-6 will be attached to the submission.

Note: 2. Attach the Military Justification (Table 703-4) and, if required, the Sensitivity of Technology Data (Table 703-6A), justification for security classification of the case and LOA after statutory notification.

TABLE 703-3. (Continued)

**TABLE 703-4
MILITARY JUSTIFICATION DATA**

(CLASSIFICATION)

MILITARY JUSTIFICATION (U)

(*) One-sentence paragraph identifying all defense articles and/or services proposed for sale and the estimated total cost of the offer to be made to the prospective purchaser.

(*) One or two-sentence paragraph describing broadly the contribution which the sale will make toward achieving the foreign policy and national security objectives of the United States.

(*) A short paragraph on foreign policy and military developments in the region affecting the sale, whether comparable weapons exist in the region, and the effect of the sale on the regional military balance.

(*) A short paragraph describing why the prospective purchaser needs the articles and how it intends to use them. This paragraph is to address the ability of the prospective purchaser to absorb the articles and the effect of the sale on the prospective purchaser's military capabilities. If the sale was due in part to the results of a US survey, this is to be brought out in this paragraph.

(*) Identification and location of the prime contractor or principal contractor, if not applicable, provide rationale. Indicate whether any offset agreement is proposed to be entered into in connection with this sale.

(*) Estimate of the number of additional US Government personnel and US contractor representatives required in the territory of the prospective purchaser to implement the proposed sale and the number of months during which each category of personnel will be needed.

(*) Any impact on US defense readiness which would result from the proposed sale.

CLASSIFIED BY: (See DoD 5105.38-M, Chapter 7, Section 703.)

(CLASSIFICATION)

(*) Indicate required security classification paragraph markings per Chapter 7, Section 703.

NOTE: The above outline is a guide for preparing the typical justification. It need not be followed rigidly when variations will produce a clearer presentation; however, each aspect listed is to be considered and addressed.

TABLE 703-4. Military Justification Data.

**TABLE 703-5
STATUTORY NOTIFICATION DATA
(CLASSIFICATION)**

MEMORANDUM FOR THE COMPTROLLER, DSAA (Attention: FM)

SUBJECT: Data for a Possible Statutory Section 36(b)(1) Notification (U)

(U) The following supporting data are provided in accordance with Chapter 7, DoD 5105.38-M:

- a. (*) Prospective purchaser;
- b. (*) DoD component;
- c. (*) Case designator;
- d. (*) Total dollar value (amount to be the same as that entered on line (13) of the LOA) and the dollar value of major defense equipment;
- e. (*) Description and quantity or quantities of all articles and/or services under consideration for purchase (to include all MDE and non-MDE items, segregating the MDE items and indicating the MDE value);
- f. (*) Expected security classification of the sale after statutory notification (If the sale is to be classified, cite rationale and attach justification.);
- g. (*) Sales commission or fee paid, offered, or agreed to be paid (See Note 1);
- h. (*) The impact of such sales or transfers on the readiness of US forces;
- i. (*) The adequacy of reimbursements to cover, at the time of replenishment to US inventories, the replacement costs of items sold or transferred;
- j. (*) If reimbursements are inadequate, impact and justification for such disparity;

CLASSIFIED BY: *(See Section 703)

(CLASSIFICATION)

TABLE 703-5. Statutory Notification Data. (Page 1 of 2)

(CLASSIFICATION)

(CLASSIFICATION)

k. (*) Sensitivity of technology contained in the defense articles or services proposed to be sold (see Paragraph 70302.B.3. for definitions, Note 2 below for entry requirements, and Table 703-6A for details of required data and format);

l. (*) Previously reported under DSAA(Q) 1138 Report requirements? If so, for which fiscal year quarter?

m. (*) Third party transfer certification;

(1) Name of the proposed third party recipient of these articles, training or other defense services;

(2) Reason for the proposed transfer;

(3) Date on which such transfer is proposed to be made;

n. (*) Security classification of the LOA after statutory notification (If the LOA will be classified, cite rationale and attach justification.);

o. (U) Action officer's name, office, and telephone number (For individuals located in the Washington area provide commercial number, others are to provide DSN and commercial numbers.).

Attachments (See Note 3 below.):

(CLASSIFICATION)

(*) Indicate required security classification paragraph markings per Section 703.

Note: 1. Information supplied under g. shall be in the same detail as is required to be supplied under 1.j. of Table 703-3.

Note: 2. Whenever a proposed sale involves no transfer of sensitive technology or classified information, the word "None" will be entered under this heading. Whenever the transfer of sensitive technology or classified information is involved, the words "See Attachment ____" will be entered under the heading and the data specified in Table 703-6A will be attached to the submission if required and previously not provided.

Note: 3. If the prospective Purchaser is an exempted entity attach the Military Justification (Table 703-4) and, if required, the Sensitivity of Technology (Table 703-6A). Also, if LOA or other information related to the sale are to be classified per paragraph f. and/or n. above, attach the required justification.

TABLE 703-5. Statutory Notification Data. (Page 2 of 2)

**TABLE 703-6A
SENSITIVITY OF TECHNOLOGY DATA**

(CLASSIFICATION)

SENSITIVITY OF TECHNOLOGY (U)

(*) A description of the sensitive, as well as classified, components of any equipment, technical data, training, services, or documentation (to include the specific classification of each) is required to be conveyed in connection with the proposed sale. The input will address not only sensitive technological information contained in equipment components or technical documentation contained in the sale, whether classified or not, but also restricted information contained in classified components or classified documentation required to be released in connection with the sale. The equipment components, types of documentation, or technical data containing the sensitive information are to be identified and the reasons for considering it sensitive information should be provided. Whenever the transfer of classified defense equipment or classified documentation is required, the classified components or types of documentation containing the classified information are to be identified along with the reasons for the classification. A brief description should also be provided regarding anticipated consequences if the technology is lost to a technologically advanced or competent adversary.

(*) When release of classified or sensitive technology is within classification guidelines for disclosure to a specific government as stipulated in National Disclosure Policy (NDP-1), a separate paragraph should be included to state that "a determination has been made that the recipient government can provide substantially the same degree of protection for the technology being released as the US Government." That paragraph should also include a statement to the effect that the sale is necessary in furtherance of the US foreign policy and national security objectives as outlined in the policy justification portion of the notification.

(*) When an exception to NDP-1 has been granted for release of the classified or sensitive technology, a separate paragraph on the sensitivity of technology statement should provide information to the effect that: the sale is necessary in furtherance of the US foreign policy and national security objectives outlined in the policy justification and the benefits to be derived from the sale, as outlined in the policy justification of the notification, outweigh the potential damage that could result if the sensitive technology were revealed to unauthorized persons. Additional justification for granting the exception to NDP-1 such as that included in the request for the exception should also be provided.

(*) As the final paragraph of the submission, one of the following statements must be included: "(C) release of this technology is within classification guidelines for disclosure to (indicate country) as stipulated in National Disclosure Policy (NDP-1)." or "(C) An exception to national disclosure policy (NDP-1) was granted for (indicate country) on (indicate date) for the release of (indicate security classification level) information pertaining to (indicate item)."

TABLE 703-6A. Sensitivity of Technology Data.

CLASSIFIED BY: (See DoD 5105.38-M, Chapter 7, Section 703.)

(CLASSIFICATION)

(*) Indicate required security classification paragraph markings per Chapter 7, Section 703.

Note: For explanation of terms and details see Chapter 7, Paragraph 70302.B.3.

(CLASSIFICATION)

TABLE 703-6A. Continued.

TABLE 703-6B

**ENHANCEMENT OR UPGRADE OF SENSITIVITY OF TECHNOLOGY OF
ITEMS PLANNED TO BE DELIVERED, SECTION 36(b)(5)(A) REPORT**

**MEMORANDUM FOR (OR LETTER TO) THE COMPTROLLER, DSAA
(ATTENTION: FM) (U)**

SUBJECT: Enhancement or Upgrade of Sensitivity of Technology of Item(s)
Planned to be Delivered, Section 36(b)(5)(A) Report (U)

1. The following data are provided in accordance with Chapter 7, DoD 5105.38-M:
 - A. (*) Purchaser:
 - B. (*) DoD Component:
 - C. (*) Case Designator:
 - D. (*) Section 36(b)(1) Certification Number:

2. A. (*) Description of the manner in which the technology or capability has been enhanced or upgraded, including the significance of such enhancement or upgrade from the level previously described in the original Section 36(b)(1) Certification:
 - B. (*) Estimated net cost of enhancement or upgrade:
 - C. (*) Item(s) or service(s) to which change(s) apply (indicate whether MDE):
 - D. (*) Next planned delivery date of item(s) or service(s):
 - E. (*) Detailed justification for the sale of such enhancement or upgrade:

Attachment: Copy of original Section 36(b)(1) Notification.

CLASSIFIED BY: (See DoD 5105.38-M, Chapter 7, Section 703.)

(CLASSIFICATION)

(*) Indicate required security classification paragraph markings per Chapter 7, Section 703.

**TABLE 703-6B. Enhancement or Upgrade of Sensitivity of Technology of Items
Planned to be Delivered, Section 36(b)(5)(A) Report.**

TABLE 703-6C

**STATUTORY NOTIFICATION DATA ON ENHANCEMENT OR UPGRADE
OF CAPABILITY OR SENSITIVITY OF TECHNOLOGY**

(CLASSIFICATION)

**MEMORANDUM FOR (OR LETTER TO) THE COMPTROLLER, DSAA
(ATTN: FM) (U)**

SUBJECT: Data for Statutory Section 36(b)(1) AECA Notification of Enhancement or Upgrade of Capability or Sensitivity of Technology, Section 36(b)(5)(C) (U)

1. The following supporting data are provided in accordance with Chapter 7, DoD 5105.38-M, regarding items or services that are proposed to be added to a previously notified sale.

- A. (*) Prospective Purchaser:
- B. (*) DoD Component and Case Designator(s):
- C. (*) Original Congressional Notification number and previously notified dollar value:
- D. (*) Estimated net cost of enhancement or upgrade of capability or sensitivity of technology:
- E. (*) Description and quantity of the items and/or services for which enhancement or upgrade of capability or sensitivity of technology is proposed (which items are being enhanced?): Include all major defense equipment, defense articles or services; or design and construction services, segregating them by dollar values:
- F. (*) Description of enhancement or upgrade of capability or sensitivity of technology (what is being done to provide the enhancement or upgrade?):
- G. (*) Expected security classification of the sale of the enhancement or upgrade in capability or sensitivity of technology (if it is to be classified, cite rationale and attach justification):
- H. (*) Sales commission, fee, etc., paid, offered, or agreed to be paid on the enhancement or upgrade in capability or sensitivity of technology (if none, so state):
- I. (*) Identification and location of the prime contractor or principal contractor of the enhancement or upgrade in capability or sensitivity of technology (Also indicate whether any offset agreement is proposed to be entered into in connection with this sale.):
- J. (*) Estimate of the number of additional US Government personnel and US contractor representatives required in the area of the prospective purchaser to implement the proposed enhancement or upgrade of capability or sensitivity of technology and the number of months each category of personnel will be needed:

TABLE 703-6C. Statutory Notification Data on Enhancement or Upgrade of Capability or Sensitivity of Technology.

K. (*) Has the proposed sale of the enhancement or upgrade in capability or sensitivity of technology previously been reported in a DSAA(Q)1138 Report? If so, for which fiscal year quarter?

2. Provide detailed justification including reasons necessitating the sale of the item(s) or service(s) in view of the sensitivity of such technology:

Attachment: Copy of original Section 36(b)(1) Notification.

CLASSIFIED BY: (See DoD 5105.38-M, Chapter 7, Section 703.)

(CLASSIFICATION)

(*) Indicate required security classification paragraph markings per Section 703.

TABLE 703-6C. (Continued.)

Dear

Enclosed for analysis and planning purposes is an unsigned advance copy of the "United States of America Letter of Offer and Acceptance," for FMS case [case designator].

Section 36(b) of the Arms Export Control Act requires that notification be given to the Congress of the United States before the Department of Defense issues any offer to: (1) sell defense articles and services, the estimated total costs of which are \$50,000,000 or more, or (2) sell major defense equipment, the estimated total costs of which are \$14,000,000 or more. Section 36(b) further provides that the offer to sell not be issued if the Congress, within [*] calendar days after receiving such notification, adopts a joint resolution stating in effect that it objects to the proposed sale.

The Department of Defense has transmitted the required notification of the enclosed proposed sale to the Congress on [date]. Assuming that the Congress does not object to this proposed sale, the enclosed LOA will be signed and issued to your Government by the authorized Department of Defense representative on or about [date]. In the event that the Congress should object to this proposed sale, you will be notified promptly of that fact.

Sincerely yours,

* For exempted Purchasers (Paragraph 70304), enter "15." for non-exempted Purchasers. enter "30."

TABLE 703-7. Transmittal Letter for the Unsigned LOA.

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SECTION 704 - CASE MANAGEMENT

70401 THE SCOPE OF CASE MANAGEMENT.

A. The IA will assign a manager to each LOA. The LOA manager is defined as that individual who is designated to accomplish the task of integrating functional and inter- and intra-organizational efforts directed toward the successful performance of an FMS case including closure after supply complete (see Paragraph 70401.D. below.) *

B. Cases will vary in dollar magnitude and complexity. For example, a \$2 billion sale of a major weapon system is extremely complex. A \$100 million LOA for off-the-shelf replacement spares is less complex. While the two are different in complexity and dollar value, they both require emphasis and special management attention (even a very low value case may involve many different functional activities), and both are managed in accordance with well-defined guidelines. *

C. The case manager is the focal point for management activity. The task of the manager is to ensure the objectives of the assigned case are achieved while adhering to applicable laws and regulations. *

D. These objectives are threefold: (1) to successfully provide all articles or services included on schedule; (2) to provide these items within the stated value; and (3) to close the case as planned. Successful performance is realized when the objectives of the case are met. **

E. The manager acts as the focal point for case activities by coordinating and integrating organizational actions and resources assigned to SA functions. Critical decisions involving managerial prerogatives must be coordinated with the case manager. *

F. The manager has a role in each of the major elements of the case: acquisition, programing, logistics and finance, and shall be involved in every aspect of planning and executing assigned LOAs. *

G. The case manager functions as an integrator and a generalist. There are no definite ground rules for determining where the manager is placed in the organization. This must be decided by the IA. Management begins during P&A and LOA preparation and should include total package concept/total package approach. Each FMS LOA must be assigned a manager no later than the implementation date. **

70402 CASE MANAGEMENT AUTHORITY, RESPONSIBILITY, ACCOUNTABILITY, AND CONTROL.

A. The case manager should be guided by existing policies and management directives, and activities should be governed by these regulatory documents. Direct communications with participating organizations is essential for day-to-day management; however, the manager's final authority is limited to the chain of command, which means that the manager must use the established lines of communication and authority. *

1. Authority.

FMS LOAs require concentrated management effort. The case manager should have the authority to take actions and task inter- and intra-organizational areas relating to financial, logistics, procurement, and administration matters in day-to-day operations. A Charter for Case Managers is at Table 704-1. *

2. Responsibilities.

The manager is responsible for all management aspects of the LOA (and resultant * FMS case). Responsibilities include:

- a. Establish initial and long-range goals and objectives for execution.
- b. Prepare a master plan, including a plan for closing the case when it is * supply complete.
- c. Develop a financial and logistics management plan.
- d. Approve plans of execution, scope, and schedule of work.
- e. Review and verify funding/program requirements.
- f. Integrate the program and logistics financial plan.
- g. Initiate requirements.
- h. Validate that costs are accurate and billed.
- i. Respond to requirements of counterpart managers, functional activities, and other supporting agencies in the resolution of interface or operating problems.
- j. Initiate, when necessary, working agreements with supporting activities as appropriate.
- k. Analyze performance in relation to required performance specifications.
- l. Maintain a complete chronological history (significant events and decisions).
- m. Provide status, progress, and forecast reports.
- n. Ensure DIFS and IA records are in agreement. *
- o. Ensure that case records are retained in an identifiable location in accordance * with the FMR and this manual. Comptroller, DoD issued a July 1988 memorandum directing that * all documentation supporting a disbursement be retained indefinitely. Supporting documentation will include those for recording obligations, proof of delivery/shipment, contractor/vendor invoices, and disbursements.
- p. Ensure that schedules are accurate and timely.

The documents listed below reflect the type of work that the case manager ensures are prepared and * submitted. Each of the documents shall specifically identify the manager by name and organization:

DD Form 2061

Case Master Plan
Case Progress/Status/Performance Reports

DD Form 2060

Case Directives

Financial Analysis

Case Closure Certificate

3. Accountability.

a. Effective LOA management is dependent upon the performance and interaction of many organizations. If the performance of a supporting activity is deficient in regard to a LOA, the LOA manager may not be able to meet objectives. The manager shall initially attempt to resolve problems with the supporting activity. If this proves unsuccessful, then the problem shall be escalated. *

b. The LOA manager is accountable for accomplishing the program on schedule within LOA value and for closing the LOA as planned. As a minimum, the manager is accountable for all documents listed below: *

Case Master Plan - especially closure
Financial Analysis
Case Directives
Case Progress/Status Performance Reports *

4. Control.

a. An appropriate master plan shall be developed which separates the LOA into management components, indicates significant activities requiring coordination, and, in general, establishes a time-sequence schedule for implementation. The plan will also specify the participants and their assigned responsibilities. It should be prepared by the manager at the onset of the LOA and updated as required. **

b. The Case Master Plan will be tailored by the LOA manager to fit the complexity of the LOA. The Case Master Plan will consist of an LOA summary sheet as required by DODD 7290.3-M and other documentation deemed appropriate. This is one control mechanism for the manager to ensure events conform to the plan. Other mechanisms to be used are: **

-- Periodic comparisons of actual versus programmed deliveries and associated costs.

-- Updating the Master Plan's program, supply/delivery and financial schedules.

-- Facilitating the flow of funds from the LOA to the supporting activities.

These control procedures are designed to identify and isolate problem areas. When problems are surfaced, corrective action initiated by the manager is essential to avoid potential program impacts.

c. Changes to the LOA or the implementation plan must be coordinated with the LOA manager. There may be situations whereby higher authority may preempt the authority of the LOA manager, such as when final negotiations with FMS purchasers or diverted *

deliveries. The preemptions should be promptly communicated to the case manager and potential impacts should be documented for future reference.

70403 REPORTING REQUIREMENTS.

A. The case manager is responsible for keeping others informed of the progress, status, problems, and resource requirements of the case. The case manager must use the normal channels of communications to higher authorities and supporting activities to let them know what is needed and how the case is progressing.

B. Existing information and reporting systems should be used to the maximum extent possible in directing and controlling functions of case management. For optimum control of the case, DOD Components shall determine information needed for case management based on the needs of the case manager. The case manager should consider the following among other key items essential for the information package: logistics performance versus case specifications, availability of funds versus planned expenditures, actual cost of work performed versus budget cost of work performed, programmed values of work remaining versus funds available in the case, schedule revisions, and problems areas. A recommended listing of data elements is at Table 704-2.

C. The DOD Component shall ensure procedures are established with supporting activities to provide management information in support of the case. DOD Components should develop an internal document that allows Service senior managers to easily review the status of a case against established performance requirements and the LOA. The internal status document should address the following four areas:

1. **Deliveries.** Are deliveries on schedule as outlined in the LOA?
2. **Pricing.** Are the prices of the ordered articles and services for each line of the case compatible with the LOA estimates (within ten percent)?
3. **Funding.** Does the payment schedule accurately reflect financial requirements?
4. **Closure.** Can the case be closed within one or two years from supply completion date, depending on the type of case involved?

70404. THE CASE MANAGER'S ROLE IN THE ASSIGNMENT OF TASKS.

A. The case manager shall have direct communication from the case manager's office to key participants involved in support of a case. The direct line in communication is intended to facilitate the resolution of day-to-day problems. It is emphasized that the case manager must still operate within the organization's normal chain of command. Informal discussions may be necessary between the case manager and supporting activities, followed by appropriate documentation. Case managers cannot commit the case implementing agency except through coordinated written direction.

B. Tasks in the areas of acquisition, logistics and finance will be assigned to supporting activities using normal operating rules. The supporting activity which accepts the work assignment agrees to specific, measurable objectives and to detailed task descriptions, specifications, milestones, and budgets for the work assignment. The supporting activity is then responsible for the work effort in terms of meeting its objective on time and within the available budget.

70405. PERFORMANCE SPECIFICATIONS AND MEASUREMENT STANDARDS.

A. The case manager's performance will be monitored by comparing actual output with that planned. The idea of assigning responsibility to the case manager for a time schedule, specific set of outputs, and funding limitation tends to establish a performance specification which is useful in judging the effectiveness of case managers. In other words, the case manager's performance specifications that could be considered for the purpose of measurement standards are primarily the three objectives:

1. To accomplish the case (performance) on schedule.
2. To accomplish the case within the case value.
3. To close the case as planned.

B. The case progress shall be reviewed on a recurring basis to verify that the case activities are proceeding according to planned events.

70406. FORMAL TRAINING TO MEET SPECIAL REQUIREMENTS OF THE CASE MANAGER.

A. The DOD Component must ensure that individuals assigned as case managers receive adequate training. The following DISAM courses, as applicable are suggested as a part of a training plan for a case manager:

- CONUS
- Financial Management
- Case Management
- Training Management

B. In addition, internal training should be conducted within the implementing agencies to cover the organization's FMS procedures and to rectify any perceived case management inadequacies.

TABLE 704-1

CHARTER FOR CASE MANAGER

The case manager has responsibility for total case management from assignment through case closure. The case manager operates within the chain of command to direct the necessary action to satisfy case requirements. The case manager ensures that the case (performance) is accomplished on a schedule, within case value, and closed as planned. The case manager manages the case through reviews, visits, surveillance of reports, and correspondence. The case manager integrates the efforts and ensures timely resolution of problems surfaced by supporting activities.

TABLE 704-1. Charter for Case Manager.

TABLE 704-2

CASE MANAGER DATA ELEMENTS

RSN Level Program

- Direct Program Value
 - Section 21 (specify Publications/Training)
 - Section 22 (specify GFM/GFE)
- Indirect Program Value
 - R&D
 - Rental
 - CAS
 - Nonrecurring Production
 - Administrative Fee
- Accessorial Value/Costs
- Type of Financing
- Commitments/Obligations
- Transportation
- Performance Sources
- Requisition Status
- Contract Data

LOA Closure Data

- Reports of Discrepancies
- Repair Data
- Training Data
- Obligational Authority
- Commitments by Fund Cite
- Obligations by Fund Cite
- Physical Deliveries Quantity/Value
- Financial Deliveries
- Work-in-Process
- Expenditure Authority
- Payment Schedule
- Billed to Date
- Delivered to Date
- Collections
- Accounts Receivable
- Disbursements at LOA and Line Level

NOTE: This is a representative list of potentially useful data elements. It is not all inclusive and some data elements listed may not be required for a specific LOA.

TABLE 704-2. Case Manager Data Elements.

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CHAPTER 8

FMS CASE PERFORMANCE

SECTION 800 - CASE IMPLEMENTATION AND EXECUTION
--

80001 IMPLEMENTATION.

A. After receiving the initial deposit, together with a copy of the accepted LOA and the applicable request for obligational authority (O/A), DFAS-DE/I issues O/A to the cognizant implementing agency (I/A), e.g., MILDEP. The O/A is evidence that proper acceptance, including cash deposit, has been received and the FMS case may be implemented.

B. The DD Form 1513 provides the basic information concerning, and authority for, a given FMS case. However, a DD Form 1513 by itself may not be sufficient to permit an FMS case to be implemented. In this regard, I/As may issue case implementing instructions to applicable activities within the DoD. Implementing instructions will state that implementation is subject to receipt of O/A.

C. The following procedures have been developed to handle requests for emergency obligational authority (O/A):

1. Implementing Agencies (IA) will limit requests for emergency O/A to true emergency situations (e.g., where normal O/A processing time would exceed training start dates, contract award dates, etc.).

2. Requests for emergency approval of O/A will be directed to DFAS-DE/I.

3. IAs will establish official points of contact to receive, evaluate and relay to DFAS-DE/I legitimate request for emergency approval of O/A.

a. IAs will provide the name, office symbol, and telephone numbers of their point(s) of contact to DFAS-DE/I.

b. All IA requests will be relayed to DFAS-DE/I through these offices.

c. Any requests received by DFAS-DE/I from other persons will be referred by DFAS-DE/I to the appropriate IA point of contact.

4. IAs will provide DFAS-DE/I with any available documentation to support the emergency approval request (e.g., copies of signed LOAs, messages from SAOs stating that LOA and/or initial deposit are in USG hands).

5. IAs will insure that DD Form 2060, "FMS Obligational Authority," has been provided DFAS-DE/I via the IA Customer Order Control System (COCS) prior to requesting emergency approval of O/A.

6. Upon confirmation of an emergency O/A requirement from an authorized point of contact, DFAS-DE/I will immediately enter the required O/A ceiling in the applicable COCS. Subsequently, based on DFAS-DE/I receipt of DD Form 1513 (facsimile acceptable) and initial

deposit (if required), the associated LOA will be implemented in DIFS and O/A ceiling released via automated DD 2060 (R5) transaction within two work days.

7. Exception to this procedure may be granted on a case-by-case basis by DSAA-COMPT-FMD.

80002 EXECUTION.

A. The LOA execution phase is usually the longest. It is that phase during which the articles or services purchased through the LOA are actually produced/ performed by the MILDEP under the authority of the LOA.

B. The means by which the USG fulfills the requirements of the FMS program depend on the nature of the items being furnished. A typical program involves the procurement of articles from new production, as well as providing selected articles from government stocks. The complete system then may be composed of both contractor-furnished and government-furnished equipment, subsystems, and materiel. Items to be procured are contracted for by cognizant DOD buying activities. FMS requirements may be consolidated with USG requirements or placed on a separate contract, whichever is more expedient and cost effective. FAR provisions applicable to DOD also apply to procurements for FMS.

C. Acquisition actions for FMS are carried out by USG activities in the same manner and using largely the same internal management organizations as for USG programs.

D. Logistics (acquisition, supply, transportation, maintenance, and training) includes the functional areas which execute the LOA. Financial management is also inherent to the execution phase.

E. As a part of the discussion of the execution phase, it is advisable to re-visit the TPA/Total Program Concept. The TPA is a means of insuring that FMS customers are afforded the opportunity to plan for obtaining support articles and services required to efficiently introduce and operationally sustain equipment considered for purchase. The key word is "sustain." Any one who has responsibility for P&A or LOA preparation must be able to offer the complete package for sustainability to the purchaser. In addition to the system itself the four major categories that we should consider in the TPA include: training, technical assistance, initial support, and follow-on support.

F. DOD 7290.3-M, Chapter 6, requires the orderly maintenance of LOA files. It is emphasized that well organized files, in a readily identifiable location, provide an audit trail for FMS management reviews, LOA closure, and other management actions.

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 US/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 Defense FAR supplement relative to FMS are listed below:

	<u>FAR</u>	<u>FAR SUPPLEMENT</u>
1. Acquisition for FMS	-----	Subpart 225.73
2. Agents Fees and Commissions	Subpart 3.4	225.7303-4
3. Options - FMS	-----	Subpart 217.2
4. Contract Type Risk - FMS	-----	215.971-3(d)(3)(iv)
5. Costs of Doing Business with a Foreign Government	-----	225.7303-2
6. Selling Costs	31.205-38	225.7303-2(a)(2)(i)
7. Recovery of Nonrecurring Costs	-----	Part 270
8. Other Than Full and Open Competition-- International Agreement	6.302-4	206.302-4
9. Applicability of Acquisition Warranties to FMS	-----	246.770-6

C. **Acquisition Notification of FMS Requirements.** In accordance with Section 225.7302 of the Defense FAR Supplement, when the acquisition for FMS is expected to involve a contract in excess of \$10,000 that is to be awarded noncompetitively (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).

D. **FMS Purchaser Involvement.** The purchasing activities of defense components and prime contractors shall implement FMS requirements using normal procurement and contract management procedures as set forth in the FAR, other directives and pertinent contractual provisions. Representatives of the FMS Purchaser shall not be permitted to review bidders' **

mailing lists or slates of proposed architect engineer firms, nor shall they be permitted to direct the deletion of names of firms from such lists or slates. They may, however, suggest that certain firms be included. The defense components should fully control the procurement and contracting process and contractual provisions. Representatives of the FMS Purchaser will not normally participate in contract negotiations. The defense components shall not accept directions from the FMS Purchaser as to source selection decisions or contract terms (other than the special contract provisions and warranties referred to in condition 6.1), nor shall the Purchaser be permitted to interfere with a prime contractor's placement of his subcontracts. However, to the extent permitted above, and as shown in condition 1.2 of the LOA, IAs may honor a Purchaser's request for the designation of particular prime or subcontract sources. Requests by the Purchaser for rejection of any bid or proposal shall not be honored unless such rejection is justified on the basis of reasons which would be sufficient in the case of a procurement made by DoD to meet its own needs. *

80102 FMS CUSTOMER REQUESTS FOR SPECIFIC SOURCE.

A. **DoD Policy.** DoD policy provides that procurements made for FMS will comply with USG 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 Supplement 225.7304, the FMS purchaser may request that a defense article or defense service be obtained from a particular source. In such cases, FAR 6.302-4 provides authority for the US 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 Defense FAR Supplement 225.7304) 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 procurement 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 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. A copy of the country's request for proposal, invitation for bid, or request for tender; a description of the method used to advertise the requirement and any restrictions placed thereon; and a narrative summary of the country's source selection criteria and method of evaluation should be included with the single source request. If price is not the sole selection criteria, the country must identify the weight that was given to each criterion.

e. When the country has established a history of procurement for articles or services from a particular prime source and needs to continue procurement from that source to continue standardization of equipment with consequent benefits of logistics support. This could include spares for support equipment or other single vendor integrity (SVI) subcontracted items.

2. **Disapprovals.** Proposed DoD component disapprovals of sole source requests will be coordinated with DSAA Operations.

3. **SAO Responsibilities.** When possible, the SAO in country will review specific country requests, advise the country of any necessary changes, and subsequently forward the request with any necessary comments and/or recommendations to the appropriate DoD component security assistance director for approval. The original copy of the request must be forwarded. Advance copies, in message format, must be quoted in their entirety, including the date and the signature block when they are forwarded to the DoD component for approval. The original request, if approved, will be retained in the contract file.

4. **Subcontractor Sole Source Designation.** The FMS purchaser may also request that a sole source subcontract be placed with a particular US firm. The DoD contracting officer will honor such a request for subcontractor placement on the same basis as indicated above for prime sources. It should be noted that the designation of subcontractors carries a risk which should be brought to the attention of the FMS purchaser. In the event that problems in the performance or integration of the component are experienced and are attributable to its characteristics, the specifications may be held to be defective in that respect and any increased costs incurred by the prime contractor in correcting or attempting to correct the problem may be recovered by the prime contractor. Since by law such additional costs must be borne by the FMS purchaser, the purchaser should be advised of this potential expense at the time the sole source designation is requested.

5. **Out of Channels Requests.** Request for sole source procurement received outside of the channels outlined in sub-paragraph 2.a. above must be forwarded to the applicable DoD component security assistance director for appropriate action. The original of the request must be forwarded. When a sole source request is forwarded in message format, the entire text of the country request, including the date and the signature block, must be quoted.

6. **Coordination with Contracting Officers.** When possible, the sole source request should be processed to the potential contracting officer for information and advice during the P&A process. The contracting officer will be provided a copy of the accepted LOA containing the sole source designation. This is especially important when the contracting activity is separate from the activity responsible for the LOA, e.g., LOAs prepared by a MILDEP which contain items which will be procured by the Defense Logistics Agency.

C. **Timing of Sole Source Requests.** To avoid the additional delay and workload involved in revision of an LOA, requests for sole source procurement should be made when the request for preparation of the LOA for defense articles or defense services is transmitted to the US government. However, if a request can be honored without excessive delay or undue disruption of the procurement/acquisition processes, it may be made and accepted anytime prior to formal acceptance of the LOA by the FMS purchaser.

1. **LOA Presentation.** The applicable LOA must specifically identify the country sole source designation. The following note will be utilized in the LOA when sole source designation is approved.

SUPPLEMENTAL CONDITION (XXXXXXXXXXXXXX): Sole-Source Procurement. Paragraph 1.2 of the Letter of Offer and Acceptance Standard Terms and Conditions states in part: "Unless the purchaser has requested, in writing, that a sole source contractor be designated, and this Letter of Offer and Acceptance reflects acceptance of such designation by DoD, the purchaser understands that selection of the contractor source to fill this requirement is solely the responsibility of the Government of the United States (hereinafter referred to as USG)." By letter dated (XXXXXXXXXX) the purchaser has requested that (name of specific firm or other private source) be designated as (prime contractor) or (subcontractor) for line/item(s) (XXXXXXXXXXXXXX) of this Letter of Offer and Acceptance. This supplemental condition is evidence that DoD has accepted such request of the purchaser and that such designation is required at the written direction of the purchaser.

2. **LOA Amendment or Modification.** The designation of sole source procurement for an LOA which has already been accepted by the purchaser would be an exception to policy as outlined above. If the situation does occur, addition of the supplemental condition should normally be added by an Amendment. The IA may determine that use of a Modification is justified when the sole source request is made by the official who requested the LOA, his replacement, or an official known to have equivalent or greater authority than the official who signed the LOA.

80103 SALES COMMISSIONS AND AGENTS FEES.

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

1. **Prior Notification to Purchasing Government.** Unless the Purchaser has indicated to the contrary, all sales commissions and fees anticipated to be included in FMS cases shall be made known to the Purchaser prior to or in conjunction with the submission of the LOA to the Purchaser. Such advice will include: (a) the name and address of the agent(s); (b) the estimated amount of the proposed fee, and the percentage of the sale price; and (c) a statement indicating one of the following, whichever is applicable: (1) appropriate officials of DoD consider *

the fee to be fair and reasonable; (2) in the event that only a portion of the proposed fee is considered to be fair and reasonable, a statement to this effect together with the rationale therefor; or (3) the USG cannot determine the reasonableness of the proposed fee. This statement will normally be included as a "Note" to the LOA. Such a Note may also include the contractor's explanation and/or justification for the proposed fee, together with any other data requested by the purchasing country or international organization. The Note will also include a statement that acceptance of the LOA by the purchaser, with inclusion of the Note, will constitute the purchaser's approval of the sales commissions and fees involved.

2. **Ex-Post Facto Notification to Purchasing Country or International Organization**. When it is not possible to determine prior to presentation of the LOA whether the price quoted for the articles or services includes sales commissions and fees, the purchasing country or international organization will be notified as soon as possible if, in the course of subsequent contract negotiations, it appears that a charge for sales commissions and fees will be claimed by the contractor. This notification will include the information in paragraph a. above, along with a statement that, unless contrary advice is received from the purchasing country or international organization within 30 days of the date of the notification, the DoD will determine whether to accept such a charge as a valid cost in the contract. No sales commissions and fees will be accepted by the contracting officer prior to expiration of the 30 day period.

3. **Coordination with the DSAA.**

a. All LOAs which specify that a sales commission or fee is included in the case will be coordinated with DSAA Operations, regardless of the dollar value of the case, prior to an LOA dispatch to the requesting country or international organization. LOAs which carry the notation that no sales commissions and fees are included in the case do not require coordination with the DSAA except as may be required by other policies and procedures which may be in effect.

b. All correspondence with a foreign country or international organization on the subject of agents fees relative to P&A data or an LOA will be coordinated with DSAA Regional Directorate prior to dispatch.

c. All ex-post facto notifications of an agent fee to a foreign country or international organization will be coordinated with DSAA Regional Directorate prior to dispatch.

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

B. **FMS Agent Fee Ceiling**. Allowable costs for sales commissions and fees applicable to contracts for FMS shall not exceed \$50,000 per contract (including all modifications and subcontracts thereto), per country, unless payment has been identified and approved in writing by the FMS purchaser before contract award. All such commissions and fees must be justified and supported based on the criteria cited in the FAR and DFARS. *

C. **Disallowance of Agents Fees**.

1. No fee shall be accepted by the contracting officer if such fees are disapproved by the purchasing country or international organization.

2. If, in making the determination required by FAR, the contracting officer or head of the procuring activity (HPA) determines that an agent is not *bona fide*. for reasons other than

reasonableness of fee, no LOA will be tendered pending withdrawal by the prospective contractor of the fee for such agent from his proposal.

D. Exceptions to Notification Procedures.

1. The procedure contained in paragraph A.1. above will not be followed in the case of Australia, Egypt, Greece, Israel, Japan, Jordan, Korea (Republic of), Kuwait, Pakistan, Philippines, Saudi Arabia, Taiwan, Thailand, Turkey, and the Venezuelan Air Force. At the request of these governments all LOAs issued to these countries will include one of the following statements:

(For Saudi Arabia) "All US Government contracts resulting from this Offer and Acceptance shall contain one of the following provisions, unless laws of the Kingdom of Saudi Arabia call for prescribing sales commissions or agents' fees, and payment thereof is approved in writing by S.A.G. before contract award:"

(For other countries granted an exception) "All US Government contracts resulting from this Offer and Acceptance shall contain one of the following provisions, unless the sales commission and fee have been identified and payment thereof approved in writing by the Government of (____) before contract award:"

a. For firm fixed-price contracts or fixed-price contracts with economic price adjustment:

"The contractor certifies that the contract price (including any subcontracts awarded hereunder) does not include any direct or indirect costs of sales commissions or fees for contractor sales representatives for the solicitation or promotion or otherwise to secure the conclusion of the sale of any of the supplies or services called for by this contract to the Government of (____)."

b. For all other types of contracts:

"Notwithstanding any other provision of this contract, any direct or indirect costs of sales commissions or fees for contractor (or subcontractor) sales representatives for the solicitation or promotion or otherwise to secure the conclusion of the sale of any of the supplies or services called for by this contract to the Government of (____) shall be considered as an unallowable item of cost under this contract."

2. Accordingly, approval of sales commissions and fees must be sought and obtained prior to contract award unless the contractor certifies that no such fee or commission is included in the cost of the contract.

E. Proprietary Information. Inclusion of a "Note" to the LOA with respect to sales commissions and fees shall not be deemed, with respect to distribution and availability of LOAs, as altering the proprietary nature, if any, of such data for the purpose of 18 USC, 1905.

80104. APPOINTMENT OF AN AGENT.

A. Policy. It is USG policy to deal directly with a foreign government or international organization for the purchase of defense articles via Foreign Military Sales procedures. An agent may be designated by a foreign government for the accomplishment of the following purpose only: to act as an agent for the receipt of FMS Government Furnished/Spares/Support items which are required by that agent to enable the (manufacture/assembly) (repair/rehabilitation) of defense items purchased on a direct basis by the foreign purchaser. The following form letter,

which designates such an agent, should be used and a foreign government request signed at the Minister or Deputy Minister of Defense level.

B. Form Letter.

Director
 Defense Security Assistance Agency
 Room 4E837, The Pentagon
 Washington, D.C. 20301-2800

Dear Sir:

The Government of [country] hereby appoints [name] whose address is [address] as its Agent for the purpose of receiving deliveries of the following items: Above items will be used for the [manufacture/assembly/repair/ rehabilitation]* of the [program]. Said Agent is hereby authorized to sign in the name of the Government of [country] as its Agent for the receipt of these items as indicated by the shipping instructions contained in the LOA. The Government of [country] undertakes to instruct [name] as its Agent to maintain possession of the above specified items in accordance with the LOA until transferred by such Agent of the Government of [country].

Sincerely,

Such agency is acknowledged.

 (Signature of Agent)

* Insert words describing the Agent's function.

80105 WARRANTIES. DoD normally obtains for FMS the same warranties on conformance to design and manufacturing requirements and against defects in material and workmanship as it acquires for itself. These warranties are exercised within the ROD process and do not normally require special actions by the Purchaser. Essential performance warranties are normally obtained upon request, with acquisition and administrative costs borne by the Purchaser. Any warranty in addition to LOA Standard Terms and Conditions section 6 should be described in a note or supplemental condition on the LOA. The Purchaser should also be informed, in the LOA note or by documentation such as a technical bulletin accompanying the item when shipped, of any steps necessary to maintain or exercise rights under these additional warranties.

80106 @@(OFFSET PROCUREMENT USG funds may not be used to finance offsets. Also, USG agencies may not enter into or commit US firms to any offset agreement. Any Purchaser requesting offset arrangements in conjunction with FMS should be informed that the responsibility for negotiating offset arrangements and satisfying all related commitments resides with the US firm involved. Under certain circumstances, the costs to administer offsets may be recouped through FMS as follows:

A. DFARS 225.7303-2 allows US contractors to recover, under FMS contracts based on LOAS financed wholly by Purchaser cash or repayable FMF credits, offset administrative costs of any offsets which are associated with those contracts. These costs should be included, as part of the applicable line item unit cost, in P&A data and in estimated prices quoted in the LOAs (see also Section 70105.L).

B. It is the contractor's responsibility to inform the IA when estimated offset administrative costs have been included in the FMS pricing information provided. The costs should be included as early as possible, but before submittal of the LOA. Requests to include these costs after LOA acceptance will require LOA Modification.

C. It is the responsibility of the IA to specify to DSCA, in the transmittal of an LOA and of any subsequent LOA Modification or Amendment, when offset administrative costs have been included in a line item unit cost.

D. It is inappropriate to discuss with the Purchaser the nature or details of an offset arrangement; however, the fact that offset administrative costs have been included in the P&A or LOA price estimate will be confirmed, should the Purchaser inquire. The Purchaser should be directed to the US contractor for answers to all questions regarding its offset arrangement, including the cost of administering the arrangement. IA involvement in any discussion, beyond confirmation of their inclusion in price estimates, of these costs with the Purchaser requires case-by-case review and approval by DSCA. Added 12 Aug 98) @@

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 section 80206.

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. Positive actions should be taken to prevent discrepancies. After a discrepancy has occurred, the submission of a discrepancy report should be encouraged. In order to take advantage of a fresh audit trail, Purchasers should be reminded of the importance of reporting discrepancies as soon as possible. SDR (RoD) submissions should be recorded to find and correct program weaknesses and minimize loss of resources and customer confidence. SDRs will be considered based on guidance in Section 80207.

E. 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, Wright-Patterson Air Force Base, OH 45433-5328 manages ILCS under DLA General Order 2-83, dated 10 January 1983. As a stand-alone system, or in tandem with 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.

F. Direct Exchange (DX) and Repair and Return Programs. A serviceable item in the stocks of DoD may be exchanged for a repairable item of the same type under certain conditions. The repairable must previously have been obtained under the AECA, must not be an end item, and DoD (including FMS) must have a requirement for the repairable item. Programs may be executed under defined line, BO, or CLSSA LOAs. Also see DoDD 4000.21-1-M.

1. To accept the DX repairable, it must be assured that sufficient customer funds have been provided for the cost of the serviceable replacement. The requisition for the replacement will normally be filled according to normal supply procedures.

2. Repair and return will normally be used when a serviceable replacement is not available from stock on hand or due in within a reasonable time, or if the customer requests repair and return of a specific item. Repair of a customer-owned article requires that the customer return a repairable article under an LOA established for that purpose and await the

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necessary leadtime for repair. For either DX or repair and return, the total cost will be the same as that charged US forces for similar transactions, plus normal administrative surcharges.

G. Returns. Returns should be accepted if the defense article (1) was previously provided under the AECA, (2) is not SME, and (3) is in fully functioning condition without need of repair or rehabilitation. DoD, including FMS requirements, must have a funded requirement for the defense article. The customer will not be reimbursed directly, the customer's FMS account must be credited to reflect the transaction, using DoD appropriations or other customer funds, dependent upon the buyer. Also see DoDD 4000.21-1-M and DoD 4140.1-R.

1. Return credits may be added, at customer request, to specific BO or CLSSA LOAs. In order to facilitate program efficiencies (e.g., automated processing), no more than three country LOAs will normally be designated to receive credit funds.

2. Title for returned items will normally accrue to the US following acceptance at the point of US receipt inspection. Returns to or through US controls do not constitute a third party transfer as discussed in 60004.

80202 SECONDARY ITEM SUPPORT. 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.

A. **CLSSAs.** Where a mature CLSSA is in effect, SA requirements will be satisfied on the same basis as US force requirements in accordance with the UMMIPS. For CLSSA non-programmed requisitions, 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, 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 Office of USD(A&T).

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 Office of USD(A&T). 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. Requisitions for secondary items to support peacekeeping requirements should be filled, in UMMIPS IPD sequence, as if the requisitions originated with US forces; however, war reserve material will not be issued without the specific approval of the commander of the applicable inventory control point.

80203 DIVERSIONS AND WITHDRAWALS OF MATERIEL.

A. **Legislation.** The following policies implement AECA Sec 21(i), 10 USC. 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. Such initial determinations will be made by the IA. Diversion or withdrawal which would impact US National Guard or Reserve forces must be coordinated with DSAA, which will in turn coordinate the proposal with the OASD/RA, pursuant to DoD Directive 1225.6. If tanks are being withdrawn, a determination will be included in the required Congressional notification that the proposed sale will not increase the shortage of tanks in the US National Guard or Reserve during the current five-year defense plan. Should tanks need to be withdrawn from the US National Guard or Reserve, Congress shall be advised of the plan to replace the specific tanks.

3. Materiel being procured or stocked for FMS may be diverted to meet higher priority requirements with the prior concurrence of the Director, DSAA who will, as appropriate, obtain policy guidance from the Office of USD(P).

B. **Impact Report.** The following is based on DepSecDef Memorandum, subject: Allocation of Defense Materiel and Services Between US and International Requirements:

1. Under normal circumstances, IAs will fill SA requirements from production on a first-in, first-out basis, utilizing normal PLT, unless DoD can meet urgent requirements from earlier production without an undesirable effort on the combat readiness of US forces. There may occasionally be instances when national security considerations and foreign policy objectives indicate a requirement to deviate from this DoD policy by expediting delivery of equipment to a foreign Purchaser. If such situations arise, and the IAs or OSD staff become aware that such expedited delivery or the performance of FMS services by DoD personnel would appear to have an undesirable effect on the combat readiness of US forces, the USD(P) will request the MILDEP involved to provide its assessment of the situation to OUSD(P) and the Office of USD(A&T) for OSD staff review. The USD(P) will refer the coordinated recommendation to the SecDef for review and decision. Because of the importance of such decisions, it is essential that the Secretary of the MILDEP personally verify these assessments and make the report to OUSD(P) and OUSD(A&T) when such referral is required.

2. AECA Sec 21(i) requires a report by the President to Congress with respect to any proposal to sell, under this section (sales from stocks) or under the authority of Chapter 2B,

AECA, any defense articles or defense services, if such sale could have significant adverse effect on the combat readiness of the Armed Forces of the United States." There may be instances where, in the view of the Secretary of the MILDEP, supply action would have an impact of sufficient importance to warrant SecDef review, but would not constitute a significant adverse impact on DoD requiring a Presidential report to Congress. In each instance where the MILDEP Secretary refers a potential impact case to the OUSD(P) and OUSD(A&T), the referral will include an assessment as to whether --

a. Supply action would affect the operational readiness of the military service, or have other important impacts which the Secretary considers warrant SecDef review, but which are not serious enough to constitute a significant adverse impact requiring either alteration or termination of the supply action, or an overriding Presidential report to Congress; or

b. Supply action would constitute a significant adverse impact within the meaning of the law and, if taken, would require such a report to Congress. The term "significant" is subjective.

3. The SecDef will make the final determination as to whether DoD will provide items on an expedited basis and whether the impact of doing so is significant within the meaning of AECA Sec 21 (i). The Secretary of the MILDEP should provide information in AECA Sec 21(i)(1)(A) through (D) (i.e., the Purchaser, sale value, item description, and a description of the effect of the sale on US Armed Forces combat readiness) and, in accordance with report 99-176, a determination as to whether the sale will increase the shortage of tanks in the Army National Guard and Reserve in the current five-year defense plan. If so, a plan to replace the tanks should also be submitted.

4. While the language of AECA Sec 21(i) pertains only to shipments from stocks, impacts can occur when DoD diverts materiel from production and procedures outlined in A.2 still apply.

5. Where the SecDef takes action to advise the President of the requirement for a report to Congress, the SecDef will provide the analysis relevant to the justification and certification called for in AECA Sec 21(i)(1)(E), as well as a determination of whether a shortage of tanks will occur in the National Guard and Reserve with an attendant replacement plan (if the withdrawal is for tanks), as required by report 99-176. This latter tank determination and replacement plan must be included in the President's report to Congress. In this connection, a "proposal to sell," within the meaning of Sec 21(i) refers to a decision at an appropriate level of the USG to make a sale and to direct the issuance of an LOA or signature of a document with comparable effect, and does not refer merely to the receipt of a request for an LOA or the making of a recommendation with respect thereto. No Presidential report is therefore required if the ultimate decision is not to make a sale. AECA Sec 21(i) is also interpreted as being applicable to a situation in which the significant adverse effect becomes apparent only after a sales contract is concluded. However, no Presidential report is required with respect to supply action under a sales contract where the supply action is altered in order to avoid a significant adverse effect on US combat readiness which would otherwise occur. The report required by 10 USC, Sec 118 is covered in Section 703 of this manual.

80204 SYSTEM SUPPORT BUYOUT (Also See 20202.D.)

A. **Initial Action.** When it is determined that a weapon system is to become obsolete to US forces, and the system is not supported under a CLSSA, the MILDEP responsible for logistics support will:

1. Determine system Purchasers still believed to have the system in their inventories.

2. Advise Purchasers of a proposed system support buyout. This may be done by offering a list of items or by identifying the systems to be phased out. On system phaseout, the country should be allowed a minimum of two years to place a final order for secondary items to support the system for its remaining useful life.

B. **Post Buyout.** Subsequent to the expiration of the system support buyout, the following is authorized:

1. Items with no demand for four years, including the system support buyout period, may be processed for disposal.

2. Inventories of items which have continued to show demands during the four year period may be retained and managed in support of SA requirements.

80205 REQUISITION PROCEDURES

A. **Inform Purchasers.** SAOs, IAs should take every opportunity to make inventory management guidance (e.g., proper assignment of IPDs, requisition timing to balance inventories and out of stock conditions, and requisitioning in economical quantities) available to the Purchaser in order to utilize the requisition process effectively.

B. **Initiation.** MILSTRIP requisitions may be initiated under implemented LOAs either by the Purchaser or by the IA. IA Requisition Control Offices (RCO) will also verify requisitions prepared by countries and convert requisitions received in other than MILSTRIP format when appropriate. Requisitions for nonstandard items or for services are normally processed in letter format.

C. **Contacts.** Service designated RCOs are:

1. **Army.** US Army Security Assistance Command, New Cumberland, PA 17070.
2. **Navy.** Navy International Programs Office (NAVIPO) Philadelphia, PA 19111-5095.
3. **Air Force.** Air Force Materiel Command, Wright-Patterson AFB, Ohio 45433-5000.

D. **Priority.** IPDs will be established under UMMIPS (DoDD 4410.6) based on FADs established by JCS for each customer country and international organization and on UNDs, assigned by the country or the RCO. Erroneous IPDs will be corrected by the reviewing activity. Doubtful cases will be referred to the appropriate US, including SAO, or Purchaser representative for clarification or correction.

E. **DCD.** Delivery Commitment Date (DCD).

1. A DCD will be applied to LOAs that include a line for a principal item with no corresponding RAD in the supply system. The DCD will be a three digit numeric code, the first two representing the fiscal year and the third representing the quarter of the fiscal year when shipment is to be made. The DCD, when applicable, should be placed in column (5) of the LOA.

2. A Modification to LOA for notice of slippages of more than 90 days is required on DCD revisions but not on slippages of items controlled within the MILSTRIP RAD system. In the event it is determined that such a slippage will occur, but a firm alternative delivery date

cannot be immediately established, a Modification will be provided to the Purchaser deleting the delivery date, providing an explanation of the circumstances involved, and containing a statement that an additional Modification will be provided as soon as a new delivery date has been established.

F. **DFD.** The Delivery Forecast Date (DFD), provided by the IA with or within 120 days after acceptance of the LOA, is the estimated date of delivery of the total quantity of the line item. The DFD always occurs earlier than the DCD and is a true estimate of the forecast of deliveries based on projected availability from procurement, rebuild, or other source.

G. **Status.** An IA prepared MILSTRIP requisition status report will be made available to the Purchaser on a quarterly basis. Reports will show requisitions open at the end of the report period and requisitions shipped or cancelled during that period. Multiple line entries for the same requisition will be reflected whenever a partial or split action is taken. The report will be prepared at Country, LOA, and In-Country Service Designator level. Summary lines will be provided to indicate the number of lines and dollar value by open requisitions, cancellations, and shipments.

80206 TRANSPORTATION

A. **General.** @@ DoD will arrange delivery, on a reimbursable basis, to a point determined by the DTC assigned in the applicable LOA. Purchasers will use their own resources, including their freight forwarders, for further movement from the point of delivery. @@ (**Changed 4 Dec 1998**)

1. Additional information may be found in the booklet "Foreign Purchaser Guide to Freight Forwarder Selection" which is available to non-USG representatives for a small charge from DISAM (see 10007). The booklet discusses management of the freight forwarder function, and the MAPAD, DoD 4000.25-8-M.

2. Correct MAPAD addresses are essential to the correct routing of cargo and documentation. Since the USG will not be responsible for rerouting shipments received by former freight forwarders, the Purchaser should pre-plan freight forwarder changes, including contractual arrangements with former freight forwarders to assure delivery of any shipments received after a change has taken place. Also, the Purchaser may wish to consider establishing a MAPAD address (Type Address Code 7) for payment of transportation charges.

3. Cargo acquired with US appropriated or guaranteed funds are subject, by legislation or DoD policy, to cargo preference rules discussed in paragraphs C and D below. Cargo not purchased with these funds will normally be moved utilizing US or non-US carriers as the Purchaser desires and conditions permit.

4. See Chapter 5 for guidance regarding export or temporary import of defense articles, shipment of classified items, export licenses, customs clearance, and transportation plan development.

B. **Title Transfer.** The point of origin and of passage of title to the Purchaser is normally the same. If an item is procured for shipment directly from a contractor, this point will normally be FoB Origin at the contractor's loading facility. If items are supplied from DoD stocks, this point will be the location at which the materiel is being offered for sale, such as the depot loading facility or, for Parcel Post, the nearest post office facility. When circumstances dictate, designation of a point of delivery other than the point of origin will be specified in the LOA. Except in circumstances discussed below and stated in the LOA, retention of custody does not imply retention of title. The provisions of this title transfer policy apply to shipments regardless

of the mode or type of transportation, documents utilized, delivery code, or method of funding. When the LOA specifies that the USG will provide for movement of aircraft to the point of delivery, one of two conditions prevails with regard to title:

1. Where ferrying is necessary and aircraft are not Purchaser-owned (title not passed), the USG will accept title to the aircraft from the contractor, and title will remain with the USG until arrival at the point of delivery.

2. Where Purchaser-owned aircraft are being ferried under terms of the LOA, the Purchaser grants the USG possession of the aircraft. Under this condition, the title to the aircraft remains with the Purchaser. The LOA will contain prescribed indemnification clauses.

In either of the above circumstances, the Purchaser assumes all risk of loss or damage since this is a USG service being provided at no cost to the USG.

C. **Cargo Preference (Ocean)**. Section 901(b) of the Merchant Marine Act of 1936, as amended (46 USC 1241), requires at least 50 percent of the gross tonnage (computed separately for dry bulk carriers, dry cargo liners, and tankers) of grant, credit, or guarantee-funded cargo be transported on US flag privately owned vessels to the extent such vessels are available at fair and reasonable rates (to be determined by the Maritime Administration, or MARAD, US Department of Transportation). This is in addition to AECA Sec 42(c) requirements discussed in Section 90210. FMF agreements require that items financed with these funds, which are transported by ocean vessel, shall be transported in privately owned vessels of US registry unless a general or security waiver is granted by DSCA or a non-availability waiver is granted by MARAD.

1. The above cargo preference rules will be applied to FAA and loan or lease shipments discussed in Sections 803 and 1102 and Chapters 9 and 12, with exception that space available cargo under FAA Sec 516 is not subject to cargo preference rules.

2. Unless indicated otherwise, weight ("gross tonnage") will be stated in pounds or in metric tons (MT; or, 2,205 US pounds).

3. It is the Purchaser's responsibility to notify its freight forwarder of shipments made under guidance discussed above, including any changes, and to ensure compliance with agreements based on US cargo preference rules. In accordance with standard FMF terms, FMF proceeds may not be used to pay ocean or air freight costs of carriage of defense items on vessels or aircraft of non-US registry. For information on approved US land carriers, the Purchaser may contact the MTMC Assistant Deputy Chief of Staff for Operations, Delivery Systems Office, telephone (703) 756-1577.

4. Requests for a US flag vessel general, non-availability, or security waiver may be considered when received at least 21 days before the shipping date. Countries with general waivers will normally count shipments against their non-US tonnage when security dictates a non-US vessel, superseding the need for security waivers for those recipients. Countries with general waivers may count cargo weight shipped when US flag privately owned vessels are not available or not available at reasonable rates against the general waiver, avoiding the need for individual non-availability waivers. It is important to maintain a positive US flag balance during the general waiver period. If non-availability or security waivers recognize requirements for specific use of non-US vessels, which creates an imbalance in the general waiver, US vessels will be given preference in cargo assignment during the waiver period until the balance is corrected. Except in unusual circumstances, such as when efforts to honor waiver terms appear to be weak, imbalances will not be carried forward beyond the waiver period.

a. **General waivers.** Consideration will be given to a general waiver application, allowing up to 50 percent of dry cargo liner, 50 percent dry bulk carrier, and 50 percent tanker cargo to be carried on vessels flagged in the waiver recipient country, provided the recipient country does not discriminate against US flag vessels. Any approval will normally cover one full calendar year (1 January-31 December). Processing will include verification of the treatment accorded vessels of US registry. The waiver application should be submitted to Director, DSCA, Attn: DSCA/MEAN-AP, 1111 Jefferson Davis Highway, Arlington, VA 22202-2800, with a copy to MARAD at the address in b. below.

b. **Non-availability waivers.** Applications on the basis of non-availability of vessels of US registry must document that the recipient nation has made a reasonable, timely, and bona fide effort to arrange shipment on vessels of US registry and that such vessels are not available. Applications on the basis of non-availability of vessels of US registry at reasonable rates must document all applicable comparative rates. Waiver applications, submitted on a shipment-by-shipment basis should include:

- (1) FMS LOA identifier if FMF (including lease) or FAA program name (e.g., Sec 516)
- (2) Description of commodities to be shipped
- (3) Port of loading and port of unloading
- (4) Estimated shipping date
- (5) Name of proposed vessel and flag of registry
- (6) Weight of shipment in pounds
- (7) Estimated ocean freight cost

Applications should be submitted to Administrator, Maritime Administration, Attn: Office of Cargo Preference (MAR591), Washington, DC 20590-0001, with a copy to the DSCA address in a. above.

c. **Security waivers.** A security waiver may be requested for a shipment or series of shipments where sabotage may reasonably be expected, a state of emergency exists, or a substantial unsafe condition must be avoided. Applications must provide specific requirements and show how the waiver will meet the requirements. Processing will include requirements verification. The waiver request should be forwarded to the DSCA address in a. above with a copy to the MARAD address in paragraph b.

5. It is the responsibility of the recipient country to maintain a positive US flag weight shipping posture for FMF plus lease plus FAA programs, by vessel type. In order to meet reporting responsibilities, pertinent information must be forwarded to MARAD as early as possible, but not later than 90 days after each applicable shipment. The following information must be reported by the shipping activity (normally the IA for DTS or the customer freight forwarder for non-DTS shipments):

- a. FMS LOA identifier if FMF (including lease); program name if FAA
- b. Commodity Description
- c. Port of loading and port of unloading
- d. Recipient country
- e. Date of loading
- f. Type vessel (dry cargo, dry bulk, or tanker)
- g. Name of vessel and flag of registry
- h. Reference to any document granting a non-US flag vessel waiver for the shipment
- i. Freight forwarder (not required for DTS)
- j. Weight of shipment in pounds
- k. Ocean freight cost

D. **Cargo Preference (Air)**. The Fly America Act requires first preference for airlift of DoD-sponsored grant, credit, or guarantee-funded cargo be given to US flag air carriers. Before a shipper uses a foreign-flag carrier, a written explanation must be provided the IA showing why a US carrier should not be used. Guidance in Section 90210 applies to these offshore procurements.

E. **Insurance**. Unless a Purchaser is self-insured, commercial insurance should be obtained to provide coverage against damage or loss of property, injury to or death of persons, or other risks incurred while the Purchaser's property is in the custody of the freight forwarder, aboard any carrier, or transiting any port facility. This includes return shipment of materiel. It is recommended that any commercial insurance be placed with US private firms to the extent possible. Care should be taken to avoid gaps in, or duplication of, insurance carried by the freight forwarder.

F. **Controlled Substances**. The export of a controlled substance shall be in accordance with the Controlled Substances Import and Export Act (21 USC 951) and the procedures governing the exportation of controlled substances in 21 CFR Part 1312. Prior to each export, the IA shall obtain the necessary import documents from the Purchaser as provided by 21 USC 953(a)(3) and (e)(1). The IA shall submit the import documents to the Administrator of the Drug Enforcement Administration (DEA), Department of Justice, requesting the export permits be issued for the particular controlled substance. Upon obtaining the export permit from the DEA, the IA is responsible for furnishing the Defense Personnel Support Center the export permit number, the expiration date of the export permit, and the port of exportation. This information will accompany the requisition. The IA must also ensure the Purchaser is aware of the need to submit import documentation for controlled substance requisitions.

G. **Shipment Through DTS**.

1. For purposes of this manual, DTS includes transportation services provided by DoD, whether from internal resources (e.g., SAAM) or acquired for the Purchaser (e.g., GBL or Transportation Control and Movement Document shipments). CCBL shipments are outside DTS. Materiel movement must be documented under the Defense Traffic Management Regulation (DTMR) and MILSTAMP, DoD 4500.32-R. LOA terms of delivery should show delivery onto vessel or aircraft, CONUS PoE, DTC 8 or to the country by the most economical means (normally overseas PoD, offloaded, DTC 9).@@ Paragraph 60001.D. generally applies for these services; however, DTS must normally be utilized for: @@ (Changed 4 Dec 1998)

- a. Classified items.
- b. WCF items (where shipment to the PoE, freight forwarder, or other address is part of the unit cost regardless of the DTC assigned).
- c. Category I sensitive items normally require delivery to the overseas PoD. Firearms, explosives, lethal chemicals, and (as required) other sensitive materiel within CONUS. Onward movement may be effected by Purchaser-controlled aircraft or surface vessels. Additional guidance may be found in DoD 4500.32-R, DTMR, Title 49 CFR Part 170-179 and 397, and DoD 5100.76-M.

(1) Shipments of sensitive material (Sensitive Arms, Ammunition, and Explosives Categories I, II, III, and IV; see DoD 5100.76-M), including sensitive ammunition, explosives, and other hazardous materiel moving under DTS control, will be shipped DTC 7 or 9, or DTC 8 through CONUS water or aerial ports controlled by DoD. FMS shipments of non-sensitive ammunition and explosives or other controlled items, such as pilferable materiel, shown

by their Controlled Inventory Item Code (CIIC) to be non-sensitive may be transported to or through Purchaser representatives (normally freight forwarders) and through CONUS commercial airports or seaports, providing:

(a) The Purchaser has directed the shipment in response to a shipper-supplied Notice of Availability (NOA).

(b) The shipment, if hazardous, is certified by the shipping activity for commercial shipment in accordance with 49 CFR (Code of Federal Regulations)/IMDG (International Maritime Dangerous Goods code)/ ICAO (International Civil Aviation Organization)/IATA (International Air Transportation Association) requirements. The Purchaser representative must also comply with international, federal, state, and local codes when handling, storing, and exporting the materiel.

(c) Any classified material is transitioned from DTS to non-DTS channels in accordance with the approved transportation plan developed by the Purchaser (see Table 503-4).

This guidance will normally allow items initially moved via DTS to be released to a Purchaser representative for temporary storage and movement beyond CONUS when the representative has demonstrated experience or capability to safely and securely ship similar items, from FMS or commercial sources. This will include movement of most Hazard Division 1.4 items, such as CAD/PAD. If doubt exists, the IA should confirm experience or capability by obtaining, from the Purchaser representative prior to shipment, information showing comparable items have been handled in the past, or other information which confirms capability.

~~(2)~~ @@ Deleted 4 Dec 1998@@

(2) @@ The Government of Canada may have shipments of all categories of sensitive items moved directly to locations within Canada. These movements may be either on CCBLs as STC 4 shipments or on GBLs as STC 5. These movements must follow DoD 5100.76-M procedures and use MTMC approved carriers.@@(Renumbered and Changed 4 Dec 1998)

d. Air cargo items which exceed commercial capability.

e. At other times when requested by the Purchaser and approved by DSCA. Justification showing why country-arranged transportation is not to be used must accompany the request. Special requests are not applicable for DTS routine users shown in Table 600-1.

2. Even though consolidation (DoD 4000.25-1-M, Chapter 6) is an objective, single line small parcel shipments by traceable US Postal Service (registered mail) or commercial small parcel carriers are often necessary. Military Postal Service (MPS), through APO or FPO, or DoS diplomatic pouch services, will not normally be used for FMS shipments but exceptions to policy are authorized for classified shipments when the Purchaser does not have approved facilities to receive classified items in the US or where accomplishment of the program requires delivery in country through the resident US SAO. Such exceptions will be kept to the minimum and the cost of such shipments will be assessed to the Purchaser.

3. 10 USC 2631, 46 USC 1241, and other rules pertaining to DoD acquisition require that SA cargo moving through DTS will normally be assigned, subject to availability at reasonable rates, to (a) non-chartered US flag privately-owned vessels, (b) DoD chartered US flag privately-owned vessels, (c) US flag USG-owned vessels, and (d) non-US flag vessels.

H. **Offshore Source.** When DTS is not used, the IA will endeavor to notify the Purchaser of articles to be supplied from offshore sources as soon as possible after identification of source. The notification will state that the article will be moved to the CONUS freight forwarder unless a request is received to accept delivery at the offshore facility. The Purchaser request must be made within 21 days of the IA's notice of the offshore source.

I. **Packing and Marking.** FMS materiel will normally be packaged as prescribed by MIL-STD 2073 (preservation Level A, packed to not less than Level B, with special packing available as an FMS service) and will be marked as prescribed by MIL-STD 129 with the following minimum information:

1. FMS case identifier
2. TCN
3. Transportation priority
4. Project code, if applicable
5. Ship from address
6. Ship to address
7. Ultimate consignee/mark for (MAPAD address code and clear text, if applicable)

J. **Financial Guidance.**

1. **DTS Transportation Costs.** Standard percentages (Vol 15, DoD 7000.14-R, Table 705-1) are normally applied. Estimated actual transportation costs are authorized when standard percentages would significantly understate transportation costs, such as LOA lines valued greater than \$10,000 for ammunition or other items requiring special treatment. When estimated actual costs are used, a note will be included which identifies the amount, by line item, for each DTS transportation element; e.g., CONUS inland, port loading, ocean transportation. The Appendix F table is to be used for the listed high value items, for which standard percentages would generate excessive transportation revenues. Transportation costs will normally be included in LOAs as shown in Table 701-1; however, when a SAAM or other dedicated transportation is used, a separate transportation service line will be included.

2. **Non-DTS CCBLs.** Where delivery is FoB origin, non-DBOF items will normally be transported under CCBL and the Purchaser will be informed by the IA of responsibility for (1) acceptance and payment of CCBL shipments, (2) providing appropriate insurance coverage, and (3) in-transit accounting and settlement of claims against carriers. When shipment cannot be effected by CCBL due to tariff restrictions, refusal of carriers to accept collect freight shipments, or other reasons, the Purchaser freight forwarder may make prepaid arrangements (versus collect) with the carrier. As an alternative, Purchaser may request pre-paid shipments in the LOA so the US shipping activity uses prepaid transportation (e.g., DTC 5 on a GBL) to ship FMS cargo to freight forwarder. Only when the LOA so authorizes may the shipping transportation office guarantee payment of charges on CCBLs.

K. **Offer Release Code A, Y, and Z Shipments.** See Table 701-1 for a description of Offer/Release Codes. The Purchaser determines whether items will be automatically released to the freight forwarder or if Notices of Availability (NoA) are required prior to release. NoAs for classified items (see Section 501) must be sent to, and the response received from, the country representative in the MAPAD rather than the freight forwarder. The normal Offer/Release Code for all FMS transactions is A. Use of codes Y and Z for other than hazardous, classified, or sensitive cargo and large shipment units (over 10,000 pounds, over 100 cubic feet, or over eight feet in any dimension) must be approved by the IA. Storage or staging of items as a result of instructions in response to an NoA, or for necessary actions when no shipping instructions are received, accrue storage costs under each LOA. The Purchaser will be liable for the costs incurred.

L. Returns

1. Items returned to DoD for servicing are normally moved through the Purchasers' freight forwarder. The freight forwarder will be responsible for clearance through US Customs and for prepaid transshipment to the designated CONUS repair facility. The Purchaser should assure these shipments are accompanied by appropriate shipping documents and a customs declaration, and that the freight forwarder has the capability for receipt and transshipment. After repair, items will normally be shipped in accordance with normal delivery procedures.

2. 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. When a DoD component approves an FMS Purchaser request to return previously purchased defense articles for credit, transportation normally should be arranged and funded by the FMS Purchaser. Unsolicited returns of sensitive, hazardous, or classified items will normally be moved within DTS, with reimbursement from the FMS customer, if deemed appropriate by the DoD component. Countries authorized routine use of DTS do not require case-by-case approval.

M. Discharge of Materiel. LOAs will provide that transportation supervision responsibilities shall pass within CONUS and that transportation support beyond CONUS will be the responsibility of the Purchaser unless materiel is moving within DTS and one of the following conditions exist:

1. A local US military representative supervises discharge at destination. This includes, but is not limited to, making arrangements for reception of the cargo, assuring the establishment by the Purchaser of adequate procedures for checking the equipment and materiel against manifests and shipping documents, obtaining a transfer of custody signature receipt and date from the FMS country representative, providing technical advice regarding proper discharge of cargo, and initiating transportation discrepancy actions and documents prescribed in AR 55-38/NAVSUPINST 4610.33C/AFR 75-18/MCO 4610.19D, DLAR 4500.15, Reporting of Transportation Discrepancies in Shipments.

2. There are US military forces positioned or deployed in the area that is receiving FMS materiel. Where these forces are supported by US Military Terminal Units or Support Activities, arrangements may be initiated by a local US military representative who may designate these units to act as US agent to accomplish the functions incident to the delivery of materiel to the recipient country via the DTS.

N. Tracers When the IA has furnished status showing item pickup by a carrier, but materiel has not been received, the Purchaser is responsible for conducting tracer action. Regardless of whether the shipment was tendered on a prepaid or collect basis, and whether shipment was a small parcel or freight size carrier, DoD shipping activities will assist by providing evidence of shipment documents, or pertinent information from the documents, so the Purchaser can effect the tracer action.

1. For all shipments processed through a freight forwarder, tracers should first be directed to the freight forwarder and, if the item has been transshipped, to the addressee.

2. If it is believed that the item has not been received by the freight forwarder, a request for shipping information should be sent to the activity from which shipment status was received. That activity will provide a copy of the bill signed by the carrier and shipping information such as TCN, bill of lading number, carrier, and date of shipment. Further follow-up should then be made to the freight forwarder to ascertain if the item has, in fact, been received.

3. If the item is still missing, the Purchaser should assure the freight forwarder starts tracer action with the carrier, obtains proof of delivery, or makes a claim against the carrier on behalf of the Purchaser. During the intransit stage of movement (carrier departure at origin to arrival at destination), the IA ILCO may be contacted for coordinating correction of potential discrepancies; e.g., to redirect a shipment which would otherwise go astray.

O. **Transportation Discrepancies** If the DTS ships an item (GBL or small parcel carrier) to an FMS recipient, including a recipient freight forwarder, and loss or damage occurs, the recipient must file any claim with the carrier. If resolution with the shipper is unsuccessful, recipient may submit qualifying SDRs per section 80207 to request additional shipment or billing information or to obtain IA assistance in resolving the discrepancy. The USG has responsibility for filing and processing claims with carriers when shipment is made on a prepaid basis to locations where DoD personnel or other USG representatives have primary responsibility for receipt inspection and acceptance. When the USG files the claim, the benefits will be reimbursed to the Purchaser. The US shipper should provide information, complementing that provided under paragraph N above, needed to support claims discussed in this paragraph.

P. **Documentation.** In resolving transportation discrepancies, the USG will provide evidence of shipment. Any movement document or receipt, signed by a carrier representative, which shows that the US has shipped or released materiel to a carrier for shipment to the country's designated representative, constitutes evidence of shipment. Such documents generally show the quantity, NSN, mode of shipment, date, TCN, notice of availability number/bill of lading/parcel post insured or registered number, addressee, vessel/voyage or flight number (to the extent possible), and name of the shipper and carrier. This information is essential for adjudication of SDRs(RoDs). If the freight forwarder has not received the consignee copy of the bill of lading, and proof of delivery to a carrier is requested, a duplicate of the appropriate documents establishing evidence of shipment will be provided to the customer representative.

80207 PROCESSING SUPPLY DISCREPANCY REPORTS (formerly RoDs)

A. **General.** This section provides SA-unique guidance for processing of SDRs (SF 364). Further guidance, such as definitions, instructions for SF 364 completion, DoD processing timeframes, and responsibilities may be found in Joint Regulation DLAI 4140.55/AR 735-11-2/AFJMAN 23-215/NAVINST 4355.18, "Reporting of Supply Discrepancies," hereafter referred to as JR 4140.55. Initial screening of FMS SDRs is outlined in Table 802-1. Table 802-2 summarizes the financing of SDRs. See Section 80206 for additional guidance regarding transportation tracers and discrepancies. Should guidance elsewhere appear to conflict, guidance herein will normally be followed.

1. AECA Sec 21 and 22 requirements that USG recover full costs under FMS also apply to SDRs. FMS customers directly or indirectly fund DoD procurement, DWCF item surcharge, and other costs related to discrepancies. Emphasis should be placed on providing articles and services under terms and conditions shown on the LOA, at minimum cost, and with maximum customer satisfaction.

2. Item discrepancies are often not due to USG erroneous action or inaction. Further, not every USG erroneous action or inaction gives rise to responsibility for SDR compensation from USG or FMS funds. Table 701-1, LOA Standard Terms and Conditions, should be studied by the IA and FMS customers, with particular attention to 1, 3, 5.4, 6, and LOA supplemental conditions pertaining to assumption of risk. There should be no automatic approval of SDRs based solely on dollar value. Until final decisions are available, commitments to the customer for US financing of discrepancies will not be made.

3. Due to loss of information and customer confidence with the passage of time, SDRs will be addressed as thoroughly and quickly as possible. SDR responses should be provided by the IA within timeframes established by JR 4140.55. Any extension must be approved by the IA FMS SDR focal point. Any required DSCA review should be completed within 30 days of receipt within DSCA.

4. DSCA approval will be obtained when (1) The IA determines the USG is liable for correction of the SDR under terms of the LOA and recommends use of FMS Funds, and the value is in excess of \$50,000; or, (2) The SDR involves an issue likely to be raised at DSCA or higher levels, such as treatment to one country which is not consistent with guidance herein.

5. Each IA is responsible for designating to FMS customers the single point(s) of contact for SDR corrective action. Only those points and DSCA are authorized to accept and convey USG liability or originate a commitment for corrective action.

6. When customer countries re-requisition items, the current price should be paid without regard to the price under the original requisition.

7. Any problems involving GFE furnished per Section 603 should be directed by the foreign customer to the contractor. FMS funding and FMS SDR processing do not apply to these sales.

B. Supply Discrepancies These include shortages or overages due to incorrect quantity counts, improper packing or marking, duplicate shipments, incorrect items, and condition or quality discrepancies (including damage) prior to release to the carrier by the origin shipper. They also include, for security assistance purposes, documentation, including billing, errors and deficiencies in performance of services. Non-receipt of shipment units qualify only if no evidence of shipment (signed carrier receipt and shipping document) can be produced by the shipper. The IA, in conjunction with the DoD or commercial supply source, retains responsibility for resolving these problems and determining financial responsibility.

C. Shipment Documentation Any movement document or receipt, signed by a carrier representative, which shows that the US has shipped or released materiel to a carrier for shipment to the country's designated representative, constitutes evidence of shipment. Such documents generally show the quantity, NSN, mode of shipment, date, TCN, notice of availability number/bill of lading/parcel post insured or registered number, addressee, vessel/voyage or flight number (to the extent possible), and name of the shipper and carrier. This information is essential for adjudication of SDRs. If the freight forwarder has not received the consignee copy of the bill of lading, and proof of delivery to a carrier is requested, a duplicate of the appropriate documents establishing evidence of shipment will be provided to the customer representative.

D. SDR Documentation The documentation package is often the key to effective SDR resolution. It should be initiated carefully but quickly after a discrepancy is reported and expedited through each step. The following are required when SDRs are submitted to DSCA and should be merged into IA procedures tailored for effectiveness (e.g., less research/documentation for low value and non-sensitive item SDRs):

1. Copy of the SDR, SF 364, and supporting data from the customer.
2. Copy of the LOA and any Amendment or Modification bearing on the discrepancy.
3. Chronology of events. The following statement covers pertinent events for most SDRs: "The SDR was filed within the time period allowed by the LOA, which in this instance is [period, normally "one year"] from ["the date of shipment"/"the date of furnishing of services" or

“the date of billing”). Date of [“shipment”/“completion of services”] was [date]. Date of billing was [date]. The SDR was received by [organization] on [date] with document origination date of [date signed by initiator].” Principal SDR processing actions and dates, present status of any assets, and other substantial information pertinent to the SDR background should also be included.

4. An IA General Counsel position regarding USG liability, to include “This office was furnished relevant documents pertaining to SDR [number]. The determination of USG liability for this SDR is supported by [list LOA General Terms and Conditions paragraph(s), footnotes, attachments, legal principle, legal precedent, or other bases for the determination].”

5: Options, with costs, to remedy the SDR. Discuss article or service the USG was responsible to provide. How does that differ from what the country was provided? Will the supply source repurchase the item(s), hold item(s) for DoD/FMS sale, repair, or replace the item? Provide detailed cost estimates, including transportation, TDY, and other associated charges for each remedy. If rework or repair is indicated, include source documents, if possible, from the office responsible for correcting the SDR upon receipt of authority.

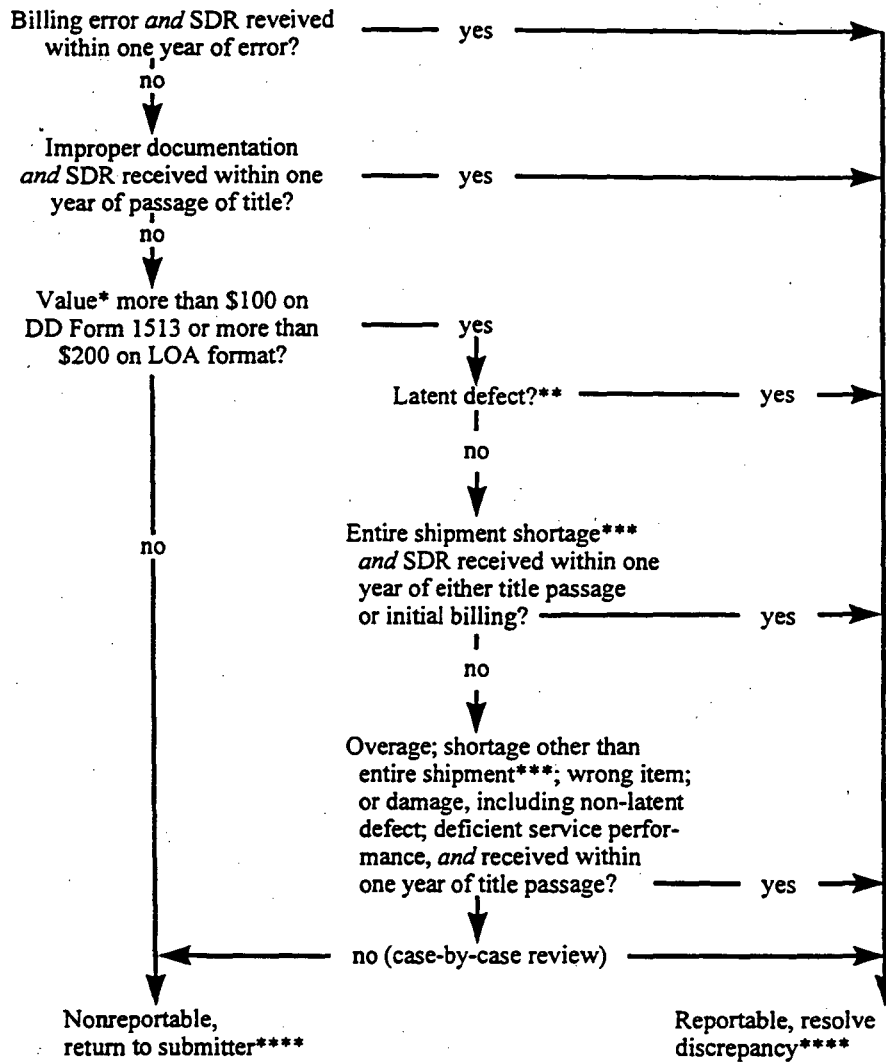
6. Corrective action. Discuss policy, procedure, or systems change; education; or other actions to reduce probability of reoccurrence.

7. Retention of records. Show status of records required for resolution, including present and anticipated preservation.

E. **@@ LOA-SDR Terminology.** SF 364 discrepancy code categories and LOA terminology do not directly correspond. For SDR processing purposes, the following phraseology cross-reference applies:

<u>SF 364 Discrepancy Category</u>	<u>Described in LOA Terms 5.4 as</u>
Condition of Material	Damage, Latent Defect
Supply Documentation	Improper Documentation
Misdriected Material	Overage, Shortage, Non-Shipment
Overage/Duplicate Shipments	Overage
[Packing Discrepancy	Not applicable for FMS unless packing services are purchased (may process SDR for damage or other loss caused by deficient packing)]
Product Quality Deficiency	Damage, Latent Defect
Shortage of Material	Shortage
Item Tech Data Markings	Improper Documentation
Wrong Item	Overage and Shortage
Other Discrepancies	Case-by-case consideration
(Added 12 Aug 98) @@	

**TABLE 802-1
INITIAL SUPPLY DISCREPANCY REPORT (SF 364) SCREENING**



*Example - Ten items, with a U/P of \$100, are shipped together. When received, five have damage which will cost \$150 to repair. Four are missing. The SDR value is \$550 plus transportation, PC&H, or other directly related costs.

** Detection of reduced item operability is dependent upon initial operation or extensive testing, disassembly, or other extraordinary receipt inspection.

*** When shipped through a freight forwarder, return to submitter if freight forwarder verification that material has not been received on the TCN that applies is not provided.

**** All SDRs which contain sufficient information to be useful in trend analysis should be recorded and, based on continuing process refinements, minimized.

TABLE 802-1. Initial Supply Discrepancy Report (SF 364) Screening

TABLE 802-2

FINANCING SUPPLY DISCREPANCY REPORTS

The table below shows the most common SDRs and methods of financing when IA research results in approval of an item discrepancy. In summary, corrections will normally be financed:

- (1) Within contract costs for DWCF, O&M, PA, and RDT&E items obtained from procurement.
- (2) Within the surcharge for DWCF items or services supplied from stock.
- (3) From the O&M, PA, or RDT&E account for O&M, PA, or RDT&E items supplied from stock.
- (4) From the FMS (Administrative, Transportation, or PC&H) Fund accounts when sources above do not apply. These SDRs are to be financed from current year FMS Administrative/Logistics Support Expense (LSE) budget obligation authority, or reissuance of past unused budget authority.

<u>Nature of Discrepancy</u>	<u>FMS Funds</u> ¹ (Admin, PC&H, Transportation)	<u>USG Funds/Appropriations</u> (DWCF, PA, O&M, RDT&E)
1. Damage, Defect, or Other Deficiency		
a. From Procurement ²	Generally not applicable except where US action or inaction caused inability of USG to obtain satisfaction from contractor for customer.	Generally not applicable. Usually corrected by contractor within existing contract terms.
b. From Stock	Peripheral costs of correction (e.g., testing, transportation, TDY)	Replacement, refund to customer account, or rework of defective items for costs not listed under FMS Fund heading
2. Nonreceipt or Shortage		
a. From Procurement ²	Generally not applicable except where US action or inaction caused inability of the USG to obtain satisfaction from contractor for customer	Generally not applicable. (Normally corrected by contractor within existing contract terms)

TABLE 802-2. Financing Supply Discrepancy Reports

b. From Stock	Not applicable except where item shipped DTS and US action or inaction caused inability to obtain satisfaction from carrier (see 80206 and USG Fund/Appropriations column at right)	(Shortage/misdirection at origin based on no evidence of shipment) Credit to customer account, charged to USG fund or appropriation initially credited. Lost items will be absorbed as inventory losses.
3. Overage		
a. From Procurement ²	Generally not applicable	Generally not applicable
b. From Stock	Generally not applicable See next column	If billed and customer does not want item, amount charged will be refunded to customer account and USG appropriation fund charged. If USG directs no return, will be absorbed as inventory loss
4. Incorrect Item		
a. From Procurement ²	Generally not applicable See next column	Generally not applicable Normally corrected by contractor within contract terms
b. From Stock	Generally not applicable See next column	Unless the item manager chooses to reissue, refund to the customer account, charged against appropriation or fund initially credited. If USG directs no return, absorb as inventory loss.
5. Missing or Improper Documentation		
a. From Procurement ²	Generally not applicable See next column	Generally not applicable Normally corrected by contractor
b. From Stock	Generally not applicable See next column	Issue documentation and/or proper items without additional charge to FMS customer. If not available for issue, refund against USG appropriation/fund initially credited. If USG directs no return, absorbed as inventory loss.

TABLE 802-2. Financing Supply Discrepancy Reports

6. Duplicate or Erroneous Billings (From procurement ² or stock)	Generally not applicable See next column	Refund or adjustment to customer account. Adjustments charged against appropriate USG or customer account.
7. Loss of Customer Item (provided for repair, etc)	Reimburse customer when item is nonstandard (no longer maintained in USG inventory)	Reimburse customer when item is DoD standard (currently maintained in USG inventory) and the loss is bookkeeping or inventory control only.

- /1 In some instances, Administrative, Transportation, or PC&H funds may complement other financing for SDR resolution. For example, it could be appropriate to reimburse PC&H or transportation costs for initial delivery of an overage when this is the sole means for resolution.
- /2 Procurement includes defense articles and services acquired to fill the FMS requirement and therefore not supplied from on-hand DoD assets. Both stock and procurement guidance may apply in some instances (e.g., item on hand in DoD inventory reworked through a commercial contract prior to shipment).

TABLE 802-2. Financing Supply Discrepancy Reports

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SECTION 803 - MANAGEMENT OF EXCESS DEFENSE ARTICLES
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80301 LEGISLATION. The following legislation indicates Congressional interest in EDA:

A. **FAA Sec 502A.** Authorizes provision of EDA whenever possible in lieu of new procurement.

B. **AECA Sec 31(d) with changes.** Limits transfers of EDA to \$250M acquisition value per year exclusive of ships and onboard stores. Later acts exempted transfers reported under Sec 36(b), FAA Sec 516 and FAA Sec 519 from the ceiling.

C. **FAA Sec 516 (also referred to as the Southern Region Amendment) with changes.** Authorizes grant transfers to Portugal, Turkey, Greece, Israel, Egypt, Pakistan, Senegal, Morocco, Oman, and Bahrain. Transfers do not count against the AECA sec 31(d) ceiling. FAA 516 countries receive priority for EDA deliveries. A 30-day notification to Congress is required before making a formal offer to country.

D. **FAA Sec 517 with changes.** Authorizes grant transfers to major drug producing and drug transiting countries in Latin America and the Caribbean for which the Secretary of State has certified eligibility in accordance with the International Narcotics Control Act (INCA) of 1988. Countries are limited to a current value of \$10M per country per year. A 15-day notification to Congress is required before making a formal offer to country.

E. **FAA Sec 518 with changes.** Authorizes the grant transfer of non-lethal and small arms EDA to countries and international organizations for purposes of protection of endangered plants and wildlife species. Countries eligible to receive EDA under section 517 are not eligible to receive transfers under this authority. The US can provide no-cost transportation on a space-available basis. A 30-day notification to Congress is required before making a formal offer to country.

F. **FAA Sec 519.** Provides for the grant transfer of non-lethal EDA to countries for whom an FMF program was justified for the FY in which the transfer is authorized. Section 555 of the Foreign Operations, Export Financing and Related Programs Appropriation Act, 1994, expands eligibility for FY94 to any country for which foreign assistance was requested for FY94 and which the administration separately justifies eligibility for this authority to Congress. Countries eligible to receive EDA under section 517 are not eligible to receive transfers under this authority. Transfers do not count against the AECA Sec 31(d) ceiling. A 15-day notification to Congress is required before making a formal offer to country.

G. **Sec 525, P.L. 103-87.** Foreign Operations, Export Financing and Related Programs Appropriation Act, 1994, requires 15-day duration notifications to Congress before issuance of an LOA for any EDA.

80302 GENERAL.

A. **Planning.** EDA may afford materiel support to countries at reduced cost and in less than normal leadtime. EDA end items are made available in "as-is" condition, normally without the preservation protection applied to items to be retained for use by US forces. Maximizing EDA benefits under SA requires careful planning, with the item manager playing a key role. Planning is necessary to avoid committing DoD to release of items before the US requirement has gone away or long after items have become excess and have incurred storage costs, while equipment condition deteriorated. In order to minimize deterioration and transportation costs, and to make the best use

of EDA as it becomes available, it should be an objective to move EDA directly from the last US using unit to the SA recipient.

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 from Commander, Defense Reutilization and Marketing Service, ATTN: DRMS-SO, 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 provide a suggested list of recipients to receive articles. 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. **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.

1. Messages will be addressed to the SAOs and cognizant CINCs for action. 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(s) description, quantity, condition, rough order of magnitude cost/value of end items, costs and leadtimes for support items, and other information as appropriate.

3. SAOs should be directed to info the cognizant CINC on their response. Their responses should include an assessment of proposed recipient's capabilities to fund follow-on operational, maintenance, and training requirements.

4. Responses from CINCs will prioritize and, if appropriate, endorse requirements submitted by SAOs in their AOR.

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.
4. Regional balancing as dictated in legislation or to achieve maximum benefit for the United States.
5. Potential competition with comparable new production items.

E. **Congressional Data.** Congressional notifications cannot be submitted until items have been screened and declared excess. IAs will provide DSAA/OPS, within ten 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, acquisition value of the items, and a brief justification for the transfer. For blanket order LOAs, the description of items to be supported and the value of the LOA should be reported.

F. **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 DSAA that the item not undergo subsequent offers pending a determination of EDA/non-EDA status. DSAA should be informed in all cases where items previously offered are no longer available.

80304 LOA PROCEDURES.

A. **LOAs for EDA.** Separate LOAs should be initiated for the sale of EDA. Source of Supply Code E should appear in column (5) of the LOA and these LOAs should include "EXCESS DEFENSE ARTICLES. Acquisition Value is \$ _____.", underlined, as the last words in the item description field for items which are excess. DSAA/OPS will use this information to track these Offers.

B. 517 LOAs. When LOAs are written to provide PC&H, transportation, or other costs 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. FMS 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.

D. Transportation. See Sec 80206.

**

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 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 an 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:

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 (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.

C. **DSAA Countersignature Not Required.** Copies of Amendments which are exempt from countersignature as indicated below will be provided to DFAS-DE by the IA at the time of release to the FMS Purchaser. As an exception to B. above, Amendments where the LOA has been the subject of Congressional notification [Sec 36(b) AECA] are exempt from countersignature in the case of items 1.a., 3., and 4.

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.

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.

4. Changes to FMSO LOAs which do not change LOA values or the range of items to be ordered.

5. Changes to LOAs which qualify for processing under ACAS (see 70103.H.). Show "SAMM 80402.C.5." and date of DoS approval or later in the "DSAA" and "Date" spaces respectively.

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. 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-DE/I 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 DSCA Countersignature. The following Modifications require DSCA coordination and countersignature:

1. Except as indicated in C. below, 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.@@ (Changed 12 Aug 98)

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 a copy of the LOR must be attached to each Modification. Any shift which results in a scope increase or decrease must be as requested in the LOR.

b. Must not include a significant scope change (e.g., added SME).

c. 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. LOA(s) decreased have adequate funds available to cover remaining obligations.

e. All Modifications are provided to DSCA 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 DSCA Countersignature.** Copies of the Modifications which are exempt from countersignature will be provided to DFAS-DE/I by the IA at the time of release to the FMS Purchaser. As an exception to B. above, Modifications where the LOA has been the subject of Congressional notification [Sec 36(b) AECA] are exempt from countersignature in the case of items 3., 5., and 6.

1. Price increases not otherwise requiring countersignature as discussed in B above.
2. Price decreases resulting from price reductions.
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.
7. Changes to LOAs which qualify for processing under ACAS (see 70103.H.). Show "SAMM 80403.C.7." and date of DoS approval or later in the "DSCA" and "Date" spaces respectively.

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 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. 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.
4. If a previous Amendment offer has expired, note that Amendment (number) was not accepted and state that data 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.

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 or, for ACAS Amendments/Modifications, the date of DoS * approval or later.

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.



United States of America
Amendment [1] to Letter of Offer and Acceptance

[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, reduces costs in Item 3 based on requirement definitization, and revises other data accordingly. Basic LOA accepted 18 Jul 92.]

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.

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.S. Signature	[25 Sep 92] 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 Amendment consists 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) Ofr Rel Cde	(7) Del Trm Cde
			(a) Unit	(b) Total			

Previous

2.	B2D 141000STDCONT(N) Containers (Note 2)			347,631	X(4) TA 4	A	4
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Revised

2.	B2D 141000STDCONT(N) Containers (Note 2)			382,395	X(4) TA 4	A	4
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Previous

3.	M1B 020200M1SSLTA(N) TECHNICAL SERVICES (Note 3)			150,375	X(24) TA 4	A	4
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Revised

3.	M1B 020200M1SSLTA(N) TECHNICAL SERVICES (Note 3)			105,000	X(24) TA 4	A	4
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	<u>Previous</u>	<u>Revised</u>
(8) Net Estimated Cost	\$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

Signed Copy Distribution:

1. Upon acceptance, the Purchaser should return one signed copy of this Amendment to Defense Finance and Accounting Service (DFAS), ATTN: DFAS-DE/I, Denver, CO 80279-5000. [Simultaneously, wire transfer of the Initial Deposit should be made to: United States Treasury, New York, NY, 021030004, DFAS-DE/I, Agency Code 00003801, 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 049, DSN 222-0704, CML (703) 692-0704.



**United States of America
Modification [1] to Letter of Offer and Acceptance**

[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:

U.S. Signature	[8 Jan 93]	Purchaser Signature	Date
[A. R. DiTrapani Director]			
Typed Name and Title		Typed Name and Title	
[Navy International Programs Office]		Agency	
DSAA	Date		

[This Modification provides notification of changes as follows:

(1) Itm	(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
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Previous

1.	B2D 141000STDMSYS(Y) STANDARD MISSILE BLOCK VI (Note 1)	40 EA	\$448,732 \$17,949,280	S(4) TA 3	Z	8
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Revised

1.	B2D 141000STDMSYS(Y) STANDARD MISSILE BLOCK VI (Note 1)	40 EA	\$443,488 \$17,739,520	S(4) TA 3	Z	8
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Previous

2.	B2D 141000STDCONT(N) Containers (Note 2)		382,395	X(4) TA 4	A	4
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Revised

2.	B2D 141000STDCONT(N) Containers (Note 2)		501,395	X(4) TA 4	A	4
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Previous

3.	M1B 020200MISSLTA(N) TECHNICAL SERVICES (Note 3)		105,000	X(24) TA 4	A	4
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Revised

3.	M1B 020200MISSLTA(N) TECHNICAL SERVICES (Note 3)		126,500	X(24) TA 4	A	4
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	<u>Previous</u>	<u>Revised</u>
(8) Net Estimated Cost	\$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.

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CHAPTER 9

FMS DIRECT CREDIT AND GUARANTEED LOAN FINANCING

SECTION 900 - GENERAL

90001 PURPOSE. This Chapter presents the FMS direct credit and guaranteed loan financing management policies and procedures. It describes the types of loans currently issued to foreign governments to finance such sales, the standards and criteria applicable thereto, and the procedures for implementing the FMS credit program. This chapter does not cover the use of Grant Aid (MAP) funding such as authorized by the FAA, Section 503(a)(3) (use of MAP funds to finance FMS) and the FAA, Section 506(a) (special authority), subjects which are covered in Chapter 11. Transportation guidance may be found in Section 80206. *

90002 INTRODUCTION. FMS direct credit and guaranteed loan financing has continued to grow in scope and direction. Concurrently, the management of such financing has become correspondingly complex. There are a number of stipulations, limits, actions, and responsibilities involved in various aspects of this management that reflect variations in international relations and US foreign policy. This chapter examines those aspects and their legislated guidelines.

90003 ARMS EXPORT CONTROL ACT AUTHORIZATION. The AECA, as amended, provides authority for FMS direct credit and guaranteed loan financing as follows:

A. **Credit Sales.** Section 23 of the AECA authorizes the President to finance procurements of defense articles, defense services, and design and construction services by friendly foreign countries and international organizations. Loans financed under the authority of Section 23 are commonly called direct loans. Historically, this type of loan financing has been used to assist those FMS countries in the process of economic development. Direct loans require that funds be appropriated by the Congress in an amount equal to the principal loan values. Direct loans are currently used as the vehicle for implementing "repayment waived" loans as authorized by the Congress.

B. **Guaranties.** Section 24 of the AECA authorizes the President to guarantee any individual, corporation, partnership, or other juridical entity doing business in the US [excluding 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, defense services, and design and construction services to friendly countries and international organizations. Loans financed under authority of Section 24 are commonly called guaranteed loans. Fees are charged for the guaranties and all guaranties are backed by the full faith and credit of the United States. Section 25(a)(7) of the AECA prescribes that the President must advise the Congress of the total amount of funds in the Guaranty Reserve at the end of each fiscal year. Additionally, the President must provide an assessment of the adequacy of guaranty reserve funds to make payment of claims under guaranties issued in view of the current debt servicing capacity of borrowing countries. Guaranteed loan financing constitutes the major portion of the current FMS credit program. Since 1975 all guaranteed loans have been issued to eligible borrowing countries by the Federal Financing Bank, an instrumentality of the Department of the Treasury. Such loans are guaranteed by the DSAA against all political and credit risks of nonpayment.

90004 ADDITIONAL PROVISIONS OF THE ACT. In addition to Sections 23 and 24, the AECA addresses the purposes of FMS and the use of credits and guaranties in numerous other sections of the AECA as follows:

A. **Purposes for which Military Sales by the US are Authorized.** According to Section 4 of the AECA, defense articles and services may be sold to friendly countries as follows: (1) for internal security, (2) for legitimate self-defense, (3) to permit the recipient country to participate in regional or collective arrangements consistent with the Charter of the United Nations or as requested by the United Nations to maintain or restore international peace and security, and (4) for the purposes of enabling foreign military forces in less developed friendly countries to construct public works and to engage in other activities helpful to economic and social development.

B. **Violations.** Section 3(c)(1)(A) of the AECA requires that no credits (including participation in credits) may be issued and no guaranties may be extended for any foreign country if such country uses the defense articles or services in substantial violation of an agreement under Section 4 of the AECA (as noted in paragraph A. above), transfers the articles or services without the consent of the President, or fails to maintain the security of the articles or services. Also, according to Sec. 3(f) of the AECA and Sec. 620A of the FAA, the President shall terminate all sales, credits, and guaranties to any government which aids or abets, by granting sanctuary from prosecution to any individual or group which has committed an act of international terrorism unless the President finds that national security requires otherwise.

C. **Prohibitions Against Discrimination.** Section 5 of the AECA concerns prohibition against discrimination. No sales should be made and no credits (including participation in credits) or guaranties extended to or for any foreign country which through its laws, regulations, official policies, or governmental practices prevents any US person from participating in the furnishing of defense articles or services on the basis of race, religion, national origin, or sex.

D. **Foreign Intimidation and Harassment of Individuals in the US** Section 6 of the AECA concerns foreign intimidation and harassment of individuals in the US. No credits or guaranties may be extended to any country determined by the President to be engaged in a consistent pattern of acts of intimidation or harassment directed against individuals in the US.

E. **Prohibitions Against Certain Military Export Financing by Export-Import Bank.** Section 32 of the AECA specifically prohibits Export-Import Bank financing of defense articles or services to economically less developed countries.

F. **Authorization and Aggregate Ceiling on Foreign Military Sales Credits.** Section 31 of the AECA establishes the authorization and aggregate ceiling on FMS credits. For example, Section 31 normally indicates the maximum total amount of direct credits (Section 23) and the total principal amount of guaranteed loans (Section 24) authorized to be issued. This section also indicates the minimum amounts of credits/loans to be extended to selected countries and applicable extended repayment terms.

G. **Foreign Military Sales Credit Standards.** Section 34 of the AECA prescribes that the President shall establish standards and criteria for credit and guaranty transactions in accordance with the foreign, national security and financial policies of the US. Executive Order 11958 delegates this authority to the Secretary of State with the qualification that to the extent the standards and criteria for credit and guaranty transactions are based upon national security and financial policies, the Secretary of State shall obtain the prior concurrence of the Secretary of Defense and the Secretary of Treasury, respectively.

H. **Fiscal Provisions Relating to Foreign Military Sales Credits.** According to Section 37 of the AECA, cash payments received and advances received from direct credits shall be available solely for payments to suppliers and refunds to Purchasers and shall not be available for financing credits and guaranties. Amounts received from foreign governments and international organizations as repayments for credits extended pursuant to Section 23 (direct credits), and other collections, such as fees and interest shall be transferred to miscellaneous receipts of the US Treasury. However, if Guaranty Reserve (Section 24) funds have been used for a borrower's overdue payment to the Federal Financing Bank, subsequent amounts received from the borrower shall be merged with the Reserve and shall be available for any purposes for which funds are normally available.

I. **Coproduction/Licensed Production.** Section 42(b) of the AECA prescribes that direct credits and guaranteed loans may not be used to finance coproduction or licensed production of any defense article of US origin outside the US unless the Secretary of State notifies the Congress in advance of the proposed transaction on employment and production within the US. Section 42(c) of the AECA provides that funds made available under the AECA may be used for procurement outside the US only if the President determines that such procurement will not result in adverse effects upon the economy or the industrial mobilization base of the US.

90005 CLASSIFIED MATERIELS. If in the case of direct commercial contracts, the Purchaser proposed to take delivery and custody of classified materiel in the US and use its own facilities and transportation for forward shipment to its territory, the foreign Purchaser must comply with guidance pertaining to FMS shipments in Paragraph 50111.C.1. *

90006 THIRD PARTY TRANSFERS. We wish to avoid any connotation that items purchased with US financing were resold merely to generate funds. For the first three years following delivery of an item purchased with US SA funds, DSAA will normally concur with transfer (see Section 60004) only where the proceeds of the sale are deposited in the country's trust fund account. Such deposited funds may not be refunded to the Purchaser either to meet its internal financial responsibilities or to meet its direct contractual liabilities. Such sales proceeds deposits are also required where the Purchaser resells to the USG or to a firm to fulfill its contract with the USG. SAO's should be prepared, in conjunction with MILDEPs, DSAA, FMD, and DFAS/DE-I, to provide guidance on the return of reimbursements to the country's FMS trust fund account for reutilization.

90007 CASH FLOW FINANCING. Section 544 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act of 1994 (PL 103-87) and successor acts require Congressional notification of LOAs and Amendments and of commercial contracts, valued at \$100M or greater, which are partially or totally funded with FMF cash flow financing. Notifications as shown in Table 900-1 will be developed and staffed by DSAA Operations based on data provided for LOA or Amendment countersignature or for review of commercial contracts. Notifications will be provided to Congress by DSAA Plans, Legislative and Planning Division. Cash flow financing notifications will normally occur concurrently with formal AECA Sec 36(b) notifications (see Section 703) and at least 15 days prior to countersignature for LOAs and Amendments and 15 days prior to funding clearance for commercial contracts. **

**[Separately to Senate Appropriations Committee
and House Appropriations Committee addresses]**

Dear Mr. Chairman:

Pursuant to section 544 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1994 (Public Law 103-87) or current law, we are submitting a notification concerning the request for the Government of [Country] to cash flow finance [a "Letter of Offer and Acceptance (LOA)," "an amendment to a Letter of Offer and Acceptance," or "a commercial contract with (company)"] for the purchase of [concise description of equipment or services].

The total estimated amount of the ["LOA," "amendment to the LOA", or "direct commercial contract"] is [value, must be \$100M or more], of which [value] will be financed on a cash flow basis*. The cash flow amount will be paid from the Purchaser's national funds in the event that sufficient fiscal year [year following current year allocations] foreign military financing (FMF) or later fiscal year FMF funds are not available to cover the anticipated payments.

*When applicable, the following sentence should be added here: "The Purchaser expects to finance approximately [value] from national funds."

SECTION 901 - ELIGIBILITY

90101 GENERAL. To the extent feasible, foreign governments purchasing US 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 US legislation and it has been determined that purchases of defense items cannot be financed reasonably by other means, taking into account any US military and economic assistance that such countries may be receiving, and indigenous private financing. In addition to being evaluated for consistency with US 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 US 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 will be financed with country funds and will not be considered for FMFP. 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.

D. SAOs should ensure that the host government is aware of basic US 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 US Mission to DSAA for interagency coordination and approval or disapproval. No commitment whatsoever should be made to the host government prior to receipt of the resources from DSAA.

SECTION 902 - PROCESS AND PROCEDURES

90201 GENERAL. According to Section 25 of the AECA, no later than 1 February of each year, the President shall transmit to the Congress, as a part of the annual presentation of SA programs proposed for the next fiscal year, a report which among other things provides an estimate of the aggregate dollar value and quantity of defense articles and services, military education and training, grant military assistance, and credits and guaranties to be furnished by the US to each foreign country and international organization in the next fiscal year. OASD/ISA and OASD/ISP, in concert with DSAA, annually consolidates various inputs and recommendations into the SA Planning, Programming and Budgeting (PPB) process. The programmed loan amounts, by country, which are requested by the administration, are based upon information initially submitted to the Department of State in the AIASA which is prepared by the country team. Ultimately, an executive branch position is established which is reflected in the CPD for a given fiscal year. The CPD, among other things, specifies recommended FMS credit programs for individual countries.

90202 CONGRESSIONAL AUTHORIZATION AND APPROPRIATION. Upon receipt of the executive branch draft (recommended) legislation and the CPD, Congress conducts hearings on the SA program--giving particular attention to FMS credit financing. The subsequently approved authorization and appropriation acts cite a dollar amount ceiling for the FMS credit program with some constraints, specified amounts, or special provision for selected countries or regions. Within the constraints which may be imposed by the Congress in any given fiscal year the Department of State, with input from the DoD and Treasury, determines (and DSAA reprograms as may be necessary) the loan amounts that individual countries shall receive. In this process, it considers the pertinent economic, military, and political factors. The President has delegated to the SecDef the authority to issue and guarantee loans to eligible recipients in accordance with the AECA. The SecDef has redelegated this authority to the Director, DSAA.

90203 APPORTIONMENT. Upon receipt of the Department of State's program approval and apportionment request document, the OMB issues an apportionment document to DSAA. In the instance of a DoD guaranteed loan, there is no apportionment of appropriated funds; the apportionment document is an allocation of program value. However, if the loan to be issued is a DoD direct loan, the apportionment document provides the DSAA with an apportionment of appropriated funds in the amount equal to the principal amount of the loan to be issued.

90204 IMPLEMENTATION AND MANAGEMENT OF LOANS. Within DSAA, the Financial Management Division (FMD) implements and manages loans. FMD prepares the loan agreement (see Table 902-3) and obtains signatures. DFAS-DE disburses loan funds, bills the borrower, and collects payments. **

90205 ISSUANCE OF FMS LOANS.**A. Federal Financing Bank Loans.**

1. **Guaranty Fee.** The AECA, Section 24, requires recipients of guaranteed FMS loans to pay a fee for such guaranties. Accordingly, recipients of DOD guaranteed loans issued by the FFB must remit payment of the guaranty fee to the DSAA. This one-time (non-refundable) fee is currently set at one-fourth of one percent of the principal amount of the loan.

2. **Signature Authorizations.** Three authorizations (which may be incorporated into a single document) are required from the borrowing country before an FFB loan agreement may be implemented. The required authorizations are as follows:

a. Authorization for a designated person to sign the loan agreement. (Most FMS loans are signed by the borrowing country's ambassador, or defense attache at its embassy in Washington, D.C.)

b. Authorization for a designated person to sign the promissory note that accompanies the loan agreement.

c. Authorization for a designated person(s) (an alternate is advisable) to sign requests for disbursements (drawdowns) from the loan.

3. **Guaranty.** Upon signature by authorized representatives of the FFB and the borrowing country, and upon receipt of the required guaranty fee, the DSAA then issues its guaranty document to the FFB.

4. **Legal Opinion.** Following issuance of the guaranty, the Office of the OSD General Counsel prepares and submits to the FFB a legal opinion document. Upon completion of this required document, and assuming that all preceding actions are also completed, funds from the FFB loan are then available for use by the borrowing country.

B. **Direct Loans.** DSAA issues direct loans to eligible borrowing countries, utilizing the annual appropriation as discussed in paragraph 90202., above. As in the case of FFB loans, three authorizations as described in paragraph 90205.A.2., above, are required from the borrowing country before loan funds may be disbursed.

C. Interest Rates.

1. **Applicability.** All loans must be repaid with interest unless payment is waived by the Congress.

2. **Interest on DOD Direct Loans.** Interest charged on direct loans is at a single fixed rate as determined by the Department of Treasury to be the cost of money to the USG as of the last day of the month preceding the date of consummation of the loan agreement. Interest rates at less than the cost of money to the USG must be in the national interest and must be so justified by the President to the Congress.

3. **Interest on DOD Guaranteed Loans Issued by FFB.** Interest rates on FFB guaranteed loans are based upon the cost of money to the USG plus an administrative fee (currently one-eighth of one percent). Individual fixed interest rates are calculated on the day each incremental disbursement is processed from the loan. After all loan funds have been disbursed, the FFB computes a weighted average interest rate.

D. Repayment.

1. **Repayment Period.** Loans are normally repaid in five to nine years following a grace period of one or two years on repayment of principal. The AECA requires that all direct loans be repaid over a period not to exceed 12 years unless legislated otherwise by the Congress. The same 12 year limitation has been extended to guaranteed loans except for countries specified by statute. Historically, Congress has authorized longer repayment terms for specific countries. The repayment of these loans are made over a period of 20 years following a grace period of ten years on repayment of principal. (NOTE: Semi-annual interest payments are required on the principal amount of loan funds disbursed during the grace period).

2. **Frequency of Payments.** Repayments of FMS loans are made in equal semi-annual installments. Billing statements (a courtesy rather than a requirement of FMS loan agreements) are submitted to borrowing countries 30 - 45 days prior to payment due dates.

90206 APPROVAL OF FMS CREDIT-FINANCED PURCHASES.

A. **Funding Limitation.** All purchases (from either MILDEPs or U.S. commercial suppliers) that are to be financed from FMS loans must be approved in advance by the DSAA. Such approvals will be limited by the overall availability of FMS credits. DSAA policy precludes approval of credit financed purchases in excess of available credit funds.

B. **Credit Financing of New FMS Cases .** For purchases initiated through the MILDEPs, the borrower must cite FMS credit financing in its request for an LOA.

C. **Conversion of FMS Cases from Non-Credit to FMS Credit Financing.** For FMS credit financing of cases originally issued under cash/DU terms, the purchasing country must submit requests for conversion to DSAA, together with a copy of the pertinent DD Form 1513.

90207 COMMITMENT OF FMS CREDIT FUNDS.

A. The DSAA will commit the appropriate amount of FMS loan funds to finance each approved purchase. DSAA policy requires the FMS loan funds to be committed to loans in their order of issuance. This encourages commitments within the normal expiration period of each loan, reduces the volume of loan records that must be maintained in an active status, and permits older loans to be closed out.

B. DSAA records commitments against a specific Fiscal Year loan (or MAP program). This information is maintained in DSAA ADP records but will not appear on LOA documents (DD Forms 1513, 1513-1, or 1513-2).

C. For new LOAs, DSAA initially commits credit (or MAP funds) during the countersignature process. DSAA adjusts commitments as required based on DD Forms 1513-1, 1513-2, or case closures.

D. Upon decommitment of prior year FMS credit (or MAP funds) for case closures, case value reductions, or case cancellations, DSAA will automatically revise the fiscal year breakout of funding on other active cases to reapply decommitted funds. DSAA will attempt to make all adjustments required by using a single, large value FMS case. In this manner, uncommitted funds will always be identified to current loans or MAP programs, permitting older programs to be closed out.

90208 DISBURSEMENT OF FMS LOAN FUNDS.

A. **General Policy.** While DSAA records and maintains commitments of FMS loan funds by specific loan, this commitment by specific FMS loan is used as a planning function and does not mean that the borrowing country must cite that specific loan when disbursement of loan funds is required.

B. **Expiration of Disbursement (FFB Loan Commitment) Period.** Section 1.1 of FFB and DoD loan agreements (see Table 902-3) define the period through which funds may be disbursed under the loan. In the case of FFB loans, this is called the loan commitment period. The term "commitment period" in this context means the period through which FFB is committed to disburse loan funds. Loan funds remaining undisbursed after the expiration date are lost from the borrower's use. However, if the borrowing country is unable to disburse all of the loan funds before the expiration date, it may request an extension to the expiration date via an amendment to the loan agreement. Requests for such an amendment must be in writing from the borrowing country and must be submitted to DSAA for interdepartmental coordination and processing of the amendment document. Amendments to FFB loans require the signatures of the borrowing country, FFB, and DSAA. Amendments to DoD loans require the signatures of the borrowing country and DSAA.

C. **Requests for Disbursement of Loan Funds.** All requests for disbursement of FMS loan funds must be submitted to DSAA by the borrowing country in the letter format set forth in the applicable FMS loan agreement. Each request for payment of FMS loan funds to SAAC for amounts due on FMS cases must indicate the FMS case designator(s) and the dollar amount(s) to be disbursed for each case. Procedures for requesting disbursements to commercial suppliers are discussed in paragraph 90209.A. of this section.

D. **Methods of Disbursement.** All disbursements from FFB loans are accomplished by electronic wire transfer. FFB does not process disbursements by issuance of checks. Disbursements from direct loans are accomplished by issuance of checks through the USAF Disbursing Office at Bolling AFB, D.C.

E. **Limitation on FFB Disbursements.** Not more than one FFB disbursement shall be requested by the borrower in any single month, except that an advance of \$500,000 or more may be requested at any time.

F. **Restriction on Use of FMS Loan Funds for Costs of Transporting FMS Credit-Financed Cargoes.**

1. When ocean transportation is used, all items purchased with FMS loan funds must be transported by US flag vessels. (NOTE: FMS loan agreement documents contain provisions for certain waivers which, if approved, permit shipment of up to 50 percent of FMS loan financed cargo on vessels of the borrowing country, and in certain instances such cargo may be transported on vessels of a third country. Such waivers are discussed later in Section 903 of this chapter. In no instance may FMS loan funds be used to pay the cost of transportation provided by a vessel of non-US registry.)

2. FMS loan funds may be used to pay air transportation costs only if US flag aircraft are used.

90209 DIRECT COMMERCIAL PURCHASES

A. **Policies and Procedures.** FMS loan financing may be used, when approved by DSAA on a case-by-case basis, for the purchase of defense articles and services through direct

commercial contracts with US 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.

FMS Credit Guidelines. Guidelines for FMF of direct commercial contracts between US industry and foreign countries are shown in Table 902-6.

B. **Documents and Statements.** Requests for payment of FMS loan funds to US 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 DSAA by the borrower, and not by the commercial supplier.

C. **Audit Rights.** As requested by DSAA, DoD will conduct audits of private firm contracts which are FMF financed and entered into directly with foreign governments. Contractors and country representatives should plan for the time required to conduct such audits. Based on Table 902-6 Guidelines and 902-7 Contractor Certification, contractors will permit, for three years from the date of final receipt of contract payment, DoD or other authorized USG representatives access to the contractors' facility and the right to examine any of the contractors' pertinent books, documents, papers, or other records related to the contract.

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 US, 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.

1. Does the procurement fit within the context of mutual US and country interests?
2. In order to meet the requirement, must the defense article or service be obtained from foreign sources?
3. Can a US source item or service be modified to meet the requirement?
4. What percentage of the program cost would have to be purchased from foreign sources to meet the program requirement?
5. Is it cost prohibitive to procure the item or service in the United States (e.g., a special production run)?
6. Would there be any impact on the US industrial mobilization base (e.g., dissolution of a company doing US defense business) or on an area of US labor surplus (e.g., increased unemployment) if the proposed procurement were from foreign sources?
7. Would there be any impact upon general US trade patterns or trends if the proposed procurement were from foreign sources?
8. Would an OSP Determination in this particular instance establish a precedent which will weaken the USG ability to be even-handed in future requests from the same or other countries?

E. **Legal Substance of the Determination.** Section 42(c) permits the use of funds made available to carry out the AECA for procurement outside the US where the procurement will not result in adverse effects outweighing the advantages. DSAA has consistently refused to make OSP Determinations except where there will be no adverse effects upon the economy of the US or the industrial mobilization base. An even balance between adverse effects and advantages would legally permit offshore procurement. It is difficult to conceive of an OSP that would have a measurable adverse effect upon the five trillion dollar-plus US gross national product or upon the entire US defense industry (in contrast with a particular segment or individual company). DSAA exercises its judgement, as the delegate of the President, according to its perception of the overall national interests as OSP requests are made.

F. **Determination Documents.** The MILDEP should provide particulars concerning the proposed procurement, and justification for the OSP recommendation, to DSAA/Regional Directorate. DSAA will review and coordinate the recommendation and, if cleared, request concurrence from the Departments of State and Treasury. Following approvals by State and Treasury, a formal Determination will be signed as shown in Table 902-9.

G. **LOA Completion.** An FMF or MAP merger funded LOA may be issued, or financing of the FMF-funded direct commercial contract may be approved, following the formal Determination.

H. **OSP Cost Increase Notification.** An information notification will be provided to Departments of State and Treasury when the value of an OSP project exceeds that originally anticipated by 50 percent or \$1,000,000, whichever is greater. The IA will provide details to the DSAA action officer for processing of the notification, which may be documented by an informal memorandum of phone conversation, to operational elements of State and Treasury.

90211 REPAYMENTS OF FMS LOANS.

A. **Payment Due Dates.** Repayments on FMS loans are due on or before the dates specified in the promissory notes and are repeated in both the FFB and the DSAA billing statements.

B. **Extensions.** Repayments falling due on a Saturday, Sunday, holiday, or other day on which the FRB of New York is not open for business, shall be made on the first business day thereafter. Such extension of time is included in computing interest in connection with such payment, but excluded from the next interest period.

C. **Late Repayments.** If the borrower fails to make a repayment when due, the amount payable is the overdue installment of principal or interest, plus interest thereon at the rate specified in the promissory note from the due date to the date of actual payment.

D. **Repayments Overdue One Year or More.** Overdue repayments which continue in arrears for more than one year are subject to the sanctions of the "Brooke Amendment" which is an integral part of each recent foreign assistance and related programs appropriations act and continuing resolution. The Amendment states:

No part of any appropriation contained in this Act shall be used to furnish assistance to any country which is in default during a period in excess of one calendar year in payment to the United States of principal or interest on any loan made to such country by the United States pursuant to a program for which funds are appropriated under this Act.

Although the provision specifically states only USG foreign aid funds which are appropriated, are affected, Section 24(c) AECA has the practical effect of making the Brooke Amendment applicable to FMS guaranteed loans as well. Consequently, Brooke Amendment sanctions are activated by arrearages of more than a year on either aid-financed or FMS-financed loans (direct and guaranteed). Once invoked, the restrictions apply to most US-funded foreign aid programs (economic and military).

1. Specific sanctions under the Brooke Amendment are as follows:
 - a. New loan agreements or guaranties cannot be offered or issued.
 - b. FMS LOAs financed with FMS Credit (FMSCR) or MAP funds that were or may be accepted by a country on or after the effective date of the sanction will not be implemented.
 - c. New or pending FMSCR or MAP financed LOAs will not be countersigned or issued to the country for acceptance.
 - d. Direct commercial contracts which require new FMSCR financing will not be approved.
 - e. FMSCR or MAP financed cases accepted prior to effective date of sanctions remain in force and will be executed. Modifications or amendments to existing implemented FMS cases are allowed, when approved by DSAA on a case-by-case basis, as long as program scope is not increased.
 - f. New IMET students may not travel to the U.S. or other locations for initiation of training. IMET students outside their countries of origin whose course of study or

training program began before the effective date of the sanctions may complete such courses, *including already funded sequential courses*. However, no additional sequential courses may be added on or after the effective date of the sanctions. IMET students outside their countries of origin whose course of study or training program did not begin before the effective date of the sanctions should normally be returned to their home country as soon as possible. For the purposes of the Brooke Amendment, an IMET-funded course is deemed to begin on the report date specified in the Standardized Training Listing (STL). (If sanctions are lifted, these students will be considered for late admittance or admittance to the next available course of study or training program.)

g. IMET funded MTTs and LTDs may not be dispatched or extended beyond their scheduled termination date.

h. IMET funded training aids may not be issued from supply nor placed on contract by the supplying agency.

i. The foregoing sanctions remain in effect until payment is received or a bilateral debt rescheduling agreement is signed by both the country and the USG. All concerned will be advised by DSAA of a change in status of sanctions.

2. Cash FMS purchases are not subject to these restrictions. Cash payments from national funds may be used to sustain existing FMS cases or fund new cases when available credit or MAP funds cannot be committed. However, in most instances it is preferred that a country under the Brooke Amendment use its available national funds to eliminate the arrearage rather than undertake new programs. (NOTE: If cash or FMSCR financing is used to finance, in whole or part, any existing MAP financed case, any preferential pricing attributable to 100 percent MAP financing under section 503(a)(3) of the FAA of 1961, as amended, is void and FMS pricing guidelines must be applied to the entire case in accordance with paragraph 71010 of DoD 7290.3-M. This action could increase the value of the case significantly and may not be in the best interest of the Purchaser or the USG.)

3. Pipeline deliveries on materiel blanket open-ended cases implemented prior to the effective date of sanctions are allowed to continue regardless of term.

4. Requisitions on materiel blanket open-ended cases may be processed.

E. **DSAA Role as Guarantor of FFB Loans.** Overdue repayments on FFB (guaranteed) loans which remain unpaid ten days after the payment due-date are paid by the DSAA from its Guaranty Reserve Fund. This action does not in any way relieve the borrowing country from its obligation to repay--interest continues to accrue on the overdue amount until the repayment is received from the borrowing country.

[Tables 902-1 and 902-2 have been deleted.]

TABLE 902-3
LOAN AGREEMENT

LOAN AGREEMENT made and entered into as of the _____ day of _____ between the Government of _____ ("Borrower") and the Government of the United States of America as represented by the Defense Security Assistance Agency ("DSAA").

WHEREAS, the Borrower desires to enter into purchase contracts ("Purchase Agreements") with Military Departments and Agencies of the United States Department of Defense ("DoD"), various United States commercial suppliers, or both of them for the purchase of defense articles, defense services, and design and construction services of United States origin (with regard to articles and services financed hereunder, hereinafter collectively referred to as "Defense Items"); and

WHEREAS, the Borrower has requested a loan from the Government of the United States of America (hereinafter sometimes referred to as the "Lender") to finance payments required to be made by the Borrower under the Purchase Agreements; and

WHEREAS, it has been determined that the aforesaid requested loan will facilitate the purposes of the Arms Export Control Act, as amended ("Act").

NOW THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto agree as follows:

SECTION 1. COMMITMENT

1.1 Subject to the terms and conditions of this Loan Agreement ("Agreement"), the Lender agrees to make advances to the Borrower from time to time in an aggregate principal amount not to exceed _____ dollars (US \$ _____), the obligation of the Lender under this section being hereinafter called the "Loan Proceeds."

1.2 Before requesting any advance hereunder, the Borrower shall execute and deliver to the DSAA a single promissory note ("Note") substantially in the form attached hereto as Annex I.

1.3 The Loan Proceeds shall be available only to finance the purchase of Defense Items by the Borrower pursuant to Purchase Agreements approved for such financing by the DSAA in accordance with the policies and procedures in effect at the time such financing is approved. The current DSAA procedures for obtaining this approval are, without being incorporated herein, attached hereto as Exhibit A. Each authorization for the Borrower to enter into a Purchase Agreement in implementation of this Loan Agreement shall be separately communicated by the DSAA in writing to the Borrower substantially in the form of the Attachment to Exhibit A. The authorization shall specify the case identifier assigned by the DSAA to, and the amount of financing authorized for, the approved Purchase Agreement.

TABLE 902-3. Loan Agreement.

1.4 (a) Each advance hereunder by the Lender shall be made upon the delivery to the DSAA of a letter request from the Borrower. The letter request shall be in the form set forth in Annex II and shall be delivered to the DSAA not less than fifteen business days before the disbursement date. Documentation in support of letter requests shall be in accordance with DSAA policies and procedures in effect at the time the Purchase Agreement, for which the advance is requested, was approved by the DSAA. The current DSAA requirements for documentation supporting requests for disbursement are, without being incorporated herein, attached hereto as Exhibit B.

(b) Not more than two advances shall be requested in any single month, except that an advance of \$100,000 or more may be requested at any time. An advance may consist of payments to more than one supplier.

(c) Advances made to the Borrower shall be authorized in accordance with Requests for Advances, which shall be prepared by the Borrower in the form of Annex II hereof and forwarded to the Lender for each advance. Each advance shall bear interest, as provided in Section 2, commencing with the disbursement date of the advance.

(d) Subject to the terms and conditions of this Loan Agreement, the Lender agrees to make advances to the Borrower from time to time for a period of three (3) years from the date of this Loan Agreement.

SECTION 2. REPAYMENT AND ASSIGNABILITY.

2.1 (a) The Borrower hereby agrees to repay the principal of the advances made under this Agreement semiannually in accordance with the repayment schedule set forth in the Note ("Schedule"), and to pay interest on such outstanding unpaid principal as provided in the Note. All payments of principal and interest shall be made in immediately available funds of lawful money of the United States of America, at the Federal Reserve Bank of New York, as provided in Annex III hereof.

(b) If on any installment date in the Schedule the outstanding balance of the advances is less than the amount of principal due, the Borrower shall, on such installment date, repay the entire outstanding balance, plus accrued interest thereon. If thereafter the Borrower shall avail itself of the Loan Proceeds in an amount which would have been payable on a prior installment date but for the provisions of the immediately preceding sentence, such amount, plus accrued interest thereon, shall be repayable on the next succeeding installment date of the Schedule occurring after the disbursement of such amount and the scheduled principal repayable on that date shall be increased by such amount.

(c) If by the final date specified in Section 1.4(d) hereof the Borrower has not availed itself of the entire amount of the Loan Proceeds, and if such date is not extended by amendment to this agreement, the installments of principal in the Schedule shall be reduced in the inverse order of the maturity thereof to the extent of the unused balance of the Loan Proceeds.

(d) The Borrower may prepay principal in part or in full without penalty or premium, but such prepayment must be accompanied by payment of interest on the amount prepaid to the date of repayment and must be applied to the satisfaction of installments of principal repayments in the inverse order of their maturities.

TABLE 902-3. (Continued)

2.2 Whenever any payment under the Note shall be due on a Saturday, Sunday, or a day on which the DoD or the Federal Reserve Bank of New York are not open for business, such payment shall be made on the first day thereafter on which the DoD and the Federal Reserve Bank of New York are open for business, and such extension of time shall be included in computing interest in connection with such payment, but excluded from the next interest period, if any.

2.3 If the Borrower fails to make payment when and as due of any installment of principal or interest under the Note, the amount payable shall be overdue installment of principal or interest, plus interest thereon at the rate specified in the Note, from the due date to the date of payment.

2.4 The Lender may sell or assign the Note at any time, in whole or in part. However, if the Lender intends to sell or assign the Note or any part thereof to any entity other than an agency of the United States, the Lender shall give the Borrower written notice thereof not less than fifteen days prior to the date of the intended sale or assignment; in that event, the Borrower shall have the option, to be exercised by giving written notice to the Lender at least five days prior to the intended sale or assignment, to purchase the entire Note on such terms and conditions as are established by the Lender.

SECTION 3. REPRESENTATIONS AND WARRANTIES

The Lender has entered into this Agreement and will make the loan provided for herein on the basis of the following representations and warranties of the Borrower:

(a) The Borrower has full power, authority and legal right to incur the indebtedness contemplated in this Agreement on the terms and conditions contained herein, and to execute, deliver and perform this Agreement and the Note;

(b) The execution, delivery and performance of this Agreement and the Note will not violate any provisions of, and have been duly and validly authorized under, the laws of the Borrower, and all actions necessary to authorize the borrowings hereunder and the execution, delivery and performance of this Agreement and the Note have been duly taken; and

(c) This Agreement has been, and the Note when issued will be, duly executed and delivered by persons duly authorized, and this Agreement constitutes, and the Note when issued will constitute, the valid, legal and binding obligation of the Borrower, enforceable in accordance with their respective terms.

SECTION 4. CONDITIONS OF LENDING

4.1 The obligation of the Lender to make advances hereunder is subject to the conditions precedent that, prior to the first disbursement, it shall have received, satisfactory to it in form and substance:

(a) Evidence of the authority of each person who (i) signed this Agreement on behalf of the Borrower, (ii) signed or will sign the Note, and (iii) will sign on behalf of the Borrower, any notices, requests for advances, or other documents contemplated by this Agreement. Evidence of this authority shall be in the form of the letter at Annex IV; and

(b) The Note executed by the duly authorized representative of the Borrower.

TABLE 902-3. (Continued)

4.2 The obligation of the Lender to make any advance hereunder is subject to the further conditions precedent that:

- (a) No event of default within the meaning of Section 6 hereof shall have occurred;
- (b) The DSAA shall have received a letter request executed by the duly authorized representative of the Borrower and prepared in accordance with the procedures for disbursement of Loan Proceeds; and
- (c) All legal matters incident to the Note, and this Agreement shall be satisfactory to the General Counsel of the DSAA.

SECTION 5. COVENANTS

The Borrower covenants and agrees that from the date of this Agreement and so long as any amounts remain unpaid on the Note or otherwise under this Agreement and at least until ten years has elapsed from the date first above written:

- (a) All payments of principal and interest on the Note and other fees and expenses shall be made free and clear of, and without deduction for, any and all taxes, levies, duties, fees, charges, deductions, withholdings, restrictions or conditions of any nature whatsoever now or hereafter imposed, levied, collected or assessed with respect thereto, by or with respect to the Borrower or any authority thereof or therein;
- (b) Any claim which it may now or hereafter have against any person, corporation or other entity (including without limitation, the Government of the United States, DoD, DSAA and any supplier of Defense Items) in connection with any transaction, for any reason whatsoever, shall not affect the obligation of the Borrower to make the payments required to be made to the Lender under this Agreement or the Note, and shall not be asserted as a defense to the payment of such obligation or as a setoff, counterclaim, or deduction against such payments;
- (c) It will pay all taxes, now or hereafter in effect, imposed with respect to this Agreement or the Note by any government other than the Government of the United States of America and will save and hold harmless any holder of the Note from all losses or liabilities resulting from any delay or omission to pay such taxes;
- (d) Any legal action or proceeding against it by the Lender with respect to this Agreement or the Note may be brought in the Courts of the District of Columbia or in the United States District Court for the District of Columbia or in the courts of the Borrower, as the Lender may elect, and by execution and delivery of this Agreement, the Borrower submits to each jurisdiction. In the case of the Courts of the District of Columbia or of the United States District Court for the District of Columbia, the Borrower consents to the service of process out of said courts by mailing copies of such process by registered United States mail, postage prepaid, to it at its address set forth in Section 8.3(a) hereof;
- (e) The Borrower shall make all of its records and files relating to its use or other disposition of the Loan Proceeds and to any Purchase Agreement approved for financing with such Loan Proceeds available upon request for inspection by the Department of Defense of the Lender or by the Department of Justice of the Lender;

TABLE 902-3. (Continued)

(f) The Borrower shall make its officials and its employees as well as its nationals who are neither officials nor employees available, to the fullest extent allowed by the laws of the Borrower, for interview by the Department of Defense of the Lender or by the Department of Justice of the Lender in connection with any investigation of crime under the laws of the Lender arising out of the use or other disposition of any of the Loan Proceeds or arising out of any Purchase Agreement approved for financing with such Loan Proceeds; and,

(g) The Borrower shall notify in writing each commercial supplier with which it has a Purchase Agreement approved for financing with the Loan Proceeds promptly upon its receipt of notification by DSAA of such approval that United States Government funds are being and will be used to finance such Purchase Agreement.

SECTION 6. DEFAULTS

6.1 A condition of default shall exist upon the occurrence of any of the following events of default:

(a) If the Borrower fails for a period of ten calendar days to make any payment of principal or interest on the Note when due;

(b) If a default shall have occurred on any other loan to the Borrower by the DSAA, a holder of the Note, or the Government of the United States of America or any agency thereof;

(c) If any representation or warranty made by the Borrower herein or any certification of the Borrower required herein proves to be at any time incorrect in any material respect;

(d) If (i) the Borrower defaults in the performance of any of the provisions in Sections 1, 2 or 7 hereof, and (ii) such default shall continue unremedied for thirty calendar days after written notice thereof shall have been given by the DSAA to the Borrower, or

(e) If the Borrower defaults in the performance of any other provision in this Agreement, and such default shall continue unremedied for thirty calendar days after written notice thereof shall have been given to the Borrower.

6.2 Upon each and any such event, the holder of the Note may declare immediately due and payable the unpaid principal and accrued interest on the Note and any other note or other indebtedness of the Borrower held by the holder of the Note and thereupon such amount shall become immediately due and payable without protest, presentment, notice or other demand of any kind, all of which are hereby expressly waived by the Borrower, and if such event occurs before the full amount of the Loan Proceeds has been disbursed or before any other loan commitment of the holder of the Note to the Borrower has been fulfilled, the holder of the Note may terminate or suspend such disbursements and commitments. The Borrower shall pay all costs and expenses, including attorney fees incurred in the collection of amounts due hereunder after default.

SECTION 7. TRANSPORTATION

7.1 All Defense Items to be transported from the United States by ocean vessel shall be transported in vessels of United States registry unless a waiver is obtained from the DSAA or the Maritime Administration, US Department of Transportation ("MARAD"). In each instance where a supplier will arrange ocean transportation for Defense Items being purchased, the Borrower shall give written notice of this requirement to the supplier: *

TABLE 902-3. (Continued)

and (a) for Purchase Agreements already entered into, within ten days of the date hereof,

(b) for Purchase Agreements hereafter entered into, on the date the Purchase Agreement is consummated.

7.2 The Borrower shall provide the following information to the Director, Office of Market Development (MARAD), with respect to any ocean or air shipments of Defense Items from the United States: (a) FMS Case Identifier, (b) FAS value of cargo, (c) supplier, (d) freight forwarder, (e) freight cost, (f) name of vessel or airline, (g) vessel/aircraft flag of registry, (h) date of loading, (i) port or place of loading, (j) port or place of final discharge, (k) cargo description, (l) gross weight of cargo, and (m) cubic measurement of cargo. This information shall be provided as soon as possible and in any event not later than 90 days from the date of shipment, and shall contain a reference to this Agreement.

7.3 Advances hereunder may be used to pay ocean or air freight costs for transportation of only those Defense Items financed by this loan and only if such items are carried on vessels or aircraft of United States registry.

SECTION 8. MISCELLANEOUS

8.1 The Borrower and the Lender may agree at any time hereafter to apply a portion or portions of Loan Proceeds that have not been approved to finance Purchase Agreements (in accordance with Section 1.3 hereof) as a participation or participations in credit(s) furnished to the Borrower for the financing of the purchase of Defense Items by the Borrower pursuant to Purchase Agreements so approved. Such participation(s) shall be limited to those in credit(s) furnished by any individual, corporation, partnership, or other juridical entity doing business in the United States, and the Borrower and the Lender shall agree for that purpose with the entity furnishing said credit(s) on the terms and conditions under which the credit(s) will be furnished.

8.2 No omission or delay on the part of the Lender in exercising any right hereunder shall operate as a waiver of such right or any other right hereunder. The rights and remedies prescribed herein are cumulative and not in limitation of or substitution for other rights or remedies of the Lender.

8.3 Any notice, demand or other communication hereunder shall be deemed to have been given if in writing and actually delivered at the addresses shown below:

(a) In the case of the Borrower to:

(b) In the case of MARAD to:

Director, Office of Market Development
Maritime Administration
US Department of Transportation
Washington, D.C. 20590-0001

TABLE 902-3. (Continued)

(c) In the case of the Lender to:

Director, Defense Security Assistance Agency
The Pentagon
Washington, D.C. 20301-2800

or to such other addresses as may be specified in writing.

8.4 Notwithstanding Section 1.3 hereof, the Loan Proceeds shall also be available to make payment of principal and interest owed to the United States Government under any loan made or guaranteed pursuant to the Arms Export Control Act except principal and interest not due at the time payment is to be made. Advances requested to be made for such purpose shall be made upon delivery to the DSAA of a letter request from the Borrower not less than fifteen business days before the disbursement date.

8.5 This Agreement and the Note shall be construed and interpreted in accordance with the laws of the United States of America, and if none is applicable, with those of the District of Columbia, United States of America.

8.6 This Agreement shall be binding upon and inure to the benefit of the Borrower and the Lender and their respective successors and assigns, except that the Borrower may not assign its rights or obligations hereunder without the prior written consent of the DSAA. All agreements, covenants, representations and warranties made herein shall survive the delivery of the Note and the making of the advances hereunder.

8.7 This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all the counterparts shall together constitute a single instrument. Annexes I, II, III, and IV attached hereto are, by this reference, made a part of this Agreement.

8.8 All notices, demands, or other communications given under this Agreement, unless submitted in the English language, shall be accompanied by an English translation and such translation shall govern.

8.9 In case any one or more of the provisions contained in this Agreement or the Note should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall not in any way be affected or impaired. This Agreement or the Note may be amended only with the mutual written consent of the Borrower, Lender, and holder of the Note.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and representatives on the day and year first above written.

GOVERNMENT OF _____

By _____

GOVERNMENT OF THE UNITED STATES OF AMERICA

By _____

TABLE 902-3. (Continued)

ANNEX I

PROMISSORY NOTE

FOR VALUE RECEIVED, THE GOVERNMENT OF _____ ("Borrower") hereby promises to pay to the Government of the United States of America ("Lender") such sums as may be advanced by the DSAA hereunder. The Lender shall not be obliged to advance more than _____ dollars (US \$_____).

The principal amount advanced under this Note shall be repaid in _____ installments of \$_____ and _____ installment of \$_____. The installments shall be due and payable on _____ and _____ of each year commencing on _____, with the final installment due on _____. A schedule of the principal amounts due is attached hereto.

Advances shall bear interest on the unpaid principal balance outstanding at a rate of _____ percent per annum on _____ and _____ of each year commencing on _____.

Interest shall be calculated on the basis of a year of 365 days and the actual number of days elapsed. The total amount of advances hereunder shall be repaid, with right of prepayment, in accordance with the schedule attached to this Note.

Both principal and interest shall be paid in lawful money of the United States in immediately available funds at the Federal Reserve Bank of New York.

This Note is issued at Washington, D.C., pursuant to the Loan Agreement dated _____ between the Borrower and the Lender, and is subject to the terms and entitled to the benefits of that Agreement.

GOVERNMENT OF _____

Date: _____ By _____ (SEAL)

ATTACHMENT TO
ANNEX I

PRINCIPAL REPAYMENT SCHEDULE

The first (amount) shall be repaid on (date)
The next _____ shall be repaid on _____
The next _____ shall be repaid on _____
The next _____ shall be repaid on _____
The next _____ shall be repaid on _____
The next _____ shall be repaid on _____
The next _____ shall be repaid on _____
The next _____ shall be repaid on _____
The next _____ shall be repaid on _____
The next _____ shall be repaid on _____
The next _____ shall be repaid on _____
The next _____ shall be repaid on _____
The next _____ shall be repaid on _____
The last _____ shall be repaid on _____

Total

TABLE 902-3. (Continued)

ANNEX II

FORM OF LETTER REQUEST FOR ADVANCE OF FUNDS

Director
 Defense Security Assistance Agency
 Pentagon
 Washington, D.C. 20301-2800

Dear Sir:

In accordance with the provisions of Section 1.4 of our Loan Agreement with the Government of the United States of America dated _____, the Government of _____ hereby requests the DSAA approval and disbursement of an advance of _____ from that loan.

The Government of _____ acknowledges that advances hereunder may be used to pay ocean and air freight costs only for transportation of Defense Items being carried on vessels or aircraft of United States registry, and that all materiel financed from this loan which is to be shipped by ocean surface transportation must be transported in privately-owned vessels of United States registry unless a waiver is obtained in accordance with Section 7 of the Loan Agreement. In furtherance of this requirement, the suppliers of the materiel being financed with this advance were so notified and given appropriate shipping instructions.

In connection with this request, the Government of _____ confirms that, as appropriate: the defense articles and services for which payment is requested have been satisfactorily delivered; or the advance payment requested is in accordance with requirements of the contract; or the progress payment requested is based on the contractor's satisfactory progress and is in accordance with requirements of the contract; and that payment is therefore due and unpaid under the Purchase Agreement _____ with the _____.

Sincerely,

GOVERNMENT OF _____

By _____
 (Name and Title)

TABLE 902-3. (Continued)

ANNEX III

REPAYMENT PROCEDURES

All repayments shall be in immediately available US dollars at the New York Federal Reserve Bank, New York, New York, on the day payment is due. To this end, payment shall be made by either of the following methods.

The New York Federal Reserve Bank maintains accounts for many foreign central banks. The Borrower may make payment by a direct transfer from its central bank (or a central bank being utilized by it for that purpose) to the New York Federal Reserve Bank. In effecting the transfer, the central bank should use the exact payment account information provided below, and indicate to the New York Federal Reserve Bank that the funds are for credit to the United States Treasury, for credit to the account of the Defense Security Assistance Agency:

021030004	(Note 1)	
(Note 2)	(Note 3)	Payment Amount (in US dollars)
LEAVE BLANK LINE HERE - for Federal Reserve Bank use only		
TREASURY NYC/CTR/BNF=/AC-00005037 OBI=(Begin third party text -		
may use up to 219 characters with this optimum format;		
this text should include the precise loan installments(s)		
to which the remitted amount should be credited.)		

<u>Notes:</u>	1	Type-Subtype-CD	Provided by sending bank.
	2	Sender-DFI-No.	Provided by sending bank.
	3	Sender-REF-No.	Optional information provided by sending bank.

Should the Borrower choose to use the Federal Reserve wire payment system ("Fedwire"), a system for making instantaneous transfers of funds between US banks, the Borrower should instruct its local US bank to transfer the funds to the New York Federal Reserve Bank by Fedwire on the payment date and to include in the wire the payment account information set forth in the preceding paragraph.

The payment account information must be exactly in the form shown above (including spacing between words or numbers) to insure timely receipt by the DSAA, and to avoid the assessment of late charges.

Checks, drafts, and other orders for payment do not constitute immediately available funds and therefore do not meet the requirements of the Promissory Note. These instruments will be accepted but funds will be credited to accounts only after confirmation by the US Treasury.

TABLE 902-3. (Continued)

ANNEX IV

DESIGNATION OF AUTHORITY

1. The Borrower shall provide to the DSAA a written communication that evidences the authority for incumbents of specifically named offices or specifically named individuals to sign the loan documents on its behalf. As a minimum the communication will contain the following:

Director
 Defense Security Assistance Agency
 The Pentagon
 Washington, D.C. 20301-2800

Dear Sir:

The following officials of the Government of _____ are duly authorized to execute and deliver documents as indicated below in connection with a loan agreement in the amount of _____ between the Government of the United States and this Government:

a. LOAN AGREEMENT:

[Person's Name(s) and/or Title(s) of Office(s)] _____

b. PROMISSORY NOTE:

[Person's Name(s) and/or Title(s) of Office(s)] _____

c. REQUESTS FOR DISBURSEMENT AND SUCH OTHER DOCUMENTS AS MAY BE REQUIRED UNDER THIS LOAN AGREEMENT:

[Person's Name(s) and/or Title(s) of Office(s)] _____

Very truly yours,

Date: _____ By _____
 (Name and Title Typed)

2. The designation of authority letter shall be signed by an appropriate person empowered under the laws of the Borrower to delegate to selected officials authority to sign debt obligations or the other documents as stated in the name of its Government. The Borrower shall submit a designation of authority letter to DSAA containing the names and signatures of newly designated officials whenever changes occur.

TABLE 902-3. (Continued)

EXHIBIT A

PROCEDURES FOR OBTAINING DSAA APPROVAL
FOR
LOAN FINANCING OF PURCHASE AGREEMENTS

1. General

The Defense Security Assistance Agency (DSAA) is responsible for approving loan financing of all Purchase Agreements that the Borrower wishes to finance with proceeds from the loan issued by the DSAA under the provisions of the Arms Export Control Act. The use of loan proceeds shall be approved for the financing of purchases by the Borrower only of defense articles, defense services, and design and construction services of US origin. In reviewing requests for financing of Purchase Agreements, the DSAA is guided by objectives established by the US Government for improvement of the Borrower's defense capabilities, by generally accepted financing practices, and by United States laws, regulations and policies in effect at the time the financing is requested. The US Government reserves the right to refuse to finance any purchase agreement and is not required to explain its reason(s) for such refusal.

2. Purchases from US Military Departments

a. The US Military Departments effect Foreign Military Sales (FMS) by means of the Letter of Offer and Acceptance (LOA), Department of Defense Form 1513. Each LOA, also referred to as an FMS case, is identified by a three digit alphabetic code referred to as "case identifier". If a Borrower desires to fund an FMS case from this loan, it must so inform the Military Department prior to the issuance of the LOA. In turn, the Military Department will reflect the desired loan financing on the LOA and submit it to the DSAA Comptroller for approval and countersignature.

b. When the Borrower wishes to use FMS loan funds to pay amounts due under an FMS case which has already been established as a "cash" or "dependable undertaking" case, the Borrower must ask the pertinent Military Department to convert all or part of that case from cash to loan funding. The Military Department must also submit the amended case to the DSAA Comptroller for review and approval to support the requested change in funding.

c. For each case it approves for financing from the FMS loan, the DSAA Comptroller will reserve funds from the uncommitted loan balance in an amount equal to the entire estimated cost of the FMS case, or, as the situation may be, that part of the FMS case requested for loan funding. The portion of the loan so reserved will then be available only for such payments. Payments, either for deliveries of materiel or progress payments, from advances requested by the Borrower, will be made by the DSAA Comptroller against the amount reserved for that purpose.

3. Purchases from Commercial Firms.

a. Loan funds may be used to finance purchases from US Commercial Suppliers, provided such financing has been approved by the DSAA. In order that the DSAA may advise a Borrower whether it will approve such financing, the Borrower must provide a copy of the

TABLE 902-3. (Continued)

contract or proforma purchase order to the DSAA Comptroller for its review, preferably before the Borrower obligates itself to a purchase which it desires to be financed with loan funds. Before the DSAA can give its final approval of loan financing, the commercial supplier must submit to the DSAA the "Contractor's Certification and Agreement with Defense Security Assistance Agency" as illustrated in Exhibit B. The Borrower should allow at least 90 days for the DSAA's review of the contract for approval of loan financing. Each loan financing approval shall be separately communicated by the DSAA in writing to the Borrower by use of the "Loan Financing Approval" illustrated as an attachment to this exhibit.

b. Loan financing shall be approved and made available only to finance the purchase of defense articles and services authorized for such financing by DSAA in accordance with policies and procedures in effect at the time such financing is approved. Current DSAA policies pertinent to approval of loan financing for purchase agreements are included in the Security Assistance Management Manual.

c. In addition to the approval mentioned above, the DSAA, at the time it approves requests for advances (disbursements) of funds pursuant to Annex II, also will require from the Borrower invoices properly executed by the commercial supplier, and bills-of-lading and statements, as may be applicable, substantially in the formats described in paragraph 4 of Exhibit B (DSAA Requirements for Documentation to Support Requests for Advances).

d. For each commercial purchase agreement for which financing is approved, the DSAA Comptroller will assign a case identifier and will provide to the Borrower a Loan Financing Approval letter in the form of the Attachment to this Exhibit. This letter will provide the case identifier assigned to the case. For each case it approves for loan financing, the DSAA Comptroller will reserve loan funds in the amount requested. The loan funds so reserved will then be available only for payments on that case, unless the Borrower directs otherwise. Payments for deliveries, progress, or advance payments, will be processed by the DSAA Comptroller against the amount reserved for the approved purchase agreement.

e. The DSAA Comptroller will also provide letters to the commercial firm informing it of conditions of loan financing and certifications required as prerequisites to the DSAA approving FMS loan financing for the purchase agreement, and indicating the DSAA approval of financing of the purchase agreement.

TABLE 902-3. (Continued)

ATTACHMENT TO
EXHIBIT A

LOAN FINANCING APPROVAL

Dear Sir:

Pursuant to the provisions of Section 1.3 of the Loan Agreement between your Government and the US Government, and in response to your recent request for loan financing of a purchase directly from a commercial firm, financing for the following purchase arrangement is hereby approved:

Supplier:

Contract or Proforma Invoice number and date:

<u>Case Identifier Assigned to This Purchase</u>	<u>Funds Previously Reserved for This Purchase</u>	<u>Funding Revision</u>	<u>Funds Reserved for This Purchase</u>
--	--	-----------------------------	---

Sincerely,

TABLE 902-3. (Continued)

EXHIBIT B

**DSAA REQUIREMENTS FOR DOCUMENTATION
TO SUPPORT REQUESTS FOR ADVANCES**

1. This Exhibit describes the documents which the Borrower must furnish to the DSAA Comptroller in support of requests for advances.
2. Whenever the Borrower desires a disbursement of FMS loan funds, its authorized representative(s), as designated pursuant to provisions of the Loan Agreement, shall forward the written request, prepared in accordance with Annex II of the Agreement, to the DSAA Comptroller, The Pentagon, Washington, D.C. 20301-2800, not less than 15 business days before the desired disbursement date.
3. With each request for an advance, the Borrower will provide a letter addressed to the Director, Defense Security Assistance Agency, substantially in the format as follows:

Dear Sir:

In accordance with the provisions of Section 1.4 of our Loan Agreement with the Government of the United States of America dated (date), the Government of _____ hereby requests the DSAA approval and disbursement of an advance of (amount) from that loan.

The Government of _____ acknowledges that advances hereunder may be used to pay ocean and air freight costs only for transportation of Defense Items being carried on vessels or aircraft of United States registry, and that all materiel financed from this loan which is to be shipped by ocean surface transportation must be transported in privately owned vessels of United States registry unless a waiver is obtained in accordance with Section 7 of the Loan Agreement. In furtherance of this requirement, the suppliers of the materiel being financed with this advance were so notified and given appropriate shipping instructions.

In connection with this request, the Government of _____ confirms that, as appropriate: the defense articles and services for which payment is requested have been satisfactorily delivered; or the advance payment requested is in accordance with requirements of the contract; or the progress payment requested is based on the contractor's satisfactory progress and is in accordance with requirements of the contract; and that payment is therefore due and unpaid under the Purchase Agreement (Case Identifier) with the (Supplier).

Sincerely,

GOVERNMENT OF _____

By _____
(Name and Title)

TABLE 902-3. (Continued)

4. Whenever funds from this loan are to be used to pay a Commercial Supplier, the Borrower shall also provide invoices and bills-of-lading in support of each request for an advance, as follows:

a. As a minimum, the invoices must: (1) reflect the amount due and payment due date; (2) specify whether the amount billed is a down payment, progress/milestone payment, or delivery payment; (3) list the items and services delivered for which payment is requested; (4) indicate by a separate entry the transportation costs, if not included in the item price; (5) designate the FOB point and "ship to" address; (6) designate the address to where the payment should be sent; (7) if the billed amount consists of "cost, insurance and freight" (CIF) terms for delivery of materiel to a destination point outside the United States, provide the name of the carrier(s) of the materiel from the US Port of Embarkation; and (8) be supported by a copy of freight bills, air waybills, or rated on-board bills-of-lading, fully accounting for the cost of inland and export transportation of the items covered by the invoice for which payment is requested. If the Contractor pays for the transportation, whether the transportation cost is included in the price of the item or billed separately to the Purchaser, bills-of-lading or air waybills must be submitted with the invoice for which payment is requested. A copy of the invoice for the cost of any insurance coverage on the shipment must also be submitted along with the shipping documents.

b. If the Purchaser is paying the export transportation cost with other than US Government funds (i.e., the Contractor is not paying for the export transportation cost) the Contractor will submit a certification with the invoice as follows:

The (Contractor) acknowledges that US Government funds are being used by the Government of _____ to finance this purchase and certifies that no shipping cost has been incurred by this firm for exporting this materiel from the United States and no shipping cost is included in the sales price or otherwise included in the invoice amount for which payment is requested.

c. All Contractor's invoices must be submitted with the following certification:

The (Contractor) acknowledges US Government funds are being used by the Government of _____ to finance this purchase and certifies that the invoice(s) submitted with respect thereto are free from any material false statement or misrepresentation and do not omit any material facts.

d. Before DSAA authorizes the use of loan funds to finance any purchase from a Commercial Supplier, the Borrower must ensure that the Commercial Supplier completes and submits to the DSAA the "Contractor's Certification and Agreement with Defense Security Assistance Agency" as illustrated in Table 902-7.

5. Whenever funds from this loan are to be used to pay an amount owed on an FMS case, the Borrower shall also provide a listing of the FMS cases for which payment is requested and the amounts applicable to each.

TABLE 902-3. (Continued)

TABLE 902-3A

GRANT AGREEMENT

GRANT AGREEMENT made and entered into as of the _____ day of _____ between the Government of _____ ("Grant Recipient") and the Government of the United States of America as represented by the Defense Security Assistance Agency ("DSAA").

WHEREAS, the Grant Recipient desires to enter into purchase contracts ("Purchase Agreements") with Military Departments and Agencies of the United States Department of Defense ("DoD"), various United States commercial suppliers, or both of them for the purchase of defense articles, defense services, and design and construction services of United States origin (with regard to articles and services financed hereunder, hereinafter collectively referred to as "Defense Items"); and

WHEREAS, the Grant Recipient has requested a grant from the Government of the United States of America (hereinafter sometimes referred to as the "Grantor") to finance payments required to be made by the Grant Recipient under the Purchase Agreements; and

WHEREAS, it has been determined that the aforesaid requested grant will facilitate the purposes of the Arms Export Control Act, as amended ("Act").

NOW THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto agree as follows:

SECTION 1. COMMITMENT

1.1 Subject to the terms and conditions of this Grant Agreement ("Agreement"), the Grantor agrees to make advances to the Grant Recipient from time to time in an aggregate principal amount not to exceed _____ dollars (US \$ _____), the obligation of the Grantor under this section being hereinafter called the "Grant Proceeds."

1.2 The Grant Proceeds shall be available only to finance the purchase of Defense Items by the Grant Recipient pursuant to Purchase Agreements approved for such financing by the DSAA in accordance with the policies and procedures in effect at the time such financing is approved. The current DSAA procedures for obtaining this approval are, without being incorporated herein, attached hereto as Exhibit A. Each authorization for the Grant Recipient to enter into a Purchase Agreement in implementation of this Grant Agreement shall be separately communicated by the DSAA in writing to the Grant Recipient substantially in the form of the Attachment to Exhibit A. The authorization shall specify the case identifier assigned by the DSAA to, and the amount of financing authorized for, the approved Purchase Agreement.

1.3 (a) Each advance hereunder shall be made upon the delivery to the DSAA of a letter request from the Grant Recipient. The letter request shall be in the form set forth in Annex II and shall be delivered to the DSAA not less than fifteen business days before the disbursement date. Documentation in support of letter requests shall be in accordance with DSAA policies and procedures in effect at the time the Purchase Agreement, for which the advance is requested, was approved by the DSAA. The current DSAA requirements for documentation supporting requests for disbursement are, without being incorporated herein, attached hereto as Exhibit B.

TABLE 902-3A. Grant Agreement.

(b) Not more than two advances shall be requested in any single month, except that an advance of \$100,000 or more may be requested at any time. An advance may consist of payments to more than one supplier.

(c) Advances made to the Grant Recipient shall be authorized in accordance with Requests for Advances, which shall be prepared by the Grant Recipient in the form of Annex II hereof and forwarded to the Grantor for each advance.

SECTION 2. REPRESENTATIONS AND WARRANTIES

The Grantor has entered into this Agreement and will make the grant provided for herein on the basis of the following representations and warranties of the Grant Recipient:

(a) The Grant Recipient has full power, authority and legal right to enter into this Agreement on the terms and conditions contained herein, and to execute, deliver and perform this Agreement ;

(b) The execution, delivery and performance of this Agreement will not violate any provisions of, and have been duly and validly authorized under, the laws of the Grant Recipient, and all actions necessary to authorize the borrowings hereunder and the execution, delivery and performance of this Agreement have been duly taken; and

(c) This Agreement has been, duly executed and delivered by persons duly authorized, and this Agreement constitutes the valid, legal and binding obligation of the Grant Recipient, enforceable in accordance with its terms.

SECTION 3. CONDITIONS OF GRANT

3.1 The obligation of the Grantor to make advances hereunder is subject to the conditions precedent that, prior to the first disbursement, it shall have received, satisfactory to it in form and substance, evidence of the authority of each person who (i) signed this Agreement on behalf of the Grant Recipient and, (ii) will sign on behalf of the Grant Recipient, any notices, requests for advances, or other documents contemplated by this Agreement. Evidence of this authority shall be in the form of the letter at Annex I.

3.2 The obligation of the Grantor to make any advance hereunder is subject to the further conditions precedent that:

(a) No event of default within the meaning of Section 5 hereof shall have occurred;

(b) The DSAA shall have received a letter request executed by the duly authorized representative of the Grant Recipient and prepared in accordance with the procedures for disbursement of Grant Proceeds; and

(c) All legal matters incident to this Agreement shall be satisfactory to the General Counsel of the DSAA, or his successor.

TABLE 902-3A. (Continued)

SECTION 4. COVENANTS

The Grant Recipient covenants and agrees that from the date of this Agreement at least until ten years has elapsed from the date first above written:

(a) It will pay all taxes, now or hereafter in effect, imposed with respect to this Agreement by any government other than the Government of the United States of America and will save and hold harmless from all losses or liabilities resulting from any delay or omission to pay such taxes.

(b) Any legal action or proceeding against it by the Grantor with respect to this Agreement may be brought in the Courts of the District of Columbia or in the United States District Court for the District of Columbia or in the courts of the Grant Recipient, as the Grantor may elect, and by execution and delivery of this Agreement, the Grant Recipient submits to each jurisdiction. In the case of the Courts of the District of Columbia or of the United States District Court for the District of Columbia, the Grant Recipient consents to the service of process out of said courts by mailing copies of such process by registered United States mail, postage prepaid, to it at its address set forth in Section 7.2(a) hereof.

(c) The Grant Recipient shall make all of its records and files relating to its use or other disposition of the Grant Proceeds and to any Purchase Agreement approved for financing with such Grant Proceeds available upon request for inspection by the Department of Defense of the Grantor or by the Department of Justice of the Grantor.

(d) The Grant Recipient shall make its officials and its employees as well as its nationals who are neither officials nor employees available, to the full extent allowed by the laws of the Grant Recipient, for interview by the Department of Defense of the Grantor or by the Department of Justice of the Grantor in connection with any investigation of crime under the laws of the Grantor arising out of the use or other disposition of any of the Grant Proceeds or arising out of any Purchase Agreement approved for financing with such Grant Proceeds.

(e) The Grant Recipient shall notify in writing each commercial supplier with which it has a Purchase Agreement approved for financing with the Grant Proceeds promptly upon its receipt of notification by DSAA of such approval that United States Government funds are being and will be used to finance such Purchase Agreement.

SECTION 5. DEFAULTS

5.1 A condition of default shall exist upon the occurrence of any of the following events of default:

(a) If a default shall have occurred on any loan made to or guaranteed for the Grant Recipient by the DSAA or the Government of the United States of America or any agency thereof;

(b) If any representation or warranty made by the Grant Recipient herein or in any certification of the Grant Recipient required herein proves to be at any time incorrect in any material respect;

TABLE 902-3A. (Continued)

(c) If (i) the Grant Recipient defaults in the performance of any of the provisions in Section 6 hereof, and (ii) such default shall continue unremedied for thirty calendar days after written notice thereof shall have been given by the DSAA to the Grant Recipient; or

(d) If the Grant Recipient defaults in the performance of any other provision or covenant in this Agreement, and such default shall continue unremedied for thirty calendar days after written notice thereof shall have been given to the Grant Recipient.

5.2 Upon each and any such event, the Grantor may declare immediately due and payable the unpaid principal and accrued interest on any note or other indebtedness of the Grant Recipient held by the Grantor and thereupon such amount shall become immediately due and payable without protest, presentment, notice or other demand of any kind, all of which are hereby expressly waived by the Grant Recipient, and if such event occurs before the full amount of the Grant Proceeds has been disbursed or before any loan commitment of the Grantor to the Grant Recipient has been fulfilled, the Grantor may terminate or suspend such disbursements and commitments. The Grant Recipient shall pay all costs and expenses, including attorney fees incurred in the collection of amounts due hereunder after default.

SECTION 6. TRANSPORTATION

6.1 All Defense Items to be transported from the United States by ocean vessel shall be transported in vessels of United States registry unless a waiver is obtained from the DSAA or the Maritime Administration, US Department of Transportation ("MARAD"). The current DSAA and MARAD procedures for obtaining a waiver are, without being incorporated herein, attached hereto as Exhibit C. In each instance where a supplier will arrange ocean transportation for Defense Items being purchased, the Grant Recipient shall give written notice of this requirement to the supplier:

(a) for Purchase Agreements already entered into, within ten days of the date hereof, and

(b) for Purchase Agreements hereafter entered into, on the date the Purchase Agreement is consummated.

6.2 The Grant Recipient shall provide the following information to the Director, Office of Market Development (MARAD), with respect to any ocean or air shipments of Defense Items from the United States: (a) FMS Case Identifier, (b) FAS value of cargo, (c) supplier, (d) freight forwarder, (e) freight cost, (f) name of vessel or airline, (g) vessel/aircraft flag of registry, (h) date of loading, (i) port or place of loading, (j) port or place of final discharge, (k) cargo description, (l) gross weight of cargo, and (m) cubic measurement of cargo. This information shall be provided as soon as possible and in any event not later than 90 days from the date of shipment, and shall contain a reference to this Agreement.

6.3 Advances hereunder may be used to pay ocean or air freight costs for transportation of only those Defense Items financed by this grant and only if such items are carried on vessels or aircraft of United States registry.

SECTION 7. MISCELLANEOUS

7.1 No omission or delay on the part of the Grantor in exercising any right hereunder shall operate as a waiver of such right or any other right hereunder. The rights and remedies prescribed herein are cumulative and not in limitation of or substitution for other rights or remedies of the Grantor.

TABLE 902-3A. (Continued)

7.2 Any notice, demand or other communication hereunder shall be deemed to have been given if in writing and actually delivered at the addresses shown below:

(a) In the case of the Grant Recipient to:

(To be inserted at the time the Grant Agreement is issued.)

(b) In the case of MARAD to:

Director, Office of Market Development
Maritime Administration
US Department of Transportation
Washington, D.C. 20590-0001

(c) In the case of the Grantor to:

Director, Defense Security Assistance Agency
The Pentagon
Washington, D.C. 20301-2800

or to such other addresses as may be specified in writing.

7.3 Notwithstanding Section 1.2 hereof, the Grant Proceeds shall also be available to make payment of principal and interest owed to the United States Government under any loan made or guaranteed pursuant to the Arms Export Control Act except principal and interest not due at the time payment is to be made. Advances requested to be made for such purpose shall be made upon delivery to the DSAA of a letter request from the Grant Recipient not less than fifteen business days before the disbursement date.

7.4 (a) This Agreement shall be construed and interpreted in accordance with the laws of the United States of America, and if none is applicable, with those of the District of Columbia, United States of America.

(b) In the event of a dispute regarding a Purchase Agreement between the Grant Recipient and a Military Department or Defense Agency of DoD that is approved for grant financing under this or other Grant Agreements, the Grantor reserves the right to make an advance hereunder, notwithstanding Section 1.3 hereof, if the Grant Recipient fails to deliver to DSAA a letter request for disbursement in the form set forth in Annex II or fails to comply with the documentation requirements set forth as Exhibit B, within fifteen business days after the date the disbursement was to have been made.

(c) In the event of a dispute regarding a Purchase Agreement between the Grant Recipient and a Commercial Supplier that is approved for grant financing under this or other Grant Agreements, no advance hereunder can be made until the Grant Recipient complies with the provisions of Section 1.3 hereof, notwithstanding any dispute settlement provisions or procedures included in such a Purchase Agreement or dispute resolution.

TABLE 902-3A. (Continued)

7.5 This Agreement shall be binding upon and inure to the benefit of the Grant Recipient and the Grantor and their respective successors and assigns, except that the Grant Recipient may not assign its rights or obligations hereunder without the prior written consent of the DSAA. All agreements, covenants, representations and warranties made herein shall survive the making of the advances hereunder.

7.6 This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all the counterparts shall together constitute a single instrument. Annexes I and II attached hereto are, by this reference, made a part of this Agreement.

7.7 All notices, demands, or other communications given under this Agreement, unless submitted in the English language, shall be accompanied by an English translation and such translation shall govern.

7.8 In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall not in any way be affected or impaired. This Agreement or the Note may be amended only with the mutual written consent of the Grantor and the Grant Recipient.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and representatives on the day and year first above written.

GOVERNMENT OF _____

By _____

GOVERNMENT OF THE UNITED STATES OF AMERICA

By _____

TABLE 902-3A. (Continued)

ANNEX I

DESIGNATION OF AUTHORITY

1. The Grant Recipient shall provide to the DSAA a written communication that evidences the authority for incumbents of specifically named offices or specifically named individuals to sign the grant documents on its behalf. As a minimum the communication will contain the following:

Director
 Defense Security Assistance Agency
 The Pentagon
 Washington, D.C. 20301-2800

Dear Sir:

The following officials of the Government of _____ are duly authorized to execute and deliver documents as indicated below in connection with a grant agreement in the amount of _____ between the Government of the United States and this Government:

a. GRANT AGREEMENT:

[Person's Name(s) and/or Title(s) of Office(s)] _____

b. REQUESTS FOR DISBURSEMENT AND SUCH OTHER DOCUMENTS AS MAY BE REQUIRED UNDER THIS GRANT AGREEMENT:

[Person's Name(s) and/or Title(s) of Office(s)] _____

Very truly yours,

Date: _____ By _____
 (Name and Title Typed)

2. The designation of authority letter shall be signed by an appropriate person empowered under the laws of the Grant Recipient to delegate to selected officials authority to sign documents as stated in the name of its Government. The Grant Recipient shall submit a designation of authority letter to DSAA containing the names and signatures of newly designated officials whenever changes occur.

TABLE 902-3A. (Continued)

ANNEX II

FORM OF LETTER REQUEST FOR ADVANCE OF FUNDS

Director
 Defense Security Assistance Agency
 Pentagon
 Washington, D.C. 20301-2800

Dear Sir:

In accordance with the provisions of Section 1.3 of our Grant Agreement with the Government of the United States of America dated (date) , the Government of hereby requests the DSAA approval and disbursement of an advance of (amount) from that grant.

The Government of acknowledges that advances hereunder may be used to pay ocean and air freight costs only for transportation of Defense Items being carried on vessels or aircraft of United States registry, and that all materiel financed from this grant which is to be shipped by ocean surface transportation must be transported in privately owned vessels of United States registry unless a waiver is obtained in accordance with Section 6 of the Grant Agreement. In furtherance of this requirement, the suppliers of the materiel being financed with this advance were so notified and given appropriate shipping instructions.

In connection with this request, the Government of confirms that, as appropriate: the defense articles and services for which payment is requested have been satisfactorily delivered; or the advance payment requested is in accordance with requirements of the contract; or the progress payment requested is based on the contractor's satisfactory progress and is in accordance with requirements of the contract; and that payment is therefore due and unpaid under the Purchase Agreement (Case Identifier) with the (Supplier) .

Sincerely,

GOVERNMENT OF

By
 (Name and Title)

TABLE 902-3A. (Continued)

EXHIBIT A

PROCEDURES FOR OBTAINING DSAA APPROVAL
FOR
GRANT FINANCING OF PURCHASE AGREEMENTS

1. General

The Defense Security Assistance Agency (DSAA) is responsible for approving grant financing of all Purchase Agreements that the Grant Recipient wishes to finance with proceeds from the grant issued by the DSAA under the provisions of the Arms Export Control Act. The use of grant proceeds shall be approved for the financing of purchases by the Grant Recipient only of defense articles, defense services, and design and construction services of US origin. In reviewing requests for financing of Purchase Agreements, DSAA is guided by objectives established by the US Government for improvement of the Grant Recipient's defense capabilities, by generally accepted financing practices, and by United States laws, regulations and policies in effect at the time the financing is requested. The US Government reserves the right to refuse to finance any purchase agreement and is not required to explain its reason(s) for such refusal.

2. Purchases from US Military Departments

a. The US Military Departments effect Foreign Military Sales ("FMS") by means of the Letter of Offer and Acceptance ("LOA"), Department of Defense Form 1513. Each LOA, also referred to as an FMS case, is identified by a three digit alphabetic code referred to as "case identifier." If a Grant Recipient desires to fund an FMS case from this grant, it must so inform the Military Department prior to the issuance of the LOA. In turn, the Military Department will reflect the desired grant financing on the LOA and submit it to the DSAA Comptroller for approval and countersignature.

b. When the Grant Recipient wishes to use grant funds to pay amounts due under an FMS case which has already been established as a "cash" or "dependable undertaking" case, the Grant Recipient must ask the pertinent Military Department to convert all or part of that case from cash to grant funding. The Military Department must also submit the amended case to the DSAA Comptroller for review and approval to support the requested change in funding.

c. For each case it approves for financing from the grant, the DSAA Comptroller will reserve funds from the uncommitted grant balance in an amount equal to the entire estimated cost of the FMS case requested for grant funding. The portion of the grant so reserved will then be available only for such payments. Payments, either for deliveries of materiel or progress payments, from advances requested by the Grant Recipient, will be made by the DSAA Comptroller against the amount reserved for that purpose.

TABLE 902-3A. (Continued)

3. Purchases from Commercial Firms.

a. Grant funds under the Arms Export Control Act may be used to finance purchases from US Commercial Suppliers, provided such financing has been approved by the DSAA. In order that the DSAA may advise a Grant Recipient whether it will approve such financing, the Grant Recipient must provide a copy of the contract or proforma purchase order to the DSAA Comptroller for its review, preferably before the Grant Recipient obligates itself to a purchase which it desires to be financed with grant funds. Before the DSAA can give its final approval of grant financing, the commercial supplier must submit to DSAA the "Contractor's Certification and Agreement with Defense Security Assistance Agency" as illustrated in Exhibit B which is subject to change by the DSAA any time hereafter. The Grant Recipient should allow at least 90 days for DSAA's review of the contract for approval of grant financing. Each grant financing approval shall be separately communicated by DSAA in writing to the Grant Recipient by use of the "Grant Financing Approval" illustrated as an attachment to this exhibit.

b. Grant financing shall be approved and made available only to finance the purchase of defense articles and services authorized for such financing by the DSAA in accordance with policies and procedures in effect at the time such financing is approved. Current DSAA policies pertinent to approval of grant financing for purchase agreements are included in the Security Assistance Management Manual.

c. In addition to the approval mentioned above, the DSAA, at the time it approves requests for advances (disbursements) of funds pursuant to Annex II, also will require from the Grant Recipient invoices properly executed by the commercial supplier, and bills-of-lading and statements, as may be applicable, substantially in the formats described in paragraph 4 of Exhibit B (DSAA Requirements for Documentation to Support Requests for Advances).

d. For each commercial purchase agreement for which financing is approved, the DSAA Comptroller will assign a case identifier and will provide to the Grant Recipient a Grant Financing Approval letter in the form of the Attachment to this Exhibit. This letter will provide the case identifier assigned to the case. For each case it approves for grant financing, the DSAA Comptroller will reserve grant funds in the amount requested. The grant funds so reserved will then be available only for payments on that case, unless the Grant Recipient directs otherwise. Payments for deliveries, progress, or advance payments, will be processed by the DSAA Comptroller against the amount reserved for the approved purchase agreement.

e. The DSAA Comptroller will also provide letters to the commercial firm informing it of conditions of grant financing and certifications required as prerequisites to the DSAA approving grant financing for the purchase agreement, and indicating the DSAA approval of financing of the purchase agreement.

TABLE 902-3A. (Continued)

ATTACHMENT TO
EXHIBIT A

GRANT FINANCING APPROVAL

Dear Sir:

Pursuant to the provisions of Section 1.2 of the Grant Agreement between your Government and the US Government, and in response to your request for grant financing of a purchase directly from a commercial firm, financing for the following purchase agreement is hereby approved:

Supplier:

Contract or Proforma Invoice number and date:

<u>Case Identifier Assigned to This Purchase</u>	<u>Funds Previously Reserved for This Purchase</u>	<u>Funding Revision</u>	<u>Funds Reserved for This Purchase</u>
--	--	-----------------------------	---

Sincerely,

TABLE 902-3A. (Continued)

EXHIBIT B

DSAA REQUIREMENTS FOR DOCUMENTATION
TO SUPPORT REQUESTS FOR ADVANCES

1. This Exhibit describes the documents which the Grant Recipient must furnish to the DSAA Comptroller in support of requests for advances.
2. Whenever the Grant Recipient desires a disbursement of grant funds, its authorized representative(s), as designated pursuant to provisions of the Grant Agreement, shall forward the written request, prepared in accordance with Annex II of the Agreement, to the DSAA Comptroller, The Pentagon, Washington, D.C. 20301-2800, not less than 15 business days before the desired disbursement date.
3. With each request for an advance, the Grant Recipient will provide a letter addressed to the Director, Defense Security Assistance Agency, substantially in the format as follows:

Dear Sir:

In accordance with the provisions of Section 1.3 of our Grant Agreement with the Government of the United States of America dated (date) , the Government of hereby requests the DSAA approval and disbursement of an advance of (amount) from that grant.

The Government of acknowledges that advances hereunder may be used to pay ocean and air freight costs only for transportation of Defense Items being carried on vessels or aircraft of United States registry, and that all materiel financed from this grant which is to be shipped by ocean surface transportation must be transported in privately owned vessels of United States registry unless a waiver is obtained in accordance with Section 6 of the Grant Agreement. In furtherance of this requirement, the suppliers of the materiel being financed with this advance were so notified and given appropriate shipping instructions.

In connection with this request, the Government of confirms that, as appropriate: the defense articles and services for which payment is requested have been satisfactorily delivered; or the advance payment requested is in accordance with requirements of the contract; or the progress payment requested is based on the contractor's satisfactory progress and in accordance with requirements of the contract; and that payment is therefore due and unpaid under the Purchase Agreement (Case Identifier) with the (Supplier).

Sincerely,

GOVERNMENT OF

By
(Name and Title)

TABLE 902-3A. (Continued)

4. Whenever funds from this grant are to be used to pay a Commercial Supplier, the Grant Recipient shall also provide invoices and bills-of-lading in support of each request for an advance, as follows:

a. As a minimum, the invoice must: (1) reflect the amount due and payment due date; (2) specify whether the amount billed is a down payment, progress/milestone payment, or delivery payment; (3) list the items and services delivered for which payment is requested; (4) indicate by a separate entry the transportation costs, if not included in the item price; (5) designate the FOB point and "ship to" address; (6) designate the address to where the payment should be sent; (7) if the billed amount consists of "cost, insurance and freight" (CIF) terms for delivery of materiel to a destination point outside the United States, provide the name of the carrier(s) of the materiel from the US Port of Embarkation; and (8) be supported by a copy of freight bills, air waybills, or rated on-board bills-of-lading, fully accounting for the cost of inland and export transportation of the items covered by the invoice for which payment is requested. If the Contractor pays for the transportation, whether the transportation cost is included in the price of the item or billed separately to the Purchaser, bills-of-lading or air waybills must be submitted with the invoice for which payment is requested. A copy of the invoice for the cost of any insurance coverage on the shipment must also be submitted along with the shipping documents.

b. If the Purchaser is paying the export transportation cost with other than US Government funds (i.e., the Contractor is not paying for the export transportation cost) the Contractor will submit a certification with the invoice as follows:

The (Contractor) acknowledges US ledges US Government funds are being used by the Government of _____ to finance this purchase and certifies that no shipping cost has been incurred by this firm for exporting this materiel from the United States and no shipping cost is included in the sales price or otherwise included in the invoice amount for which payment is requested.

c. All Contractor's invoices must be submitted with the following certification:

The (Contractor) acknowledges US ledges US Government funds are being used by the Government of _____ to finance this purchase and certifies that the invoice(s) submitted with respect thereto are free from any material false statement or misrepresentation and do not omit any material facts.

d. If the Grant Recipient is paying the export transportation cost with other than funds granted under the Arms Export Control Act or FMS loan funds, and therefore the Commercial Supplier is not paying for the export transportation cost, the supplier will be required to submit a certification with the invoice as follows:

The (Commercial Supplier) acknowledges that US Government funds are being used by the Government of _____ to finance this purchase, and certifies that no shipping cost has been incurred by this firm for exporting this materiel from the United States, and therefore no cost is included in the sales price or otherwise included in the invoiced amount for which payment is requested.

(Signed)
(Commercial Supplier)

TABLE 902-3A. (Continued)

e. Before the DSAA authorizes the use of grant funds to finance any purchase from a Commercial Supplier, the Grant Recipient must ensure that the Commercial Supplier completes and submits to the DSAA the "Contractor's Certification and Agreement with Defense Security Assistance Agency" as illustrated in Table 902-7.

5. Whenever funds from this grant are to be used to pay an amount owed on an FMS case, the Grant Recipient shall also provide a listing of the FMS cases for which payment is requested and the amounts applicable to each.

TABLE 902-3A. (Continued)

TABLE 902-4

DSAA SAMPLE LETTER TO PURCHASING COUNTRY APPROVING USE
OF
FMS LOAN FINANCING FOR DIRECT COMMERCIAL PURCHASES

In reply refer to:
I- _____

Dear Sir:

Pursuant to the provisions of Section 1.3 of the Loan Agreement between your Government and the US Government, and in response to your recent request for loan financing of a purchase directly from a commercial firm, financing for the following purchase agreement is hereby approved:

Supplier: _____

Contract or Proforma Invoice number and date: _____

Items to be purchased: _____

<u>Case Identifier Assigned to This Purchase</u>	<u>Funds Previously Reserved For This Purchase</u>	<u>Funding Revision</u>	<u>Funds Reserved for This Purchase</u>
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Sincerely,

Chief, Accounting and Finance Division
Office of the Comptroller

TABLE 902-4. DSAA Sample Letter Approving Use of FMS Loan Financing.

TABLE 902-5

DSAA SAMPLE LETTER TO SUPPLIER APPROVING USE OF FMS LOAN FINANCING
FOR DIRECT COMMERCIAL PURCHASESIn reply refer to:
I-x
x
x
x
x

Dear Sir:

The Defense Security Assistance Agency (DSAA) has approved financing in the amount, and for the purchase agreement noted below. Funds will be disbursed to your firm from financing available to the Government of _____ (Purchaser) through the Foreign Military Sales Financing (FMSF) program. The Case Identifier assigned to this Purchase Agreement and the Supplier Code assigned to your firm are also noted below and should be referenced on any questions that you may have regarding this financing. This approval does not constitute an approval for export; your firm is responsible for obtaining export licenses, as required:

Contract Number:	Date:	Supplier Code:
Case Identifier: - S -	Financing Approved:	
Purchase of:		

The amount of financing approved will be available to the Purchaser for payment of this Purchase Agreement unless the Purchaser defaults on any of the provisions of the agreements entered into by the Purchaser with the US Government for such financing. Additionally, although we have set aside FMSF funds in the amount shown above for this purchase, this reservation is for program administration purposes only and should not be construed as a firm and irrevocable commitment to pay. The Purchaser is not obligated to use US Government FMSF funds in payment of this purchase; therefore, the Purchaser could request a reduction of the amount reserved for your Purchase Agreement. In such event, however, we would endeavor to advise you of the Purchaser's request prior to effecting the reduction.

Although the US Government is not a party to the Purchase Agreement, the DSAA is required to ensure that the Purchaser utilizes loan funds only for the purposes intended by law, and for which the financing is approved. This financing is available only for articles and services (including insurance) of US origin, except where non-US articles and services are specifically authorized by the DSAA. Suppliers may be reimbursed shipping costs, but only when shipments are made on US flag carriers. Waivers granted to the Purchaser by the DSAA to ship materiel via its own carriers does not authorize reimbursement to your firm of costs for shipping by a non-US flag carrier. In such instances, the Purchaser is responsible to pay for non-US flag carrier freight charges or to reimburse you directly for such charges. Shipping charges for shipments via non-US carriers will be deducted from Suppliers invoices.

TABLE 902-5. DSAA Sample Letter to Supplier Approving Use of FMS Loan
Financing for Direct Commercial Purchases. (Continued)

To prevent unnecessary delays in the processing of payments to you, your firm must ensure that invoices contain the information specified in the Contractor's Certification and Agreement, show the Case Identifier noted above, and include signed, "rated," "on-board" bills of lading or air waybills. FURTHER, IT SHOULD BE UNDERSTOOD THAT, AFTER RECEIPT OF PROPERLY DOCUMENTED INVOICE(S) IN DSAA, A PERIOD OF APPROXIMATELY THREE (3) WEEKS WILL BE REQUIRED TO PROCESS THE PAYMENT BY WIRE TRANSFER AND LONGER IF PAYMENT IS BY CHECK.

Payments will be made directly to your firm by wire transfer, but only if the amount is \$25,000.00 or more. Therefore, it is imperative that you provide to us your wire transfer address and your check mailing address for payments of less than \$25,000.00. As quickly as possible, please send us these addresses on a letter signed by an official of your firm. The wire transfer address must include your bank's name, street address, zip code, and the bank's American Banking Association (ABA) routing number, and the name and number of your account. We will send payments under this purchase agreement only to those addresses officially provided to us, including official notifications of changes. NO PAYMENTS WILL BE PROCESSED TO YOU UNTIL WE HAVE RECEIVED YOUR OFFICIAL ADDRESSES RELATIVE TO THIS PURCHASE AGREEMENT.

If your contract provides for a downpayment, the downpayment amount must be limited as follows, and you are required to include the following certification on your downpayment invoice:

(Name of your firm) certifies that the downpayment requested does not exceed cost incurred at time of submission of this invoice plus termination liability to be incurred during the first 90 days, less profit.

The DSAA does not require that bank instruments such as Performance Bonds or Letters of Credit be obtained relative to the purchase agreement. However, if such bank instruments are obtained pursuant to your contract provisions, such instruments must be issued and payable by US banking institutions operating within the United States, and copies of such instruments must be submitted to the DSAA for review as prerequisite to disbursements by the DSAA. These instruments must be received and deemed satisfactory by the DSAA, relative to payee provisions, prior to the processing of any disbursements to your firm under this Purchase Agreement.

All contractor's invoices must also contain the following certification:

The (Contractor) acknowledges that US Government funds are being used by the Government of _____ to finance this purchase and certifies that the invoice(s) submitted with respect thereto are free from any material false statement or misrepresentation and do not omit any material facts.

Full and final billing on the contract must not be presented to the DSAA for payment prior to full and final completion of contract deliveries and performance.

Should refunds to the Purchaser become necessary for any reason, from funds paid by the DSAA under this Purchase Agreement, such refunds must be made directly to the DSAA rather than to the Purchaser. The DSAA will credit such refunds to the Purchaser's Foreign Military Sales (FMS) Trust Fund Account. Refunds may be made either by check or by wire transfer. Checks should be made payable to the US Treasury, be accompanied by a letter identifying the Purchaser, and the DSAA's case identifier, and should be mailed to the following address. Correspondence relating to financial matters should also be mailed to this address.

Defense Security Assistance Agency
Architect Building, Suite 535
1400 Wilson Boulevard
Arlington VA 22209-2325

TABLE 902-5. DSAA Sample Letter to Supplier Approving Use of FMS Loan
Financing for Direct Commercial Purchases. (Continued)

Refunds by wire transfer should be addressed as follows:

United States Treasury
New York, New York
0210-3000-4
Treasury NYC/(5037)
Defense Security Assistance Agency
Refund from: (Company Name) for purchase made by the
Government of _____ under DSAA Case (Identifier).

Should you have any questions regarding any of the above information, please telephone us at (202) 694-3112

Sincerely,

Chief, Accounting and Finance Division
Office of the Comptroller

Copy to:
Maritime Administration
Room 7209
400 7th Street, S.W.
Washington, D.C. 20590-0001

Embassy of _____

(Address)
Washington, D.C. 200__

TABLE 902-5. DSAA Sample Letter to Supplier Approving Use of FMS Loan
Financing for Direct Commercial Purchases. (Continued)

January 1995

GUIDELINES FOR FOREIGN MILITARY FINANCING OF DIRECT COMMERCIAL CONTRACTS

In 1984 the U.S. Department of Defense (DoD) established guidelines for the processing and review of commercial contracts for direct purchase from U.S. firms of U.S. defense articles and services to be financed with funds appropriated by the Congress. These guidelines have been revised as necessary and this guideline revision supersedes the guidelines dated 22 July 1991.

The financing of direct commercial contracts is under continual review including scrutiny by the General Accounting Office, the DoD Inspector General, the Department of Justice, and the Congress. Accordingly, this revision of the guidelines reflects 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 government-to-government Foreign Military Sales (FMS) 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 the Defense Security Assistance Agency (DSAA), for the purchase of defense articles, defense services, and design and construction services from U.S. defense contractors on a direct commercial basis. 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 serve as the basis for DSAA review of the purchasers request for approval to use FMF to fund direct commercial contracts (NOTE: Guideline changes are indicated by bold face type):

1. Direct commercial contracts (DCCs) normally will not be permitted for items that are standard to DoD, e.g., items that have national stock numbers. However, the purchasing country may request exceptions from DSAA for the commercial procurement of standard DoD items. When doing so, the purchasing country must provide written justification to DSAA supporting its request. The justification should include the item description, required delivery date, and any other information which may be pertinent to the exception decision. In those instances where additional information regarding availability, performance, characteristics, releasability, etc. are required, DSAA will consult with the appropriate U.S. military department (MilDep).

A. Purchaser representatives should allow approximately 60 days for DSAA to process an exception request and provide a decision in writing on the exception.

B. If DSAA has approved use of the direct commercial contracting channel to meet the requirement, the purchaser may then submit a contract to DSAA for consideration of FMF. When the contract is submitted for review, the purchaser must attach the exception letter issued by DSAA.

2. Direct commercial contracts will be permitted for procurement of non-standard items, e.g., items that do not have a national stock number. The purchasing country must demonstrate that the items are non-standard by providing cataloging data or information received from the MilDeps.

3. The use of FMF for DCCs will be permitted for the development and procurement of major country-unique systems. The purchaser should consult with DSAA and receive approval prior to proceeding with contract negotiations on major unique systems. Written justification supporting the purchaser's request to use the DCC channel should be provided to DSAA as far in advance as possible, but not less than 60 days before solicitation of offers or initiation of contract negotiations. This will allow sufficient time to evaluate the proposed acquisition and, if necessary, consult with the appropriate U.S. MilDep. If justification is not provided to the DSAA prior to submission of a contract, it may result in a delay in the processing of the request for funding approval or in the return of the contract without review.

4. Purchases must be from U.S. incorporated firms licensed to do business in the United States.

5. The goods and services purchased must be manufactured and assembled in the United States, purchased from U. S. firms, and composed of U.S.-origin components and services. An exception for FMF may be considered for those items originally manufactured in the U.S. and purchased by a U.S. contractor from foreign sources. 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 items 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 the item from the same source.

B. Contracts should specify any non-U.S.-origin content, e.g., items, components or services. If not identified in the contract, non-U.S. content must be identified to DSAA by the purchaser in supporting documents. To facilitate this, the contractor is required to identify to the purchaser any non-U.S. content, the corresponding value contained in the contract, and where applicable, supporting documentation to demonstrate that DoD has procured or is procuring the non-U.S. origin items, components, or services from the same non-U.S. source. Supporting documentation should include the DoD contract number(s) under which the non-U.S. content was purchased, if appropriate, and any other pertinent information. 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.

D. Expenses incurred by foreign subsidiaries of U.S. companies are not considered to be U.S.-content. Reasonable expenses for support of U.S. contractor personnel in-country are considered U.S. content and may be FMF-funded.

TABLE 902-6. (Continued)

6. Contracts for less than \$100,000 will not normally 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. 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. (Note: No-cost amendments which do not change contract scope must be reviewed and approved in the same manner).

A. Any contract change which adds or deletes previously contracted items must be accomplished through contract amendment, e.g., substituting items for items being deleted, adding new items to the contract or deleting items from the contract. If the contractor has previously received payment for the items deleted and not replaced, the contractor will be required to refund the amount of these payments and reduce the contract price accordingly.

B. Amendments requiring additional FMF will not normally be approved later than five years from the date DSAA approved financing of the basic contract. A request for exception may be considered if sufficient justification is provided to DSAA by the purchaser.

7. Requesting FMF funding for purchases containing offset provisions as a condition for securing the purchase is not encouraged. 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. FMF grants may not be used to pay for offsets, to include direct offsets or the related costs of offset administration. A direct offset is the procurement of a non-U.S. made component required by the purchasing country, for incorporation or installation in a U.S.-produced end item being sold.

B. FMF credits may not be used to pay for offsets, to include direct offsets. If the contract is wholly financed with repayable FMF credit or with repayable FMF credit and foreign purchaser funds, the offset administration costs may be included in a direct commercial contract. The purchasing country must be informed of the inclusion of the offset administration costs during contract negotiations.

8. Commissions or contingent fees will not be FMF funded. Additionally, such commissions or fees will be treated as an unallowable cost under the contract. Therefore, no element of commissions or contingent fees may be included in the contract funded by the United States Government. When commissions or contingent fees related to the sale will be paid with other than FMF funding, the contractor will so advise DSAA at the time the contract is presented for funding approval. The contractor shall maintain an available system of accounts sufficient to demonstrate that no element of commission or contingent fee is contained in the contract funded by the United States Government.

9. 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.

TABLE 902-6. (Continued)

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 by factors relating to specific country needs and the country's abilities 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.

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 that such data can be provided upon request.

10. U.S. firms which are selling or have sold the same items to 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 the contractors' statements and determine their capability to perform under the contract terms, a DoD preaward survey may be required as a condition of FMF approval. Such preaward surveys normally are not required for firms with previous DoD contracting experience.

11. 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. **The purchasing country is responsible for providing the contractor with a copy of DSAA Guidelines together with the Contractor's Certification.** If the contract is submitted without the required certification, the contract will be returned to the purchaser for inclusion of such data. 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.

12. 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 from the supplier, the use of a bank or financial institution chartered or incorporated in and doing business in the United States is required for this purpose.

TABLE 902-6. (Continued)

13. The use of FMF will be approved for the financing of transportation performed by U.S. carriers only.

A. For ocean transportation of FMF shipments, the contractor and the purchaser 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, 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.

B. No payments will be made to freight forwarders with FMF unless, prior to July 1, 1994, DSAA had authorized the purchasing country to use FMF-funded DCCs to procure freight forwarding services. Rated, on-board bills of lading or rated airway bills may be approved for direct payments to U.S. ocean or air carriers upon request.

14. FMF will not be approved for payments for travel, per diem, accommodations, lodging, car rental, personal expenses, **entertainment** 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 with national funds. If such costs are included, either directly or indirectly, they must be expressly identified.

15. 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. **Should the purchaser exercise a drawdown on a U.S. private letter of credit, it must ensure that the funds are transferred directly from the payor to the U.S. Treasury.**

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 Defense Finance and Accounting Service (DFAS) Denver 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 DFAS Denver, 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

TABLE 902-6. (Continued)

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)

16. Contracts should include all essential contract elements. Complete copies of all provisions of contracts are required for DoD review for FMF 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 FMF contracts.

17. DSAA requires that contractors doing business with the purchaser execute certain notices and certifications as part of both the proposal and the contracting processes. The execution of these documents is a prerequisite for receipt of DSAA approval to use FMF funds to finance purchaser contracts. 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 January 1995.

18. All FMF-funded DCCs are subject to audit by the Defense Contract Audit Agency (DCAA). DCAA will perform audits, at the U.S. Government expense, to ensure contractor's compliance with the contractor's certification. DCAA audits may be performed at any time up to three years following receipt by the contractor of the final payment on the contract.

19. The Defense Contract Management Command (DCMC) can perform quality assurance services if desired by the contractual parties or if directed by DSAA.

TABLE 902-6. (Continued)

A. The cost of DCMC quality assurance services may be included in the contract and paid to the DFAS by the contractor on behalf of the purchaser; however, the purchasing country is required to arrange for these services through an FMS agreement with the DCMC.

B. 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 DCMC International Logistics Office (ILO) in New York, are required as a condition for FMF of the contract.

20. It is highly recommended that several U.S. manufacturers be contacted by the purchaser for solicitation of offers to meet their specific needs. All contracts awarded on a competitive basis will require the purchaser to identify, in writing, the various contractors solicited and the prices submitted. If the lowest offeror was not selected, the purchaser must provide justification explaining the basis for the contract award. If this information is not provided, the contract will be returned to the purchaser for inclusion of such data.

21. Field pricing support is required prior to contract award for all sole-source procurements of \$500,000 or more. DCMC, with DCAA assistance as required, will provide field pricing support, at the purchaser's expense, as a condition for FMF funding of the contract. The purchaser must provide a copy of the offer to DCMC for its use in providing this support.

A. The DCMC-ILO, with DCAA assistance as required, will perform price and cost analyses and technical evaluations to determine price reasonableness of offers submitted. The purchaser should allow at least 45 days for the U.S. Government representative to perform these analyses. The DCMC-ILO will provide a copy of the price and cost analysis reports to the purchaser.

B. The purchasing country must include a copy of the price and cost analysis as part of the justification submitted to DSAA in support of its request to use FMF to fund a contract.

C. The purchasing country will be required to pay for this service under an FMS Letter of Offer and Acceptance (LOA) negotiated with DLA.

D. On all amendments of \$500,000 or more for contracts previously approved for FMF funding the purchaser will consult with DSAA to determine if a price and cost analysis review will be required.

E. The purchaser is required to incorporate the contract clauses in Enclosure 3 into its requests for proposal on FMF-funded DCCs.

22. On all contracts of \$500,000 or more (sole source or competitive awards) the purchasing country is required to contract with DCMC for contract administration services using a DLA FMS case. At a minimum, DCMC will monitor the contractor's performance to ensure compliance with the DSAA Contractor's Certification throughout the life of the contract. The purchaser is

TABLE 902-6. (Continued)

required to incorporate the contract clauses at Enclosure 3 into its FMF-funded DCCs of \$500,000 or more.

23. The contracts or purchase orders must clearly identify the amount of any contract financing payments and be in accordance with the following limitations:

A. The purchasing country is responsible for demonstrating the reasonableness and safety of contract financing arrangements.

B. Advance payments for FMF-funded DCCs may include a total amount of not more than 15 percent of the contract price, in advance of any performance under the contract. The purchasing country shall obtain adequate security for such payments in accordance with paragraph F below.

C. Contract financing arrangements may provide for payments to be made on the basis of accomplishment of specific milestones detailed in the contract, or other basis such as installments. Installments shall be payable no more frequently than quarterly.

D. Cumulative contract financing shall not exceed 85 percent of the contract price of undelivered items. See F below for security requirements.

E. Full contract payment shall not be made until after full performance of the contract.

F. All unliquidated advance and interim financing payments shall be secured by guarantee documents, such as Letters of Guarantee, Letters of Credit, or Performance Bonds from a U.S. bank or financial institution chartered in and doing business in the United States. Copies of guarantee documents must be submitted with the contracts or purchase orders when submitted for funding approval. The security shall be at least equal to the amount of the unliquidated contract financing. 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 not be approved until this requirement is satisfied.

G. Purchasing 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.

H. After validation of invoices, the purchasing country should submit them within 60 days of receipt from the contractor to DFAS Denver for payment.

24. 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 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 result unjustifiably in the allocation of

TABLE 902-6. (Continued)

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.

25. 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 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.

26. If the contract includes a requirement for insurance, the use of a U.S. insurance firm is required.

27. 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.

28. Contracts and supporting documentation should be submitted by the purchasing country to the following address:

Defense Security Assistance Agency
ATTN: Operations Management Division (OPS-MGT)
Washington, DC 20301-2800

29. Inquiries concerning these policies and procedures or the contract review process should be directed to the above address or by phone to (703) 604-6635.

Enclosures
As stated

TABLE 902-6. (Continued)

ESSENTIAL CONTRACT ELEMENTS**1. Elements that MUST be included in the contract.**

- a. **Country**
- b. **Complete identification of U.S. Contractor to include name, address, and telephone number**
- c. **Contract number**
- d. **Complete nomenclature of defense articles and description of services to be provided**
- e. **Complete description of quantities and prices**
- f. **Complete description of financial arrangements:**
 - **Unit prices**
 - **Advance payment**
 - **Payment schedule (to include method of liquidating advance payment based on deliveries)**
- g. **Contract clauses for contract administration**
- h. **Identification of shipment terms**
- i. **Identification of any guarantee documents or clauses that could result in a refund to the purchaser, such as but not limited to:**
 - **Advance payment guarantee documents**
 - **Interim payment guarantee documents**
 - **Liquidated damages**
- j. - **Acceptance (signature) by both parties**

Enclosure 1

TABLE 902-6. (Continued)

2. Elements that must be provided and can either be included in the contract, or submitted separately to DSAA by the Purchaser when the contract is submitted for FME Funding approval.
- a. Identification of the non-U.S. origin components and services (Note: Raw materials and items procured by a manufacturer from both U.S. and foreign sources, which are not ordinarily segregated by origin, and are incorporated on an interchangeable basis into the manufacturer's products, need not be identified.)
 - b. Identification of offsets or countertrade requirements or agreements.
 - c. **Contractor's Certification.**
 - d. **List of Offerors and prices submitted on competitive procurements.**
 - e. **Justification for selection of other than the lowest offeror on competitive contracts.**
 - f. **Copy of DSAA approval of exception to use a direct commercial contract (if applicable).**
 - g. **Justification for procurement of non-standard items (if applicable).**
 - h. **Guarantee documents.**

TABLE 902-6. (Continued)

**REQUESTS FOR EXCEPTIONS FOR STANDARD DOD ITEMS AND
JUSTIFICATION FOR MAJOR-UNIQUE SYSTEMS TO BE FUNDED WITH
U.S. FOREIGN MILITARY FINANCING FUNDS MUST INCLUDE THE
FOLLOWING:**

A. Country:

B. Identification of Requirements:

- (1) U.S. Defense Items or Services:
- (2) Quantity:
- (3) Estimated Purchase Agreement Value: \$
- (4) Projected date of submission of contract to DSAA for funding approval:
- (5) Required delivery date

C. Basis for requesting exception to allow FMF funding of a Direct Commercial Contract, including, but not limited to the following:

- (1) Statement as to why FMS is not considered appropriate
- (2) Anticipated source of goods or services

Enclosure 2

TABLE 902-6. (Continued)

REQUESTS FOR PROPOSAL AND CONTRACT CLAUSES

The following clauses are required to be incorporated into requests for proposal for sole source contracts of \$500,000 or more that will be funded with FMF.

Field Pricing Support

1. As a condition of foreign military financing of the contract, the contractor must agree to the requirement for field pricing support. This support will be provided by Defense Contract Management Command (DCMC) and Defense Contract Audit Agency and will normally include technical and cost analysis of the contractor's proposal. _____ (Enter Country Name) _____ shall request field pricing support through the DCMC International Logistics Office in New York, NY. Field pricing support will include an audit review by the cognizant contract audit activity before concluding negotiation of the contract or any modification. The contractor is required to submit cost or pricing data in connection with pricing of this contract or any modification to this contract which affects the price of the contract.

2. The U.S. Government (USG) representatives shall have the right to examine and audit all the contractor's books, records, documents, and other data, related to proposing, negotiating, pricing, or performing the contract, in order to evaluate the accuracy, completeness, and currency of the cost or pricing data. The right of examination shall extend to all documents necessary to permit adequate evaluation of the cost or pricing data submitted, along with the computations and projections used. The contractor shall make available at its office at all reasonable times the materials described above for examination, audit, or reproduction, until 3 years after final payment under the contract. General access to the offeror's books and financial records shall be limited to USG representatives. The USG representatives shall verbally notify the purchaser immediately of data provided that is so deficient as to preclude review, or where the contractor has denied access to records or to cost or pricing data considered essential to the performance of a satisfactory review. This verbal notification shall be promptly confirmed in writing to the purchaser describing the deficiency or the denial of access to data or records. A contractor's failure to provide adequate cost and pricing data may disqualify the contract from consideration for FMF approval.

3. Field pricing support is intended to give the purchaser a detailed analysis of the proposal for use in contract negotiations to determine a fair and reasonable price. It normally includes an audit review by the cognizant audit activity and a technical analysis by DCMC.

a. Cost analysis will include, as appropriate:

1) Verification of cost or pricing data and evaluation of cost elements.

2) Evaluating the effect of the offeror's current practices on future costs to ensure that the effects of inefficient or uneconomical past practices are not projected into the future.

TABLE 902-6. (Continued)

b. Comparison of costs proposed by the offeror for individual cost elements with:

- 1) Actual costs previously incurred by the same offeror;
- 2) Previous cost estimates from the offeror or from other offerors for the same or similar items
- 3) Other cost estimates received in response to the purchaser's request;
- 4) Independent cost estimates by technical personnel;
- 5) Forecasts or planned expenditures.

c. Verification that the offeror's cost submissions are in accordance with U.S. DoD contract cost principles and procedures and, when applicable, the requirements and procedures of the Cost Accounting Standards.

d. Review to determine that all cost or pricing data necessary to make the contractor's proposal accurate, complete, and current has been either submitted or identified in writing by the contractor.

e. Analysis of the results of any make-or-buy program reviews, in evaluating subcontractor costs.

4. Technical analysis will include, at a minimum, a review and assessment of: the quantities and kinds of material proposed; the need for the number and kinds of labor hours and the labor mix; any special tooling and facilities proposed; reasonableness of proposed scrap and spoilage factors; and any other data that may be pertinent to the cost or price analysis.

5. Any subcontracts meeting the \$500,000 or more threshold will be subject to the same surveillance as the prime contractor.

Contract Administration

The following clause is required to be incorporated into all contracts of \$500,000 or more:

As a condition of FMF funding of the contract, the contractor agrees that Defense Contract Management Command (DCMC) and Defense Contract Audit Agency (DCAA) contract administration services will be performed to ensure that the contractor is in compliance with the Defense Security Assistance Agency (DSAA) Contractor's Certification and Agreement. DCMC, with assistance of DCAA, will perform contract administration services in accordance with the contractor's certification. DCAA will perform audits on contracts to ensure contractor's compliance with the contractor's certification. DCMC/DCAA contract administration services will be provided over the life of the contract. Other contract administration services that are available to the purchaser are outlined in FAR 42.302.

TABLE 902-6. (Continued)

by the foreign government to the Contractor on a competitive lowest responsive bid basis, (c) those orders for common hardware items purchased at widely circulated catalog prices, or (d) those orders issued prior to and effective prior to date of the Purchase Agreement identified above.

5. Agrees that all provisions in the certification apply to all subcontractors. Agrees that it is the prime contractor's responsibility on all subcontracts to obtain the written compliance to the certification signed by the prime contractor from its first and second tier subcontractors.

6. Agrees to include in the written terms and conditions of each such subcontract a prominently displayed statement that United States Government funds will be used to finance such subcontract, and that acceptance of the subcontract order will constitute acknowledgment of such notification of U.S. Government (USG) financing.

7. Certifies and agrees that no bribes, rebates, gifts, kickbacks or gratuities, which are intended to secure the Purchase Agreement or favorable treatment under the Purchase Agreement or for any other purpose relating to the Purchase Agreement, have been or will be directly or indirectly offered or given contrary to United States law to, or have been or will be arranged contrary to United States law with, officers, officials, or employees of the purchaser by the Contractor, its employees or agents.

8. Agrees to include in the written terms and conditions of each such subcontract applicable to this contract a prominently displayed statement that acceptance and implementation of the subcontract constitutes a declaration and agreement by the principal executive officers of the subcontractor that no bribes, rebates, gifts, kickbacks, or gratuities, which are intended to secure the Purchase Agreement or the subcontract for favorable treatment under such agreements or for any other purpose relating to the Purchase Agreement or the subcontract have been or will be directly or indirectly offered or given contrary to United States law to, or have been or will be arranged contrary to United States law with, officers, officials or employees of the purchaser by the subcontract, its employees or agents.

9. Agrees that the U.S. Government has the right, without accruing any liability, to suspend the financing of this Purchase Agreement on the instruction of the purchaser or for any suspected or confirmed misrepresentation or violation of any certification or agreement provided by this Contractor to obtain such financing.

10. Certifies that, unless identified below, the materiel or components to be provided under the Purchase Agreement are of U.S. manufacture. Agrees that, if DSAA approves financing of the dollar value of non-U.S. origin components or services stated in this certification, or a specified dollar value of non-U.S. origin content, this value will not be exceeded. Certifies that the dollar value of all non-U.S. origin or non-U.S. manufactured items and components, and non-U.S. services procured or to be procured specifically for this Purchase Agreement is indicated below. The value of raw materials and common hardware items which are procured by a manufacturer from both U.S. and foreign sources, are not ordinarily segregated by origin, and are incorporated on an interchangeable basis into the manufacturer's products need not be identified.

\$ _____ (Total dollar value of non-U.S. origin components and services in the Purchase Agreement)

11. Certifies that all non-U.S. goods and services will be identified prior to approval of foreign military financing. Agrees to identify to DSAA, prior to the purchase, any change to the non-U.S. goods and services declared in paragraph 10 above. Certifies that if foreign military financing

TABLE 902-7. (Continued)

funds are denied either in whole or part, that these costs will not be financed with USG funds received from the U.S. Government under the Purchase Agreement either directly or indirectly and a direct charge must not be charged to the contract in the contractor's internal accounting records.

12. Certifies that no element of the Purchase Agreement includes any commission or other contingent fee.

13. Certifies that funds received by the Contractor from the U.S. Government under the Purchase Agreement will not be used to purchase services, other than those described in paragraphs 10 above, utilized in the performance of the Purchase Agreement from non-U.S. contractors or individuals that are not resident in the United States, unless the financing of such services is expressly authorized by the DSAA.

14. Agrees to identify the full amount of any advance payment received under the Purchase Agreement in its accounting records as an advance payment, to apply these funds solely to the performance of obligations under this Purchase Agreement, and to provide a clear audit trail on the use of these funds. Agrees to certify on the advance payment invoice that the total amount of the payment requested does not exceed 15 percent of the contract price. Agrees to include in the written terms and conditions of each subcontract a prominently displayed statement that acceptance and implementation of the subcontract constitutes agreement by the subcontractor to identify the full amount of any payment received under the subcontract in its accounting records and to provide a clear audit trail of the use of these funds.

15. Agrees that export transportation costs financed under terms of the Purchase Agreement will be paid only to steamship, barge, tug, and airline companies of United States registry. Agrees that amounts billed for such transportation shall be only the cost for shipping the defense articles provided under the terms of the Purchase Agreement. Freight forwarder services are not authorized for FMF funding unless specifically authorized by DSAA.

16. Certifies that the cost of transportation, lodging, meals, entertainment and other personal support costs incurred by or on behalf of the purchaser's personnel relating in any way directly or indirectly to this contract will not be paid by the contractor.

17. Certifies that the full extent of the contractual relationship between the Contractor and the purchasing government, as it pertains to this Purchase Agreement, consists of: (list articles, clauses, annexes, exhibits, appendices, letters, purchase orders, etc) _____

and recognizes that the U.S. Government makes no commitment to finance any additional or subsequent agreements related to this Purchase Agreement.

18. Agrees that the Contractor's invoices will be prepared in accordance with the relevant provisions of the Purchase Agreement and will be submitted through the purchaser for presentation to the DSAA for payment, as follows:

a. As a minimum, the invoices must: (1) reflect the amount due and payment due date; (2) specify whether the amount billed is a down payment, progress/milestone payment, or delivery payment; (3) list the items and services delivered for which payment is requested; (4) indicate by a separate entry the transportation costs, if not included in the item price; (5) designate the FOB point and "ship to" address; (6) designate the address to where the payment should be sent; (7) provide

TABLE 902-7. (Continued)

the name of the carrier(s) to be used from the U.S. Port Of Embarkation whenever the amount being billed includes the "cost, insurance, and freight (CIF) terms of delivery of invoiced items to a destination point outside the United States; and (8) be supported by a copy of freight bills, air way bills, or rated on-board bills-of-lading, fully accounting for the cost of inland and export transportation of the items covered by the invoice for which payment is requested. If the Contractor pays for the transportation, whether the transportation cost is included in the price of the item or billed separately to the Purchaser, bills-of-lading or air way bills must be submitted with the invoice for which payment is requested. A copy of the invoice for the cost of any insurance coverage on the shipment must also be submitted along with the shipping documents.

b. If the contractor is not paying for the export transportation costs, the Contractor will submit a certification with the invoice as follows:

The (Contractor) acknowledges that U.S. Government funds are being used by the Government of _____ to finance this purchase and certifies that no shipping cost has been incurred by this firm for exporting this materiel from the United States and no shipping cost is included in the sales price or otherwise included in the invoiced amount for which payment is requested.

c. All Contractor's invoices must be submitted with the following certification:

The (Contractor) acknowledges U.S. Government funds are being used by the Government of _____ to finance this purchase and certifies that the invoice(s) submitted with respect thereto are free from any material false statement or misrepresentation and do not omit any material facts.

19. Agrees that any penalty payment, refund, or other reimbursement due to the purchaser pursuant to this Purchase Agreement will be paid to the U.S. Government for credit to the FMS trust fund account of the purchaser. Agrees to ensure that the DFAS Denver receives a copy of the bonding or guarantee documents, such as Performance Bonds or Letters of Guarantee applicable to this Purchase Agreement.

20. Certifies that neither the Contractor nor any of its employees are suspended or debarred from conducting business with any agency of the U.S. Government and that export privileges are not suspended or revoked. Agrees that no such suspended or debarred firms will be used as a source of supplies or as a subcontractor for this Purchase Agreement.

21. In addition to the agreement in paragraph 1 above and for purposes of facilitating official U.S. Government inquiries to determine whether criminal offenses may have been committed regarding the use, disbursement, or other disposition of funds made available under the U.S. Arms Export Control Act, to finance this Purchase Agreement, agrees:

(a) to identify and to consent to the disclosure of the following accounts to, and at the request of, the U.S. Department of Defense, the U.S. Department of Justice, or U.S. Federal grand juries:

(1) accounts wherever located in the name of such Contractor; and

(2) accounts located outside the United States in the name of the principal executive officers of such Contractor (and any nominees) who have been personally and substantially involved in this Purchase Agreement.

TABLE 902-7. (Continued)

(b) for these purposes to include in the written terms and conditions of each subcontract (as defined in paragraph 4 above) applicable to this Purchase Agreement a statement that acceptance and implementation of the subcontract constitutes agreement by the subcontractor to identify and to consent to the disclosure of the following accounts to (and at the request of) the U.S. Department of Defense, or the U.S. Department of Justice, or U.S. Federal grand juries:

(1) accounts wherever located in the name of such subcontractor or supplier, and

(2) accounts located outside the United States in the name of the principal executive officers of such subcontractor or supplier (and any nominees) who have been personally and substantially involved in this subcontract under the Purchase Agreement.

The term "consent to the disclosure" for purposes of sub-paragraphs (a) and (b) of this paragraph includes an agreement to provide consent documents authorizing the disclosure of such information upon request.

22. By signature below, the named individuals hereby separately certify: (1) that he or she has actual authority to sign on behalf of the Contractor and to bind the Contractor with regard to all agreements and certifications contained hereon; (2) that this certification and agreement is being signed and submitted for the purpose of receiving payment under terms of the above listed Purchase Agreement to be financed by U.S. Government funds; and (3) that the information provided in this Certification and Agreement is complete and correct to the best of each signatory's knowledge and belief after each has taken appropriate steps to verify the accuracy thereof. The person(s) signing the Purchase Agreement may not also sign this Certification and Agreement. In the event that the Contractor is a partnership, two general partners are required to sign this Certification and Agreement.

I Certify under penalty of perjury that the foregoing is true and correct to the best of my knowledge based upon: (1) written representation made to me by identifiable individuals within this company and which representations will be maintained for five years after receipt of the final payment made by DSAA on this Purchase Agreement; or (2) that I have exercised personal due diligence to ascertain that all statements in this certification are true and correct.

VICE PRESIDENT (OR MORE SENIOR OFFICIAL) HAVING SUPERVISORY RESPONSIBILITIES OVER THE MAKING OF THIS PURCHASE AGREEMENT

TREASURER, COMPTROLLER, OR OTHER SENIOR FISCAL OFFICIAL

 (Signature)

 (Typed name)

 (Title)

 (Date)

 (Signature)

 (Typed name)

 (Title)

 (Date)

TABLE 902-7. (Continued)

TABLE 902-8

NOTIFICATION OF REQUIREMENTS FOR DIRECT ACQUISITION
TO BE FUNDED WITH US FMS LOAN FUNDS

A. Country: _____

B. Identification of Requirements:

1. US Defense Items or Services: _____

2. Quantity: _____

3. Estimated Purchase Agreement Value: \$ _____

4. Projected date of submission of contract to DSAA for funding approval:

C. Comments: (Include information regarding firms to receive bid requests and your competitive acquisition process) _____

TABLE 902-8. Notification of Requirements for Direct Acquisition to be
Funded with US FMS Loan Funds

TABLE 902-9
DETERMINATION

Pursuant to Section 42(c) of the Arms Export Control Act and the authority thereunder delegated by Executive Order 11958 to the Secretary of Defense (and successively redelegated on February 12, 1972, and February 24, 1972, to the Director, DSAA, or, in his absence, the Deputy Director, DSAA), I hereby determine that procurement outside the United States

[for the Government of (country) under a Letter of Offer and Acceptance]

[by the Government of (country) pursuant to a direct commercial contract]

of (general description of defense articles or services) will not result in adverse effects upon the economy of the United States or the industrial mobilization base, and I therefore authorize the use of Foreign Military Financing funds made available to the Government of (country) for such procurement.

DATE: _____

Director, DSAA

cc: Comptroller, DSAA

CONCURRENCES:

Department of the Treasury

Department of State

TABLE 902-9. OSP DETERMINATION

SECTION 903 - TRANSPORTATION

**

[The information in this section has been moved to section 80206.]

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CHAPTER 10

TRAINING PROGRAM MANAGEMENT

SECTION 1000 - INTRODUCTION AND GENERAL

100001 BASIC GUIDELINES.

A. **Purpose.** This chapter provides guidance and instructions for providing training to eligible foreign countries and international organizations as authorized under the FAA for IMET and the AECA for FMS training. Traditional IMET and FMS authority is limited to training military and civilian personnel from the host country defense establishment. Legislation for Expanded IMET provides authority to train defense and non-defense personnel with emphasis on civilians from other government agencies and legislators involved in defense matters. This chapter does not include military training or exchanges authorized under other legislative authority; e.g., foreign attendance at US military academies.

B. **Definition of Training.** Training includes formal and informal instruction of IMS and civilian students in the US or overseas by IA officers, employees, or technicians on contract, or contractors (including instruction at civilian institutions); by correspondence courses; technical, educational, or information publications and media; English language laboratory equipment and English language books, publications, and materials; training aids, orientation, training exercises; and military advice to foreign military forces.

C. **Prohibitions.** Personnel providing defense services (including training) are prohibited by AECA Sec 21(c) from performing duties of a combatant nature. This precludes activity related to training and advising which may engage US personnel in combat activities, outside the US, in conjunction with the performance of defense services. This prohibition is applicable only during hostilities involving the country where the training is taking place.

D. **Restrictions.** Governments acquiring training from the US may not transfer training related to the use of US material or services to other countries or organizations, or to anyone not an officer, employee or agent of the purchasing government, nor use or permit the use of such training for purposes other than those for which furnished, without the consent of the USG. Therefore, technical skills and information acquired through IMET or FMS training programs may not be used by the recipient country to train personnel from a third country unless approved in advance. Requests to transfer training to third parties should be submitted via diplomatic note to the DoS (PM/DRSA) for action, information copy to DSAA-Policy. Training transfer requests received by the IA should be referred to DSAA for forwarding to DoS.

E. **Additional Guidance.** The following documents provide additional information and guidance for the development of training programs: (1) MILDEP MASLs, (2) JSAT Regulation (AR 12-15, SECNAVINST 4950.4, and AFR 50-29), and (3) MILDEP handbooks or programing guides.

F. **Overseas PCS.** See Paragraph 70105.E.

100002 PROGRAM PLANNING AND DEVELOPMENT.

A. **Training Planning.** Particular emphasis should be placed on out-year planning of training requirements by SAOs and UCOMs. SAOs should maintain an active dialogue with

host country counterparts to develop a two-year training plan which consolidates host country training needs from a joint perspective, taking into consideration all sources of funding (i.e., FMS, FMF, IMET, INM) and all potential sources of training (i.e., indigenous, third country, commercial, and US). SAOs should use the two-year training plan as the vehicle to encourage host country training counterparts to plan beyond a single year program. SAOs should also use the two-year training plan as part of the SAO input to the training FYPA in view of the overlapping reporting periods and similar statistical summary requirements by training analysis code categories. Specific guidance on preparation of the two-year training plan is contained in Table 1000-1.

B. Training FYPA Reports. Input of IMET and FMS program requirements will be included by the SAO training officer in the training FYPA submitted by all SA recipients to DoS providing a rationale and justification for allocation of SA resources. Information copies of these reports will be provided to DSAA, UCOMs, and IAs.

C. Joint Service Training Program Management Reviews. During each fiscal year, UCOMs will host Joint Service TPMRs on behalf of the training community to address IMET as well as FMS, INM, and other training requirements. The TPMRs cycle will be scheduled by the UCOMs during the March-May timeframe with the CENTCOM review, followed generally in sequence by the PACOM, ACOM, EUCOM, and SOUTHCOM reviews. There will be a one-week gap between consecutive UCOM TPMRs.

1. **TPMR Objectives.** Objectives are to review and coordinate the two-year training plans developed by the SAOs and approved by the UCOMs for the budget year and planning year, finalize the budget year training program for each country, reconcile training policy, program, and planning issues, and educate SAOs.

2. **Format.** Each TPMR, consolidated on a joint service basis, will consist of two phases conducted in not more than five duty days. Phase I (Planning and Policy) will consist of a plenary session with presentations by the UCOM, SAO, and CONUS attendees as appropriate. Phase I will focus primarily on planning and policy issues and the review of SAO requests for exceptions to policy, PME, and Expanded IMET requirements. Phase II (Programs) will consist principally of MILDEP panels devoted to a detailed review of country training program data. In addition, UCOMs will use the TPMR as a forum to obtain IMET Mid-Year Review input from the SAOs.

3. **TPMR Agenda.** UCOMs will coordinate a TPMR agenda with DSAA and the MILDEPs at least 60 days prior to the TPMR.

4. **TPMR Attendance.** SAO attendance will normally be limited to one representative per country; this should normally be a US person charged with development and execution of the SA training program. Foreign national attendance is authorized on a case-by-case basis where the UCOM determines that attendance is critical to the presentation and review of the program.

5. **SAO TPMR Briefings.** Selected SAOs will provide an oral presentation within a time limit, content, and format prescribed by UCOMs. At a minimum, the SAO oral presentation will cover highlights of the two-year training plan and include the three-year statistical summary (current, budget, and first plan year) by training analysis code categories broken out by students, dollars, and percentage of dollars for each category. The overall objective of the SAO oral presentation is to highlight and clarify the vital aspects of each plan for UCOM and CONUS TPMR attendees to enable them to better respond to the unique requirements of each country.

6. **SAO Requests for Exception to Policy.** SAOs will submit written policy waiver requests to the UCOM that include full justification for the training, including a statement of the SAO Chief's concurrence. UCOMs and IAs will recommend waiver approval or disapproval no later than the end of the second day of the TPMR. The justifications and recommendations will be provided to the DSAA representative no later than the second day of the TPMR for final approval or disapproval. UCOMs will coordinate this effort.

D. **Two-Year Training Plan.** SAOs will submit written plans covering the budget year and the planning year in accordance with guidance from the UCOM (see Table 1000-1).

E. **Training Request Submission Guidance.**

1. **Channels of Submission.** SAOs will submit initial budget year requirements data and all subsequent changes directly to the IAs.

2. **Submission of Final Current Year Program Changes (IMET Only).** Final current year program changes to IMET program requirements must be submitted by SAOs to IAs in proper program change format no later than 5 August and be forwarded by IAs to arrive in DSAA not later than 15 August in order to be considered during the end-of-year closeout of that program on 30 September. To accomplish that, SAO program changes must arrive at the appropriate IAs no later than Monday of the week before 15 August. Only changes justified as an urgent requirement will be considered after the 15 August cutoff date. These must be approved prior to submission by DSAA and approval will be contingent upon sufficient time remaining to process the change and obligate funds by the end of the fiscal year.

100003 CROSS-SERVICE TRAINING. Cross-service training is a training series for an international student provided by more than one MILDEP.

A. **Training in Schools of Another Service.** When a student from one foreign military service is selected for training exclusively within schools of another US military service, such training will be requested in the program of, and administered by, the MILDEP providing the training.

B. **Training in Schools of More Than One DoD Component.** When a student is selected for training involving courses of more than one DoD department or agency, the IA will normally be the DoD entity providing the majority of the training. Consider number of weeks of training as opposed to number of courses (ELT excluded).

C. **OTs to US Installations of More Than One DoD Component.** The IA for OTs to US military installations of more than one DoD component will be the MILDEP corresponding to the trainee or having predominant interest.

100004 DOD INFORMATIONAL PROGRAM. In accordance with DoDD 5410-17, each student attending a formal course in the US is given the opportunity to participate in the IP. The objective of the program is to assist trainees in acquiring a balanced understanding of US society, institutions, and goals, in conjunction with their training experience. The program should include frank explanation and free discussion with the students about our government structure, judicial system, the political party system, the role of a free press and other communications media, cultural issues associated with minorities, the purpose and scope of labor unions, our economic system, educational institutions, and the way in which all of these elements reflect the US commitment to the basic principles of internationally recognized human rights. Activities such as visits to private homes, local industries, industrial and cultural exhibits, farms, schools, historical points of interest, and civic activities are to be encouraged.

A. **Applicability.** The program applies to IMS and military-sponsored visitors in the US under the SA program. As appropriate to the surrounding environment, the IP also applies to DoD training installations overseas performing SA military training functions.

B. **Responsibility for Implementation.** IAs are responsible for implementation of the IP. Cost factors for implementing the program will be included in and derived from the course tuition costs. Commanders of US training installations will designate an IMS officer (IMSO) for consolidated administration of IMS and to conduct the IP.

C. **Scope of Funded Activities.** IP activities include transportation, meals, lodging, admissions, programs, and related incidental expenses. The student is required to assume the costs for personal shopping and services such as laundry and telephone and other costs not directly associated with the programed tour. IP funds may be used to finance the cost of distinctive medallions, plaques, ornaments, or mementos which serve to commemorate the student's experience in participating in a particular IP activity. They should be distinctive in design and nominal in cost so as to eliminate the feeling on the part of IMS that reciprocation is required.

D. **Use of Local Civic Groups.** IP activities should involve local civic groups, organizations, agencies, facilities, and historical attractions. Student sponsorship programs, including civilian and military participants are important to the success of the SA Training Program. The majority of IP activities should take place in the civilian community so that students are able to gain an understanding of the US as a whole.

E. **Visits to Washington, DC.** A major goal of the IP is to enable selected officer students and, when justified and approved by DSAA, selected senior enlisted students to visit Washington, DC. A maximum of four days plus travel time is authorized for this part of the tour. Training schedules, weather, and other variables may preclude achievement of this goal.

F. **Entertainment and Social Activities.** Entertainment and social events should not be a major element of the program. Social activities arranged for international students should include a proportional number of US military, civilian guests, and trainees whenever possible.

G. **Duty Status of Students.** Students participating in IP tours are considered to be in a duty status. The living allowances authorized for IMET students at their training centers (see Table 1001-2) will be continued throughout the tour.

H. **Participation of Dependents.** Dependents who accompany or join IMS in the US will be encouraged to participate in IP activities, but at no additional cost to the program.

100005 EXTRAORDINARY EXPENSES. These are budget project N60 expenses incident to representational activities for IMS under the IMET program. N60 funds may also be used in connection with IP orientation tours. These funds are limited by FAA Sec 636(g) and related appropriation acts. They may be used to finance costs of commandant's welcome, receptions, banquets for civilian and military sponsors, class or seminar dine-ins, faculty-student luncheons, graduations, and similar activities which bridge cultural differences and enhance the relationship between school officials, local community supporting participants, and IMS. The expenditure of N60 funds for other than students sponsored under IMET is not authorized. However, joint activities with FMS funded IMS are often cost effective. In those cases, IMET N60, including IMET IP, costs are pro-rated on the basis of the respective numbers of IMET and FMS students.

100006 CLASSIFIED INFORMATION. Classified information may be released to foreign nationals only when authorized under the provisions of the NDP and DoDD 5230.11. Access to COMSEC information by foreign nationals shall be in accordance with policy issuances of the

National Telecommunications and Information Systems Security Committee (NISSC). Classified material may not be released to students. See Paragraph 50111 regarding transmission of classified material to foreign governments.

100007 SCREENING STUDENT CANDIDATES. For IMET students, also see 100109.* ITOs will not be issued until SAOs have complied with guidance in this paragraph. The minimum age for students receiving SA training is 18 years, or 17 years with parental consent. If an individual's reputable character cannot be validated, the individual shall not be approved for training. The following DoD and DoS developed guidance, in addition to any guidance provided separately to country teams by DoS, is to be used in scrutinizing candidates for records of human rights abuses, drug trafficking, corruption, criminal conduct, or other activities inconsistent with US policy goals:

A. The SAO will inform host country of the checks needed and that formal provision of a student name constitutes certification that required checks have been completed.

B. US Embassy personnel, including human rights officer, regional security officer, Drug Enforcement Agency, consular section, and other offices as appropriate screen the nominees thoroughly.

C. SAOs will develop a checklist that, as a minimum, encompasses these steps. The checklist will be included with other documents related to country nominees and maintained for ten years. SAOs shall make reasonable adjustments to accommodate specific regional guidance.

100008 SELF-INVITED VISITS. Self-invited visit requests should be submitted outside SA channels, from the host country Washington Attaché to the cognizant IA in accordance with applicable IA regulations.

100009 SECURITY ASSISTANCE NETWORK AUTOMATION PROGRAMS. The Training Management System (TMS) software program is designed for program management and control, utilizing the Integrated Standardized Training List as one of its principal data bases. General policies concerning TMS and related SAN programs are included in Section 1504. Detailed TMS and related SAN system interface procedures are contained in the *SAN Training User's Handbook*, published by DISAM.

A. Part One - General Information

1. Country Background. [A brief explanation of political, economic, military, and cultural aspects of country that effect the SA training relationship with the US. Stated another way: Why do we have a program with this particular country?]

2. Security Assistance Training Program Objectives.

- [- Specific US program objectives.
- Host country objectives.
- Significant accomplishments toward meeting objectives.
- Future objectives and program requirements.]

3. Program Planning.

a. Program Development. [This should include a brief description of the training planning process, highlighting the host country and SAO roles, problems (if any), and plans for improvement.]

b. Explanation of host country capabilities and third country provided training. [How do these affect this training program?]

c. Evaluation of prior year program successes or failures. [How do these affect current program planning? This evaluation should answer the questions: (1) How effective does the host country employ the skills and training of returning IMET graduates? (2) How has training under the IMET program enhanced the professionalism and improved the capabilities of the host country? (3) How has the IMET program, particularly the expanded IMET program, contributed to effective defense resource management, concepts of civilian control of the military, and respect for internally recognized human rights?] and (4) Give anecdotal examples of how the SA training program has furthered US access, interests, or objectives.]

d. Brief explanation of what is being done to build on successes and correct failures.

B. Part Two - Program Summary.

1. Statistical Summary Chart for FMS only. [This is the standard chart already included in current "Two Year Plans" and "Training AIASAs." The format is shown below.]

Three Year Training Program Summary Chart
Country Name IMET (\$000)

Current Year (IMET \$ Level) Students/\$/	Budget Year (IMET \$ Level) Students/\$/	Planning Year (IMET \$ Level) Students/\$/
---	--	--

CONUS Training
PME
MGT
POSTGRAD
UPT/FLT

Table 1000-1. Two Year Training Plan (Page 1 of 4)

TECH
 OT
 Subtotal CONUS Training:
 OCONUS TNG
 Other
 TNG Teams
 Support
 Sub Total Other
 Total IMET Program:

FMS Training Programs should be broken out by total cases, students, training spaces, and dollars as shown below:

Country Name FMS (\$000)

	Current Year	Budget Year	Planning Year
Total Cases			
Total Students			
Total Spaces			
Total Dollars			
Total Teams/Members]			

2. Significant Training.

a. Mid and Senior Level PME Requirements. [Should show firm mid and senior level PME requirements for the budget year and estimated requirements for the plan year. The schools that should be reported are shown below. *

Mid and Senior Level PME Requirement

School [Number of Quotas Desired] by [Budget Year] Quotas by [Planning Year] Quotas

- National Defense University
- Army War College
- Navy Command College
- Air War College
- Army Command & Staff College
- Navy Staff College
- Air Command & Staff College
- USMC Command and Staff College
- Armed Forces Staff College
- Sergeants Major Academy

Justification: [Provide a five to six sentence paragraph to help the UCOM develop a priority list and justification to support your request for PME quotas for the budget year only. Requests for NDU should specify either the National War College or Industrial College of the Armed Forces, civilian or military option.]

b. Expanded IMET Requirements for Budget Year and Plan Year. Report all Expanded IMET requirements. *

Table 1000-1. Two Year Training Plan (Page 2 of 4)

c. Other Significant Training. [Any other significant training the SAO wishes to highlight as critical to implementation of the current year, budget year, or plan year training program. Include non-SA education and training such as the Air Force aviation leadership program and DoD regional centers. This section should include planned or anticipated major equipment acquisitions that will require DoD training.]

3. Other US Funded Assistance Programs. Any other US assistance involving ** DoD support should be reflected in this section to include program description and funding levels (such as INC and demining monies).

C. Part Three - Program Administration. [An update to annually reoccurring administrative requirements. This will preclude submitting these individually throughout the year.]

1. Budget year holidays for international students (two in addition to US holidays). [This is same information previously requested by DLIELC on behalf of the MILDEPs each summer.]

2. IMET TLA factors for the budget year. [IMET cost sharing factors such as cost of round trip air fare to CONUS; whether or not country will pay any or all of IMET TLA, etc. This is same information SAOs provide to the MILDEPs in response to a SATFA message each summer. See Table 1001-2.]

3. Break out of total projected budget year IMET funding allocation. [Show the percentage and dollar value level, by US MILDEP. Navy data should include USMC and USCG.]

D. Part Four - English Language Training. [Show a brief explanation of the country's ELT, to include:

1. Status of language labs, including plans to upgrade those labs and plans to acquire additional labs. SAOs should provide the current message address, mailing address, SAO phone number, SAO datafax number, and "ship to" address for language labs/books and publications. All level III and IV IMET funded labs require a waiver. Requests for waiver consideration are to be sent to the UCOM, info DSAA-Plans-PGM. **

2. Plans to acquire English language software.

3. English language instructor training requirements.

4. Unique or special problems for students that train at DLIELC.

5. English language testing and training waivers (your recommendation for the country's proper English language waiver category; e.g., waived from all testing, waived from in-country testing, waived from the 55 minimum ECL to train at DLIELC)]

E. Part Five - Positions of Prominence. [Data should be reported annually in the two year training plan in accordance with Section 1005.] *

Table 1000-1. Two Year Training Plan (Page 3 of 4)

F. Part Six - Army Training. [Show information to elaborate on US Army training programs. This section would include any OT, MTT, OJT, OBT, or special training requests for the US Army, to include training associated with major equipment acquisition.]

G. Part Seven - Naval/Maritime Forces Training. [Elaborate on naval or maritime forces training programs. This section would include any OT, MTT, OJT, OBT, or special requests for US maritime forces training to include INM or ACS training programs, and training associated with major equipment acquisition. This part should include sections for the US Navy, Marine Corps, and Coast Guard.]

H. Part Eight - Air Force Training. [Information to elaborate on Air Force training programs. It would include any OT, MTT, OJT, OBT, QUAL, FTD or special training requests for the Air Force, to include training associated with major equipment acquisition.]

I. Part Nine - IMET Policy Waivers. [For IMET funded training that requires specific approval in accordance with this chapter or separate UCOM guidance.]

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SECTION 1001 - INTERNATIONAL MILITARY EDUCATION AND TRAINING

100101 IMET AREAS OF EMPHASIS. To the fullest extent possible, the principal emphasis in international training, particularly IMET-funded training, will be on:

- A. Training that demonstrates the proper role of the military in a civilian-led democratic government.
- B. Training that promotes effective military justice systems and emphasizes an understanding of internationally recognized human rights.
- C. Training that promotes effective defense resources management.
- D. Training of individuals likely to hold key positions in government.
- E. Training that promotes military professionalism.

100102 OBJECTIVES. Within the above areas of emphasis the objectives of providing IMET-funded training are:

- A. Develop rapport, understanding, and communication links.
- B. Develop host country training self-sufficiency.
- C. Develop host country ability to manage its defense establishment.
- D. Develop skills to operate and maintain US-origin equipment.

100103 EXPANDED IMET OBJECTIVES. The Expanded IMET Program is a part of the overall IMET Program, but is different from the traditional IMET Program which emphasizes military-to-military ties. Expanded IMET trains military and civilian officials, including civilian personnel from non-defense ministries, personnel from the country's legislative branch who are involved in military matters, and individuals who are members of NGOs. These personnel are trained in managing and administering military establishments and budgets, in promoting civilian control of the military, and in creating and maintaining effective military justice systems and military codes of conduct, in accordance with internationally recognized human rights. Expanded IMET objectives are:

- A. Contribute to responsible defense resource management.
- B. Foster greater respect for and understanding of democracy and civilian rule of law, including the principle of civilian control of the military.
- C. Improve military justice system and promote an awareness and understanding of internationally recognized human rights.

100104 GENERAL CONSTRAINTS TO IMET FUNDING. In order to maximize the use of IMET funds and ensure the greatest benefit to the program, the general categories of training listed below are constrained from IMET funding and are normally not candidates for policy waivers:

- A. Training not related to accomplishment of the objectives listed in paragraphs 100102 or 100103.

- B. Training of non-career military personnel.
- C. Training in skills normally available in-country, exclusive of PME.
- D. Training already provided in a quantity which, taking into account reasonable attrition, is sufficient to meet requirements of the requesting country.
- E. Training where it appears unlikely that the skills produced will be properly utilized by the requesting country.
- F. Repetitive training in the same courses.
- G. Initial training in support of FMS-purchased equipment.
- H. Training at US civilian schools.
- I. ELT not in support of the in-country ELT program or in support of specific US training.

100105 SPECIFIC POLICY CONSTRAINTS REQUIRING WAIVER APPROVAL. The categories of training listed below do not normally maximize the use of IMET funds. However, policy waiver requests may be submitted in those limited instances where the circumstances, supporting justification, and rationale clearly support an exception to policy that helps achieve SAO and host country objectives as stated in the two-year training plan, and where such a waiver will not disrupt the overall program balance and will not interfere with attainment of IMET objectives in the requesting country. Expanded IMET training that is clearly identified as such will not normally require a policy waiver. Programming of the following categories of training require prior policy waiver approval from the UCOM and DSAA-Policy:

A. **MTTs.** Training which requires US personnel to travel to another country to conduct the training must be approved by the UCOM and DSAA-Policy prior to programming the training or making any offer or commitment to the foreign government involved. MTT requests under IMET should clearly demonstrate that the requested MTT is the best training option and that IMET is the only funding option. See paragraph 100305 for specific criteria regarding MTTs. This includes USN refresher training conducted outside the US and its territorial waters. Expanded IMET funded Mobile Education Teams, including US Coast Guard Maritime Law Enforcement Teams, do not require a policy waiver.

B. **Postgraduate or Degree Producing Training.** Postgraduate training at US Naval Postgraduate School, US Air Force Institute of Technology and the US Army Florida Institute of Technology are included under this provision. Postgraduate training at civilian institutions will not be funded under IMET. Waivers are required for all postgraduate training except for training under the Expanded IMET program. Policy waiver requests will include the following information: (1) rationale for providing the training under IMET and not FMS, (2) benefits to the country and the US, (3) the intended utilization of the student after completion of the training, (4) the number of IMET graduates or students that have been enrolled in the same curriculum or field during the previous five years, and (5) why it is considered necessary to train additional personnel. Doctoral (PhD) degree level training is not eligible for IMET funding.

C. **Orientation Tours.** OTs will normally be limited to new country programs unless extraordinary circumstances exist. When requesting UCOM and DSAA approval for orientation tours or visits to US military installations and activities, approval of the SAO Chief must be cited. Certification of the importance of the tour to the country's training effort with supporting rationale, to include proposed itinerary and areas of interest, must also be provided. See Paragraph 100307.

D. **Minimum Duration of Student Training in US.** Prior DSAA and UCOM approval is required to program students for training in the US for less than eight weeks total duration if all or part of the overseas travel is paid by IMET. If host country elects to fund round-trip transoceanic travel, no approval is required to program such training. Mandatory CONUS personnel processing or ELT will not be considered as part of the eight-week requirement. This limitation does not apply to OTs or flag rank related courses conducted by the Defense Resources Management Institute, those courses conducted by the US Army School of the Americas (SOA) and IAFA, Air Force physiological and physiological refresher training, and DISAM training.

E. **High-Cost Training.** IMET funds should not normally be used for high-cost training, which is defined as any training or any single course of training with a tuition cost of \$30,000 or higher. However, selected high-cost training will be considered on a case-by-case basis by DSAA and the UCOM. Training previously priced at less than the \$30,000 high-cost threshold which subsequently exceeds the threshold due to a price increase of not more than ten percent does not require a waiver to the high-cost restriction.

F. **Training Provided by Contractors.** IMET funds are primarily intended to provide DoD training. Training by US contractors will be considered only when the required training is not available within DoD resources.

G. **Training of Civilians.** Training of Defense civilians, non-defense ministry civilians, legislators, individuals who are not members of the government (NGOs) under the Expanded IMET program, training of defense civilians for the express purpose of teaching, developing, or managing in-country English language training programs, and training of defense civilians in counternarcotics related areas is authorized. Additionally, maritime law enforcement and other maritime skills training for agencies which are non-defense, or agencies which perform a maritime law enforcement mission, and other maritime skills training provided to a country which does not have a standing armed forces is authorized. Training of civilians in other than these four areas requires an exception to policy.

100106 POLICY AND LEGAL CONSTRAINTS THAT CANNOT BE WAIVED. The following are expressly prohibited from IMET funding:

A. **Training of Police Forces.** FAA Sec 660 does not permit training of police forces. "Police" as used in this prohibition includes military as well as civilian police if the military police perform civilian law enforcement functions. Neither the name given to a unit by the foreign government nor the ministerial authority under which it operates is sufficient in and of itself to determine whether a particular force is a "police unit". The determining factor is the nature of the function performed by that unit. Military police training of non-police personnel is permitted and requires a certification that the individual will not be involved in any civilian law enforcement activities for a period of two years. See Paragraph 100107.

B. **Training Non-Defense Personnel.** Personnel who are not members of the requesting country's defense establishment or armed forces are not eligible to be trained using traditional IMET funding. This prohibition does not apply to Expanded IMET training of civilian personnel from non-defense ministries or personnel from the country's legislature branch.

C. **Foreign Language Training.**

D. **Purchase of Training Aids Other than English Language Equipment or Materials.**

E. **Correspondence Courses.**

F. Doctoral/PhD level Training.

G. Training to Support National Intelligence Programs. The scope of military intelligence training normally available to international students is limited to that which is directly related to combat or operational intelligence. Tactical intelligence training provided under SA programs will not be extended to include training in support of national intelligence programs of foreign countries. All requests for intelligence training provided by the IAs will be reviewed carefully by the IA to ensure compliance with this paragraph. Other potentially sensitive training requests should be addressed to DSAA for appropriate guidance, processing, or decision.

100107 REQUIRED MILITARY POLICE TRAINING CERTIFICATION. When military police training is provided to non-"police" personnel, a certification is required from the country that the student to attend military police training will not be involved with or assigned to a unit performing any civilian law enforcement functions for a period of at least two years. SAOs may forward programing requests for military police training to the IA and must retain a copy of a signed certification prior to sending the student to training. Certifications must: (1) if in a language other than English, be accompanied by an English translation; (2) include student name and rank, course title, MASL identification number, host country service, and WCN; (3) be signed by appropriate host country official; and (4) be maintained on file by the SAO for a minimum of three years. The following is a sample certification statement:

The Government of ___ (country) certifies that ___ (student rank and name), who is scheduled to attend ___ (course title/MASL ID) under WCN ___ (number), is a member of ___ (host country service) and will not be involved with or assigned to a unit performing in any civilian law enforcement functions for a period of at least two years following completion of training listed above.

100108 SUBMITTING REQUESTS FOR IMET WAIVERS.

A. Submitting Requests. SAOs will submit requests for waivers to the above constraints at the UCOM Training Program Management Review (TPMR). Requests will include complete justification for the training and a written statement of SAO Chief concurrence. Those requests that of necessity must be submitted outside the TPMR will be addressed by the SAO to the UCOM with information copy to DSAA-Plans and appropriate IA. After appropriate coordination between DSAA and the UCOM, and depending on the particular circumstances of the request, DSAA or the UCOM will respond to the SAO request with information copy to appropriate IA.

B. Programing. IAs should program training lines requiring waiver using the appropriate waiver code in card column 58. Upon receipt of UCOM and DSAA approval, IAs will enter an "A" in card column 57. The waiver code in card column 58 will be a permanent entry and maintained for historical purposes.

C. Waiver Request Format. When submitting requests for waivers, the format in Table 1001-1 will be used.

100109 SELECTION, UTILIZATION, AND MONITORING OF TRAINEES.

A. Selection (Also see 100007). To the extent practicable, personnel trained under the auspices of the IMET program, and particularly those attending CONUS schools, will be selected from career personnel likely in the future to occupy key positions in the foreign country's defense establishment. Except as may be authorized specifically by DSAA, the requirement for selection of career personnel is mandatory for attendance at professional level schools; e.g., command and staff or equivalent and higher, and college level. *

B. **Utilization.** Under the direction and supervision of Commanders of UCOMs, SAOs are responsible for obtaining appropriate assurances that personnel trained under the auspices of this program are properly and effectively utilized. Such utilization is defined as prompt employment of the individual in the skill for which trained for a period of time sufficient to warrant the expense to the US. As a guide, optimum assignment periods are considered to be three years for flight instruction and highly technical training such as missile training, and not less than two years for other training, particularly instructor training.

C. **Monitoring.** To the extent consistent with available resources, SAOs are expected to monitor utilization of US trained personnel, with emphasis on the more critical and higher level skills. Periodic reports by appropriate foreign authorities normally will satisfy this requirement.

100110 ALLOCATIONS AND REALLOCATIONS.

A. **End-of-Year Review of IMET Allocation Levels.** UCOMs will provide comments and recommendations concerning the status of individual country IMET allocation levels to DSAA at the annual TPMR. SAOs will use the TPMR to validate requirements for additional funds with IAs before presentation to the UCOMs. Subsequently, NLT than 30 June, UCOMs will identify (1) countries that will not be able to utilize all of their currently allocated IMET levels and recommend revised country allocation levels; (2) programs that have valid training requirements above current allocated IMET levels and recommend corresponding increases to country allocation levels; and (3) programs that will require no change in allocation levels. Recommendations for increases will be prioritized within each UCOM and will include a descriptive narrative to identify the type of training and number of students associated with the dollars requested. Specific WCNs should be identified. UCOMs will ensure that SAOs submit appropriate program additions or other changes reflecting priority code D and quarter availability no later than 31 July. Note that if Congressional notification is required, reallocated funds may not be available until September. To plan accordingly, the SAO should have programmed an appropriate number of confirmed 5th quarter requirements.

B. **Out-of-Cycle IMET Reallocations.** Unique circumstances may arise within a given fiscal year requiring an out-of-cycle regional IMET reallocation. Such a requirement will be handled as an exception to the above process.

100111 TRANSPORTATION FOR IMET TRAINEES. It is DoD policy to encourage foreign countries to assume the cost of transportation and living allowances for their students to the maximum extent possible so that IMET funds are utilized to permit higher numbers of students to be enrolled in training.

A. **Travel within Student's Country.** The program will not pay travel costs of students traveling within their own country. Destination for return travel will be the same as the debarkation point on the ITO unless deviation is specifically authorized by the SAO and indicated on the ITO.

B. **Use of Foreign Flag Carriers.** Whenever possible, SAOs assigned to countries which have national flag carriers with routes to or part way to the US will obtain agreement from the host countries to transport their respective students on such carriers at no cost to the US.

C. **Modes of Transportation When Furnished by the US.** Travel between home country and the training center for those IMS provided transportation by the USG will be the most direct route, except as specified below.

1. **Travel to or from CONUS by US Military Aircraft.** IMS are authorized to travel by US military aircraft. Transportation of IMS including those whose country elects to pay the cost of the transportation will be at common user rates.

2. **Travel to or from CONUS by US Commercial Air or Surface.** Travel to or from the US will be via USG transportation to the fullest extent feasible. When the use of USG transportation for the entire trip does not permit the student to meet course or class convening dates, combinations of US commercial air or surface common carrier (tourist class) and government transport will be used. Where this combination has been used, USG transportation for the return travel to the home country will be utilized to the fullest extent possible. If a US flag carrier is not available, the JFTR requires a certificate of non-availability.

3. **Travel within CONUS.** Transportation to and from training installations within the US generally will be by surface common carrier or commercial aircraft. Travel by privately owned vehicle may be authorized except in those instances in which it would be prejudicial to the best interests of the USG.

D. **Funded Travel.** Transportation may be funded except for those students from countries with which the US has reached agreement for such countries to pay transportation expenses.

E. **Transportation for Dependents of Trainees.** Transportation for dependents of IMS will not be provided at USG expense. If the student elects to bring dependents to the US (or to an overseas training installation) for those courses identified in Table 1001-2, Note 4, the student may be reimbursed for the cost of transportation as prescribed in the ITO so that the student may travel with the student dependents. When this option is selected, the student is required to utilize US flag carriers if available. In these instances, the student will be reimbursed for travel costs as follows:

1. The US military airlift tariff rate if US military airlift transportation would have been the mode utilized through USG arrangements, or the actual cost of travel, whichever is lower.

2. Category Z rate or the actual cost of travel, whichever is lower.

F. **Transportation for Emergency Leave.** Round trip transportation costs for a student returning to home country on emergency leave will be paid by the student or the student's government if the student is to return to the US for continuation of training.

G. **Deviations From Planned Travel Routes.** When a student is permitted by his government to deviate from the most direct route for the purpose of visiting other countries, US sponsorship will terminate at the point and time of such deviation. Further, should a student elect to remain at a point enroute to home country beyond the time normally required to make travel connections, funding of allowances during that excess time is not authorized. Students who do not adhere to scheduled return flights will not be the responsibility of the USG. The student is responsible for any additional financial charges incurred due to change in travel route.

H. **Enroute Accommodations.** Accommodations on US installations provided to foreign students enroute will be commensurate with those provided US personnel of equivalent grade.

I. **Travel of Non-Resident SAO.** SAOs responsible for managing an IMET program for a country in which it is not resident may program IMS transportation to or from that SAO for briefing or debriefing of IMET IMS, so long as there is no US representation in the country of

the IMET student that could provide the service and when requested by the Ambassador. This does not apply for cost sharing countries.

100112 LIVING ALLOWANCES FOR IMS. The IMET living allowance is a standard rate, equally applicable to all countries, and is intended to cover an average cost differential of the student living away from his home station. It is not a substitute for normal compensation. Responsibility for timely payment of sufficient overall compensation to allow for decent living standards and effective completion of training rests with the student's country. It is DoD policy to encourage foreign countries to assume the cost of all living allowances so that IMET funds are utilized to permit higher numbers of students to be enrolled in training.

A. **Entitlements for IMS in Travel Status.** When IMET pays travel and living allowance, students are entitled to living allowances during travel status, to include the day of departure from home country, through the day of arrival at their first training location. Living allowance in training status will commence the day after arrival at the training location. Living allowance in a travel status will resume the day of departure for home country, excluding any leave period authorized by student's government following termination of training or any unauthorized delay enroute. Students are not authorized travel allowance for any portion of travel paid by their government. Living allowances will be computed incrementally in accordance with the JTR on the day of departure from home country and the day of arrival in home country.

B. **Transoceanic Costs Borne by Foreign Country.** IMS whose travel to the US is paid by their own government are entitled to living allowances in a travel status to include the day of departure from the US entry port enroute to the training location, through the day of arrival at the training location. Living allowance in a travel status will resume the day of departure from the last training location and include the day of arrival at the US departure point. This policy also applies to IMS whose country pays a portion of the transoceanic travel costs; e.g., from homeland to London and return.

C. **Entitlements for IMS in Training Status.** A living allowance will be programed (see Table 1001-2) for all students in a training status, unless otherwise directed. For programing purposes, a standard factor will be used for officers and for enlisted personnel based on the assumption that quarters are available but mess is not available for officers; quarters and mess are available for enlisted personnel. For enlisted personnel, the full entitlement is not paid directly to the student. Enlisted personnel are paid a reduced stipend per week for the purchase of personal items of health and comfort, with the remainder programed for reimbursement to the appropriate IA for laundry, maid fees, and subsistence. Where it is known in advance that quarters or mess are not available, the appropriate factors in Table 1001-2 will be used for programing. Where it is determined that dependents are authorized to accompany students; i.e., those attending selected courses designated by the IAs as indicated in Note 4 of Table 1001-2, the "with-dependents" rate will be used. *

D. **Non-Authorized Living Allowances.** Living allowances are not authorized for:

1. Periods of unauthorized absence from duty.
2. Excess travel time not authorized by the administrative authority of the IA concerned when proceeding by other than USG transportation.
3. Periods of delay not in connection with training (except hospitalization or outpatient care).
4. Students whose country assumes the payment of all living costs.

5. Periods of training conducted in the home country of the student, except for Panamanian IMET students attending the SCIATTS and for IMS attending MET seminars in their own country when approved by DSAA.

6. Periods of leave for individuals on OTs.

7. Periods of leave authorized by student's government following termination of training courses.

E. **Leave with Living Allowances.** IMET students who receive living allowances while in training status may be granted leave with living allowances within CONUS during authorized holidays, during periods between consecutive courses, and during periods of delay while awaiting transportation at the point of departure for their home country. The SAO and the MILDEPs are jointly responsible for reviewing scheduled sequences of training for individual IMS to determine whether additional training courses or OJT/OBT could be programed to fill gaps between courses prior to preparation of the ITO for all IMS.

F. **Advance Payment of Living Allowances.** Advance payment of living allowances not to exceed \$100 may be made to students prior to departure from home country, at the point of entry or the first training location for students in the US and at the first training activity for overseas students. When the advance is made in-country, the SAO will indicate the amount of the allowance paid in Item 13 of the ITO. IAs may authorize advance payment of allowances which may accrue during the remaining authorized periods following the termination of training.

G. **Settlement of Claims.** Vouchers for settlement of outstanding entitlements for IMET students will be submitted via the SAO to the nearest US paying agent for payment to the students in local currency at the authorized exchange rate no later than 15 calendar days after return to country. If it is determined that an IMET student who has departed the CONUS or overseas training activity was overpaid in CONUS or at the overseas activity by an amount in excess of any amount otherwise owed to the student upon submission of the final travel voucher by the SAO in country, no attempt will be made to collect the overpayment from the trainee. The IA concerned will determine whether a funding adjustment via an IMET Order is necessary for the WCN series concerned.

100113 IMS BAGGAGE AND SCIATT GUEST INSTRUCTOR ALLOWANCES.

A. **IMS Authorized Baggage.** Allowances outlined below are totals, with excess baggage being the difference between that permitted by the transportation carrier and the total allowance. These allowances apply for the portion of the travel costs payable from US funds. Baggage sizes and dimensions are to conform to carrier stipulations.

1. Two pieces of checked baggage, not to exceed 70 pounds each, are authorized for IMS training of less than 22 weeks duration.

2. Three pieces of checked baggage, not to exceed 70 pounds each, are authorized when training is at least 22 weeks but less than 40 weeks duration. One piece of excess baggage is authorized.

3. Four pieces of checked baggage, not to exceed 70 pounds each, are authorized for IMS when training is 40 weeks duration or longer. Two pieces of excess baggage are authorized.

4. In addition to the allowances in 1 through 3 above, one additional piece of luggage is allowed for students, with authorized accompanying dependents, attending the PME and postgraduate programs listed in Table 1001-2, Note (4), and for students attending flight training.

5. Where US and foreign flag carriers differ in free baggage allowance, or baggage is authorized beyond 140 pounds, transportation officers will issue Government Excess Baggage Authorization Ticket (GEBAT) or equivalent to cover the difference up to the free allowable amount of the US flag carrier(s) and also any authorized excess baggage allowance.

B. IMS Unauthorized Baggage. Shipment of baggage in excess of the weight allowance contained in subparagraph A. above is not authorized. Disposition of unauthorized baggage will be made at the expense of the student or the student's government. Commanding officers of the training or administrative installation should ensure that unauthorized baggage is shipped at the student's expense prior to his departure from the installation. Students reporting to ports of departure with unauthorized baggage will be requested to forward the unauthorized baggage by commercial means at their expense. If lack of time prohibits this, unauthorized baggage will be taken into custody by the traffic representative, and the student will be given a receipt for the baggage. The student will remain on the scheduled flight or carrier. After departure of the carrier, the traffic representative will deliver the unauthorized baggage to the nearest appropriate foreign consulate.

C. Guest Instructors at SCIATTS. Costs incidental to the use of international guest instructors at SCIATTS are to be included in the fixed operating budget and not included in course tuition costs. These costs include travel of guest instructors and their authorized dependents, and shipment of household goods and living allowance in accordance with Table 1001-2. Shipment of household goods from the Panama Canal area to home country is authorized for Latin American guest instructors who have completed a tour of duty at SCIATTS. The net weight allowance is 2000 pounds for married guest instructors and 200 pounds for single guest instructors. In addition to net weights listed above, weight allowances are authorized for crating and packing materials on the same basis as for US military personnel and in accordance with the JTR. Shipment of household goods in excess of authorized net weight will be at the expense of the guest instructor or his government. Shipment will be by surface common carrier. Air freight may be used only when surface common carrier is not available.

100114 MEDICAL COSTS. A factor of \$35 per student training line (exclusive of orientation) is authorized for programing purposes under generic code NZE (MASL IIN 365003/365004) for medical treatment in USG facilities for IMET students. Charges for medical care do not apply if the IMS is covered under a reciprocal health care agreement between the US and the IMS's country. When such an agreement exists, check item 16b(3) in the ITO and add the following statement in item 13: "Medical care is provided under [reference the agreement, date, etc]. Reimbursement for services provided is not required." Note that agreements may not cover certain categories (such as civilian IMS or IMS dependents) and are normally applicable only for medical care in DoD facilities; therefore, if a training installation does not have a DoD medical facility, the terms of the agreement do not apply and the program should be charged accordingly. Funds for burial expense or other student support costs will be programed under generic code N7F on a case-by-case basis only after DSAA approval. *

100115 ASSIGNMENT OF BUDGET YEAR PRIORITY CODES. SAOs will assign priority code A for their Budget Year program using the Budget Year level at the annual TPMRs. In addition, SAOs should assign priority code D to other valid training requirements in excess of the budget level and to take place not earlier than the fourth quarter. Valid training priority coded D is defined as training in keeping with IMET policies and objectives, that IAs can accommodate, for which the host country can provide qualified candidates and which has a dollar value that the SAO can reasonably expect to receive in mid-year or end-of-year if funds are

available. In most cases, this should not exceed approximately ten percent of the budget level. SAOs should code all training lines in a WCN series to reflect the code of the program line with the highest priority within that series.

100116 TRAINING ANALYSIS CODES. These codes enable the training community to match country requirements with policy considerations, particularly in the preparation of two-year training plans and training AIASAs. A complete listing of all Training Analysis Codes is at Table 1001-3. The nine primary analysis code categories are:

<u>Category</u>	<u>Description</u>
PME	Officer Professional Military Education
MGT	Officer Management
PGS	Officer Postgraduate or Degree Related Training
UPT/FLT	Undergraduate Pilot and Other Flight Training
TECH	Technical, Operations, Maintenance, Medical, and Enlisted Training
OT	Orientation Tours
OCONUS	OCONUS Student Training
TEAMS	Mobile Training Teams and Field Training Services
SUPPORT	English Language Equipment, Materials, PCH&T, Medical Lines, and other Training Support

100117 STANDARDIZED WCNS. SAOs and IAs will assign standardized WCNS for IMET training lines in accordance with Table 1001-4.

100118 FIFTH QUARTER TRAINING.

A. **Fund Availability.** Funds are made available for training under "Fiscal Limitation" .001, which identifies funds requiring obligation within the fiscal year for which appropriated. As a means of increasing course scheduling flexibility for IMET, training commencing between 1 October and 31 December may be programed in either the preceding or current fiscal year program, thus providing a "fifth quarter" in which to implement training in a given fiscal year. Training having fifth quarter availability will be programed with a "5" in column 70. All training will be priced at prices of the fiscal year in which training convenes.

B. **Obligation of Funds.** When fifth quarter training is programed in the preceding year, funds must be obligated by 30 September of that year. Training in courses commencing between 1 January and 30 September must be included in the program of the fiscal year in which it commences. Particular problems should be referred to DSAA-Regional Directorate for resolution.

C. **Restrictions.** Fifth quarter programing applies to IMET training courses only, and may not be used for orientation training, MTTs, or other training materials or services.

100119 IMPLEMENTATION. Program implementation and the movement of students to training facilities and activities is authorized only after program directives are issued by DSAA to the IAs. Such directives are required prior to the issuance of ITOs or the obligation of funds for programed training.

100120 FUNDING AND FINANCIAL CONSIDERATIONS.

A. **IMET Programing Instructions.**

1. **Formal Training, US (Generic Codes (N1A-N1J)).** Formal training is programed under generic codes N1A-N1J, see Table D-7. Two elements of cost are involved in determining

the Total Cost for students who will train at US facilities. These cost elements are the IMET Unit Price and TLA. Each of the elements is computed on a per student space basis. The Total Cost is obtained by multiplying the sum of the IMET Unit Price and the TLA by the Quantity (number of personnel spaces): i.e., $(\text{IMET Unit Price} + \text{TLA}) \times \text{Quantity} = \text{Total Cost}$.

a. **IMET Unit Price.** The course cost, where listed in the IMET MASL, will be entered as the IMET Unit Price. Where the MASL indicates "N/C" (no charge), no charge is made for the training. Where the MASL indicates "EST" (Estimate), a unit price estimate is to be made by the program originator. A number of variables normally are related to unit price determination, such as the number of personnel spaces or the length of the OJT. The basis for estimating the Unit Price will be provided in supplementary guidance furnished by the IA.

b. **IMET Travel and Living Allowance.** The unit (per student space) TLA cost is comprised of transportation, excess baggage allowance, travel allowances while in a travel status, and living allowance while in a training status.

(1) Where the first training destination in the US is known at the time of programing or can be provided by the IA at or prior to the annual training workshop, travel costs will be calculated in accordance with paragraphs b.(1) and (2), below; otherwise, a composite travel cost factor provided by IAs in their supplementary guidance may be used.

(2) Travel includes the cost of transportation to and from the US, within the US, and baggage and living allowances during travel unless the country declines the IMET living allowance, in which case no living allowance is authorized. Transportation by military or commercial aircraft (when authorized), ship, bus, rail, or other conveyance will be paid when the US provides the transportation, as indicated in Paragraph 100111. The following specific guidance is provided for calculating travel costs to, from, and within the US. To the maximum extent possible, US flag carriers should be used.

(a) Round trip travel between the embarkation point in the recipient country and the gateway terminal (POD) in the US will be programed for all students, unless otherwise directed.

(b) Round trip travel between the gateway terminus and the city nearest the training facility at which the initial training is to be conducted will be programed for all students, unless otherwise directed. When the first destination is not known, an estimated cost will be added to cover the round trip travel, baggage, and living allowance while in a travel status. In all cases, students are required to travel over the most direct and least cost route.

(3) A living allowance will be programed for all students in a training status, unless otherwise directed, as indicated in Paragraph 100112.

c. **Orientation Tours.** The TLA should be computed as the composite cost of living allowances, transportation based on itinerary, and up to 100 pounds of excess baggage. An escort officer may be programed for orientation tours; IAs will determine costs of escort officers and program as unit cost. A factor of \$100 per person week will be used to cover TLA in the overseas area where any CONUS tour is being conducted; the \$100. will be added to the cost of the round trip travel. These procedures do not apply to OBT, which will be costed as described above.

2. **Formal Training Overseas (O/S) (Generic Codes NIN - NIW).** The same two cost elements described in paragraph 1 (IMET unit price and TLA), are involved in determining the total cost entry for students who will train at overseas facilities. The course cost shown in the

IMET MASL will be entered as the Unit Price. TLA factors for overseas training also differ from US training and are described below, by Command.

a. **US European and Pacific Commands.** Travel costs for courses subsequent to the original course will not be included; however, \$50 per trainee will be added to travel (including living allowance during travel) for courses which follow the initial course and are conducted at a different location. If training is conducted at a location other than within the home country, the programming factor for living allowance while in training status will be computed at the applicable JTR rates. In some cases, students have a waiting period before entering a follow-on course. The living allowance is authorized for the waiting period, and will be included in the TLA for the follow-on course. In scheduling training, every effort should be made to shorten the period between courses.

b. **US Southern Command.** The programming factor for living allowances for students while in training status SCIATTS will be computed at the rate of \$17 per day for officers and \$16 per day for enlisted personnel. Not all is paid to each student (see Table 1001-2). Panamanian students attending SCIATTS or other training conducted in the Republic of Panama will be paid living allowances for periods of training only if they reside in quarters provided by the USG. Living allowances will be paid in the same manner for OJT or OBT.

B. **Other Training Support.** Budget project N70 provides funds for US military guest officers, supplies and materials used exclusively for IMET (excluding training aids), and student support costs.

1. **Costs of Facilities Used for Both IMET and FMS Training.** Costs related to constructing, extending, refurbishing, or maintaining US training facilities used for IMET and FMS training will be shared between the IMET and FMS customer countries on a pro rata basis. Such costs should be financed initially by the IA and the course costs charged for training at these facilities will be adjusted to provide reimbursement to the IA appropriation at a reasonable rate so as not to impact adversely upon IMS attendance at the training installation.

2. **Supplies and Training Materials (Generic N7C).** Costs of training materials (excluding training aids) may be financed when authorized by DSAA. When requirements in these areas exist, supporting documentation will be provided through the appropriate UCOM to DSAA for approval prior to programming. When third country training requirements exist for supplies and training materials (N7C) and services (N7E), the SAO will submit to DSAA a request for offshore procurement certification in accordance with DODD 2125.1, with information copies to the IA and UCOM.

C. **Cross Training, Sequence, or Prerequisite Training.** Cross training, sequence training, or prerequisite training is training following an initial course of instruction or preceding a course of instruction (prerequisite), without the student returning to home country between courses. If cross training is programmed, the letter "A" will be entered as the WCN suffix for the initial course, the letter "B" will be entered for the second course, the letter "C" for the third course, and so on in alphabetic sequence. When English language is programmed as a prerequisite course, the WCN suffix will be the letter "L", and the courses following will have WCN suffixes A, B, C, etc. Each course will be costed separately. The initial training course will be charged with the round trip transoceanic travel costs and the round trip CONUS costs from US port of entry to the first training location and from the last training location to US port of exit. For sequential training conducted at another location, the best estimate of transportation costs will be programmed. The living allowance while in a training status will be costed separately for each course in accordance with this section.

D. **Initial Funding of Current Year Training Program.** As soon as the apportionment of IMET Program funds is received from OMB and passed from DSAA to the IAs, IAs will fund priority code A training lines within the apportioned allocation level. SAOs should ensure that priority codes are appropriately adjusted so that the total of all priority A training lines equals the allocation level. Adjustment of prioritization will be required if the apportionment level is different than the budget request level.

E. **Additions or Increases to Current Year Program.** If subsequent changes will cause the funded program to exceed the country allocation level, the SAO should simultaneously (1) submit deletions of funded lines sufficient to offset requested funding and/or (2) forward programing to lower the priority codes of selected funded lines to D. In the latter case, DSAA will withdraw funding of those lines and they will remain in program in an unfunded status.

F. **Cancellation or Termination - Penalty Charge.** In the event cancellation or rescheduling is requested less than 60 days prior to the scheduled start date, the country's IMET program or FMS case will be charged 50% (100% of contract training cost) of the tuition rate. The country will also be charged a proportionate share of the tuition rate for trainees not completing a course of instruction. IAs will assess late cancellation charges for all DLIELC training lines that are canceled within the 60-day period. All other penalty charges will be determined by IAs and requests for waivers to these penalty charges should be addressed to the IA. The funding status of a training line has no bearing on whether the cancellation charge applies. The cancellation penalty will not be applied when the cancellation (a) is due to decisions by the US, such as deletion or rescheduling of classes; (b) is due to unavoidable circumstances within country, such as national disaster; or (c) quota is used by the US or another country. These charges are to be programmed for applicable courses, and will be earmarked by an "S" in column 65 to indicate that a penalty fee was charged for the training line.

G. **Impact of FAA Sec 620(q) and Brooke Amendment on IMET Funds.**

1. **FAA Sec 620(q).** No assistance shall be furnished under this Act to any country which is in default, during a period in excess of six calendar months, in payment to the US of principal or interest on any loan made to such country under this Act, unless such country meets its obligations under the loan or unless the President determines that assistance to such country is in the national interest and notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate of such determination.

2. **Brooke Amendment (Foreign Assistance and Related Programs Appropriations Act or Continuing Resolution).** No part of any appropriation in this Act shall be used to furnish assistance to any country which is in default during a period in excess of one calendar year in payment to the US of principal or interest on any loan made to such country by the US pursuant to a program for which funds are appropriated under this Act.

3. **Sanctions.** Sec 620(q) sanctions are triggered by arrearages of more than six calendar months on ESF or other AID-financed loans when DoS advises DSAA that no waiver of sanctions is being considered. Utilization of FMS credit funds are not impacted by Sec 620(q). Sanctions under the Brooke Amendment are triggered by arrearages of more than one calendar year on FMS credit (direct or guaranteed) funds or AID-financed loans. The impacts on utilization of IMET funds under both Sec 620(q) and the Brooke Amendment sanctions are identical:

a. New IMET students may not travel for initiation of training. IMET students outside their countries of origin whose course of study or training program began before the effective date of the sanctions may complete such courses, including already funded sequential courses; however, no additional sequential courses may be added on or after the effective date of

the sanctions. IMET students outside their countries of origin whose course of study or training program did not begin before the effective date of the sanctions should normally be returned to their home country as soon as possible. For the purposes of the Brooke Amendment, an IMET-funded course is deemed to begin on the report date specified in the Standardized Training Listing (STL). If sanctions are lifted, these students will be considered for late admittance or admittance to the next available course of study or training program.

b. IMET funded MTTs and LTDs may not be dispatched or extended beyond their scheduled termination date.

c. IMET funded training aids may not be issued from supply nor placed on contract by the supplying agency.

SUBJECT: REQUEST FOR WAIVER FOR IMET TRAINING

TO: [Unified Command]
[DSAA Plans/PGM]

In accordance with Chapter 10, DoD 5105.38-M, request approval for the use of IMET funds for the following training.

COUNTRY: _____ **PROGRAM:** _____

TYPE OF WAIVER: [State the specific waiver being requested; such as, Mobile Training Team, High Cost Flight Training, or Post Graduate School.]

REQUESTED TRAINING: [Provide a precise description of the training; such as, a mobile training team to instruct on requisition preparation and receipt, storage, and issue of supplies; two weeks duration; one enlisted member, grade E-7 or E-8.]

Title of Course: _____ **MASL ID:** _____
Quantity: _____ **Program Year:** _____ **Unit Cost:** _____
Duration: _____ **WCN:** _____ **TLA:** _____
Avail Qtr: _____ **Priority Code:** _____ **Total Cost:** _____

JUSTIFICATION: [Include a detailed justification, to show why IMET funds must be used. Justification should answer the following questions --]

1. **Requirements** [Why is training needed? What capability will it develop? What is the urgency in providing this training?]
2. **Objective** [What IMET objective(s) will this training achieve (see two year training plan)? What alternatives to this training have been examined to include cost and availability?]
3. **Capability** [Does this training capability exist in country? If not, what steps are being taken to develop this capability?]
4. **Quantity** [Total number of personnel requiring training in this field? How many have been trained? Considering attrition factor, how long will it take to meet host country objectives?]
5. **Impact** [What is the impact if training is not approved?]
6. **Funding Rationale** [Rationale for IMET funding? Why should FMS funds not be used? Why should any allocated FMF funds not be used?]
7. **Political/Military** [What political or military significance, if any, is attached to this training?]
8. **Benefits to US** [What benefits, tangible or intangible, will accrue to the United States by providing this training?]

Table 1001-1. IMET Waiver Request Format (1 of 2)

9. **Post Graduate Level** [If this is post graduate level education (Navy Post Graduate School or Air Force Institute of Technology, how many students have attended this same curriculum in the past five years?]

SAO CHIEF'S APPROVAL: _____ DATE: _____

UCOM APPROVAL: _____ DATE: _____

DSAA APPROVAL: _____ DATE: _____

	Officer [And Civilian Equivalents]	Enlisted(1)
In Travel Status, Including Unscheduled Delays(2).	Various	Various
In Training Status:		
Dependents Authorized (3)(4)(5)(6)(14)	\$50	N/A
Neither Quarters Nor Mess Available	50	\$50
Orientation Tour Participants (7)	34	N/A
Mess Available, Quarters Not (8)	34	28
Quarters Available, Mess Not (8)	30	25
Both Quarters and Mess Available (6)		
(7)(8)(9)(11)(13)(15)	21	11
Both Quarters and Mess Available, Officers Charged for Mess (Aboard Ship)	15	N/A
Both Quarters and Mess Available, Free of Charge (Aboard Ship)	11	11
In Military Hospital (10)	11	11
On Leave (11)	Various	Various

NOTES:

(1) Not applicable to enlisted IMS attending training at SCIATTS.

(2) When IMET pays TLA, travel allowance rate is authorized to include the day of departure from home country to the day of arrival at, and day of departure from, each training installation, and the day of arrival at home country. Rates on travel status, including unscheduled delays, are based on rates equal to those in the JTR for US personnel.

(3) An additional \$5 per day is authorized for accompanied IMS attending senior level PME courses as follows: Army Command and General Staff College, Army War College, and National Defense University; Air Force Command and Staff College and Air War College; Naval Staff College and Naval Command College; USMC Command and Staff College and Armed Forces Staff College; and SOA Command and Staff College.

(4) This rate is authorized only for accompanied IMS attending the following courses designated by the MILDEPs: Army Command and General Staff College, Army War College, and National Defense University; Air Force Squadron Officer School, Air Force Command and Staff College, Air War College, and Air Force Institute of Technology; Naval Staff College, Naval Command College, and Naval Postgraduate School; USMC Command and Staff College, USMC Amphibious Warfare School, and Armed Forces Staff College; and SOA Command and Staff College. This rate is also authorized for prerequisite courses, follow-on courses, and authorized leave periods. This rate is applicable regardless of availability of quarters and is payable whether IMS lives on or off post.

(5) Increased allowances are only authorized when prior DSAA approval has been obtained and Item 15 of the ITO has been annotated with that approval. The following increases are authorized: Accompanied students living offpost at the Army War College and the Air War College are authorized \$80 a day; accompanied students living offpost at the Navy Command College are authorized \$90 a day; accompanied students living offpost at the National Defense University are authorized \$100 a day. Students are not authorized these rates at DLIELC, prerequisite courses, follow-on courses, or during authorized leave periods upon completion of training.

Table 1001-2. Daily Supplemental Living Allowances for IMET Students (Page 1 of 2)

- (6) Accompanied students living offpost attending courses where dependents are authorized may draw a living allowance advance upon arrival in CONUS of an amount up to but not to exceed ten percent of their total living allowance authorized at a particular location. The student living allowance drawn during the period of training will be adjusted to ensure that the amount of the advance is fully recovered before the student completes training at the location.
- (7) Meal allowance only. Cost of quarters to be paid from programmed funds by Class A agent/cashier escort officer.
- (8) In overseas areas, including Hawaii, where USG quarters and mess are not available, the rates authorized are equal to those authorized for US personnel in the JTR. "Quarters Available" means that USG quarters were either furnished or made available. "Mess Available" means three meals per day were available in a USG mess, whether or not actually consumed. USG mess excludes open mess and is not considered available to officer IMS except where separate messing facilities are available. IMS not authorized a USG living allowance will pay for their meals. Meals taken in other food service facilities will be paid for by the IMS at the menu rates.
- (9) Enlisted students from countries that participate in partial cost-sharing of living allowances who are not entitled to meal cards may receive a living allowance greater than \$9. A higher rate is authorized as long as the programmed rate is less than the \$9 plus the daily cost of mess hall meals. When the programmed rate reaches or exceeds the \$9 plus the cost of meals, students will be issued meal cards and will be paid \$9 per day.
- (10) When an officer IMS is authorized an increased living allowance for accompanying dependents and is subsequently hospitalized, an increased living allowance (\$50) shall apply * during the period of hospitalization, rather than the reduced rate specified herein.
- (11) Living allowance for leave periods following termination of training is not authorized. Leave with living allowances may be granted during periods of class breaks, authorized holidays, between consecutive courses, and delays at a port while awaiting transportation at the rate that is appropriate to the training status.
- (12) Guest instructors assigned to SOA will be paid a living allowance based upon the installation's BOQ rates by grade and a standard subsistence allowance regardless of rank.
- (13) The rate of IMET living allowance for guest instructors at SCIATTS and IAAFA will be the * minimum necessary consonant with the person's grade and position as determined by the IA.
- (14) Foreign enlisted students are not authorized accompanied dependents except for those attending the US Army Sergeants Major Academy (SMA). The authorized living allowance for accompanied IMS at the SMA is \$45 per day.
- (15) In addition to the \$11 the enlisted IMS will receive directly, the IA will program additional funds to include reimbursement for meals and billeting fees. The programming figure will vary depending on type of government quarters available.

A. CONUS TRAINING

- (1) Officer Professional Military Education
 - AA PME-Senior Level
 - AB PME-Mid Level
 - AC PME-Basic
- (2) Officer Management Related Training
 - BA Defense Management
 - BB Intelligence/Electronic Warfare
 - BC Police/Security
 - BD Communications-Electronics Management
 - BE Logistics Management
 - BF Engineering Management
 - BG Personnel/Manpower/Analysis
 - BH Administration
 - BI Maintenance Management
 - BJ Computer/ADP Management
 - BK Finance/Accounting
 - BL Other Management
- (3) Officer Postgraduate and Degree Related Training
 - CA Postgraduate/Degree
- (4) Undergraduate Pilot (UPT) and Other Flight Training
 - DA UPT/Flight High Cost
 - DB Other Flight
- (5) Technical Operations, Maintenance, Medical and Enlisted Training
 - EA Aviation Non-Flight
 - EB Aviation Maintenance
 - EC Technical/Maintenance
 - ED Operations
 - EE Missile
 - EF Communications-Electronics
 - EG Logistics/Supply-Enlisted
 - EH Computer/ADP Enlisted
 - EI Police/Security-Enlisted
 - EJ Administration-Enlisted
 - EK Mgt Related-Enlisted
 - EL Instructor
 - EM Medical
 - EN Damage Control
 - EO Contractor
 - EP English Language Prerequisite
 - EQ English Language Administration
 - ER Other Language Training (non-English)
 - ES Country Liaison/Exchange

 Table 1001-3. Training Analysis Codes (Page 1 of 3)

ET Interpreters CONUS
 EU Other non-Management/Enlisted
 EV Unidentified CONUS Training

(6) Orientation Tours

FA OT-Distinguished Visitor
 FB OT-Non DV
 FC OT-Other

B. OCONUS TRAINING

GA PME
 HA Management
 IA Flight
 IB Technical/Maintenance
 IC Operations
 ID Medical
 IE Correspondence Course
 IF OTs
 JA Other
 JB Unidentified OCONUS

C. MOBILE TRAINING TEAMS AND FIELD TRAINING SERVICES

KA MTT-PME
 KB MTT-Management/General
 KC MTT-Intelligence/Electronic Warfare
 KD MTT-Medical
 KE MTT-Police/Security
 KF MTT-Communications-Electronic Management BT
 KG MTT-Logistics Management
 KH MTT-Engineering
 KI MTT-Personnel/Manpower/Analysis
 KJ MTT-Administration
 KK MTT-Maintenance Management
 KL MTT-English Language
 KM MTT-Instructor/MOI
 KN MTT-Aviation
 KO MTT-Combat Operations
 KP MTT-Non-Combat Operations
 KQ MTT-Maintenance/Repair
 KR MTT-Missile
 KS MTT-Communcations-Electronics
 KT MTT-Ship Transfer/Training
 KU MTT-Other
 KV MTT-Survey
 KW MTT-Excess Baggage
 KX MTT-MTT-Training Aids
 KY MTT-Language Laboratory Installation
 KZ MTT-Supply Technician
 K1 MTT-Weapons/Munitions/Arms
 K9 MTT-Miscellaneous/Unidentified
 LA FTS-Aircraft Engine/Airframe

Table 1001-3. Training Analysis Codes (Page 2 of 3)

LB FTS-Communications-Electronics
 LC FTS-Radar Systems
 LD FTS-Armament
 LE FTS-Maintenance
 LF FTS-Training Aids/Devices
 LG FTS-English Language
 LH FTS-Missile
 LI FTS-Other
 LZ FTS-Miscellaneous/Unidentified

D. SUPPORT

MA Training Exercises
 MB Escort Officer
 MC Supplies/Materials
 MD Facilities/Rehabilitation
 ME Services
 MF Medical Cost-CONUS
 MG Medical Cost-Overseas
 MH Instructor Material
 MI Other
 NA Extraordinary Expenses
 NB Training US MAP Personnel
 NC Training Support SAO/Command
 ND Training Support DoS
 OA English Language Labs (ELL)
 OB ELL Spares
 OC ELL Support Equipment
 OD ELL Books/Tapes/Publications
 OE ELL PCH&T
 OF Other Training Aids
 OG Army Books/Tapes/Publications
 OH Navy Books/Tapes/Publications
 OI AF Books/Tapes/Publications
 OJ USA PCH&T
 OK USN PCH&T
 OL USAF PCH&T

The WCN is the most important element of identification used in the Security Assistance Training Program. It is used for a multitude of purposes. The most important is to track the IMS. Normally, one WCN will be assigned per IMS. This procedure reduces administrative effort on the part of the scheduling commands and training installations and allows effective implementation and billing.

The standardized WCN numbering system for IMET was instituted in FY87 allowing the SAOs and services to assign any WCNs within the range of 0001-0999 while ensuring that the following sequence was maintained: Continental United States (CONUS) MEDICAL, Outside Continental United States (CONUS) MEDICAL, Orientation Tours (OTS), METs/Defense Language Institute Language Training Detachments (DLI LTDS), ENG LANG EQUIP/MATERIALS.

Student training lines will be grouped by training analysis code and will use a minimum number of designated WCNs. SAOs and services are free to assign WCNs within the range of 1000-9999 for CONUS and OCONUS student training. However, the first digit will be a mandatory number to indicate training analysis codes as follows:

Training Analysis Category	Analysis Code	WCN
PROFESSIONAL MILITARY EDUC MANAGEMENT	AA-AC BA-BL	1000-1999 2000-2999
POST GRADUATE	CA	3000-3999
HIGH COST FLIGHT	DA	4000-4999
OTHER FLIGHT	DB	5000-5999
TECHNICAL	EA-EV	6000-6999
OCONUS	GA/HA/IA-IF	9000-9999

In those cases where students are programed to receive training in more than one training analysis code, the student and his entire training pipeline will be assigned one training analysis code in accordance with the following rank order structure:

- PME is greater than all categories except Post Graduate and High Cost Flight.
- Management is greater than all categories except PME, Post Graduate, and High Cost Flight.

Table 1001-4. Standardized Worksheet Control Numbers

SECTION 1002 - FOREIGN MILITARY SALES TRAINING**100201 AECA REQUIREMENTS.**

A. **Reimbursement.** The cost to the USG of furnishing FMS training must be paid by the Purchaser. For billing purposes, services, including training, are considered "performed" on the date that the student enters the course or, in the case of an SA team, when a team member leaves home station. There must be cash available to the DoD in advance of the performance of the training at all times.

B. **Bilateral, Combined, or Multilateral Exercises.** Bilateral, combined, or multilateral exercises conducted to test and evaluate mutual capabilities do not require authorization or funding under the AECA. Costs of foreign participation in these exercises may not be paid directly or reimbursed from DoD funds, including O&M funds. DoD funds may be used to pay just the costs of US armed forces participation which would have been incurred in the absence of foreign participation in the exercise. The costs of any US support provided to the participating countries or international organizations for training exercises must be reimbursed under an FMS case. This is because providing exercise support is providing a defense service as defined in the AECA Secs 47(4) and (5).

C. **Separate and Specific Statutory Authorization.** Outside the context of an exercise, USG costs of providing training for foreign military or paramilitary personnel must be borne by the Purchaser under an FMS case. If there is separate and specific statutory authorization for such training, as in the case of the senior ROTC program or US service academies, this general rule may not apply. Existing authority and regulations do not permit formal or informal training on a non-reimbursable or quid-pro-basis other than PME and Unit Exchanges (see Section 1003). This includes orientation, observation, or familiarization tours.

100202 PROGRAM FINALIZATION. The IA assigns an LOA identifier, prepares the LOA, and submits it to the host country representative for acceptance and initial deposit. Separate LOAs are normally prepared to support a major equipment sale or for blanket training; however, training may be included as a separate line on a materiel LOA at the request of the Purchaser and with DSAA approval. The IA will implement the case by authorizing the issue of ITOs only after the LOA has been accepted and funded, and after DFAS/DE provides OA. Any exception must be approved by DSAA, Comptroller. See Section 701 for more detailed LOA guidance.

100203 TRAINING REQUIREMENTS RELATED TO PURCHASE OF MAJOR EQUIPMENT.

A. **General.** Training is an essential element in the initial introduction of major equipment. The time required to conduct adequate training should be given careful consideration when estimating delivery dates of equipment. In developing a training plan to support the introduction of defense equipment, the needs of each country must be determined separately, based on the unique requirements of the country.

B. **Planning Programs.** Training programs must take into account such factors as the availability of personnel, skills to be developed, and the time required to plan, implement, and complete the program. In the final analysis, the success of any training program also depends on student capability and potential for success. It is important to have a good selection and screening process to make sure the right student is fitted into the right training program. Also see Section 100002.

C. **Funding of Training in Support of FMS.** Training in support of FMS equipment purchase should normally be programed as part of the overall FMS agreement. IMET funds should not be used to support major equipment purchases unless specifically approved by DSAA. Requests for exceptions to this policy should be referred to DSAA with appropriate justification on a case-by-case basis during initial purchase negotiations. In no event may any cost be funded by both IMET and an FMS case.

100204 TUITION RATES. FMS and IMET training tuition rates will be priced in accordance with section 130702. Other costs associated with training, such as students' meals, custodial fees for quarters, medical care, and transportation are not included in tuition rates. These costs must be paid by the Purchaser.

100205 TRAINING AT CIVILIAN INSTITUTIONS OR BY CONTRACTOR.

A. **Civilian Institutions.** Training at civilian institutions generally will not be permitted under FMS. AECA Sec 47 defines training for defense purposes at civilian institutions as training that may be sold under FMS. This type of training is more appropriately handled by direct negotiation between the civilian institution and the purchasing country. Requests for exceptions to this policy should be addressed to DSAA.

B. **Training by Contractors.** International military personnel receiving training directly negotiated between the purchasing country and a contractor may not use US military facilities to support the training. Administrative support for direct contractor training normally is not provided through an FMS case. Room and board, medical care, and related support arrangements for students undergoing commercial contractor training must be arranged between the contractor and the Purchaser.

100206 TRAINING OF CIVILIANS UNDER FMS. International civilian personnel may receive FMS training provided they are MOD employees of eligible Purchasers. This includes employees under contract to the MOD in conjunction with an MOD program which is otherwise being supported through FMS. Such training of contractor employees requires specific authorization of DSAA. Civilians must meet the normal course requirements, including proper security clearances. International civilians who are not MOD employees of eligible FMS countries, or employees of eligible non-military international organizations (e.g., the UN), may receive training provided that a determination is made by the International Development Cooperation Agency (IDCA) in accordance with Sec. 607(a). Civilians are generally afforded the same protocol status as their equivalent military counterparts, as stated in the ITO.

100207 TRANSPORTATION AND TRAVEL. The Purchaser is responsible for all transportation and travel costs for FMS students. These costs are not included in the LOA. Use of US civilian carriers is encouraged although any desired mode of travel or carrier can be used. Students may be authorized in their ITO to travel by US military aircraft and reimbursement will be on a direct billing basis at the non-government rate. No baggage limitation is established; however, students are encouraged to limit baggage to a minimum.

100208 LIVING ALLOWANCES AND PRIVILEGES.

A. **Living Allowances.** An FMS student's living costs should be defrayed by the student or by the student's government (also see Paragraph 60002). The Purchaser should ensure that students receive sufficient allowances to meet mandatory living costs and personal expenses. Allowance costs are not included in tuition course costs, nor are they normally included in the FMS case. SAOs should be particularly aware of the status of living allowance provisions for their host country's students. Any difficulties or anticipated problems should be aired immediately.

1. **Subsistence.** Officers and enlisted personnel will pay for meals, which will normally be taken in USG dining facilities at the rate prescribed by the IA.

2. **Quarters.** All FMS training students who occupy military quarters must personally pay the service charge or custodial fee as established by the installation commander.

B. **Privileges.** IMS on ITOs authorized by the IA, and bona fide dependents, will be extended commissary, exchange, and similar privileges ordinarily available to US military personnel of similar rank. Equivalent rank assigned in the ITO must be based on the US grade structure rather than rank title of the foreign country.

C. **Medical Care.** The SATP will not be utilized for the sole purpose of obtaining medical care for IMSs or their dependents. NATO IMS on ITOs authorized by the IA, and bona fide dependents, are eligible for outpatient care in DoD medical (including dental) facilities, on the same basis as US military personnel and their dependents. In-patient medical care and emergency dependent dental care must be reimbursed at rates established by DoD. Personnel from other countries that have negotiated reciprocal medical arrangements authorized by US law will be provided medical care in accordance with those arrangements. Personnel and dependents from countries without medical arrangement agreements with the US will be provided medical care on a space-available, reimbursable basis at rates established by DoD. See Section 100114 for procedures to be used when such arrangements are in place.

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SECTION 1003 - SPECIALIZED TRAINING

100301 GENERAL. This section provides policy and procedures for English Language Training and for training other than that provided in formal courses of instruction in CONUS.

100302 ENGLISH LANGUAGE TRAINING. Training in US military schools and installations is conducted in English, except for the US Army SOA, the USAF IAAFA, and the US Navy SCIATTS. International students must be able to understand, speak, read, and write English at a level of proficiency that will enable them to successfully complete training.

A. **Responsibility for ELT.** DLIELC has responsibility for and exercises operational and technical control over the Defense English Language Program (DELP) that encompasses all DoD English language programs or courses conducted for US personnel or international students under the IMET program and the FMS program in CONUS and overseas.

B. **Minimum English Comprehension Level.** The foreign country has responsibility for ensuring that students meet the IA-determined minimum ECL for attendance at a particular course of instruction. Most courses require a minimum ECL of 70. Higher level PME and management courses, or courses that are hazardous, require an 80 or higher ECL.

1. **Minimum ECL for IMET Students.** The minimum ECL cut-off score for entry into general English language training at the DLIELC is 55. Exceptions to this requirement require prior UCOM and DSAA approval and will be granted only where clearly justified by unusual circumstances. Countries permitted to attend DLIELC under the minimum ECL cut-off score of 55 will be notified at the beginning of each fiscal year. SAOs assigned to countries exempt from the minimum 55 ECL score for DLIELC entry should encourage the host country to develop an in-country English language capability in order to achieve a minimum 55 ECL. Countries unable to purchase appropriate English language equipment and materials to develop an in-country ability to reach a 55 ECL due to a small IMET program or other considerations where it would not be economically feasible will remain on the exemption list.

2. **Minimum ECL for FMS Students.** There is no minimum cut-off score for entry into ELT at DLIELC for FMS students.

C. **Exemptions from ECL Testing Requirements.** Certain countries whose students have demonstrated an English speaking capability are exempt from all ECL testing requirements. These countries are reviewed annually to determine if the exemption should continue. Students from countries that are exempt from ECL testing requirements must continue to demonstrate successful English language performance during training or the exemption will be withdrawn. DSAA will confirm the annual exemption list each year by message.

D. **Exemptions from In-Country ECL Screening.** Certain countries whose students have demonstrated an English speaking capability are exempt from in-country ECL screening. Students from countries exempt from in-country ECL screening will be ECL tested at the first training installation. These countries are reviewed annually to determine if the exemption should continue. Students from countries that are exempt from in-country ECL screening must continue to demonstrate successful English language performance during training or the exemption will be withdrawn. DSAA will confirm the annual exemption list each year by message.

E. **SAO Responsibility.** SAOs are responsible for screening students for the minimum ECL prescribed by the IA for each course of instruction or for entry into DLIELC. Test materials

to determine the ECL of selected IMS are provided by DLIELC, together with instructions for administering the tests. ECL minimum requirements by course are listed in the MASL.

F. **Service Waivers.** Requests for waivers to minimum course ECL prerequisites will be made through the UCOM to the IA.

G. **Test of English as a Foreign Language (TOEFL).** SAOs are authorized to program the cost of the TOEFL under IMET when required for entrance into approved military undergraduate or graduate training programs. Costs of travel by prospective students to the testing site will not be funded under IMET.

H. **Foreign Countries' Responsibility (IMET Only).** With few exceptions, foreign countries are considered to possess the public and private school, commercial institution, or other resources needed to provide the necessary ELT to meet the ECL levels above. SAOs should encourage the host country to increase their ELT capability above the minimum 55 ECL requirement. Assistance may be provided under the IMET program by training of instructors at DLIELC, by providing English language MTTs or LTD, or by providing appropriate ELT aids and equipment. Details on DLIELC MTTs and LTDs are contained in DLIELC 1025.1-M.

I. **Specialized ELT.** Provided the general ECL requirements have been met, SET will be provided in those cases where the IA determines that exceptional fluency or specialized vocabularies are essential to safety or effective participation in the course of instruction. The annotation SR (SET Required) or SA (SET Advised) will appear in the ECL/SET REQ column of the MASL for these courses.

J. **Conduct of ELT by Other Than DLIELC.**

1. SA sponsored ELT will normally be conducted by DLIELC unless unusual conditions exist that warrant exceptional ELT arrangements under FMS funding. No exceptions will be permitted for IMET funded ELT. In those cases where exceptions are requested under FMS funding, written requests for an exception to this policy must be submitted by the IA to DSAA-Plans-PGM prior to submission of LOAs or LOA Amendments to DSAA for countersignature. Such requests will include the following information:

- a. Written DLIELC position on the proposed ELT exception.
- b. Explanation of the unusual conditions that apply.
- c. Complete information on the ELT to be conducted to include location, description of training facilities, number of students, training objectives, duration of the overall ELT program, and estimated cost.
- d. Statement that DLIELC will coordinate and approve the ELT curriculum, teaching materials, and instructor qualification standards; will monitor the ELT to ensure that DLIELC technical standards are being met; and will perform a DLIELC certification every six months.
- e. Statement that the LOA will contain an appropriate line item for DLIELC to monitor and provide quality control of the proposed ELT.

2. If a DSAA waiver is granted, the waiver will strictly apply to the scope of the proposed ELT program justified in the exception request. No change to the LOA will be made to increase the student load or extend the duration of the ELT program without submitting a revised request to DSAA-Plans-PGM, to include information in I. above.

K. **Direct Entry ECL Failure Forfeiture Charge.** A forfeiture charge of 50% will be imposed in all instances when direct entry students fail to achieve the prerequisite ECL on the CONUS course entry ECL test and when failure results in rescheduling or cancellation of direct entry training due to a language deficiency. This forfeiture policy applies to all direct entry students, including those from countries granted a waiver from the in-country screening ECL testing.

L. **English Language Equipment and Support Materials.** Textbooks, testing materials, training aids, audiotapes, videotapes, and publications for use in establishing or supporting in-country ELT programs may be acquired under the IMET program or purchased through FMS procedures. Transportation of IMET acquired materials will be by surface shipment unless the cost of air shipment is less than 20% of the cost of the materials being shipped.

100303 ON-THE-JOB OR FAMILIARIZATION TRAINING. OJT, or USAF familiarization training, normally involves follow-on technical training devoted to practical application conducted after attendance at a formal course of instruction. This training will be planned in advance in the country's training program and will include detailed requirements for training in specific areas of interest and on types of material used by the country concerned. OJT conducted independently and not in conjunction with formal courses of instruction will be authorized in the US only when no course covering the desired training is available for IMET funded programs only. OJT in overseas schools and installations will be provided in accordance with the policies established by the UCOM concerned.

100304 OBSERVER TRAINING. OBT is training during which the student observes methods of operation, techniques, and procedures as a medium of instruction. OBT is not related to a formal course of instruction although it sometimes supplements or follows a student's formal training. OBT will be authorized only when no course covering the desired training is available. This includes specialist-type training. Certain OBT explicitly excludes "hands on" training; for example, foreign personnel enrolled under medical observer training will be prohibited from hands-on patient care.

100305 MOBILE TRAINING TEAMS. MTTs are provided under budget project/generic code N20, and are composed of IA personnel on temporary duty for the purpose of training foreign personnel.

A. **Approval Criteria (IMET MTTs).** As with any other aspect of a particular IMET country program, the decision to use MTTs should be based on consideration of all of the advantages and disadvantages inherent in the use of the particular MTT at a particular time and in a particular country. A fundamental objective of IMET is to reach foreign military personnel who are, or are likely to be, influential in their services/countries by having them attend professional level CONUS training. The intent is to expose the IMS to the American people, their way of life, institutions, beliefs, and aspirations. While this objective is not exclusive or overriding with respect to other considerations, it must be considered when selecting MTTs versus CONUS training. Moreover, any decision to use MTTs solely for their apparent cost benefits runs the risk of detracting from accomplishment of overall IMET objectives. Finally, MTT requests under IMET should clearly demonstrate that MTTs are the best approach and IMET is the only available funding option. Every attempt should be made to provide MTTs through FMS rather than IMET.

B. **Other Criteria Bearing on MTTs.** Within the guidelines established above, MTTs should be considered when one or more of the following factors are clearly present:

1. Training must be accomplished quickly in response to a threat or adverse condition affecting the security of the country.

2. Training is of relatively short duration, must reach a large number of trainees, and entails extensive use of interpreters or language-qualified team members.

3. Training can only be conducted on equipment or in facilities located in the foreign country.

C. **Purposes.** MTTs may be authorized for CONUS or overseas deployment when it is more practical to bring the training capability to country personnel. This includes in-country training surveys to determine specific country training needs, determine quantity requirements which are beyond the country capability to assess, and which are associated with equipment deliveries or assistance leading to self-sufficiency.

D. **Duration.** MTTs are authorized on a TDY basis for up to 179 days. Requirements for assistance in excess of 179 days will be met by CONUS training of country personnel leading to an in-country capability or programing of US engineering and technical services specialists.

E. **Subsistence, Per Diem, and Transportation (IMET MTTs).** Subsistence expenses, or per diem allowance in lieu thereof, obligated in one fiscal year for IMET MTTs cannot be extended into the succeeding fiscal year. Therefore, personnel on MTT duty must terminate TDY and return to home station prior to 30 September unless action has been taken to reprogram the team in the new fiscal year, subject to the 179 day restriction discussed above, receipt of CRA or other budget authority in the new fiscal year, and DSAA approval. Transportation costs for round trip team travel are chargeable to the fiscal year of the start of the TDY.

F. **Coordination and Preparation.** Use of MTTs requires special coordination and preparation with country personnel prior to team arrival. Establishment of the team mission in precise terms, to include availability of training equipment by type, student availability, capability, ECL, training facilities, transportation, communications, medical care, and team living arrangements should be the subject of country-SAO discussion prior to programing, and should be finalized prior to the team's arrival.

G. **Programing Instructions.** Compliance with Paragraph 100105.A is required prior to programing MTTs under IMET. MTTs will be programed under generic codes N2A-N2V. Refer to Table D-7 for further definition and breakdown of these generic codes.

1. MTT programing will include duration in weeks; number of team members; costs for Transoceanic Travel (round trip); In-Country Travel; Station and Travel Per Diem Allowance; CONUS Travel; Official Baggage, including excess, if justified; and Salaries of DoD civilians.

2. Per diem allowance costs during TDY travel outside CONUS will be computed according to rates shown in current JTR for military personnel, and according to rates shown in current Standard Regulations, Government Civilians, Foreign Areas (published by DoS), for USG civilians.

3. Cost of CONUS travel of team members will be programed at an estimated rate which includes cost of commercial air transportation, official baggage, and per diem. Excess baggage must be justified to and approved by the IA.

4. Cost of teams furnished from overseas will be computed using commercial air (tourist rate) transportation, per diem, and excess baggage.

5. In addition to the factors indicated above, \$15 per person per week is authorized for programing purposes to cover overseas in-country travel when the actual cost is unknown.

6. A joint MTT will be programed using the appropriate MASL line of the DoD component having the predominant number of members. In the event of a balanced team, use the MASL line of the MILDEP counterpart to the requesting foreign country service.

7. When programing MTT requirements, all team member costs, including predeployment orientation or training costs will be reflected as "unit costs" of the country program. No entries will be made in the TLA data field. Training aids (including PCH&T) will be programed separately under generic code N2, description: MTT-TRNG AIDS (MASL Item-ID 309000-CONUS, 319000-O/S). This program line will show the next appropriate sequential suffix of the WCN. Only those training aid requirements for use by the MTT which cannot be predetermined and requisitioned under FMS will be included under this procedure, subject to approval by DSAA.

H. **MTT, TAT, and TAFT Comparison.** MTTs are not intended to provide technical assistance. TATs and TAFTs are provided under generic code M, and are normally requested at the time major equipment is ordered. Training is not normally a principal mission of these teams.

1. TATs are composed of DOD personnel deployed to a foreign country to place into operation, maintain, and repair equipment provided under AECA or FAA programs. TATs are SA services, but are not SA training and are not provided under IMET, except in the case of the installation of English language laboratories.

2. TAFTs are composed of DoD personnel deployed for the purpose of providing in-country technical support to foreign personnel on specific equipment, technology, weapons, and supporting systems, when MTTs and ETSSs are not appropriate for the purpose requested. TAFTs are also not considered to be SA training and are not provided under IMET.

100306 FIELD TRAINING SERVICES. Budget project N30 provides funds for DoD Extended Training Service Specialist and Contract Field Services personnel, as specified below.

A. **Approval Criteria (IMET).** See Paragraph 100305.A above.

B. **DOD 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.

1. ETSS will be attached to the SAO rather than assigned and carried on the JTD. They will not be provided as an augmentation to the SAO staff to perform duties which are normally the responsibility of that staff. They will not be used for follow-on retraining or in advisory roles, except in rare instances when the recipient country is not capable of providing qualified personnel from its own resources or of hiring qualified personnel from non-indigenous sources and the SAO recommends it in the interest of the US. ETSS provided as English language instructors, supervisors, or advisors on detached duty status from DLIELC will be attached to the SAO, as specified above. The English language technical service provided by DLIELC is referred to as a Language Training Detachment (LTD).

2. ETSS may be provided for periods up to one year, unless a longer period is specifically approved by DSAA. In those rare cases where the technical services are required for

periods in excess of one year, ETSS personnel will be attached to the SAO for operational control and administrative and logistical support.

3. ETSS will be programed under generic code N30 on the basis of person-month requirements. The program cost will include elements in 100305.G plus Overseas Allowance (military or civilian). For programing purposes, a factor of \$40 per person per month is authorized to cover the cost of in-country travel, if the actual cost is unknown; \$320 to cover the cost of CONUS travel; and \$210 as an overseas living allowance. Five pieces of checked official luggage are authorized.

C. **CFS Personnel.** CFS provide advice, instruction, and training in the installation, operation, and maintenance of weapons, equipment, and systems. CFS will be utilized only when the IA determines that satisfactory provision of services by DoD personnel is not practicable. Conditions of CFS must be approved by DSAA. CFS requirements will be programed on the basis of person month requirements. Estimated contract cost will include the total charge of providing the training service, which includes costs such as salary, transportation, and baggage.

100307 ORIENTATION TOURS.

A. **Objectives.** The objective of OTs is to provide selected students an opportunity to become acquainted with US military doctrine, techniques, procedures, facilities, equipment, organization, management practices, and operations through short term orientation as opposed to attending longer term formal courses. OTs will be limited to countries with lesser developed defense relationships with the US unless extraordinary circumstances exist. In addition to the purely military objectives to be achieved through orientation training, it is intended that OTs serve to enhance US and participating nation mutual understanding, cooperation, and friendship.

B. **Description.** OTs for Distinguished Visitors (DV) are authorized for IMET programing. When submitting orientation tour requirements, the positions held by the visiting officers will be indicated for the type of tour selected. OTs for DVs are authorized for senior country officials holding positions of major importance and high authority below the equivalent US position of Chief of Staff or Chief of Naval Operations. Requests for OTs at the Chief of Staff and higher levels will not be funded under IMET and should be referred to the corresponding US element for funding and other action. DV tours are restricted to not more than one per service per year, subject to MILDEP capability to implement the tour. DV tours are normally for a period not to exceed 14 calendar days plus overseas travel time and not more than five visitors per tour. Travel arrangements (mode of transportation for transoceanic and domestic travel) and accommodations should be comparable to those provided US personnel under similar circumstances. Non-DV OTs are authorized for selected officers who may become future leaders and policy makers, but do not presently qualify as a DV. Tours should be restricted in number and limited primarily to a minimal number of international military participants. Visits by international military cadets to US service academies are not authorized under IMET.

C. **Policy Guidance.**

1. **Country Team Evaluation (IMET).** OTs for IMET funding should be programed only after the SAO Chief attests to their importance to the country's efforts with adequate supporting rationale provided by the SAO to the UCOM and DSAA for approval. OTs should not comprise a major portion of an established program nor be a routine use of country program funds.

2. **Student Selection.** See 100307.B above. Selection of students for OTs and the design of itineraries should be made on the basis of maximum accomplishment of OT objectives.

Where tour objectives are specific in terms of exposure to specialized techniques, procedures, and facility operation, the schedule should be designed accordingly, as opposed to tours in which the objective is intended to be broad exposure to concepts, higher level decision making, management, and staff operation. In no instance should itineraries reflect a tourist orientation in which the objectives are obscure. Visits to large metropolitan centers which do not directly relate to OT objectives should be avoided.

3. **Approval of Exceptions.** Requests for OTs will be forwarded to the UCOM and DSCA (IMET) and the IA with supporting rationale and justification for approval prior to any proposal to country officials which could be construed as an agreement to provide a tour.

4. **Official Entertainment.** Official entertainment in connection with OTs (luncheons, dinners, receptions) should be in keeping with the grade and position of tour participants. Protocol activities of this nature should be arranged on an austere basis. Activities which could be interpreted as lavish should be avoided.

5. **Size of Tour Groups.** Large group OTs are discouraged. Experience indicates that OTs for large groups are difficult to manage and usually result in a bland experience for the majority of participants, at a disproportionate cost. In addition, since OTs are expensive in terms of both service support resources and IMET funds, the number of personnel comprising OTs should be kept to a minimum, generally no more than five persons excluding escort officer(s). Other than the escort officer(s), tour members must have a direct relationship with the purpose for which the tour was established.

6. **Assignment of Executive Agency and Escort Officers.** An executive agency is assigned to conduct and provide escort officers for OTs in CONUS. The executive agency is the DoD component having primary interest in the tour, or the component selected by DSCA as executive agency to implement a specific tour. Every effort will be made to provide escort officers fluent in the language of the tour participants when lack of English fluency of the participants makes a language qualified escort essential to tour objectives. Normally, an SAO representative should not be used as escort officer for IMET OTs. However, in exceptional cases and with prior approval of DSCA, the executive agency may consider an SAO representative to serve as an escort officer when justified; e.g., because of special qualifications, workload, unusual rapport with key host country personnel, and associated projects or contacts which might be exploited. The SAO representative selected as an escort officer will be under the complete jurisdiction of the executive agency and will remain with the tour at all times until the tour participants return to host country. TDY travel and per diem costs for the escort officer for the duration of the tour are chargeable to IMET funds, and will be programed as a separate line in the country program under budget project N70. US personnel other than bona fide escort officers designated or agreed to by the executive agency for tour implementation are not authorized to accompany tour groups. A factor of \$800 per person week is authorized for programing (N7B) when escort officer services are required in connection with OTs. The dollar value of escort officers is programed in the TLA data field.

7. **Responsibilities for Tour.** While every effort will be made to meet SAO recommendations, the final tour agenda and itinerary will be the responsibility of the tour IA and DSCA Plans. The IA is required to clear all itineraries with DSCA Plans prior to the release of the proposed agenda to the country team. Additionally, all changes to the approved itinerary must be approved by DSCA Plans prior to publication.

8. **Leave for Participants.** When authorized in student ITO, leave may be taken by tour participants at the conclusion of an OT at no additional expense to IMET.

100308 RECIPROCAL EXCHANGE TRAINING. This section provides general guidance for the conduct of reciprocal PME and unit exchanges. Detailed implementing instructions are provided in the JSAT Regulation and other IA instructions.

A. **PME Exchange Training.** FAA Sec 544 authorizes reciprocal exchanges between US PME institutions and comparable non-US institutions. Institutions specifically included are the US military service Command and Staff Colleges, Armed Forces Staff College, and US MILDEP War Colleges. Attendance at these institutions is to be at no charge to the country concerned but also at no expense to SA programs. PME exchanges must be pursuant to an international agreement which provides for the exchange of students on a one-for-one reciprocal basis during the same fiscal year. The JSAT Regulation provides the prescribed international MOA to be used for this purpose. PME exchange requests will be forwarded to the appropriate IA for action and for information to DSCA/Plans/PGM.

B. **Unit Exchange Training and Related Support.** AECA Sec 30A authorizes reciprocal unit exchanges and related support. The related reciprocal training and support must be pursuant to an international agreement and be provided within one year. Should the foreign country or international organization not provide comparable training and support, the US must be reimbursed for the full costs of training and support provided by the US. The JSAT Regulation provides detailed implementing instructions, to include the prescribed international MOA to be used for this purpose. Requests for unit exchanges will be forwarded to the appropriate MILDEP for action and for information to DSCA/Plans/PGM. Pricing guidelines and conversion to reimbursable training when reciprocal training or related support is not provided or not received, is included in DoDI 2010.11, Unit Exchanges of Training and Related Support Between the US and Foreign Countries--Financial Policy.

C. **Reports.** By 1 December each year, the MILDEPs will provide the RCS DD-COMP(A) 1789 (see DoDI 2010.11) report for unit exchanges conducted during the preceding US fiscal year. The report will be provided to the OASD Comptroller (Accounting Policy), with an information copy to DSCA/Plans/PGM.

D. **@@ (Flight Training Exchanges (FTE)).** FAA Sec 544 authorizes the exchange of comparable flight training. Flight training exchanges must be pursuant to an international agreement and section 1401, which provides for the exchange of students on a one-for-one basis during the same US fiscal year. The JSAT regulation provides the prescribed MOA to be used for this purpose. FTE requests will be forwarded to the IA for action with a copy to the DSCA regional division. Added 12 Aug 98) @@

SECTION 1004 - STUDENT ADMINISTRATION

100401 INVITATIONAL TRAVEL ORDER FOR INTERNATIONAL MILITARY STUDENTS (IMS), DD FORM 2285. The ITO, DD Form 2285 is the controlling document for training provided to IMS under SATP sponsorship, including IMS status and applicable privileges. DD Form 2285 will be used, without alteration, by SAOs for IMS entering US training under the FAA and the AECA. If country desires, a language translation may be attached. It is also the basic document for accounting purposes and provides guidance for determining which support is payable and which is not. The SAO is responsible for preparation of the ITO in accordance with instructions in the Joint Security Assistance Training Regulation (Army Regulation 12-15/Secretary of the Navy Instruction 4950.1H/Air Force Regulation 50-29/Marine Corps Order 4950.2). When prerequisites have been met, the SAO will issue individual ITOs for each IMS.

100402 SECURITY AND CLASSIFIED ITEMS. A security screening of IMS will be accomplished by US officials in country prior to issuance of the ITO for all scheduled training, regardless of level of classification.

A. **Attendance in Classified Courses.** The SAO must receive a statement in writing from the foreign government that the government concerned sponsors the student, that the student has been subjected to a security screening and that the level of security clearance granted by the government does not constitute a security risk to the US, that the information to be obtained during the training will not be released to another nation without the specific authority of the USG, that classified information will be provided the same degree of security afforded it by the USG, and that any proprietary rights involved (patented/copyrighted or not) will be respected and protected. When this certification is obtained, the applicable statement will be checked in Block 10 of the ITO, DD Form 2285.

B. **Access to Classified Material.** The security certification described above does not constitute a US clearance as the basis upon which to release classified material to the trainee. When classified instruction is requested, action will be taken with the IA to establish the authority and determine the classification of material to be released during training, based on a need to know and disclosure agreements with the country making the request. Release of classified material will be in accordance with Paragraph 50111.

100403 CIVILIAN COMMISSARY AND EXCHANGE PRIVILEGES. Civilian students under ITOs are authorized commissary and exchange privileges subject to IA and UCOM regulations.

100404 STUDENT MEDICAL SCREENING. Detailed information concerning student medical screening and requirements are contained in the JSAT Regulation. The SAO will require a signed statement from a competent medical, including dental, authority stating that the IMS has received a thorough physical examination within the three preceeding months, including a chest X-ray and a screening for serologic evidence of Human Immunodeficiency Virus (HIV), and that the student is free of communicable diseases. IMS are certified to be medically fit generally for military training and free of communicable diseases before they leave their country by either their government or US in-country authority and prior to issuance of the ITO by the SAOs. On these bases, except for those special situations noted below, IMS are exempt from medical examinations or any IA urinalysis and blood screening programs before commencing training at US training installations. Students may be tested medically as follows:

A. At and by US training installations when the associated physical examination is an established prerequisite for admission to training that involves exceptional physical activity or safety; e.g., flying, underwater, ranger, or airborne.

B. At and by US military training installations on an exception basis pending development of a particular testing capability which does not exist in country. In these instances, the country will pay for the cost of testing and IMET program funds will not be used for this purpose.

C. Physical examinations in conjunction with sick call or hospitalization in order to diagnose a student's ailment.

100405 UNIFORMS AND PERSONAL CLOTHING. The furnishing of uniforms or items of personal clothing, other than special items of training clothing or equipment, such as flying training gear when included in course cost, is not authorized on a grant basis.

100406 VISITS TO CANADA AND MEXICO. IMS attending instruction in CONUS may be authorized visits of not over 72 hours to Canada and Mexico. They must comply with all immigration and customs regulations. Such visits will not affect the IMET living allowances. Students should be aware that they need multiple entry visas to visit Canada or Mexico and to return to the US; not all visas meet this criterion.

100407 DEPENDENTS OF STUDENTS. Dependents will be discouraged from joining students except where the IA determines that housing and other amenities are available and the presence of dependents will make an important contribution to the learning experience. Where dependents are authorized by the IA for officers attending selected courses, as indicated in Note 4 of Table 1001-2, a living allowance may be paid in accordance with rates established in that table. In no event will transportation of dependents or medical treatment be at US expense.

100408 IMS AND DEPENDENT EMPLOYMENT. IMS and alien dependents of IMS are not allowed to seek employment during their stay in the US. US Embassy or SA personnel should explain this to students at predeparture briefings. In this connection, US country team personnel should ensure passports with A-2 Visas or related documents concerning students and their alien dependents are not annotated with "Employment Authorized."

100409 DISPOSITION OF IMS IN EVENT OF EMERGENCY. In the event of a national emergency, procedures and policy for the disposition of IMS and other international military visitors in the US and at US installations abroad will be provided by DSAA.

100410 POLITICAL ASYLUM AND TEMPORARY REFUGE. Requests for political asylum and temporary refuge by IMS will be handled promptly and with careful attention to the procedures established by DoDD 2000.11 and the implementing instructions of the MILDEPs (AR 550-1, SECNAVINST 5710.22, and AFR 110-26). The instructions cover policy and procedures concerning political asylum and temporary refuge requests from foreign nationals while in territory under exclusive US jurisdiction (including territorial seas, the Commonwealth of Puerto Rico, possessions, and territories under US administration and on the high seas and in territories under foreign jurisdiction (including foreign territorial seas).

100411 INSTRUCTIONAL COURSE MATERIALS. The cost of shipment of student retainable instructional materials (RIM) will be included in the tuition rates for all formal courses, based on standard rates set by Section 071105 of DoD 7000.14-R. Students wishing to send their instructional materials via international mail, or send instructional materials in excess of the total maximum allowance, will do so at personal expense.

A. Weight Allowances are 200 pounds for all courses the IA considers to be in the PME category (as approved by DSAA), which appear in the MILDEP appendices to the JSAT Regulation, and 50 pounds for all other courses.

B. Materials are to be packaged and labeled at the training installation and shipped via fourth class mail to the SAO of the country for delivery to the student, or to the official address for classified material. A copy of the student's ITO will be placed inside the package. Use of the Army and Air Force Post Office or Fleet Post Office address of the sponsoring SAO is authorized; packages must be addressed to the SAO (student's name must not be entered on address label) including the WCN and Program Year for IMET students and the WCN and FMS case for FMS students.

C. The training installation will ensure that no personal effects or other unauthorized matter is shipped with the instructional material.

100412 COUNTRY LIAISON PERSONNEL. Use of foreign personnel as liaison officers to assist US training activities with IMS administration is authorized only after the IA has acknowledged the need for assistance and has the capability to provide logistic support. Liaison personnel will normally be authorized only in those instances in which a country is scheduled to train a large number of students or where student background warrants liaison personnel assistance. Programming procedures for TLA are the same as for the IMS, if funded under IMET. Liaison personnel will be programmed under generic code N10. Liaison officers will not be authorized to pursue a course of instruction concurrently with liaison duties.

100413 LEAVE OR LEAVE EXTENSIONS (IMET ONLY). Leave or leave extensions will not be granted IMET students unless authorized in the original ITO or unless the SAO has amended a student's ITO by written communication with the applicable training installation. This written communication must be accomplished not later than 15 days prior to completion of scheduled training.

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SECTION 1005 - POSITIONS OF PROMINENCE REPORT (PPR)

100501 PPR FOR FORMER STUDENTS. Each UCOM will provide SAOs guidance on collection of PPR data and ensure reports are updated annually. SAOs will also include updated data in the annual two year training plan presented at the Unified Command TPMR. The data will be used to assess the effectiveness of the programs and for justification to the Congress of the annual SA budget submissions.

100502 DESCRIPTION OF MILITARY RANKS FOR REPORTING PURPOSES. For purposes of this report, prominent military positions include all general and flag rank officers and lesser ranks such as chief of a military service, senior cabinet aide, senior position on the joint or general staff, commander of a training installation which would be held by a general or flag officer in the US, military attache to major world capital, or commanders of elite or singular units with special tasks such as guarding the nation's capital.

100503 DESCRIPTION OF CIVILIAN RANKS FOR REPORTING PURPOSES. Civilian graduates under SA training programs achieving positions of prominence include heads of state (includes royalty), cabinet and deputy cabinet ministers, ambassadors, members of parliament and, where known, chiefs of leading business enterprises and other leaders of the civilian community. Because of the rank structures used around the world, SAOs will often have to use best judgment in assigning a "US Equivalent Grade."

100504 DATA FORMAT. Data will be composed of an update on individuals previously reported, if his position or status has changed, and the additional former IMS who have achieved positions of prominence since the last report. Data should be formatted in the following order: (1) Country; (2) name (last, first, MI); (3) grade; (4) US equivalent grade; (5) prominent positions held (to include all previous positions of prominence); (6) current position; (7) academic degree (if appropriate); (8) specific training completed; (8a) course; (8b) place of training (name of installation); (8c) rank; (8d) year(s) attended; (8e) source of funding (i.e., FMS or IMET); (9) how the position was obtained (election, appointment, or other).

100505 REPORTING PERIOD AND TIMING. Information should be submitted by SAOs at the TPMRs. Consolidated information should be submitted by the UCOMs within 30 days after their TPMR.

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CHAPTER 11

MILITARY ASSISTANCE PROGRAM (MAP)

SECTION 1100 - USE OF MAP FUNDS TO FINANCE FOREIGN MILITARY SALES

110001 GRANT AID (MAP) FUNDING. This chapter provides implementing procedures for the utilization of MAP funds to finance FMS.

A. **Legislation.** Prior to FY 1982, defense articles and defense services were provided as grant aid through a separate program, the Military Assistance Program, which was administered under procedures entirely different from those used for FMS. However, effective with the FY 1982 MAP appropriation, FAA Sec 503(a)(3) authorized the transfer of MAP funds to the FMS Trust Fund (Account 8242) for merger with country trust fund deposits. The law also stipulates that these MAP funds are to be used solely for payment on obligations of the recipient country for purchases from the USG made under the AECA. FY 1982 and subsequent MAP appropriations, except to the extent utilized for prior year supply operations, administrative expenses and FAA Sec 506(a) reimbursements will be implemented under Sec 503(a)(3) procedures. These MAP funds may not legally be used for either (1) funding direct commercial purchases, or (2) financing interest or repayments of principal or guaranty fees with respect to FFB loans. Funds must be obligated within the period of availability prescribed in the annual appropriation act or the Continuing Resolution Authority.

1. **Allocation.** The State Department determines which country shall receive a MAP fund allocation and the amount, through inter-agency coordination on a country-by-country basis. When the allocation is determined, State prepares a program justification for each country that is to receive MAP funds, and submits these to OMB, requesting apportionment. OMB reviews requests and submits the approved apportionment to the DSAA, Comptroller.

2. **Transfer of Funds.** Upon receipt of an approved apportionment of MAP funds from OMB:

a. The DSAA Budget Division will allocate funds from the MAP Parent account to the OSD transfer account, where they become available for transfer to the country FMS Trust Fund. The allocation document will serve as the obligation source document.

b. The DSAA AFD will prepare, as necessary, a disbursement authorization document (Authorization to Disburse MAP Funds to FMS Trust Fund) directing that DFAS-DE/I prepare and process an SF 1081 (Voucher and Schedule of Withdrawals and Credits) charging the MAP appropriation and crediting the FMS Trust Fund Receipt account. The validated SF 1081, which will contain a country breakout, will serve to expend (disburse) MAP funds and to liquidate MAP obligations simultaneously. No check will be issued.

3. **Application of Formerly MAP Funds.** DFAS-DE/I, in processing the SF 1081, will deposit the funds into unique country trust fund MAP clearing accounts identified on the SF 1081 and will transfer merged MAP funds from clearing accounts into country trust fund accounts to:

a. Finance LOAs which specify MAP type of assistance funding.

b. Satisfy required initial deposits on specific LOAs (MAP portion of financing will be identified in the Terms of Sale of the LOA.) *

c. Liquidate arrearages of 90 days or more on customer DD Form 645 FMS Billing Statements issued quarterly (at specific direction of DSAA Comptroller only).

d. Offset current amounts due and payable on DD Form 645 FMS Billing Statements (at specific direction of DSAA Comptroller only).

DFAS-DE/I must ensure that adequate procedures and controls are available to preclude refunds of merged MAP funds to the foreign purchaser.

4. **MAP Fund Accounting and Reporting.** The DSAA AFD will maintain records of obligations and transfers of funds made on the basis of SF 1081s and report to the Treasury (at the appropriate level) in compliance with Treasury Fiscal Requirements Manual.

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 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 US 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.

B. **MAP Financed LOAs for Defense Services.** P.L. 99-83 amends FAA Sec 503(a) and provides for elimination of the cost of military pay and entitlements if the sales case for defense services, including training design and construction services, is totally financed by MAP. Effective 1 October 1985, services provided under Sections 21, 22, or 29 of the AECA shall be priced to exclude military pay and entitlements (including retired pay accrual) only for those cases citing MAP funds as the exclusive method of funding in Terms of Sale of the LOA. This pricing * applies when services are performed regardless of the date of the LOA. Any subsequent * Amendment or Modification serving to reduce the MAP method of funding below 100 percent shall require repricing to add military pay and entitlements to the entire case.

C. **Exceptions.** The guidance provided in B. above does not apply to FY 1981 and prior * MAP programs, to those general costs funds programmed in FY 1982 and subsequent years which are intended for the close-out of those programs, or to emergency drawdowns authorized FAA Sec 506(a). For those program years and funds, management and close out are discussed by separate guidance, which will be forwarded to applicable addressees. FAA Sec 506 special authority implementing procedures are provided in Section 1102 of this chapter.

D. Impact of Section 620(q), FAA, and "Brooke Amendment" on Utilization of MAP Funds.

1. Section 620(q) reads:

No assistance shall be furnished under this Act to any country which is in default, during a period in excess of six calendar months, in payment to the US of principal or interest on any loan made to such country under this Act, unless such country meets its obligations under the loan or unless the President determines that assistance to such country is in the national interest and notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate of such determination.

2. The "Brooke Amendment" which is an integral part of each recent foreign assistance and related programs appropriations act and continuing resolution states:

No part of any appropriation contained in this Act shall be used to furnish assistance to any country which is in default during a period in excess of one calendar year in payment to the United States of principal or interest on any loan made to such country by the US pursuant to a program for which funds are appropriated under this Act.

3. Sanctions under Section 620(q) would be triggered by arrearages of more than six calendar months on AID-financed loans (Economic Support Fund, etc.) at such time as the Department of State advises DSAA that no waiver of sanctions is being considered. Sanctions under the "Brooke Amendment" would be triggered by arrearages of more than one calendar year on FMS-financed loans (direct or guaranteed) or AID-financed loans.

4. The impact on utilization of MAP funds under both FAA Sec 620(q) and the "Brooke Amendment" is identical; therefore, refer to Paragraphs 90211.D.1-4 for the specific sanctions. [NOTE: Utilization of FMS Credit funds is not impacted by FAA Sec 620(q).]

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SECTION 1101 - USE AND DISPOSAL OF MAP MATERIEL
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110101 GENERAL. This section provides guidance concerning materiel furnished under the FAA of 1961, as amended. This presently includes materiel furnished under MAP Orders prior to FY82; FAA Sec 506(a) emergency drawdown authority and similar grant DoD drawdown authorities not authorized in the FAA; and FAA Secs 516, 517, 518, or 519 (see SAMM section 803). It does not apply to materiel purchased as a result of transfer of MAP funds to the FMS trust fund (see Section 1100). "Disposal" as discussed in this section means altering disposition so the foreign holder is no longer responsible for the item. This can occur through demilitarization or, for items not requiring demilitarization, through fair wear and tear or other destruction and qualified technical inspection which verifies the item is unserviceable and non-repairable. It can also include transfer, with military capabilities retained, to other authorized recipients.

110102 LEGAL LIMITATIONS AND RELATED POLICY PROVISIONS.

A. **End Use.** DSCA, the UCOM, or the SAO do not have the authority to consent on behalf of the President either (1) to the use of MAP materiel by anyone not an officer, employee, or agent of the recipient government, or to the transfer of such materiel to anyone not an officer, employee, or agent of the recipient government, or to the use of such materiel for purposes other than those for which furnished as identified in FAA Sec 502, or (2) to other disposition (such as retention solely for public display) of such materiel other than the return to the USG without charge when no longer needed for the purposes for which furnished. Controlled use of components (cannibalization) is an authorized use for these items. These two Presidential functions under Sec 505(a)(1) and Sec 505(a)(4) have been delegated to the Secretary of State by Sec 1-201(a)(5) of Executive Order No. 12163.

B. **Disposal and Net Proceeds.**

1. FAA Sec 505(f) provides: "Effective July 1, 1974, no defense article shall be furnished to any country on a grant basis unless such country shall have agreed that the net proceeds of sale received by such country in disposing of any weapon, weapons system, munition, aircraft, military boat, military vessel, or other implement of war received under this chapter will be paid to the USG and shall be available to pay all official costs of the USG payable in the currency of that country, including all costs relating to the financing of international educational and cultural exchange activities in which that country participates under the programs authorized by the Mutual Education Cultural Exchange Act of 1961. In the case of items which were delivered prior to 1985, the President may waive the requirement that such net proceeds be paid to the USG if he determines that to do so is in the national interest of the US." Authority to grant these waivers has been delegated to the Secretary of State.

a. FAA Sec 505(f) applies to disposals of MAP origin defense articles by countries which were the recipients of grant aid materiel after 1 July 1974. A 505(f) agreement, which constitutes a condition of eligibility for recipients of grant defense articles programmed in FY75 and subsequently, was concluded with those countries.

b. A Sec 505(f) agreement is not legally required for countries where no grant defense articles were programmed after 30 June 1974. Nevertheless, US policy is to require (unless contrary to an agreement in force on 30 June 1974) a recipient country commitment to return to USG the net proceeds of sale whenever country disposal of MAP property is requested.

2. FAA Sec 605(d) provides: "Funds realized by the USG from the sale, transfer, or disposal of defense articles returned to the USG by a recipient country or international organization as no longer needed for the purpose for which furnished shall be credited to the respective appropriation, fund or account used to procure such defense articles or to the appropriation, fund, or account currently available for the same general purposes."

3. Any net proceeds from disposal will be reimbursed in US dollars except where government-to-government arrangements, with DoS representing the USG, specify otherwise. "Net proceeds" means the balance of the gross proceeds of sale after reasonable administrative costs of the sale are deducted.

C. **Supervision.** FAA Sec 623 shows SecDef responsibilities, including [Sec 623(a)(3)] responsibility for "the supervision of end-item use by the recipient countries."

110103 SAO ACTION.

A. **MAP Item Supervision.** In order to meet the requirement shown in 110102.C above, each SAO must work with the country to ensure that a sound process exists for accountability, including technical inspection and disposal, of US-origin defense articles.

1. The SAO should ensure the country property accountability process specifically identifies aircraft, ships, radars, armored vehicles, general purpose vehicles, artillery, mortars, and missiles, including non-consumable/reparable components of those items, which were acquired under the FAA of 1961, as amended. Utilization reporting for these items (to DSCA, with an information copy to the UCOM) is required if information is obtained which indicates use contrary to 110102.A above.

2. Noting the presence and utilization of US origin equipment should be done during the course of other duties. End-use inspection or FAA materiel-related functions will not justify SAO budget or personnel authorizations. Note that end-use observation and reporting extends to items of US origin acquired other than under the FAA, although only monitorship as discussed in Section 30002.C.11, not supervision as discussed in this section, is required for those items.

B. **Excess Determinations.** SAOs should encourage the country to declare MAP materiel excess when it is no longer needed and before items deteriorate. Items which are redistributed to defense forces within the country are not excess under this section.

1. When MAP materiel is determined to be excess, the SAO will ascertain its condition based, to the extent possible, on total or sample inspection, as appropriate, by qualified US personnel. When this is not feasible, classification by foreign government authorities may be accepted.

2. Disposal condition codes in DoD 4160.21-M will be used for turn-in to DRMO or to obtain DoS disposal approval. Condition Code S (scrap) consumable items not requiring demilitarization or other special controls are no longer defense articles and may be disposed of without further US approval.

C. **Screening.** SAOs will report, to the managing MILDEP's ILCO with an information copy to the UCOM, the items listed in 110103.A.1 above which are excess and meet the following criteria:

1. Have a line item acquisition value of \$50,000 or more.

2. In disposal Condition Codes 1 and 2 (unused-good and fair), 4 and 5 (used-good and fair), and 7 and 8 (repairs required-good and fair).

3. Are not clearly obsolescent. Unless it is believed that markets exist in other countries, "obsolescent" may be assumed if items are no longer in DoD inventories and are at least 30 years old or, if this cannot be determined, have been in-country for at least 20 years.

Excess screening reports should show item origin (e.g., "Transferred to country under MAP Jan 81"), item description, NSN or part number, quantity, condition, acquisition and current value (estimated if not available), and any SAO recommendations for disposition.

D. **Disposal, Including Redistribution.** Transfer of excess MAP materiel previously reported for screening will be accomplished in accordance with redistribution instructions received from the item managing activity. Disposal of items not meeting screening criteria above and those not redistributed as a result of MILDEP/defense agency screening should be completed through DoD (see 110104.B) or DoS (see 110105).

E. **Redistributable MAP Property Receipt.** SAOs in countries receiving redistributable MAP property will advise the appropriate MILDEP or agency when transfer of the last article has been completed, ensure that due-ins for items received are canceled, and submit appropriate program change data to DSCA.

110104 MILDEP/DEFENSE AGENCY DISPOSAL. MILDEPs or defense agencies will provide any additional guidance required for reporting or redistributing excess MAP, including non-standard, items under their cognizance.

A. **Screening and Redistribution.** Unless an approved requirement exists at the time excess MAP items are reported, the items will be added to those available for transfer approval under EDA procedures and for sale under the AECA (See Section 80303, but note that EDA procedures are to be used only for screening purposes. Any AECA LOA sale should show Source of Supply Code E and "REDISTRIBUTABLE MAP," underlined, as the last words in the item description field. EDA Congressional reporting is not required for these items.) Items not taken to fill SA requirements may be used by DoD. The SAO will be advised to redistribute items based on screening results or to dispose of the items. DLA will support disposal as discussed below.

B. **Disposal.** The items may be retransferred, through a DRMO, under the AECA (via an FMS LOA) or the Federal Property and Administrative Services Act of 1949. As stated above, they are not eligible for redistribution as excess defense articles under SAMM section 80303.

1. Speed (disposal through DoD avoids the requirement for DoS clearance under Section 110105) and assurance that proper disposal procedures will be followed are principal reasons to emphasize disposal through a DRMO. This includes instances where the holding country disposes of items based on arrangements with DRMS, DRMS regional offices, DRMOs, or representatives of those entities such as disposal assistance teams, in conformity with DoD disposal standards and under AECA or Trade Security Controls (DoDI 2030.6). Disposal, via sale, of undemilitarization Category I USML items may be made subject to proper demilitarization or through an LOA.

2. DoD 4160.21-M and 4160.21-M-1 provide details, including crediting of net proceeds (see DoD 4160.21-M, Chap 14, Para K.6). LOAs selling MAP items through DRMS (i.e., not returned to US inventory) must include the following note:

Upon acceptance, the Purchaser should return one signed copy of this LOA to Defense Financing and Accounting Service-Denver Center, Attn: DFAS-DE/IQM, 6760 Irvington Place, Denver, CO 90279-2000, with payment to attention of DFAS-DE/IQM and 11 (last digit of current fiscal year) 1082 account.

110105 DOS DISPOSAL APPROVAL. @@ Disposals through DRMS include Trade Security Controls, which involve DoS where appropriate. Section 60004 guidance should be used where disposal will not be accomplished through DRMS (that is, where disposal involves transfer directly to a third party) or where retention of net proceeds is being requested. Unless retention of net proceeds is approved, these proceeds must be credited as discussed elsewhere in this section. Section 60004 requests are normally utilized for disposal of SME or other significant individual items, or for "lots" of non-SME, low technology, and unclassified minor items. (@@ **Rewritten 30 Dec 1998**)

110106 PACKING, CRATING, HANDLING, AND TRANSPORTATION. PCH&T will be accomplished by the currently owning country unless otherwise stated below. Rehabilitation costs will be borne by the recipient. Transportation of redistributable MAP property will be as follows:

A. For redistributable MAP property sold under FMS, the Purchaser will pay PCH&T costs.

B. Items other than those sold via FMS, including items being returned to DoD, will be delivered free alongside vessel, with onward transportation funded by the recipient. When these items are shipped by rail or highway, the releasing country will ship to its border at its expense and the recipient will pay for onward movement.

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

SECTION 1102 - SECTION 506 SPECIAL AUTHORITY

110201 PURPOSE: This section provides procedures for emergency drawdowns authorized under FAA Sec 506.

110202 SECTION 506(A).

A. **Law:** If the President determines and reports to Congress in accordance with Section 652 of the FAA that:

1. An unforeseen emergency exists which requires immediate military assistance to a foreign country or international organization; and

2. The emergency requirement cannot be met under the authority of the AECA or any other law except this section; he may direct, for the purposes of this part, the drawdown of defense articles from the stocks of DoD, defense services of the DoD, and military education and training, of an aggregate value not to exceed \$75 million in any fiscal year.

B. **Interpretation:** FAA Sec 506(a) provides neither funds nor contract authority. It does not authorize new procurement for contracting in order to provide or replace the material, services, or training directed. It only authorizes the drawdown of material from DoD stocks and the provisions of non-contractual services and training from DoD resources for grant as military assistance under Part II, FAA. Commercial transportation and related services to support the drawdown may be acquired by contract if costs are less than the cost of providing these services from DoD assets. The non-contractual services and training costs include TDY costs incidental to provisions of such services or training. Reimbursement will be dependent upon subsequent appropriation action. Assistance furnished under FAA Sec 506 is furnished subject to all other laws and regulations applicable to assistance furnished pursuant to FAA Sec 503(a)(1). *

C. **Implementation:**

1. After an emergency is identified, the DoS will write a presidential determination which, after being signed by the President, authorizes DoD to furnish up to a specified dollar value, military assistance to the country specified in the determination.

2. DSAA (Regional Directorate), with country, ambassador, SAO, CINC, OJCS, DoSt and OASD (ISA) input, will provide implementing instructions to the appropriate military department identifying requirements and providing dollar ceiling levels. Pricing will be in accordance with IMET/MAP (not FMS rates).

3. IAs will:

a. Drawdown articles or services from DoD assets in accordance with DSAA instructions.

b. Submit programming data to the DSAA 1000 system in accordance with guidance provided in Paragraph 150204 for defense articles and services (excluding training), and Section 1001 for training.

c. Report deliveries to DSAA in accordance with guidance provided in Section 1502. The report must include whether savings were realized by using commercial transport services (see 110202.B above).

d. Provide guidance to implementing activities as to organizational responsibilities in future drawdowns and regarding which DoD appropriations, funds, or accounts are to hold accounts receivable for drawdowns already complete or in progress.

4. DSAA will issue an unfunded MAP order to the IA citing .004 limitation. The MAP order provides a detailed accounting of articles, services, and training and is the basis for reimbursement to the IA if funded by Congress.

5. DSAA will monitor the dollar ceiling levels to insure that funding authorizations are not exceeded. There is no legal authority either to exceed the dollar value specified in the presidential determination or to reimburse IAs for any such excess.

110203 SECTION 506(B).

A. Law.

1. The authority contained in this section shall be effective for any such emergency only upon prior notification to the Committee on Foreign Affairs of the House of Representatives, the Committee on Foreign Relations of the Senate, and the Committee on Appropriations of each House of Congress.

2. The President shall keep the Congress fully and currently informed of all defense articles, defense services, and military education and training provided under this section.

110204 SECTION 506(C).

A. Law. There are authorized to be appropriated to the President sums as may be necessary to reimburse the applicable appropriation, fund, or account for defense services and military education and training provided under this section.

B. Implementation.

1. DSAA will request funds for reimbursement of FAA Sec 506 drawdowns via the MAP appropriation budget submission.

2. If MAP funds are appropriated by Congress and apportioned by OMB to reimburse 506(a) authorizations:

- a. DSAA will determine share to be provided each IA.
- b. DSAA will provide transfer authorization of funds via SF 1151.
- c. IAs are responsible to reimburse the appropriate fund, account, or appropriation.

d. Reimbursable orders are not authorized in anticipation of Congressional approval. IAs will only maintain memo entries on accounting reports until the appropriation expires for obligation. FAA Sec 632(d) provides that the amount of reimbursement "shall" be credited to the "current" available appropriations, funds, or accounts of the agency that furnished the military assistance.

e. Industrial fund, DWCF, or O&M accounts must absorb the costs until appropriation is enacted.

f. If any commercial transportation costs are involved, US dollars cannot be used. Use of DTS, MAC, or special airlift mission is authorized.

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CHAPTER TWELVE

LEASES AND LOANS OF DEFENSE ARTICLES

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CHAPTER 12

LEASES AND LOANS OF DEFENSE ARTICLES

SECTION 1200 - LEASES

120001 AUTHORITY AND PURPOSE

A. **Use of Leases.** DoD normally makes defense articles available to foreign governments and international organizations by FMS under the AECA. Leases may be authorized under AECA Chap 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. Typical leases might provide a defense article for a short period for testing purposes to assist in determining whether to procure the article, or may allow the USG to respond to an urgent foreign requirement when the item must be returned to inventory after a specified term. Leases or loans to foreign countries or international organizations under Title 10, USC 2667 are not authorized.

B. **DoD Approval.** The Director, DSAA, must approve entry into a Chap 6 lease. IAs will obtain DSAA concurrence before indicating to a potential lessee that a lease is an available option. The IA will provide a Table 1200-1 Determination under the cover memorandum at Table 1200-2, for DSAA signature when the draft lease is provided to DSAA for coordination and countersignature. Detailed rationale must be provided for any proposed lease, including reason(s) for lease rather than sale.

C. **Administration.**

1. **DoD Implementing Agency Responsibility.** The administration of leases is delegated to the IA logistically responsible for the defense article(s) being leased. This responsibility includes: Preparing the lease; providing data for Congressional notifications; 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 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 IA, a specific individual or activity will be assigned the responsibility for administering the lease during the lease period, for reporting to DSAA, and for ensuring proper disposition of the defense article(s) upon expiration or termination of the lease.

2. **SAO Responsibilities.** The US SAO in the host country will be provided a copy of each lease entered into with the host government, and will assist IAs 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 US-owned equipment to ensure 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 IA and DSAA Regional Directorate.

120002 LEASE TERMS AND CONDITIONS

A. **Lease Format.** The lease format at Table 1200-3 may not be altered unless special circumstances require a case-specific exception. Additional provisions may be added to a lease when determined to be appropriate and with concurrence of the legal office of the IA and with DSAA approval. Variations, with rationale, will be included in the forwarding memorandum at Table 1200-2. The lease will not be provided on an LOA, but the LOA will be used for packing, crating, handling, transportation, and sale of associated articles and services, including refurbishment of the defense article(s) required prior to, during, or after the lease period. The 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 IA director for security assistance, deputy or, in the absence of both, the person designated to act in his/her stead. This restriction extends to the forwarding lease memorandum to Director, DSAA. The lease package will be provided to DSAA/MEAN-AP for staffing and countersignature by DSAA prior to signature by the foreign country representative.

B. **Lease Identification.** The IA will assign a designator, unique to the country and IA, to each lease. The designator will be constructed to differentiate the lease from FMS cases, as follows: Country Code—IA Identification—Tri-alpha Identifier. This lease designator will be shown on the top of each lease page, including schedules, appendices, and 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 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 be extended via amendment but the total period under a specific lease may not exceed five years. Subject to receipt of any initial deposit required, the period will begin on the date shown at the beginning of the lease, unless the period is otherwise specified within the terms and conditions.

2. **Amendments.** Lease amendments (Table 1200-14) may be used to renew or change existing leases. Each amendment will include the original lease designator, and will undergo the same staffing process as the original. As with original leases, the cover memorandum at Table 1200-2 shall be included when the draft lease amendment is provided to DSAA for coordination and countersignature.

a. Renewals will require the IA to submit a lease amendment and Determination to DSAA for staffing and signature. For those renewals which meet the one year Congressional reporting requirement, the IA will also provide to DSAA 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.

b. Changes to existing leases are also authorized, such as changes to payment schedules, to Schedule A items, or to periods of performance. The same procedures as those outlined for renewals apply.

D. **Loss, Destruction, or Damage.** Lease terms will also require the lessee to pay the cost of restoration or replacement, less any value depreciation during the period of the lease, 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 lessee must pay in US dollars all costs incurred by the USG in leasing defense articles, including reimbursement for depreciation while leased (the rental payment). The charge for depreciation will be based on the current contract price for an identical item or item acquisition cost (if known), adjusted as appropriate for condition and market value. Pending further notice, an administrative charge will not be applied to rental payments.

F. **Certificate of Delivery.** DSAA or the IA may require a certificate (Table 1200-12) of delivery when an item is transferred to the foreign customer.

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, communications or electronics interface projects, or to any defense article which has passed three quarters of its normal service life. Where an IA recommends application of an authorized exception, express authority will be requested from DSAA, identifying the exception.

120003 COORDINATION

A. **DSAA Coordination Responsibilities.** The IA will prepare and forward the proposed lease, together with the proposed Determination, using the cover memorandum format at Table 1200-2, for coordination and countersignature. DSAA Comptroller will prepare and coordinate lease certifications to Congress if required (see Section 120004).

B. **Terminations.** USG lease termination also requires coordination in A. above.

120004 CONGRESSIONAL NOTIFICATION

A. Certification Requirements.

1. **Leases of One Year or Longer.** Under AECA Sec 62(a), Congress must be notified not less than 30 days before entering into or renewing an agreement with a foreign country or international organization to lease a defense articles for a period of one year or longer. AECA Sec 63(a)(1) provides that leases of MDE 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 it objects to the proposed lease. Valuation for purposes of Sec 63(a)(1) compliance is in terms of replacement cost as specified in Paragraph 120002.D. above.

2. **Renewals.** If a lease for less than one year is renewed (amended) so that the total period of the original lease and the renewal or renewals equals or exceeds one year, the renewal which would cause the one year period to be reached or exceeded must be reported to the Congress 30 days before being entered into. Subsequent renewals require a new notification.

B. Certification Procedures.

1. **Submission.** AECA Sec 62(a) requires certification to the Speaker of the House of Representatives, the Chairman of the Committee on Foreign Relations of the Senate, and the Chairman of the Committee on Armed Services of the Senate. Such certification must occur not less than 30 days before the lease agreement is entered into or renewed. To ensure submission of a timely certification, the IA will forward to DSAA Regional Directorate the Table 1200-4 information at least 60 days prior to the projected date for providing the lease or amendment to the potential lessee for acceptance. When possible, a copy of the draft lease will be included as an attachment to the memorandum. DSAA Regional Directorate will assure the adequacy of the

data provided, to include the justification, and the approval of the lease prior to passing the data to DSAA Comptroller Financial Management Division for development of the Congressional notification and its coordination within OSD, including DSAA Regional Directorate (which will obtain DoS concurrence), DSAA Policy (as required), and the DSAA General Counsel. The DSAA Comptroller will then prepare the AECA Sec 62(a) report to Congress using the format in Table 1200-5 for signature of the DSAA Director and the cover letters in Tables 1200-6 through 1200-8.

2. **Approval.** The finalized original lease agreement and Determination must be provided to DSAA Regional Directorate not later than five days before completion of the Congressional notification period. The IA, with coordination from DSAA Regional Directorate, may furnish the prospective lessee an unsigned copy of the lease under a cover letter in the format at Table 1200-9 for leases which do not meet AECA Sec 63 criteria, and Table 1200-10 when the lease is reported to Congress. Thirty days after the Congressional notification, DSAA Regional Directorate will authorize the IA to enter into the lease. Immediately on signature of the lease by the parties, the IA will assure that appropriate copies of the lease agreement have been distributed by the country and that any required initial deposit has been received by DFAS-DE before the lease is executed.

C. **Emergency Waiver of Congressional Notification Requirement.** AECA Sec 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 based on US national security interests. This authority has been reserved to the President for his exercise only. In the event of such an emergency, DSAA will provide instructions to the IA 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 DFAS-DE.

B. **Use of FMF or MAP Merger Funds.** Use of FMF or MAP funds is not authorized for payments of lease rental payments specified in paragraph 120002.E. When authorized by the DSAA, FMF or MAP funds may be authorized for LOAs prepared in support of a lease. (See paragraph C. below.) However, leases of aircraft to Andean countries for counternarcotics purposes may be FMF funded under section 3(g) of the International Narcotics Control Act of 1990 (P.L. 101-623). In such instances, the entire rental cost of the lease (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 LOA.

C. **Use of LOA.** 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 an LOA. 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 designator for the related LOA, when known. Also, the LOA will identify the lease designator in a special note. The IA, responsible for the administration of the lease associated LOA, is responsible for reporting costs incurred on the case via the Delivery Transaction reporting system.

120006 LEASE CLOSURE. Confirmation that a lease, under its cognizance can be closed must be provided to DFAS-DE by the responsible DoD component. DFAS-DE 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 Regional Directorate Management Division with a copy to DFAS-DE by each DoD component which has unexpired leases under its cognizance. This report will identify the statutory authority for the lease.

B. **Financial Report.** On a quarterly basis the DFAS-DE/I will provide to DSAA Regional 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.

120008 US NAVY SHIPS. For leases of US Navy ships, the guidance in Chapter 2 also applies. These leases will be provided to the DSAA/Regional Directorate for coordination. All other Naval ship transfer transactions will be provided to the DSAA Regional Directorate for coordination. The AECA, Chapter 6 applies to leases of ships authorized in separate, specific legislation unless such legislation expressly provides otherwise.

TABLE 1200-1

DETERMINATION REGARDING THE LEASE OF (ARTICLES(S))
TO (COUNTRY OR INTERNATIONAL ORGANIZATION)
PURSUANT TO CHAPTER 6 OF THE ARMS EXPORT CONTROL ACT

Lease Designator

I hereby determine that _____ (and if applicable--all associated nonexpendable support equipment, including, but not limited to, tools, ground support equipment, test equipment and publications) are not for the time needed for public use.

I further determine that there are compelling foreign policy and national security reasons for providing such Defense Articles to the (Country or International Organization) on a lease basis rather than on a sales basis under the Arms Export Control Act.

(Date) , _____
(Signature)

Attachment
a/s

Concur: _____
State (PM)

TABLE 1200-1. Determination Regarding the Lease of Article(s) to Countries or International Organizations Pursuant to the AECA, Chapter 6.

TABLE 1200-2

MEMORANDUM FOR THE DIRECTOR, DEFENSE SECURITY ASSISTANCE AGENCY

SUBJECT: Lease to (Country or International Organization) Under the Authority of the AECA, Chapter 6; (Lease Designator)

Attached is a draft lease agreement (Encl 1) for your approval and counter-signature, and a Determination (Encl 2) for your signature, which provide for the lease of (identify article(s)) to the (identify country or international organization).

The (DoD Component) considers these defense articles are for the duration of the lease not needed for public use.

Lease of the defense article(s) identified on Schedule A is required rather than a sale for the following reason(s):

- 1.
- 2.
- 3.

Recommend you approve the draft lease agreement and sign the Determination.

Attachments
a/s

TABLE 1200-2. Memorandum for the Director, DSAA.

LEASE OF [M113 APCs]
BETWEEN
THE UNITED STATES GOVERNMENT
AND
[THE GOVERNMENT OF AUSTRALIA]

This LEASE, made as of [20 October 1995] between the United States Government (hereinafter called the "Lessor Government") represented by its Department of the [Army] and [the Government of Australia] (hereinafter called the "Lessee Government") represented by its [Australian Regular Army],

WITNESSETH:

WHEREAS, The Lessor Government has determined that [two M113' Armored Personnel Carriers] and, if applicable, all associated nonexpendable support equipment as listed in Schedule A of this lease (including but not limited to tools, ground support equipment, test equipment, and publications) (hereinafter referred to as the "Defense Articles") are not for the time needed for public use, and

WHEREAS, The Lessor Government has determined that there are compelling foreign policy and national security reasons for providing such Defense Articles on a lease basis rather than on a sales basis under the Arms Export Control Act,

WHEREAS, The Lessor Government has considered the effects of the lease of the articles on the technology and industry base, particularly the extent, if any, to which the lease reduces the opportunity of entities in the national technology and industrial base to sell new equipment, and

WHEREAS, This lease is made under the authority of Chapter 6 of the Arms Export Control Act,

NOW THEREFORE, The parties do mutually agree as follows:

1. In consideration of a rental charge as indicated in Schedule A, and the maintenance and other obligations assumed by the Lessee Government, the Lessor Government hereby leases to the Lessee Government and the Lessee Government hereby leases from the Lessor Government the Defense Articles for the period of [180 days] commencing on the date first above written (unless otherwise agreed under terms of this lease) and under the terms and conditions set forth in the General Provisions hereto annexed.

2. The Lessor Government shall deliver the Defense Articles to the Lessee Government at such time and place as may be mutually agreed upon. Such delivery may be evidenced by a certificate of delivery.

TABLE 1200-3. Sample Lease.

**

IN WITNESS WHEREOF, Each of the parties has executed this lease as of the day and year first above written, unless otherwise agreed under terms of this lease.

[THE GOVERNMENT OF
AUSTRALIA]

THE UNITED STATES GOVERNMENT

BY _____

BY _____

Typed Name

Typed Name

Title

Title

Date

Date

COUNTERSIGNATURE:

Typed Name

Director, Defense Security
Assistance Agency

Date

TABLE 1200-3. Sample Lease. (Continued)

GENERAL PROVISIONS

1. Operations and Use

a. Except as may be otherwise authorized by the Lessor Government and except for the purposes of transfer from and return to the Lessor Government, the Lessee Government shall keep the Defense Articles in its own possession, custody, and control. The Lessee Government shall not transfer title to or possession of the Defense Articles to anyone not an officer, employee, or agent of the Lessee Government and shall not permit any encumbrance or other third party interest in the defense articles.

b. The Lessee Government shall, except as may be otherwise mutually agreed in writing, use the items leased hereunder only:

(1) For the purposes specified in the Mutual Defense Assistance Agreement, if any, between the Lessor Government and the Lessee Government;

(2) For the purposes specified in any bilateral or regional defense treaty to which the Lessor Government and Lessee Government are both parties, if subparagraph (1) of this paragraph is inapplicable.

(3) For internal security, individual self-defense, and/or civic action, if subparagraphs (1) and (2) of this paragraph are inapplicable.

c. To the extent that any Defense Articles may be classified by the Lessor Government for security purposes, the Lessee Government shall maintain a similar classification and employ all measures necessary to preserve such security, equivalent to those employed by the Lessor Government, throughout the period during which the Lessor Government may maintain such classification. The Lessor Government will use its best efforts to notify the Lessee Government if the classification is changed.

2. Initial Condition. The Defense Articles are leased to the Lessee Government on an "as is, where is" basis without warranty or representation concerning the condition or state of repair of the Defense Articles or any part thereof or concerning other matters and without any agreement by the Lessor Government to alter, improve, adapt, or repair the Defense Articles or any part thereof.

3. Conditioning and Transfer Cost. The Lessee Government shall bear the cost of rendering the Defense Articles operable and transferable and of transferring the Defense Articles from the United States or other point of origin and back to the place of redelivery. In the event the Defense Articles are transported by vessel, only U.S. flag vessels may be used, unless waived by the Lessor Government.

TABLE 1200-3. Sample Lease. (Continued)

4. **Inspection and Inventory.** Immediately prior to the delivery of the Defense Articles to the Lessee Government, an inspection of the physical condition of the Defense Articles and an inventory of all related items may be made by the Lessor Government and the Lessee Government. A report of the findings shall be made which shall be conclusive evidence as to the physical condition of said Defense Articles and as to such items as of the time of delivery. A similar inspection, inventory, and a report may be made by the Lessor Government upon the termination or expiration of this Lease. The findings of that report shall be conclusive evidence as to the physical condition of the Defense Articles and as to such items as of the date of termination or expiration of this Lease. At the election of the Lessor Government, the Lessee Government at its own cost shall either promptly correct any deficiency or rebuild, replace, or repair any loss of or damage to the Defense Articles or compensate the Lessor Government for the restoration or replacement value (less any depreciation in the value as determined by the Lessor Government) of such correction, rebuilding, replacement, or repair. At the Lessor Government's option, the Lessee Government at its own cost will remove any alterations or additions to the Defense Articles or pay the Lessor Government the cost of such removal, as determined by the Lessor Government. In the absence of removal by the Lessee Government, title to any such alterations or additions shall vest in the Lessor Government.
5. **Maintenance.** The Lessee Government shall maintain the Defense Articles in good order, repair, and operable condition and except as provided in paragraph four, shall upon expiration or termination of this Lease return the Defense Articles in operable condition and in as good condition as when received, normal wear and tear excepted.
6. **Risk or Loss.** All risk or loss of or damage to the Defense Articles during the term of this Lease and until their return to the place of redelivery shall be borne by the Lessee Government.
7. **Indemnification.** The Lessee Government renounces all claims against the Lessor Government, its officers, agents, and employees arising out of or incidental to transfer, possession, maintenance, use, or operation of the Defense Articles and will indemnify and hold harmless the Lessor Government, its officers, agents, and employees for any such claims of third parties and will pay for any loss of or damage to Lessor Government property.
8. **Alterations.** The Lessee Government shall not make any alterations or additions to the Defense Articles without prior consent of the Lessor Government. All such alterations or additions shall become the property of the Lessor Government except items paid for by the Lessee Government which can be readily removed without injury to the Defense Articles and are removed by the Lessee Government prior to redelivery of the Defense Articles. As a condition of its approval of any alteration or addition, the Lessor Government may require the Lessee Government to restore the Defense Articles to their prior condition.
9. **Termination.** This Lease may be terminated without cost to the Lessor Government:
- a. By mutual agreement of the parties;
 - b. By the Lessee Government on 30-days written notice; or
 - c. By the Lessor Government at any time.

TABLE 1200-3. Sample Lease. (Continued)

The Lessee Government shall immediately return the leased Defense Articles at the direction of the Lessor Government. Termination will be subject to the Lessee Government's residual responsibilities hereunder (such as, duty to return leased Defense Articles promptly, to pay costs required hereunder, and to indemnify and hold harmless the Lessor Government).

10. **Place of Redelivery.** Upon expiration or termination of this lease, the Defense Articles shall be returned to the Lessor Government at [Red River Depot, Texas], or as mutually agreed.

11. **Title.** Title to the Defense Articles shall remain in the Lessor Government. The Lessee Government may 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 [AT-B-UAA] 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 ensure, 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.** When the Lessee Government 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 Government will allow the Lessor to observe the test and evaluation and to review the report. The Lessee Government will obtain Lessor Government approval of any release to a third party.

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 Lessee Government also agrees to pay the costs of restoration or replacement, * less any depreciation in the value during the term of the lease, to the Lessor 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.

TABLE 1200-3. Sample Lease. (Continued)

18. **Distribution.** Copies of the accepted Lease will be distributed by the Lessee as follows:

- a. **[US Army Security Assistance Command]** - Original
- b. **[ODC Canberra]** - copy
- c. DFAS-DE - copy and, if applicable, check for initial deposit
- d. DSAA regional directorate - copy

[Sample information which would be entered by IA is bracketed in bold type. This sample is unrelated to actual programs with any country.]

TABLE 1200-3. Sample Lease. (Continued)

SCHEDULE A
TO
LEASE AGREEMENT

BETWEEN

THE UNITED STATES GOVERNMENT, DEPARTMENT OF THE _ [IA]___ (LESSOR)

AND

THE GOVERNMENT OF [Country, International Organization]_ (LESSEE)

I. This Lease Agreement authorizes the use of US Government property identified herein:

QTY	NSN	DESCRIPTION	REPLACEMENT COSTS		RENTAL CHARGE
			UNIT VALUE	TOTAL VALUE	(INCLUDING DEPRECIATION) PER MONTH
A.					
B.					
[C., and so forth]					

TOTAL VALUE \$ _____

II. Rental Payment

- A. Initial Payment (with acceptance – as applicable):
- B. ___ Qtr FY___ : (Amount due) Date Due: (15th day of month preceding quarter)
- ___ Qtr FY___ : (Amount due) Date Due: (15th day of month preceding quarter)
- (C., and so forth)

Total Rental \$ _____

III. Designator (if known) of FMS LOA Supporting the Lease.

TABLE 1200-4

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 Replacement Costs (must be same as Schedule A of the Lease Agreement):
- d. Type and Quantity of Equipment (segregate the MDE, indicating value):
- e. Security Classification:
- f. Duration of Lease:
- g. Summary of Lease Terms (to include any special conditions):
- h. Total Rental Value (must be same as Schedule A of the Lease Agreement):
- i. Activity of the DoD Component Responsible for Administering Lease:
- 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)
- l. Action Officer's name, office, and complete telephone number.

 TABLE 1200-4. Memorandum for the Director for Operations, DSAA.

TRANSMITTAL NO. [NUMBER] - [YEAR]
NOTICE OF PROPOSED LEASE PURSUANT TO SECTION
62 OF THE ARMS EXPORT CONTROL ACT

- (i) Prospective Lessee:
- (ii) Description of Articles Provided: [Type and Quantity]
- (iii) Total Estimated Value: [In terms of replacement cost]
- (iv) Terms and Duration of Lease: [Period of Lease/Total Rental/Special Conditions]
- (v) Justification: [Explanation/Reasons why defense article is being leased rather than sold]
- (vi) Industrial Impact: [Explanation why leasing defense article will not adversely impact industry]

TABLE 1200-5. AECA 62(a) Report to Congress.

TABLE 1200-6

LETTER TO THE HONORABLE SPEAKER OF
THE HOUSE OF REPRESENTATIVES

In reply refer to:
I- ct

Honorable
Speaker of the House of Representatives
Washington, D.C. 20515-0001

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 62(a) of the Arms Export Control Act, we are forwarding herewith Transmittal No. (#-Yr).

This transmittal concerns the Department of (MILDEP or DoD activity) proposed Lease of defense articles to (country).

Sincerely,

Attachments
a/s

TABLE 1200-6. Letter to the Honorable Speaker of the House of Representatives.

TABLE 1200-7

LETTER TO THE HONORABLE CHAIRMAN,
COMMITTEE ON FOREIGN RELATIONS

In reply refer to:
I- ct

Honorable
Chairman, Committee on Foreign Relations
Washington, D.C. 20510-0001

Dear Mr. Chairman:

Pursuant to the reporting requirements of Section 62(a) of the Arms Export Control Act, we are forwarding herewith Transmittal No. (#-Yr).

This transmittal concerns the Department of (MILDEP or DoD activity) proposed Lease of defense articles to (country),

Sincerely,

Attachments
a s

TABLE 1200-7: Letter to the Honorable Chairman, Committee on Foreign Relations.

TABLE 1200-8

LETTER TO THE HONORABLE CHAIRMAN,
COMMITTEE ON ARMED SERVICES

In reply refer to:
I- ct

Honorable
Chairman, Committee on Armed Services
United States Senate Washington, D.C. 20510-0001

Dear Mr. Chairman:

Pursuant to the reporting requirements of Section 62(a) of the Arms Export Control Act, we are forwarding herewith Transmittal No. (#-Yr).

This transmittal concerns the Department of (MILDEP or DoD activity) proposed Lease of defense articles to (country).

Sincerely,

Attachments
a/s

TABLE 1200-8. Letter to the Honorable Chairman, Committee on Armed Services.

TABLE 1200-9

LETTER TO THE PROSPECTIVE LESSEE ADVISING LESSEE
OF CONGRESSIONAL NOTIFICATION OF A LEASE FOR OVER ONE YEAR

Dear _____

Enclosed for consideration and analysis by your (Government/Organization) is an unsigned advance copy of a lease. (Lease Designator).

Section 62 of the Arms Export Control Act requires certification be given to the Congress of the United States at least 30 days prior to entering into a lease of one year or longer.

The Department of Defense has transmitted the required certification to the Congress on (date). You will be advised if any delays arise which would prevent us from providing the signed lease to your (Government/Organization) on (date).

Should your (Government/Organization) wish to accept this lease, it should await receipt of the signed lease.

Sincerely,

Enclosure
a/s

TABLE 1200-9. Letter to the Prospective Lessee Advising Lessee of Congressional
Notification of a Lease for Over One Year.

TABLE 1200-10

LETTER ADVISING LESSEE OF CONGRESSIONAL NOTIFICATION
OF LEASE FOR MDE FOR OVER ONE YEAR

Dear _____

Enclosed for consideration and analysis by your (Government/Organization) is an unsigned advance copy of a leasing arrangement; Lease Designator _____.

Section 62 of the Arms Export Control Act requires certification be given to the Congress of the United States at least 30 days prior to entering into a lease of one year or longer. Section 63 further provides that a lease of one year or longer of major defense equipment valued at \$14,000,000 or more or defense articles valued at \$50,000,000 or more may not be entered into if the Congress within 30 calendar days after receiving the certification adopts a joint resolution stating that it objects to the proposed lease.

The Department of Defense has transmitted the required notification to the Congress on (date). Assuming that the Congress does not object to the proposed lease, the enclosed lease will be signed and issued to your (Government/Organization) by the authorized Department of Defense representative on or about (date). In the event that the Congress should object to this proposed lease, you will be notified promptly of that fact.

Should your (Government/Organization) wish to accept this lease, it should await receipt of the signed lease.

Sincerely,

Enclosure
a/s

TABLE 1200-10. Letter Advising Lessee of Congressional Notification of Lease
for MDE for Over One Year.

TABLE 1200-11

RCS: DSAA(Q)1146

Prepare a report in the format below (classified if necessary) for each lease of any value, providing for the lease of property to a foreign government or international organization. Leases will be reported until the property is returned to US custody, or lease is completed by other action.

FORMAT

The following data will be included for all leases:

Lessee:

Lease case designator (if applicable):

Item(s):

Date of lease and statutory authority (AECA Sec. 61, 10 USC 2667, Other):

Duration/special terms:

Expiration date:

Replacement value of lease material (when leased):

Total rental or summary of other considerations:

Rental paid to date:

Date lease reported to the Congress (if required under the AECA, Section 62):

Action taken on expired lease or lease due to expire during next quarter:

Lease being renewed:

Date material returned:

Material sold (FMS Case Designator):

Other action status than that above:

TABLE 1200-11. RCS: DSAA(Q)1146

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)

Item

Nomenclature

Quantity

Date

US Representative

Government of (insert)
Representative

NOTE: Recommended distribution:

Original to: MILDEP JAG
Copies to: DSAA
MILDEP SA Activity
SAO
DFAS-DE

TABLE 1200-12. Certificate of Delivery.

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* _____
Location _____ Date _____
or

Property transferred to foreign government _____
LOA Designator _____ Date _____
or Other Authority _____

Lease extended (renewed) _____
Date _____
If lease renewed, provide
lease designator _____

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, Denver CO 80279 NLT _____. Point of contact is: _____.

*For 10 USC 2667 leases include confirmation that all financial requirements are complete.

AMENDMENT # [1] TO
LEASE OF [M113 APCs]
BETWEEN
THE UNITED STATES GOVERNMENT
AND
[THE GOVERNMENT OF AUSTRALIA]

WHEREAS, the United States Government and the Government of [Australia] signed a lease agreement dated [20 October 1995] for [180 days] of [M113 Armored Personnel Carriers and related items].

WHEREAS, [reason for amendment; e.g., An additional 60 days will be required for completion of equipment tests],

NOW THEREFORE, the parties do mutually agree as follows:

1. [List replacement page(s) or show applicable changes, including clarifications; e.g., The period of lease is hereby changed from 180 to 240 days.]
2. [List additional changes as needed.]
3. Other provisions, terms, and conditions of the original lease remain unchanged.

TABLE 1200-14. Sample Lease Amendment.

IN WITNESS WHEREOF, each of the parties hereto has executed this lease amendment as of the day and year last below written unless otherwise agreed under terms of this amendment.

[THE GOVERNMENT OF AUSTRALIA]

THE UNITED STATES GOVERNMENT

BY _____

BY _____

Typed Name

Typed Name

Title

Title

Date

Date

COUNTERSIGNATURE:

Typed Name

Director, Defense Security
Assistance Agency

Date

[Sample information to be entered by the IA is bracketed in bold type. Data are unrelated to actual programs with any country.]

TABLE 1200-14. Sample Lease Amendment. (Continued)

SECTION 1201 LOANS OF DEFENSE ARTICLES **

120101 SECTION 503 LOANS. Authority to make loans under FAA Sec 503 does not exist at this time.

120102 LOANS FOR RESEARCH AND DEVELOPMENT PURPOSES. AECA Sec 65 authorized the loan to a country that is a NATO or major non-NATO ally of materials, supplies, or equipment for the purpose of carrying out a program of cooperative RDT&E. The acceptance of a loan or a gift from a country that is a NATO or major non-NATO ally is also authorized for such purposes. By memo of 27 November 1990, the DepSecDef delegated the authority to make, accept, and administer such loans to the MILDEPS/Defense Agencies in coordination with OUSD(A&T)/P. That delegation of authority also specified the following:

A. Loans will be made or accepted or gifts accepted under the terms of a written agreement signed at the Assistant Secretary/Deputy Agency Director level or higher.

B. Controls will be established to ensure that mutual benefits, inherent in each agreement, are clearly shown in documentation supporting each loan.

C. A single repository for these agreements and documents will be maintained in each component/agency. A signed copy of each agreement will be provided to OUSD(A&T)/IP.

D. AECA Sec 65 does not provide authority for the exchange of information beyond basic operational and simple maintenance for test purposes. Accordingly, any exchange of additional information related to a Section 65 loan or gift may only take place pursuant to an approved test and evaluation or Data Exchange Agreement, Information Exchange Project, a cooperative research and development agreement, or coproduction agreement approved in accordance with DoDD 5530.3.

E. Any finding required for these loans is the responsibility of the MILDEP/Defense Agency.

F. The existence of this authority in no way affects the ability to use Section 61 leases (see Section 1200) for cooperative research and development purposes.

G. Appropriate security and technology transfer clearances must be obtained for each loan (or transaction under an agreement, if offices responsible for those clearance so require.)

H. Loan agreements will provide that classified information or material transferred will be protected in accordance with applicable security agreements in force.

I. DoD components must provide appropriate legal, fiscal, and industrial base factors analysis and security plans for each agreement, as specified in DoDD 5530.3.

J. DoD components must provide advance notification to OSD, through OUSD(A&T)/IP 15 days before each loan agreement is entered into. Such advance notification must include the appropriate legal, fiscal, and industrial base factors analysis and security plans.

K. The loan agreement shall not require either party to provide materials, supplies, or equipment that would impair its own priorities, requirements, or commitments, or would otherwise be inconsistent with its national laws or regulations or other international agreements.

L. Transfers of materials, supplies, and equipment under this authority shall be based on the principle of reciprocity, although item-for-item exchanges are not expected or required.

M. Loan agreements will either describe or will establish a mechanism to describe how the type and quantity of materials, supplies, or equipment will meet the objectives of the cooperative research, development, test, or evaluation to be performed.

N. Loan agreements will provide that the party receiving material, supplies, or equipment will use the items only to meet the research, development, test, or evaluation objectives specified in the agreement.

O. Loan agreements will provide that materials, supplies, and equipment loaned or accepted under the agreements will remain the property of the providing party.

P. The receiving party shall agree to maintain materials, supplies, and equipment in good order, repair, and operable condition and to return the items in operable condition and in as good condition as when received, normal wear and tear excepted, unless the providing party has agreed that the loaned materials, supplies, or equipment may be expended or otherwise consumed in connection with the research, development, testing, or evaluation programs without reimbursement to the providing party.

Q. The receiving party shall agree that no materials, supplies, equipment, or information transferred to it will be retransferred to any third party without the prior consent of the providing party.

R. The agreement shall provide that, subject to the limitations of national disclosure policies, the receiving party will render a report of its use of the materials, supplies, and equipment to the providing party. This report will be furnished without charge to the providing party.

S. Each loan agreement will set out the intellectual property rights applicable to the transfer and use of materials, supplies, and equipment and the results of the research, development, test, and evaluation conducted with the materials, supplies, and equipment.

T. Loan agreements will provide that each party agrees not to assert a claim against the other for injury, loss, or damage resulting from the use of the materials, supplies, or equipment loaned by the other party.

U. Consultation with the US Department of Commerce for an assessment of US industrial base impact and international trade position of US industry may be required on a program-by-program basis. Such consultation will be conducted by OUSD(A&T) after coordination with OUSD(P) and OGC.

V. DoD components/agencies may not loan strategic and critical material in the National Defense Stockpile (provided for under Section 3 of the Strategic and Critical Materials Stock Piling Act [50 U.S.C. 98b]) if, at the time the loan is to be made, the growth of such material with the National Defense Stockpile is less than the quantity of such material to be stockpiled, as determined by the President under Section 3(a) of such Act.

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CHAPTER THIRTEEN

FINANCIAL PRINCIPLES AND PROCEDURES

SECTION 1300 - GENERAL

130001 PURPOSE. The purpose of this chapter is to provide a general description of the financial principles and procedures which apply to FMS transactions. It is designed to provide an overview of FMS financing and the responsibilities of DOD components. Detailed guidance on financial policies relating to pricing, budgeting, accounting and billing is included in DOD 7000.14-R, Vol. 15. This chapter has a section corresponding to each of the nine chapters contained in that Manual. See Chapter 14 for additional information concerning SDAF item management.

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SECTION 1301 - LEGAL BACKGROUND, RESPONSIBILITIES AND PRINCIPLES

130101 LEGAL BACKGROUND. The AECA provides the legal authority for conducting FMS.

130102 FULL RECOVERY OF COSTS. DoD performs three principal actions during the life cycle of a sale. First, DoD provides FMS purchasers with P&A estimates and concludes sales agreements. Second, DoD renders financial billings for costs incurred and accounts for collections. Finally, DoD delivers the materiel or services. As explained earlier, the AECA and predecessor legislation generally require that DoD manage the FMS Program at no cost to the USG except as specifically exempted by legislation. Therefore, DoD financial policies and procedures for pricing defense materiel and services, administering FMS cases, reporting deliveries of materiel and services, and rendering FMS billings are designed to fulfill this legal requirement. While the LOA makes it mandatory for the purchaser to pay for the full value of FMS transactions, regardless of terms of sale specified for individual cases, it is DoD policy to promptly advise the purchaser of the need for substantive changes to agreement terms or estimates via either case amendment or modification, as applicable (see Chapter 8). Misunderstanding by the purchaser of his financial commitment or of changes to that commitment inevitably results in criticism.

130103 RESPONSIBILITIES.

A. **The Assistant Secretary of Defense (Comptroller).** The Comptroller, Department of Defense, establishes FMS financial policies. The Comptroller, DSAA, directs and supervises the financial implementation of the FMS program. Defense agencies carry out the financial policies established by the Comptroller, Department of Defense, and implement procedures promulgated by DSAA.

B. **Preparation and Implementation of LOAs.** MILDEPs and other IAs are responsible for preparing LOAs and for establishing estimated P&A of defense articles, defense services, and design and construction services offered for sale thereon; developing payment schedules; preparing and providing any required accompanying data, such as Financial Analyses, and Termination Liability Worksheets; and initiating and processing such amendments or modifications as may be appropriate. They are responsible for negotiating terms of sale for cash sales, in accordance with policy guidance provided by DSAA. They are also responsible for establishing management systems necessary to insure prompt implementation of FMS agreements upon receipt of OA from DFAS-DE/I, including those systems required to finance, account, and report accomplishment for each individual case. All LOAs and LOIs, as well as amendments and modifications (except those exempted in Chapter 8), will be submitted to the DSAA Comptroller (FMS Control Division) for coordination and countersignature prior to submission to the country.

130104 BASIC PRINCIPLES.**A. Recovery of Costs.**

1. **Payment to Cover Costs.** The DoD will conduct financial management of the FMS program at no cost to the USG except as permitted by the AECA and/or other specific legislation, and ensure prompt and complete accounting to the FMS purchaser. Achievement of this end requires a thorough understanding of the policy and procedures for pricing items and services furnished, preparation of FMS documents, reporting of delivery, performance or progress payments, and administering and closing FMS cases by all elements administering the program.

2. **Payment in U.S. Dollars.** In compliance with the AECA, LOA Standard Terms and Conditions contains provisions which make it mandatory for the FMS purchaser to pay in U.S. dollars for the full value of the transaction, regardless of the estimated costs, payment schedule, or terms of sale specified on the LOA.

B. Cost Recoupment Waivers and Exclusions. Some charges may be excluded or waived (including reductions) in certain circumstances. DoD 7000.14-R, Vol. 15, paragraph 070104.C. provides more detail on these charges. **

1. **Nonrecurring Cost Charges.** **

a. Exclusions. NC charges are exempted by the AECA and the FAA for those countries and organizations whose LOAs are fully financed with MAP grant or other funds made available on a nonrepayable basis. NC charges apply only to government-to-government sales of MDE. New sales of non-MDE are not eligible for the charge. This policy does not nullify or modify government-to-government agreements for waivers of NC on LOAs that were signed prior to 1 January 1982.

b. Waivers. Authority to approve NC waivers is vested in the SecDef and delegated to the Director, DSAA. Waiver requests are Purchaser-initiated and sent to the responsible MILDEP for submittal to DSAA. Advance copies are encouraged to be sent to DSAA. Requests for waiver must be submitted to the USG prior to acceptance of the LOA (or Amendment for increased quantities). All waivers are on a case-by-case basis—blanket waivers will not be considered. NC charges may be waived or reduced as follows:

(1) For particular sales that would significantly advance US interests in NATO standardization, standardization with the armed forces of Japan, Australia, or New Zealand, or foreign procurement in the US under coproduction arrangements.

(2) For the sale of MDE that is also being procured for the use of US Armed Forces and the sale results in a savings to the US. Waiver requests using this justification must be validated by the applicable MILDEP to determine if US cost savings would be realized. The savings must substantially offset the revenue foregone by the potential waiver. The MILDEP determination will be coordinated with the MILDEP's comptroller organization and should be provided to DSAA prior to the LOA or Amendment being submitted for countersignature. This waiver authority does not apply to a sale from stock unless the equipment is being replaced by procurement of additional equipment which DoD is currently procuring for use by US Armed Forces.

(3) For sales when imposition of the charge would likely result in the loss of the sale. Waiver requests using this justification should indicate that denial of the waiver request will result in the loss of the sale. The competing item and its cost, if known, should be identified. The request should be signed by a country representative authorized to accept (sign) LOAs. Acceptance by the Purchaser of the LOA or amendment will negate this basis for a waiver request. In order to expedite processing, the request should be submitted with the LoR. The MILDEP should forward the request to DSAA immediately upon receipt.

(4) For sales when an increase in NC charges results from the correction of an estimate of the production quantity base that was used for calculating the charge. Requests for waiver using this justification are not necessary. DoD Directive 2140.2 provides that "approved revised NC recoupment charges shall not be applied retroactively to accepted FMS agreements."

2. **Waiver of Tooling Rental Charges for Use of DoD Assets.** In cases of direct commercial sales to FMS eligible countries, requests for waiver of tooling rental charges shall be submitted by the contractor to the contracting officer who shall refer the matter through contracting channels to the Director, DSAA, Attn: DSAA/Regional Directorate, for decision. Contracting officers should indicate any potential interference with U.S. requirements prior to forwarding a waiver request, and assure that the request identifies the total amount of charges involved.

3. **Waiver or Reduction of Quality Assurance, Inspection, Audit and other Contract Administration Services.**

a. Quality assurance and inspection, contract audit services, and other CAS provided in connection with contracts for defense articles or defense services entered into after October 29, 1979, by a NATO member country, or pursuant to an LOA with a NATO member country, may be provided without charge if that government provides such services in accordance with an agreement on a reciprocal basis to the USG.

b. These services may also be provided without charge in connection with the placement or administration of any contract for defense articles or defense services pursuant to NATO infrastructure programs in accordance with an agreement under which the foreign governments participating in such programs provide such services, without charge, in connection with similar contracts.

c. Agreements for the provision of such services without charge will be negotiated by the OUSD(A) and will be implemented by the Director, DSAA, under the authority of the AECA, Section 21(h)(1); Section 106, P.L. 99-661 (NATO-E3A); and Section 132, P.L. 99-83 (Germany-Patriot). Since the reciprocal nature of providing such services can normally only be provided on a country-wide basis, agreements for reciprocal waivers will normally not be made for specific programmatic requirements.

d. A listing of approved reciprocal waiver agreements is provided at Figure 1301-1. The waiver under each agreement applies only to new FMS LOAs with implementation dates, as recorded in DIFS, on or after the Effective Date of the agreement. Figure 1301-1 waivers apply to LOAs as a whole and not to individual LOA lines.

4. **Waiver of Administrative Charges for NAMSAs FMS Programs.** Section 21(E)(3) AECA provides--“(a) The President may waive the charges for administrative services that would otherwise be required by paragraph (1)(a) [AECA] in connection with any sale to the Maintenance and Supply Agency of the NATO in support of (I) A weapon system partnership agreement; or (II) A NATO/SHAPE project. (b) The SECDEF may reimburse the fund established to carry out Section 43(B) of this Act in the amount of the charges waived under subpara (a) of this paragraph. Any such reimbursement may be made from any funds available to the DoD. (c) As used in this paragraph - the term ‘weapon system partnership agreement’ means an agreement between two or more member countries of the Maintenance and Supply Agency of the NATO that (I) is entered into pursuant to the terms of the charter of that organization; and (II) is for the common logistic support of a specific weapon system common to the participating countries; and (III) the term ‘NATO/SHAPE project’ means a common funded project supported by allocated credits from NATO bodies or by host nations with NATO infrastructure funds.” In implementing this legislation, the following procedural guidance applies:

a. General -

(1) This legislation is not retroactive; only LOAs implemented after 1 October 1988 are eligible for consideration of FMS administrative charge waivers.

(2) Only NAMSA LOAs in support of weapon system partnership agreements or NATO/SHAPE projects (i.e., common-funded projects supported by allocated credits from NATO bodies or by host nations with NATO infrastructure funds) qualify for FMS administrative charge waivers.

(3) Administrative charges waived under this program must be reimbursed to the FMS Administrative Account from Program 10 funds controlled by the U.S. Mission to NATO.

b. DSAA responsibilities -

(1) Implement the legislation and resolve procedural questions.

(2) Determine applicability to specific requests and, where appropriate, approve waivers during final staffing of the LOA prior to countersignature.

c. NAMSA responsibilities -

(1) Include in each FMS LOA request a statement regarding whether the LOA qualifies for an administrative charge waiver under this legislation. If a waiver is being requested, identify the specific NATO/SHAPE project that will be supported by the LOA being requested and include the following statement: "This is a joint coordinated request with the U.S. Mission to NATO. The U.S. Mission to NATO certifies intent to reserve and obligate MFP 10 funds for administrative charges waived over the life of the LOA. It further certifies that MFP 10 funds have been obligated in the amount of one-half of the administrative charges computed based on the dollar value of items or services estimated to be reported as delivered in the first year for all LOAs."

(2) Provide an information copy to the U.S. Mission to NATO of LOA requests where an administrative charge waiver is being requested.

(3) For budgeting purposes, NAMSA and the U.S. Mission to NATO should develop an arrangement whereby NAMSA provides to the U.S. Mission a yearly estimate of the amount of administrative fee waivers.

d. U.S. Mission to NATO responsibilities -

(1) Budget for FMS administrative fee charges waived.

(2) Advise DSAA of agreement to reimburse DoD for charges waived before the LOA is issued to NAMSA.

(3) Develop understanding with NAMSA concerning programs for which waivers will be supported.

(4) Reserve and obligate MFP 10 funds for administrative charges waived under this legislation over the life of the LOA. Administrative charges are computed at three percent of the FMS basic sale price. One and one-half percent of the computed charge will be recouped as part of the initial deposit. The remaining one and one-half percent will be

recouped based on the dollar value of items or services estimated to be reported as delivered in each year. For example, on an LOA where deliveries will be evenly distributed over a three year period, with a basic sale price of \$5,000 and a computed administrative charge of \$150, obligations would be recorded as follows: Year one -- \$100 (one and one-half percent of \$5000 plus one and one-half percent of \$1,667, the estimated delivered value for year one); year two -- \$25 (one and one-half percent of \$1,667, the estimated delivered value for year two); and year three -- \$25 (one and one-half percent of \$1,667, the estimated delivered value for year three).

e. IA responsibilities –

(1) Review NAMSA LOA waiver requests to assure they support projects cited in the legislation.

(2) Assure DSAA/OPS has received a copy of LORs where a waiver has been requested by NAMSA.

(3) Ensure that the U.S. Mission to NATO has agreed to reimburse DoD.

(4) Include the following statement of waiver across the lower portion of columns (1) through (7) on the LOA, Amendment, or Modification respectively: "This LOA is in support of (insert title of the weapon system partnership agreement or NATO/SHAPE project). Administrative charges waived on this LOA will be reimbursed to the FMS Admin Account from Program 10 funds controlled by the U.S. Mission to NATO, (insert reference describing U.S. Mission to NATO documentation). Administrative charges are waived by the Director, DSAA, under the provisions of Sec 21(E)(3)(a) of the AECA."

(5) Include pertinent correspondence when the LOA is sent to DSAA for countersignature to allow DSAA to process the waiver.

f. DFAS-DE/I responsibilities –

(1) Maintain a record of NAMSA LOAs for which an administrative charge waiver is cited.

(2) Maintain a procedure, coordinated with DSAA and the U.S. Mission to NATO, to bill and collect funds quarterly for waived charges.

(3) Reimburse the FMS Administrative Account with funds collected from the U.S. Mission to NATO.

C. Terms of Sale and Type of Assistance Codes

1. **General**

a. **Applicable Sections of FAA and AECA**. An LOA for a sale of defense articles, defense services, or design and construction services may involve Section 503(a)(3) of the FAA (MAP Merger) and/or one or more of the following sections of the AECA.

- Section 21. Sale from DoD stocks (includes defense articles and services of DoD personnel except those services provided under Section 29).
- Section 22. Sale from DoD procurement (includes defense articles and services of DoD contractor personnel except those services provided under Section 29).
- Section 23. DoD direct credit extended to a purchaser to finance a sale from DoD stocks or DoD procurement.

- Section 24. DoD guaranteed credit extended to a purchaser to finance a sale from DoD stocks or DoD procurement.
- Section 29. Sale of design and construction services from DoD stocks or procurement.

b. **Use of Terms of Sale on LOAs.** Terms of Sale indicate when payments are required and whether the sales agreement is to be financed on a cash, FMS credit (repayable or non-repayable) or MAP funding basis. The IA enters the appropriate Terms of Sale as specified by paragraph 3 below on the LOA. If an LOA involves more than one of these terms, the IA will cite on the LOA all of the applicable terms.

c. **Use of Type of Assistance Codes on LOAs.** The IA will cite Type of Assistance codes, as specified in paragraph 3. below, in column (5) of the LOA for each line.

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" line of the LOA. 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. AECA Secs 21(b) and 29 apply.

(3) **"Dependable Undertaking."** Under this term, the USG collects cash in advance of procurement contract payment requirements. 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 showing "U" in the Table 600-1 DU column are authorized to make direct arrangements with the cognizant DoD component for purchases under a dependable undertaking transaction.

(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. 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 AECA Secs 23 and 24 or under other legislation. If the sales agreement is to be financed only in part with FMS credit funds, the IA will also cite in 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 LOA payment schedule. 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 (FAA Sec 503). 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.

(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 FAA Sec 503(A)(3) and AECA Sec 21(E). (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) If the purchaser is not authorized a Dependable Undertaking for AECA Sec 22 or Sec 29 sales, the Terms of Sale will be "Cash with Acceptance," unless specific DSAA approval is obtained.

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 column (5) of the LOA. Example: TA3, TAZ. The Source of Supply codes in 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 column (5) of the LOA. A summary of Terms of Sale and Type of Assistance Codes is at Table 1301-2.

D. **Financial Administration of the FMS Credit Program.** The FMS credit appropriation and loans guaranteed by DoD provide two sources of initial funding of FMS or

direct commercial sales. Annual requirements are defended before Congress by OSD/DSAA. The appropriation is administered by DSAA. Customer payments of principal and interest on amounts loaned are based upon the terms of individual loan agreements. Specific details on FMS credit management are included in Chapter 9.

E. **Multiple Sources of Financing**. The purchaser may choose to supplement available MAP/credit with budgeted national funds. If additional credit/MAP funds become available to the purchaser, it may then request DSAA approval to amend the LOA to convert the cash portion to credit/MAP to the extent that such financing is available. A purchasing nation may also accept an LOA which cites "cash" as the method of payment, and find at a later date that available national funds are inadequate. In such an instance, the purchaser may request DSAA approval to use credit/MAP funds, if available, to finance the remaining payments.

**TABLE 1301-1
CONTRACT ADMINISTRATION RECIPROCAL AGREEMENTS**

<u>COUNTRY</u>	<u>EFFECTIVE DATE</u>	<u>COST WAIVED</u>
Belgium (BE)	26 Apr 1983	Quality Assurance and Inspection
Canada (CN)	27 Jul 1956	Contract Audit Quality Assurance and Inspection
Denmark (DE)	3 Apr 1985	Quality Assurance and Inspection
France (FR)	17 Jul 1981 23 Apr 1986 23 Apr 1986	Contract Audit Quality Assurance and Inspection Contract Administration Services
Germany (GY)	6 Dec 1985 6 Dec 1983	Contract Audit Quality Assurance and Inspection
Greece (GR)	23 Sep 1992	Quality Assurance and Inspection *
Italy (IT)	7 Jan 1983	Quality Assurance and Inspection
Netherlands (NE)	18 Apr 1985 9 Apr 1982	Contract Audit Quality Assurance and Inspection
Norway	23 Nov 1986	Quality Assurance and Inspection
United Kingdom (UK)	30 Oct 1979 30 Dec 1985	Contract Audit Quality Assurance and Inspection
European Participating Governments (EPG)	19 Dec 1980	Contract Audit Quality Assurance and Inspection (F-16 Follow-on Buy)
NATO (All infrastructure programs administered by a NATO Command or NATO Agency)	30 Sep 1981 28 Oct 1980	Contract Audit Quality Assurance and Inspection
NATO (All other infrastructure programs administered by a host country)	10 Feb 1981	Quality Assurance and Inspection
NATO E-3A (N1), (K7) (K8), (W1)	Program Conception	Full waiver of all contract administration
NATO Integrated Communication System Management Agency (NICSMA) (N2), (K4)	30 Sep 1981 6 May 1980	Contract Audit Quality Assurance and Inspection

TABLE 1301-1. Contract Administration Reciprocal Agreements.

TABLE 1301-2

SUMMARY OF TERMS OF SALE AND TYPE OF ASSISTANCE CODES

TYPE OF SALE	TYPE OF ASSISTANCE CODE	SOURCE OF SUPPLY CODE	AVAILABILITY	TERM(S) OF SALE	INITIAL DEPOSIT
1. Articles(s) sold only from stock, Secs. 21(b)/29	3	S,E,R*	Anytime	Cash with Acceptance	100% of total estimated cost
2. Articles(s) sold only partially from stock, Secs. 21(b)/29	3	S,E,R*	Anytime	Cash with Acceptance	100% of "S", "E" and "R" coded article(s)
3. Services(s) sold only from stock, Secs. 21(b)/29	3	S	To be performed in a period requiring 100% initial deposit	Cash with Acceptance	100% of total estimated cost
4. Services(s) sold only from stock, Secs. 21(b)/29	3	S	To be performed in a period not requiring 100% initial deposit	Cash Prior to Delivery	As shown in the Financial Annex
5. Services(s) sold partially from stock, Secs. 21(b)/29	3	S	a. To be performed in a period requiring 100% initial deposit	Cash with Acceptance	100% of "S" coded services
			b. To be performed in a period not requiring 100% initial deposit	Cash Prior to Delivery	As shown in the Financial Annex
6. Article(s)/Services(s) sold only from procurement, Secs. 22(a)/29	5	P	To be delivered/performed over a period requiring 100% initial deposit	Cash with Acceptance	100% of total estimated cost
7. Article(s)/Services(s) sold only from procurement, Secs. 22(a)/29	5	P	To be delivered/performed over a period not requiring 100% initial deposit	Dependable Undertaking	As shown in the Financial Annex

TABLE 1301-2. Summary of Terms of Sale and Type of Assistance Codes.

TYPE OF SALE	TYPE OF ASSISTANCE CODE	SOURCE OF SUPPLY CODE	AVAILABILITY	TERM(S) OF SALE	INITIAL DEPOSIT
8. Article(s)/Services(s) sold only from procurement, Secs. 22(a)/29	5	P	a. To be delivered/performed over a period requiring 100% initial deposit	Cash with Acceptance	100% of "S" coded services
			b. To be delivered/performed over a period requiring initial deposit of less than 100%	Dependable Undertaking	As shown in the Financial Annex
9. Mixed stock and procurement or source not predetermined, Secs. 21(b)/Secs. 22(a)/29	4	X	Not predetermined	Dependable Undertaking Cash Prior to Delivery	As shown in the Financial Annex
10. Article(s) and/or service(s) sold from stock, Sec. 21(b) and first sentence of 21(d)**	6	As Required	Anytime	Payment on Delivery	None
11. Article(s) and/or service(s) sold from Procurement Sec. 22(b)***	7	As Required	Anytime	Payment 120 days after Delivery	None
12. Article(s) and/or service(s) sold from stock, final sentence of 21(d)***	8	As Required	Anytime	Payment 120 days after Delivery	None
13. FMSO I, DODI 200.8	U	P	N/A	Cash with Acceptance, \$_____, balance as billed	5/17 of estimated cost plus 100% of Administrative charges
14. FMSO II, DODI 200.8	V	S	N/A	Cash Prior to Delivery, Dependable Undertaking	As shown in the Financial Annex

TABLE 1301-2. (Continued)

1301-11

Change No. 8, 1 April 1998

DOD 5105.38-M

TABLE 1301-2. (Continued)

TYPE OF SALE	TYPE OF ASSISTANCE CODE	SOURCE OF SUPPLY CODE	AVAILABILITY	TERM(s) OF SALE	INITIAL DEPOSIT
15. Any, Section 23 or 24	Z	As Required	N/A	FMS Credit	As shown in the Financial Annex
16. Sec. 503(A)(3), FAA	M	As Required	Anytime	MAP Merger	As shown in the Financial Annex
17. Combination of above resulting in more than one term of sale				(Show two or more terms, as appropriate)	As shown in the Financial Annex
18. Any, Section 23 or 24	N	As Required	N/A	FMS Credit (Non-Repayable)	As shown in the Financial Annex *

- Contractor rebuild/repair modifications must be coded "P."
- Requires approval of Director, DSAA.
- Requires approval of the President.

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

Data Moved to Table 600-1.

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

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SECTION 1302 -- BUDGET AUTHORITY

130201 BUDGETARY AUTHORITY FOR FMS ORDERS. To protect the integrity of the FMS purchaser's financial commitment and to ensure proper accounting for fiscal resources of the DOD components, DOD uses uniform budgetary controls for FMS agreements. Budgetary control of an FMS agreement begins after acceptance of the LOA by the purchaser. The purchaser forwards three signed copies of the accepted agreement to SAAC together with any required initial deposit. If the terms of sale have been observed by the purchaser, SAAC records acceptance of the LOA and releases to the IA specific values of OA. The IA must then account for, control, and report obligations incurred against the authority received. The essence of the budgetary control system is the "FMS Planning Directive" (DD Form 2061) and the "Request and Approval of FMS Obligational Authority" (DD Form 2060). Each of these documents form a building block of fiscal data in support of the "FMS Status of Budget Execution Report" (DD Form 1176).

130202 SECURITY ASSISTANCE BUDGETS

A. **Purpose.** The administrative implementation of SA programs are financed by funding from either the FMS Administrative Budget or the MAP Administrative and Overhead Support Budget. Exceptions to this funding policy are those FMS related costs which are charged directly to FMS cases and the costs of military personnel involved in administering the IMET Program and the MAP program at all organizations other than overseas SAOs. The following is a description of the budgets, the budget process and guidance to assist participating organizations in preparing FMS administrative, MAP administrative and overhead support, and SAO budgets. Budget formats and instructions for completion will be supplied in each annual budget call.

B. **Financial Resources**

1. **FMS Administrative Budget.** The FMS Administrative Budget is financed by collections from FMS customers derived from the application of an administrative surcharge. Surcharge collections are made by SAAC as they are earned and are then available for allocation to finance FMS administrative requirements.

2. **MAP Administrative, Overhead Support, and SAO.**

a. **MAP Administrative Budget.** MAP and IMET program administrative and overhead support costs are financed from a combination of annual appropriations in the MAP account, and reimbursements from the sale of MAP-owned defense articles (MAP inventory of disposable property returned from recipient countries) which are credited to the current year MAP account as they occur. MAP funds are appropriated to the President. The President, by Executive Order #12163, allocates these funds and delegates the authority and responsibility for their administration to the SECDEF. Therefore, while the MAP appropriation is not part of the DOD budget, the program and its budgeting, funding, and financial administration are generally subject to the same controls and regulations as are DOD appropriations. MAP administrative overhead and support funds are allocated by DSAA to each IA on the basis of MAP Orders and amendments issued to the IA, in an amount equal to the cumulative total cost of funded lines outstanding for each IA.

b. **SAO Budget.** All SAO operating costs are financed using FMS administrative funds (Account #8242) as the carrier account. The portion of SAO costs related to MAP, IMET, and other non-FMS is financed by a reimbursement of MAP funds into the FMS Trust Fund. Effective 1 January 1990, military personnel costs in support of SAOs will no longer be reimbursed in accordance with Fair Pricing Legislation, P.L. 101-165. This reimbursement is effected at the DSAA level, The MAP and FMS share of the total SAO worldwide costs is

*
*

calculated by DSAA using data included in each SAO budget submission. Prior to FY 1983, MAP funds (Account #1080, Budget Project T-20) served as the carrier account and the FMS share of SAO costs was financed by reimbursement of FMS administrative funds into the MAP account.

(1) **Assistance-in-Kind.** While not a funded program, assistance-in-kind (AIK) is an asset of some importance which offsets funding requirements at some of our SAOs. AIK provides rent-free housing and office space, services, utilities and minor equipment from certain countries under terms of bilateral agreements.

(2) **Contributed Currencies.** Contributed currencies are solicited and collected from host countries in accordance with FAA Section 636(h). This section specifies that countries which receive assistance under the Act contribute local currencies to meet the cost of contractual and other services rendered in conjunction with such programs, and that foreign currencies owned by the U.S. be utilized to meet the costs of such contractual and other services. The amounts of contributed currencies are identified in SAO budgets and reflect an offset to the total administrative costs of the SAOs to the USG. Contributed currencies received from foreign countries are deposited in the Treasury Miscellaneous Receipts Account.

C. **Operation of the FMS Administrative and MAP Administrative Overhead and Support of SAO Budget Systems.** A detailed description of the operation of the budget systems follows.

1. **FMS Administrative Fund Budget System/ Procedures.**

a. **General.**

(1) **Cost Recovery Policy.** FMS program implementation expenses are recovered from the FMS purchaser through either direct charges included in the costs of the materials/services being purchased or through specific surcharges which are added to the FMS sales agreement. An administrative surcharge is added to recover DOD expenses related to the general administration and conduct of the FMS program such as, costs of sales negotiation, case implementation, financial management, and reports of discrepancy. DOD policy stemming from the AECA, Sections 21(e)(1)(A) and 43(b)(1) is that those administrative costs incurred primarily for the benefit of a foreign country are allowable charges against FMS administrative funds and should be provided for in FMS administrative budgets. As a general rule, FMS administrative funding is made available to selected DOD organizations actually implementing the FMS program. Funding is not provided to those organizations responsible for formulating U.S. SA policy, such as, DOS, OJCS, or USDP.

(2) **Financial Management.** Financial management of FMS administrative surcharge funds is the responsibility of the Comptroller, DSAA. SAAC provides centralized accounting support assisting in FMS program implementation through the collection of surcharge revenues and the allocation of FMS administrative funds in accordance with DSAA approved annual funding programs.

(3) P.L. 101-165, "Fair Pricing Legislation," exempts reimbursement from the administrative budget for military personnel costs and unfunded civilian retirement costs supporting the administration of the FMS program. The effective date for exemption of military personnel costs is 1 January 1990 and the first complete pay period starting in December 1989 for unfunded civilian retirement. **

b. **FMS Administrative Budget Preparation and Approval Process.**

(1) **Program Objective Memorandum Guidance.** In January of each year the Comptroller, DSAA provides a five year projection of FMS sales activity and administrative fund budget planning levels to each of the MILDEPs and DOD agencies administering the FMS program. Issuance of these multi-year estimates is in cycle with the issuance of Defense Programming Guidance. The planning levels are developed to assist the MILDEPs and DOD agencies in determining FMS administrative requirements for use in formulating their POM.

(2) **Budget Call/Budget Submissions.** In conjunction with the POM guidance, DSAA issues an FMS administrative budget call to those MILDEPs and DOD agencies responsible for the administration of the FMS program. Submission of budget estimates containing multi-year data and justification information is required as part of the DOD budget process. For example, the budget call issued in January 1983 requested the following data for each organization receiving FMS administrative funds:

- FY 1982 - Actual obligations
- FY 1983 - Estimated actual obligations
- FY 1984 - Revised funding estimates with justification
- FY 1985 - Initial funding estimates with justification

(3) **Preparation of Budget.** Upon receipt of the budget call the MILDEPs and DOD agencies will prepare and submit their budget requests to the Comptroller, DSAA in the formats and in accordance with the instructions contained in the call. The DSAA reviews each submission and establishes approved FMS administrative funding levels for inclusion in the President's budget as well as an Annual Funding Program (AFP) for the upcoming fiscal year. The following subjects are highlighted in the development and execution of FMS administrative budgets.

(a) **Facilities Projects.** Projects involving construction of new facilities or expansion of existing facilities, that would normally require Congressional approval in the military construction budget process, will not be included in FMS administrative budgets. FMS administrative funds may be used for routine facility maintenance and repair costs in those instances where the costs can be justified as base operating support costs in accordance with the criteria outlined in the annual call. Facility rehabilitation projects at dedicated SA activities may also be financed with FMS administrative funds. Such projects must meet DOD criteria for approval as O&M Minor Construction (project cost not to exceed \$200,000) and must be specifically identified and justified in the budget request. (Note: Prior approval of DSAA is required before funds may be obligated for such projects.)

(b) **Automated Data Processing Projects.** In general, FMS administrative funds may be used to finance system development, investment, and operating/maintenance costs for existing or new FMS management information systems at dedicated FMS activities. At non-dedicated activities, ADP costs chargeable to FMS administrative funds will be based upon an hourly rate for machine time (computers and auxiliary equipment) based on records which indicate machine time required to produce FMS reports or transactions. Programming support is chargeable providing the effort meets the criteria for personnel compensation indicated in the budget call. Requests for new ADP systems (or changes to existing systems) which require development/investment costs of \$100,000 or more and/or an increase to estimated annual operating/maintenance costs of \$200,000 or more must be reported to the DSAA for approval prior to inclusion in FMS administrative budget requests. Such projects must also be discretely identified with supporting justification in the budget submission materiel.

(c) **Special Projects.** Special projects, such as major program efforts, special equipment purchases, contract studies, or contracted support, must be separately identified and justified whenever the estimated cost of the individual project exceeds \$50,000. Examples of projects of this type are the Air Force's SAMIS and the Army's ACOCS-FMS programs. Specific identification and justification of the project will be accomplished through the preparation of a complete budget package comparable to that prepared for a separate activity.

(d) **Base Operating Support Costs.** Base operating support (BOS) costs encompass numerous management, administrative, and support functions associated with the operation of a military installation or activity. BOS costs may be included in FMS administrative budgets only if they are incurred primarily for the benefit of the FMS program. Section 109 of Public Law 99-83, the International Security and Development Cooperation Act of 1985, excludes from charging to FMS administrative funds "a pro rata share of fixed base operation costs." Those BOS costs that may be charged to FMS administrative funding are identified in the annual budget call.

(e) **Dedicated SA Activities.** For budgeting purposes the following organizations are considered to be dedicated SA activities: USASAC, NAVILCO, AFLC-ILC, SAAC, and DISAM. The designation of selected activities as "dedicated" permits charging some prorated BOS costs to FMS administrative funds. In those instances where a MILDEP operates a relatively large full-time SA organization, it is reasonable to assume that some BOS costs are incurred primarily for a foreign country (reference the AECA, Section 43(b)). Since proration techniques are the most practical method for distributing BOS costs, this technique is permitted for some BOS costs at "dedicated" activities. However, as indicated in paragraph (d), P.L. 99-83 excludes from charging to FMS administrative funds a pro rata share of *fixed* base operation costs. Congress defined fixed base operation costs to include, among others, costs for the following: Alcohol and drug abuse program, fire protection, pest control, laundry and dry cleaning, food service, base chaplain, morale, welfare and recreation, and restoration of historical landmarks. In those instances where the full-time SA effort is either concentrated in relatively small subordinate organizations or is scattered through the activity, the use of proration techniques to allocate BOS costs does not demonstrate that these costs have been incurred primarily for a foreign country. The annual budget call provides additional guidance on BOS costs.

(f) **Billing FMS Administrative Funds for Reimbursements Earned.** In the past, organizations have billed and collected funds without supporting documentation indicating that the costs were incurred. Organizations with FMS administrative budgets must assure that reimbursements earned and billed to the administrative funds are based on documented expenses accruing from actual FMS related administrative work.

(g) **Acceleration of Civilian Personnel Costs.** The development of estimated civilian personnel costs for the FMS Administrative Budget requires the application of FMS payroll acceleration rates, except the unfunded civilian retirement factor, to the average annual civilian pay cost to provide for full recovery of the USG's costs. Reference DOD 7290.3-M, Section 701, for FMS payroll acceleration percentage rates and prescribed accounting procedures. **

(h) **Exempted Programs.** A small number of FMS cases have been exempted from the application of FMS administrative charges. The administrative costs related to these cases are properly funded from service appropriations pursuant to the AECA, Section 43(a) and should not be charged to FMS administrative funds. The exempted programs are identified in the annual budget call.

(4) **Issuance and Use of Funds.** At the direction of the Comptroller, DSAA, SAAC issues quarterly funding allotments to each of the organizations for which an AFP has been established. The MILDEPs are generally permitted to reprogram their FMS administrative funds between object classes to handle requirements which have changed from those originally approved by DSAA. Recipients of FMS administrative funds are required to provide regular accounting reports on the use of the funds and to return end of year unobligated balances to SAAC within a reasonable amount of time after year end certification.

2. **MAP Administrative and Overhead Support and SAO Budget Systems/Procedures.**

a. **General.** MAP administrative and overhead and SAO support cost budgets include salaries and allowances, travel, rents, utilities, communications, printing, contractual services, equipment (including passenger and non-passenger vehicles), PCS travel of civilian personnel, transportation of things, and temporary additional duty for the purpose of planning, development, and management of MAP and IMET activities, by the MILDEPs and MAP, IMET and FMS activities by the SAOs, etc. These procedures apply to all costs in the following MAP budget projects:

- L-10 Transportation Costs
- L-20 Packing, Crating, Handling, Port Loading and Unloading Costs
- L-40 Storage and Maintenance of MAP Stockpiles
- L-60 Logistics Management Expenses
- T-10 Administrative Expenses, Departmental and Headquarters
- T-20 Military and Defense Organizations designated to perform SA management functions.

b. **Responsibilities.**

(1) **Administrative Agency.** The MILDEPs have been assigned Administrative Agency responsibilities for UCOM headquarters by DOD Directive 5100.2, "Support of the Headquarters of Unified, Specified, and Subordinate Joint Commands." The MILDEPs have also been assigned Administrative Agency responsibility for SAO administration and operating support in accordance with DOD Directive 5123.3, "DOD Policy and Responsibilities Relating to International SA (ISA)," as follows:

(a) **Department of the Army.** The countries in the EUCOM and SOUTHCOM areas of responsibility.

(b) **Department of the Air Force.** The countries in the CENTCOM area of responsibility.

(c) **Department of the Navy.** The countries in the PACOM and LANTCOM area of responsibility.

(2) **MAP Budgets/Financial Plans.** The MAP budgets/financial plans for the SAOs, UCOMs, Departmental Headquarters, and subordinate commands will be prepared in accordance with instructions contained in this Chapter, the annual budget call, and other DSAA, Administrative Agency, or Command guidelines.

(a) **Unified Command Role.** UCOMs will prepare their own budget and also review, determine the adequacy of, revise, if necessary, and consolidate the budgets from the SAOs in their area of responsibility. They will forward these budgets to DSAA through the Administrative Agency.

(b) **Administrative Agency Role.** The Administrative Agencies will review and revise, if necessary, the UCOM and SAO budgets as well as review, revise, and consolidate the Departmental and Headquarters budgets under their jurisdiction prior to forwarding them to the DSAA.

c. **MAP/SAO Budget Cycle.**

(1). **MAP/SAO Budget Calls.** DSAA issues two budget calls each year requiring submission of budget estimates and supporting justification materials for the MAP overhead and support activities and SAO budgets. These are the President's Budget Call and the Mid-year Review Budget Call.

(a) **President's Budget Call.** This budget call, usually issued in mid-April, calls for submission of budget estimates and supporting information on or about 1 July. Submissions in response to this call include the estimated actual costs for the prior year, revised estimated requirements for the current year (the fiscal year which will commence 1 October) and estimates for the budget year for inclusion in the President's Budget. For example, the submissions for the FY 1991 President's budget would include estimated actual costs for FY 1989, revised estimates for FY 1990 as well as the initial FY 1991 estimates. DSAA conducts its review of this submission during July and August to establish approved MAP and SAO budget estimates for inclusion in the initial submission of the President's budget estimates to the OMB in September.

(b) **Mid-Year Review Budget Call.** This budget call is issued in mid-January calling for submission of estimates and supporting materials on or about 20 April. The submission includes prior year actual costs and revised current year operating cost estimates. The purpose of the submission is to provide a basis for revising the current approved operating budget to account for necessary fact of life changes. The midyear budget submission should not include new projects or programs unless they are of an urgent nature and fully justified. DSAA conducts its review of the mid-year budgets during April and May and issues revised annual funding programs and matching funding allocations during June.

d. **Development and Submission of Budget Estimates.**

(1) Budget estimates submitted for the President's Budget Review will be completed in accordance with instructions in that call.

(2) Budget estimates submitted for the mid-year review will be modified in accordance with instructions in that call.

(3) UCOMs and all other MAP funded activities will submit to the appropriate MILDEP MAP administration and support requirements for each SAO, Command Headquarters, and other MAP funded activity on formats provided in the call. Submissions of subordinate activities should be reviewed by the UCOMs and adjusted as necessary. Adjustments, if any, will be reflected on all applicable formats. The UCOM will also prepare consolidated formats for all activities under its jurisdiction.

(4) The MILDEPs (Administrative Agencies) will:

(a) Review or develop and consolidate departmental and command MAP administrative and support requirements.

(b) Review and adjust, as necessary, the requirements submitted by UCOMs and other subordinate activities. Adjustments, if any, will be reflected on applicable formats.

(c) Ensure that budgets are appropriately summarized identifying organizations under the command. Budgets will be assembled in the sequence shown in the call. Submit budgets to the Comptroller, DSAA.

e. **Reports.**

(1) A quarterly SAO manpower report, RCS: DSAA(Q)1218, based on the actual "on-board" strength as of the end of each month, is established to collect data regarding DOD support of the FMS program. Timely and accurate reporting of required data is essential. Refer to the sample report in Table 1302-1. **

(2) **Reimbursement for Revenue Traffic Airlift: DSAA Form 78-001.**

(a) Reimbursement is required for airlift transportation costs when an SAO assigned aircraft is used by organizations other than the SAO for non-SA missions.

(b) DSAA Form 78-001 should be completed and submitted within two work days after the airlift has been completed. See the sample format in Table 1302-2.

TABLE 1302-1

MAP/SAO BUDGET REPORTS, INSTRUCTIONS, AND SAMPLE FORMAT

A. The Quarterly Military Manpower Report for MAAGs, Missions, MilGroups, RCS: 1218, will be prepared by each SAO, consolidated and submitted by the UCOM in the following sample format:

1. <u>Sample Format</u>				
COL 1	COL 2	COL 3	COL 4	COL 5
<u>SERVICE</u>	<u>RANK</u>	<u>NUMBER OF MEMBERS ON BOARD</u>	<u>NUMBER OF MAN MONTHS ON BOARD DURING QTR</u>	<u>NUMBER OF MONTHS IN USG PAID OR AIK HOUSING</u>
A. Army	0-6	2	4	3
	0-4	2	6	3
	Subtotal	XXXX	4	10	6
B. Navy	0-5	1	3	3
	0-2	3	9	-
	E-7	2	6	-
Subtotal	XXXX	6	18	3
C. Air Force	0-6	3	9	9 (3)
	0-5	3	8	3
	E-6	5	15	-
Subtotal	XXXX	11	32	12 (3)
D. Marine Corps	0-5	1	3	-
	0-4	1	2	-
Subtotal	XXXX	2	5	-
E. Coast Guard	0-5	1	3	-
Subtotal	XXXX	1	3	-
F. Total	XXXX	24	68	21 (3)

() Equals number of months in AIK housing.

 TABLE 1302-1. MAP/SAO Budget Reports, Instructions, and Sample Format.

2. **Report Instructions.** The information required in each of the columns shown above is as follows:

- (a) Column 1. Identify the organization; e.g., Army, Navy, Coast Guard, etc.
- (b) Column 2. For each organization list only the numerical ranks for which manpower is being reported.
- (c) Column 3. Provide the count, by rank, of the total number of members on board, based on end of month strengths; e.g., if one O-6 is on board for all three months and his replacement is on board at the end of the 3rd month of the reporting period, the total number of O-6's to be reported is 2.
- (d) Column 4. For each member on board at end of month count one man month. For example, in Column 3 example above, total number of O-6 man months to be reported is 4.
- (e) Column 5. Indicate the total number of months during the period in which the members occupied USG owned or leased and AIK provided housing. Occupancy during any part of a month is counted as the entire month. The total months of AIK housing should be shown in parenthesis to the right of the total man months in housing.
- (f) The report will be submitted no later than the tenth calendar day following the end of each quarter by message to the following addressees:

- HQ USAF WASHINGTON DC//AF-MPPB//
- DA WASHINGTON DC//DAPE/MBB-M//
- COMNAVMILPERSCOM WASHINGTON DC//NMPC-713P//
- CMC CC WASHINGTON DC//FDB//
- COMDT COGARD WASHINGTON DC//G-CPI//

An information copy of the report should also be provided to DSAA/Comptroller/ Budget.

B. The Request for Revenue Traffic Airlift DSAA Form 78-001, Figure 1302-2 will be submitted in the following sample format. Forward the original and one copy together with a certified statement of actual flying time to DSAA, Attn: Office of Comptroller/Budget Division, Room 4B659, Pentagon, Washington, DC 20301.

TABLE 1302-1. (Continued)

TABLE 1302-2

DEFENSE SA AGENCY
Washington, D.C. 20301

Date:
Request No:

REQUEST FOR REVENUE TRAFFIC AIRLIFT

From: _____

TO: Chief SAO _____

Revenue traffic airlift services as described are requested for the following activity: _____

Purpose, date, estimated flying times, and route of non-SA flight mission: _____

Billing address: _____

Fund Citation to be shown on billing: _____

CERTIFICATION BY REQUESTING OFFICIAL: Pursuant to the requirements of paragraph 6-1.b. of DOD Regulation 4515.13R, I certify that commercial transportation is neither available, readily obtainable, nor satisfactorily capable of meeting the requirements. I certify that the requesting office will accept liability for the reimbursement billing for airlift service provided in response to this request.

(Name & Title of Requesting Official)

Signature

For Use by Chief SAO

(Name & Title of Approving Official)

Signature

Form DSAA 78-001

TABLE 1302-2. Request for Revenue Traffic Airlift (Form DSAA 78-001).

SECTION 1303 - ACCOUNTING

130301 FINANCIAL ADMINISTRATION OF THE FMS PROGRAM

A. **Trust Funds.** A separate trust fund has been established to account for payments received from customers and disbursements against implemented FMS cases. This fund can be either cited directly on contracts for the procurement of defense articles or services for that customer or used to reimburse MILDEP appropriations for deliveries from DOD stocks.

B. **SAAC Responsibility.** SAAC has been established as the central DOD office for dispatching billings to, and receiving payments from FMS customers. It provides the customer with a single source to which payments can be made and queries concerning these payments or other financial matters can be addressed.

C. **Payments to Trust Funds.** Cash payments deposited to the customer trust fund other than for initial deposits are based on requests for funds (FMS Billing Statement, DD Form 645) submitted by SAAC. FMS customers are provided detailed information in support of billings for defense articles, defense services, design and construction, and related surcharges. SAAC is responsible for assurance that sufficient cash is available from the foreign government to cover accrued expenditures, costs to be incurred during the remainder of the current quarter, and to meet charges to be incurred during the forthcoming 90 day period; such as, contractor progress payments, contractor holdbacks, potential termination charges, and deliveries from DOD inventories. Therefore, billings will be the amount shown on the payment schedule (financial annex) attached to the DD Form 1513, or the quarterly forecast of the financial requirements accompanying the DD 645 bill, whichever is greater. The quarterly forecast will include accrued expenditures through the billing cutoff plus estimates of the costs to be incurred on behalf of the FMS customer through the calendar quarter following the quarter in which the bill will be mailed; for example, a statement prepared in January (December cutoff with payment due March 15) will project financial requirements through June (see Table 1304-2). Accumulation of large unexpended balances in customer trust accounts for substantial periods must be avoided, except where related to contract holdbacks and other accrued or potential liabilities. *

D. **Excess Payments.** Payments received for an individual FMS case may be in excess of the final charges. These funds can be retained in the customer's holding account pending further instructions (see para 130402C.). Implementing agencies should not enter any remarks on FMS documents in regard to transferring Purchaser funds from one case to another. Such remarks can be misleading, contradictory to instructions given to SAAC by the Purchaser, and not effective if crossleveling is required. Any excess funds on a case are processed to the Purchaser's Trust Fund and can only be applied to another case at the Purchaser's request.

130302 AUDITS AND INSPECTIONS

A. **Purpose.** This section prescribes the action to be taken by SAOs, UCOMs, and other activities having responsibilities for MAP, IMET, and FMS programs on audits, inspections, and reports by GAO; the DODIG; and MILDEP Audit Agencies.

B. Types of Audits/Inspections

1. **GAO Audits.** The GAO is empowered by law and DOD authority to conduct independent audits of DOD agencies and functions. The audits consist of comprehensive examinations of an agency's organization, activities, and results of operations. The audit results are set forth in reports containing findings, conclusions, and recommendations that provide a

valuable means of identifying problems that require corrective action. Reports of the audit are made available to the DOD agencies and offices concerned, the SECDEF, OMB, and to Congress.

2. **DOD Internal Audits.** The MILDEP Audit Agencies are responsible for providing audit coverage of activities in the U.S. that perform functions under MAP, IMET, and FMS programs. The DODIG is responsible for providing audit coverage of activities overseas that perform such functions. Reports of audits are addressed to the audited activity, to the SECDEF, and to DSAA.

C. **Notification of Audits and Inspections.** Normally, the GAO and DODIG provide advance notice of proposed audits/inspections, their scope, and the time of audit. Upon receipt of notification of audits or inspections relating to MAP, IMET, or FMS activities, DSAA will advise the applicable UCOM and SAO.

D. **Policy Concerning Releasability of DOD Records Relating to MAP and FMS.**

1. **Releasability to GAO.** It is DOD policy to cooperate with the GAO by responding quickly to its requests for information, and to allow the GAO access to all pertinent records, with the following exemptions:

a. Materiel relating to foreign intelligence or counterintelligence activities or materiel exempt from disclosure to the Comptroller General by statute.

b. Documents originated by non-DOD agencies are released only with consent of the originating agency.

c. Reports of Military Inspectors General and Criminal Investigations Organizations are released only on approval of the appropriate departmental secretary.

d. Budget program data for fiscal years not yet presented to the Congress (including planning documents) are not releasable.

e. Specific authority of USDP is required for access to:

(1) Confidential correspondence exchanged between heads of state,

(2) Presidential memoranda,

(3) Performance evaluation reports,

(4) Internal Executive Branch working papers and memoranda,

(5) Documents revealing sensitive information about the conduct of U.S. negotiations with foreign countries, and

(6) Other DOD materiel which the Ambassador or major military component commander considers may be sensitive and could, if revealed, have a serious adverse effect on the conduct of USG foreign relations or otherwise prejudice the national interests of the U.S.

f. When a denial of access to a request for information is contemplated, efforts should be made to determine if alternative methods exist for accommodating the GAO before initiating action to formally deny the request. Agencies are required to promptly notify higher headquarters and the DODIG regarding unresolved issues over access, or contemplated denial of access to records.

2. **Releasability to the DODIG.** The DODIG shall not be prevented from accomplishing its functions as authorized by DODD 5106.1, except that the DODIG shall be subject to the authority, direction, and control of the SECDEF with respect to audits, investigations, or the issuance of subpoenas that require access to information concerning:

- a. Sensitive operational plans,
- b. Intelligence matters,
- c. Counterintelligence matters,
- d. On-going criminal investigations by other administrative units of DOD related to national security, and
- e. Other matters the disclosure of which would constitute a serious threat to national security.

E. **Relationship with Audit/Inspection Agency.** Audits of MAP, IMET, and FMS will be conducted in accordance with instructions of the MILDEPs and UCOMs relating to audits and inspections generally.

F. **Exit Conference.**

1. A letter report on the exit conference conducted by the GAO or the DODIG will be forwarded within 30 days to the Assistant for Audits and Inspections, Plans Directorate, DSAA.
2. When appropriate, DSAA will be represented during the GAO and DODIG exit conferences.

G. **Action on GAO Draft Reports.**

1. Comments on GAO draft reports must be provided to the GAO within the 30 days allowed by P.L. 96-226. The law does not allow GAO to delay issuance of the report, except under certain circumstances; therefore, the action office must decide quickly whether a response is essential for accuracy of the report, and whether the response can be provided within the deadline. If feasible, a meeting should be convened early in the 30 day response period to convey DOD views to the GAO regarding the draft report, with written comments being prepared and transmitted as soon thereafter as possible.
2. The UCOM will forward a message report with the following information along with its comments to the Assistant for Audits and Inspection, Plans Directorate, DSAA, within 25 days from the date of the draft report.
3. Upon receipt of the draft report, the audited agency will:
 - a. Verify the accuracy and validity of each pertinent finding, conclusion, and recommendation,

- b. Take suitable corrective action,
- c. Submit to the UCOM within 15 days a statement with respect to each finding, conclusion, and recommendation, giving:
 - (1) Additional facts,
 - (2) Concurrence or non-concurrence,
 - (3) Corrective action taken and anticipated completion date.

H. Action on GAO Final Reports

1. The GAO transmits final reports to Congress and to OMB with information copies to the SECDEF, the UCOM, and the SAO.

2. Action required on final reports is similar to that required for draft reports. Comments should not be repetitive but merely update the statement on the draft report. If DOD was not given an opportunity to respond to the draft reports, audit agencies should take action as outlined above for draft reports. Legal provision and OMB Circular No. A-50 allow a 60 day response period for final reports, which must not be exceeded. When the reply must be delayed, an interim response shall be provided by the established suspense date. The interim response shall address as many findings, conclusions and recommendations contained in the report as possible, and state when a final response will be made.

I. Action on DODIG Reports

1. The DODIG normally provides a draft report upon completion of the audit to obtain management's comments for inclusion in the final report. The response is usually required within 60 days from the draft report date. The UCOM will forward a reply incorporating the following information and its comments to Plans Directorate, DSAA, within 40 days from the date of the report transmittal letter.

2. Upon receipt of the draft report, the audited agency will:
 - a. Verify the accuracy and validity of each finding, conclusion, and recommendation,
 - b. Take appropriate corrective action,
 - c. Submit to the UCOM a statement with respect to each finding, conclusion, and recommendation, giving:
 - (1) Additional facts,
 - (2) Concurrence or non-concurrence,
 - (3) Corrective action taken and anticipated completion date.
 - d. Management responses shall explicitly state concurrence or non-concurrence with audit findings and recommendations. Non-concurrence with findings or recommendations shall be explained fully.

J. Corrective Action Follow-Up.

1. SAOs and UCOMs should provide for positive follow-up corrective action responses to GAO and DODIG findings and recommendations. In some instances, special reports on status of corrective action may be required by DSAA. In all cases, the adequacy of corrective action on audits and inspections may be raised during DSAA staff visits.

2. UCOMs will submit reports to Plans Directorate, DSAA, which reflect, as of 31 March and 30 September, the status of incomplete corrective actions for each applicable GAO and DODIG report. The reports are due within 30 days of the close of each semi-annual period, and negative reports are required. Additional guidance on preparation of reports is provided in DOD Directive 5000.41.

130303 DSAA FINANCIAL MANAGEMENT REVIEW PROGRAM

A. **Background.** The Director, DSAA, is responsible for carefully monitoring the requirements for and the availability of funds to support FMS programs. Many FMS recipients have limited resources with which to finance essential defense programs. These factors highlight a requirement for DOD and the MILDEPs to review the financial status of FMS programs in order that FMS customers may base programmatic and financial decisions on accurate and timely information.

B. **Purpose.** The DSAA Financial Management Review Program (FMRP) (RCN 1150) was established to identify and resolve current financial problems and to provide an "early warning" system for emerging problems so that the USG and the customer may have as many options as possible in resolving these problems. The FMRP constitutes a country-level overview of a customer's program, taking into account current and projected requirements and anticipated resources, including FMS credits, MAP grants, and budgeted national funds. This information can assist FMS customers in managing their resources and in making crucial decisions related to future FMS purchases. The FMRP does not duplicate or substitute for FMS case financial and logistical reviews conducted by IAs with in-country counterparts, but ties together individual IA programs into an overall country financial summary (see Table 1303-1 Sample Tasking Letter for DSAA RCN 1150).

C. Procedures.

1. Each quarter, DSAA selects up to four FMS customer programs for review. DSAA then requests financial data (see Table 1303-2) on a list of cases representing about 90 percent of the ordered value of the FMS program.

2. IAs may be requested to complete a case worksheet furnished by DSAA for certain cases. The following is an example of data elements that may be included in the worksheet:

a. Total Case Value: "Estimated Cost" (articles/services/administrative/accessorial value) reflected in block (26) of the 1513 or in block (27) of the latest amendment (1513-1) or modification (1513-2) to the case.

b. Net Case Value: "Estimated Cost" (articles and services value) in block (21) of the 1513 or in block (22) of the latest amendment (1513-1) or modification (1513-2) to the case.

c. Obligations. The IA's total financial obligations related to the case during the periods cited on the form, for example, value of contracts let and requisitions issued.

d. **Working Funds.** The amount of funds to be expended on behalf of the case during the period cited on the form; that is, an estimate of the disbursements (reimbursable and direct cite) that SAAC will make from the trust fund for deliveries and contractual progress payments.

e. **TL/Contractor Holdback.** Estimate of additional funds that should be collected for these requirements. [See Chapter 7, Para 70103.H.3.b.(2).]

f. **Estimated Supply Completion Date.** The date that all articles will have been delivered and all services performed. Provide date in YYMM format; for example, Mar 87 would be 8703.

g. **Estimated Closure Date.** The date that a Case Closure Certificate will be submitted to the SAAC. (YYMM)

h. **Excess Case Value.** Any portion of case value that is in excess of anticipated total costs.

i. **Remarks.** Any exceptional circumstances concerning the financial status of the case; such as, payment schedule front-loaded at customer request; amendment or modification pending to increase/decrease case value or revise payment schedule; or closure delayed because case is in litigation.

3. Following consolidation and analysis of the data, DSAA will meet or correspond with IAs, as appropriate, to follow-up on recommended actions.

130304 C-12 MANAGEMENT

A. **Command Relationships.** The DSAA, DIA, and the USAF MOU, dated 23 September 1983, provides C-12 aircraft to DSAA to assist in implementing the worldwide SA mission. In consultation with the appropriate UCOM, DSAA assigned these C-12's overseas to SAOs on a priority basis. UCOMs provide additional guidance to SAOs on C-12 program management.

B. **Mission.** The primary mission of the six DSAA dedicated C-12 aircraft is to support SAO security assistance program management. Other missions may be flown when they do not have an adverse impact on the SA mission and when they are reimbursed.

1. **Security Assistance Missions:** These missions must support SA management responsibilities as outlined in Section 515 of the FAA. Included in this category are local in-country training, evaluation, and maintenance flights. These missions are financed by SA administrative funds.

2. **Other Missions:** There is no legal basis to use SAO SA administrative funds for C-12 flights for other than SAO SA management purposes. Missions flown in the "Other" category shall be flown on a reimbursable basis. Other missions may be flown only when they will not impair SA missions and only in compliance with the laws and regulations governing the use of DOD transportation assets. Examples include: disaster relief, UCOM exercises, visitors who are on non-SA management business, flights flown in support of the U.S. embassy, U.S. Defense Representative responsibilities, or flights flown in support of an FMS case which specifically includes a transportation line. C-12 flights which support Congressional or Congressional Staff Delegations (CODELs) are also included in this category (See Paragraphs 130304D.2.b.(2) and 130304D.2.c.(1). below).

C. DSAA C-12 Policies.

1. When SAOs share or jointly use C-12 aircraft, SA missions take precedence over any other SAO requirements.

2. All C-12 missions flown out of the SAO area of accreditation require prior justification to, and approval by, the UCOM.

3. The C-12 aircraft shall be used only when such use is more economical than commercial aircraft or airline services are not available, readily obtainable, or for reasons which must be specified, incapable of satisfying the transportation requirements. The C-12 should not be used if travel requirements can be met when other safe, more cost effective modes of transportation are available; e.g., rail, automobile, etc. The SAO Chief has the authority to make these decisions.

4. Passenger travel and reimbursement shall be in accordance with DOD 4515.13-R, *Air Transportation Eligibility*, November 1994, or by specific UCOM approval before flight, * except in case of emergency.

D. Areas of Special Concern. Three major areas of concern are: Flight authority, passenger approval/eligibility/reimbursement, and flying hour program management.

1. Flight Approval Authority:

a. The SAO Chief may approve Flights within his area of accreditation in support of SA management functions, as specified in Paragraph 130302.A.

b. For "Other" missions, established UCOM approval procedures will be followed and fund cites obtained prior to flight.

c. For DSAA dedicated C-12s, the SAO Chief may approve missions requested by USAF agencies (usually located in close proximity to the SAO) desiring to use their own pilots and flying time. If the USAF agency will use the C-12 on a regular basis, the SAO and the USAF agency should negotiate a written agreement and forward it through the UCOM to DSAA for approval. The agreement should outline scheduling priorities, responsibilities, and administration and shall be consistent with the DSAA/DIA/USAF MOU dated 23 September 1983. These missions will be approved on a non-interference basis.

d. For DSAA dedicated C-12s, the SAO Chief will retain responsibility for the proper use of the C-12 regardless of the agency using or funding the use of the C-12. For DIA dedicated C-12 aircraft, jointly used by the SAO, the SAO Chief will retain responsibility for proper C-12 use for SAO missions.

2. Passenger Approval/Eligibility/Reimbursement.

a. Passenger eligibility for all DOD aircraft is set out in DOD 4515.13-R. In brief, normal categories of military travel are permitted to include temporary duty and space-available travel of military members and dependents, provided that such travel does not interfere with the primary SA mission. Special categories of passengers may be eligible for C-12 travel if approved by the appropriate authority as set out in DOD 4515.13-R. NOTE: DSAA dedicated C-12 missions may not be scheduled solely for rest and recuperation purposes.

b. The SAO Chief is responsible to determine if movement of travellers will interfere with the SA mission and is therefore the final authority for passenger movement. This includes authorization of SA travel as well as determination that "Other" travel will not interfere

with the SA mission. The SAO may also approve space-available travel. In addition, the SAO Chief has special authority as outlined in DOD 4515.13-R, Paragraph 10-I, for specified American * Embassy personnel, distinguished foreign nationals, key foreign military, and wives of certain officials under certain conditions.

(1) Spouses of DOD personnel, other than authorized by Paragraph 10-I, * must have ITOs. Due to unique funding of DSAA C-12 operations, these procedures may differ from other DOD aircraft transportation requirements. In any case, the spouse travel must clearly be in the national interest and there must be an unquestionable official requirement in which the spouse is actually to participate.

(2) CODELs warrant special consideration. The ASD for Legislative Affairs (ASD/LA) has approval authority for non-sponsored, non-reimbursable flights in support of CODELs. In addition, sponsored, non-reimbursable CODEL flights outside of the U.S. must be submitted to SECDEF (DOD 4515.12). In the process of determining the availability of DSAA dedicated C-12 aircraft to support a CODEL mission, DSAA will verify to ASD/LA that the aircraft does not have a higher priority SA requirement. Normally, DSAA will request the appropriate UCOM to obtain C-12 availability from the SAO. Once a decision has been made to use the DSAA dedicated C-12, the MILDEP which has been assigned by ASD/LA to support the CODEL should immediately provide the SAO, UCOM, and DSAA/Plans, PGM with a fund cite to support the * missions, as well as list of names of official members of the CODEL, identified by the Chairman of the Committee which is sponsoring the CODEL, to ensure that all concerned clearly understand who the authorized passengers are. Pursuant to 31 U.S.C 1108(g), and the rules promulgated thereunder; such as, DOD 4515.12, 12 December 1964, official members of CODELs may be authorized passengers on DSAA dedicated C-12 aircraft. On short notice requests, SAOs should telephone DSAA/Plans, PGM (Commercial 703-604-6644, DSN 664-6644) to resolve questions * on CODEL travel. SAOs will keep the UCOM and DSAA/Plans, PGM Division informed. *

c. The reimbursement requirement for passenger travel is also addressed in DOD 4515.13-R. If the passenger is on official duty in support of SAO management functions, he/she is authorized travel and no reimbursement is required. In addition, approval authority for space-available, non-reimbursable travel for designated individuals is granted to SAO Chiefs by DOD 4515.13-R, Paragraph 10-I. Embassy requests for permission to transport non-DOD * individuals (outside the authority of Paragraph 10-I) shall be in accordance with Department of * State Foreign Affairs Manual Volume 6, Section 185 (6 FAM 185), 18 December 1987, as amended to ensure proper inter-agency coordination. Note that DOS requires that 6 FAM 185 procedures be followed by all non-DOD elements of the Embassy. All other passengers must fall under the purview of DOD 4515-13-R, Paragraph 10-I as non-reimbursable, or they must * reimburse DSAA for their travel.

(1) While some CODEL missions may be considered by DSAA and SAOs to be SA missions, there is no authority for the use of SA administrative funds to support non-SA CODEL missions on DSAA dedicated C-12 aircraft. CODEL mission funding will be the responsibility of the MILDEP tasked by ASD/LA to support the CODEL. The cost for the CODEL mission will be reported by the SAO via DSAA Form 78-001 to the DSAA Comptroller-Budget Division for reimbursement action

(2) For reimbursable travel, there is no seat mile rate for DSAA dedicated C-12 aircraft. Flying hour rates shall be used. Questions may be directed to DSAA/Comptroller-Budget.

3. Flying Hour Program Management: The responsibilities of SAOs, UCOMs, and DSAA are stated in the following paragraph.

E. Responsibilities.**1. SAO Responsibilities:**

a. SAOs will provide UCOM the flying hour programs for the yearly budget in accordance with criteria established by this manual and DSAA/Comptroller annual budget call. UCOM will review and forward recommended flying hour requirements. *

b. SAOs are required to submit monthly activity reports to the C-12 Program Manager in accordance with the Oklahoma Air Logistics Center (OC-ALC/LKO), Oklahoma City, Oklahoma, and DSAA C-12 Support Agreement T-607, Attachment 3, January 1991.

c. SAOs will provide the UCOM with copies of all MOUs between the SAO and other organizations where a shared or joint use agreement is in effect.

d. The SAO is responsible for completing DSAA Form(s) 78-001, "Request for Revenue Traffic Aircraft", and a memorandum certifying actual flying time, for each reimbursable flight and for mailing these forms to DSAA/Comptroller-Budget, 1111 Jefferson Davis Highway, Suite 303, Arlington VA 22202, as soon as practical (not later than ten working days after the date of the flight). For additional guidance see SAMM Chapter 13, Section 1302, Paragraph 130202.C.2.e.(2).

e. The SAO will keep the appropriate UCOM and DSAA/Plans PGM informed on all CODEL missions, as appropriate. *

f. The SAO will provide UCOM information pertaining to changes in overall flying hour program requirements as soon as possible. UCOM will review and forward recommended changes to DSAA Plans-PGM. Changes to flying hour programs, or movement of aircraft, can require a lead time of six months to become effective.

g. The SAO Chief will ensure that SAO complies with this section as well as guidance which may be provided by the UCOM. Questions regarding this section should be directed to DSAA/Plans, PGM, through the appropriate UCOM C-12 Point of Contact. *

2. UCOM Responsibilities:

a. UCOMs are charged with administrative oversight of DSAA dedicated C-12 aircraft in their area of accreditation consistent with applicable guidelines and directives to ensure safe and efficient use of these resources.

b. UCOM will keep the Director, DSAA informed of problems or issues resulting from reviews of SAO monthly reports, or other sources, to include corrective action(s) underway.

c. The UCOM will assist SAOs in obtaining fund cites for "Other" missions, as necessary, prior to the mission. *

d. The UCOM will maintain copies of all MOUs between SAOs and other organizations for joint or shared use of DSAA dedicated C-12 aircraft. *

3. DSAA Responsibilities:

a. DSAA/Comptroller-Budget Division:

- (1) Obtain funding and establish approved flying hour budgets for SAOs.
- (2) Administer reimbursement to the USAF for the total cost of the SAO flying hour program to include the maintenance contract costs, engine overhaul, and fuel.
- (3) Process DSAA Forms 78-001 submitted by SAOs.

b. DSAA/Plans-Programs Division: *

- (1) Provide policy and program guidance on management of DSAA dedicated C-12 aircraft.
- (2) DSAA office of primary responsibility for Internal Management Control (IMC) reporting on C-12 aircraft to higher authority.
- (3) Establish annual flying hour program reporting requirements. *
- (4) Provide annual flying hour requirements to the C-12 Program *
Manager at Oklahoma City Air Logistics Center.
- (5) DSAA office of primary responsibility on the DIA/DSAA/USAF C-12 *
MOU.
- (6) DSAA point of contact for CODEL travel. *
- (7) DSAA POC for 2852 ABG/DSAA Support Agreement. *

TABLE 1303-1

SAMPLE TASKING LETTER FOR DSAA RCN 1150

In reply refer to:
I-_____/85

MEMORANDUM FOR THE COMMANDER, U.S. ARMY SECURITY ASSISTANCE CENTER (AMSAC-RP)

CHIEF, PLANS, PROGRAMS AND ANALYSIS BRANCH (OP-631)
CHIEF OF NAVAL OPERATIONS
DEPARTMENT OF THE NAVY
CHIEF, POLICY AND MANAGEMENT DIVISION (AF/PRIM)
DIRECTORATE OF INTERNATIONAL PROGRAMS
DEPARTMENT OF THE AIR FORCE

SUBJECT: Financial Management Reviews for (COUNTRIES) (DSAA RCN 1150)

Reference: SAMM, Chapter 13, Section III

The reference outlines the objectives and procedures of the financial management reviews conducted under DSAA Reports Control Number AR 1150.

Our next review will cover (COUNTRIES). A list of cases to be reviewed is at Attachment 1. Each IA is requested to complete the financial data form at Attachment 2 for each of the selected FMS cases. IAs should consolidate data from subordinate activities and forward a single response to DSAA. Your response should include the name and phone number of the IA point of contact.

Due dates for submission of the data are indicated below, along with the DSAA primary points of contact. If you encounter any difficulty in meeting these dates, please advise us of the reasons for the delay and the date the information can be provided.

<u>Country</u>	<u>Due Date</u>	<u>DSAA Point of Contact</u>
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Questions concerning these reviews may be referred to the above-listed points of contact, Pentagon extensions 41173 or 47097.

[Signature]
Chief, Financial Management Division

Attachment
a/s

TABLE 1303-1. SAMPLE TASKING LETTER FOR DSAA RCN 1150.

TABLE 1303-2

SOURCES OF DATA REVIEWED

DSAA 1200 SYSTEM

Case listing (90% coverage)
Case descriptions
LORs
Offers outstanding
Accepted/Unimplemented

DSAA CMMD

MAP and FMSCR program data
Totals
Committed
Disbursed
Uncommitted
Undisbursed
Commercial contracts
FMSCR repayment schedules

SAAC/DIES

Case values
Deliveries
Undelivered values
Disbursed/undelivered
progress payments
Computed termination
liability
Unearned advances
Collections
Treasury cash
Available cash
FRB balances
Holding accounts
FRB arrearages
Billing history and forecast
Disbursement history
Case closure certificate inventories
Crossleveling agreements

IMPLEMENTING AGENCIES

Obligations
Multi-year working funds (disbursements)
Reserves for termination liability &
contractor holdback
Estimated supply completion dates
Estimated closure dates
Estimated excess program value
Potential shortfalls

SAOs-CUSTOMERS

Potential new sales requests
Potential funding for new sales requests
Budgeting data
FMSCR/MAP
Cash (national funds)

TABLE 1303-2. SOURCES OF DATA FOR RCN 1150.

SECTION 1304 - CASH MANAGEMENT**130401 FINANCIAL ANNEX TO THE DD FORM 1513**

A. **Purpose.** To improve the quality of payment schedules attached to LOAs, Paragraph 130401B, this section, provides criteria for payment schedule preparation. The financial annex payment schedule provides the purchaser with a reference to his financial commitment. A sample of the Financial Annex is shown at Table 1304-2.

B. **Payment Schedule.** The payment schedule should project quarterly payments due as of the 15th day of the last month of each calendar quarter. Each deposit amount should be sufficient to cover all costs and contingencies anticipated to be incurred on the purchaser's behalf during the succeeding quarter, plus a reserve to cover TL (for sales from procurement). Specifically, the deposits should provide for incremental payment of materiel, services, administrative charges, accessorial charges, contractor holdback, TL, NC recoupment charges, asset use, and any other applicable contingency or add-on costs.

C. **Preparation of Payment Schedules.**

1. **General.** The preparation of payment schedules requires budgetary estimates under conditions of inflationary uncertainty and uncertainty as to the specific dates when: purchasers will accept and return the LOA for implementation; requisitions for items will be initiated; contracts will be let; progress payments must be made to contractors; deliveries of items, particularly spare parts and support equipment, will occur; and personnel costs will be incurred.

2. **Criteria.** A payment schedule must be developed for each case. In general, payment schedules will include estimates of outlays for sales from DOD stocks, sales from procurement, DOD services and training, administrative, accessorial, and transportation charges. The paragraphs that follow provide criteria for developing payment schedules in anticipation of these costs:

a. **Timing and Amount of Payments.** All payment dates on Financial Annexes other than initial deposits should be 15 days before the end of each calendar year quarter (15 December, 15 March, 15 June, 15 September). Payment amounts should equal the anticipated outlays for the next 90 days after payment date. The timing and amounts of claims for payment will coincide with existing FMS billing procedures as described in DOD 7290.3-M. The payment schedule should specify the initial deposit required at the time of case acceptance. The amount of initial deposit must be sufficient to cover outlays/deliveries anticipated until the first follow-on payment is scheduled for receipt.

b. **Uncertain Date of Acceptance.** When the exact date a purchaser will accept an LOA is uncertain, and a payment is needed a specific number of days after that acceptance, assume that the purchaser will accept the LOA 60 days after it is offered, and specify the first payment date accordingly.

c. **Materiel from Stock.** The schedule for payments related to materiel to be sold from stock will be based on estimated deliveries during each 90 day period following the quarterly payment dates cited in paragraph a. above. The basis of forecasting anticipated delivery will be the use of historical delivery information of specific generic codes and other materiel categories and should be supported by an analysis showing the means of forecasting.

d. **Materiel from Procurement.** Payment schedules for materiel obtained through procurement requiring progress payments to contractors will be estimated based on historical cost curves. These curves should be systematically developed for all major DOD weapon systems and should be reviewed periodically for validity. Payment schedules should include estimated disbursements to contractors, an appropriate contract hold-back percentage, and a reserve for TL.

e. **Concurrent Spare Parts.** For case lines involving concurrent spare parts, estimate dollar deliveries consistent with the delivery of the end items being supported.

f. **Purchaser-Initiated Requisitions.** For cases involving purchaser-initiated requisitions, such as blanket order cases expressed in dollars, over a one-year period, phase payments quarterly for one-fourth of the estimated case value. The first payment should be scheduled 90 days after the estimated date of case acceptance and initial deposit.

g. **Personal Services.** For cases involving personal services, develop a monthly phasing based upon the scheduled dates and elements of cost of the services being provided.

h. **Training Cases.** For training cases involving foreign student entry into courses, schedule the payment in consonance with known or estimated entry into the training courses involved. Open-end or blanket order training cases will require an initial deposit of 25 percent when the case exceeds \$25,000.

i. **Royalties or Pro-Rata NC Charges.** For cases involving royalties or pro-rata NCs, schedule the payment in consonance with production schedules of the end item for which the payment is being collected. *

j. **Administrative and Accessorial Charges.** Schedule administrative and accessorial costs in consonance with payment schedules for the primary items or services being provided under the case. However, one half of the administrative fee reflected in block 23 of the DD Form 1513 will normally be required with acceptance of the LOA.

D. **Initial Deposit.** To accept an LOA, the purchaser is required to make an initial deposit equal to a portion or all of the estimated value of the FMS agreement. The terms of sale, type of case, projected date of delivery or performance of services, anticipated date of LOA acceptance, and source of supply all have a bearing on the amount of initial deposit.

1. The amount of the initial deposit will be determined as follows:

a. Cash with acceptance, i.e., full case value as initial deposit, is required if delivery of the defense article or service is within 90 days of LOA acceptance, or if total performance is anticipated to be completed before SAAC can bill and collect additional payments (see Table 1304-2).

b. Cash with acceptance is also required for cash sales from procurement if the purchaser is not authorized direct arrangements for dependable undertaking (and, accordingly, is not listed in Table 1301-3), unless DSAA has approved other financing terms.

c. Initial deposit should be one-half of the administrative surcharge shown in block 23 of the DD Form 1513, if there will be no performance on the case during the period covered by the initial deposit.

d. Initial deposit must include a reserve for TL and contractor holdback, if items will be placed on contract during the initial deposit period. The TL portion of the initial deposit is the amount of USG liability if the contract should be terminated during the period covered by the initial deposit, not the full amount of TL that may be required during the life of the case.

e. DOD 7290.3-M provides special guidance for computing initial deposits for FMSO I agreements.

2. The purchaser is responsible for forwarding the initial deposit to SAAC by check or wire transfer at the time of and as an integral part of accepting the DD Form 1513. In the absence of such payment, there is no binding agreement that can be implemented. If the purchaser has excess funds in his FMS Trust Fund Holding Account, he may request use of these funds to pay initial deposits.

E. Accuracy of Pricing and Payment Schedules.

1. **Need for Accuracy.** Historically, a major area of purchaser concern has been the rapid change in pricing and financial commitments after acceptance of FMS agreements. Purchasers are concerned that the amounts they are required to pay on the DD Form 645, FMS Billing Statements, often differ significantly from the amounts estimated in the LOAs and related payment schedules. Inaccurate payment schedules hamper financial planning on the part of purchasers and, as a result, they must obtain emergency funds from (or must return monies to) their parliamentary bodies.

2. **Effect of Inaccuracies on Customers.** Since purchasing governments typically have budgetary practices that are as involved as our own, emergency funding may not be available in time to avoid penalty interest assessments on delinquent FMS debts. Interest charges for late payments are difficult to defend when the cause for delinquency is attributable to inaccurate pricing and inflated payment schedules provided to the purchasers by DOD .

3. **Prohibition on Front-Loading of Payment Schedules.** LOA payment schedules should reflect the case manager's best estimate of financial requirements. Requests from FMS purchasers to front-load FMS case payment schedules must be coordinated with DSAA Operations and Comptroller prior to submission of the LOA for countersignature. A copy of the purchaser's request must be included in the coordination package. In addition, the amount of acceleration involved with the proposed schedule and the type(s) of financing involved should be identified.

F. Revisions to Payment Schedule.

1. IAs will revise LOA payment schedules as outlined in paragraph 2 below. A new payment schedule should be furnished whenever a substantive change in payment requirements is evident. SAAC will bill in accordance with payment schedules so long as payment schedules are realistically in line with financial requirements.

2. IAs will establish formal procedures for the review and revision of FMS case payment schedules as follows:

(a) The payment schedule should be evaluated each time a DD Form 1513-1 or 1513-2 is issued that affects case or line values.

(b) 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

(c) If the review discloses that actual disbursements and payables vary from estimated disbursements by more than 10 percent, IAs should give priority to revising applicable payment schedules.

(d) IAs will monitor the contract award date contained in the Financial Analysis (SAMM, Paragraph 70103H.3.a.(4)(g) provided with each new LOA. If the contract award date slips, the payment schedule should be adjusted by DD Form 1513-2, within 30 days of contract award.

3. Except in emergency situations, payment schedule changes will be provided to SAAC via a DD Form 1513-2 or DD Form 1513-1.

4. On an emergency basis, when immediate suspension or modification of the billed amount is required, a revised payment schedule may be provided to SAAC by message. However, this means of notification should be used only if a DD Form 1513-2 or DD Form 1513-1 cannot reach SAAC by the tenth day of the last month of the calendar quarter. Message notification must be immediately followed by a financial annex payment schedule modification (DD Form 1513-2 or 1513-1).

5. If an emergency payment schedule change is not followed by a DD Form 1513-2 or 1513-1 containing a new payment schedule prior to the next billing cycle, the FMS billing statement (DD Form 645) will revert to the payment schedule contained in the most recent official LOA document (DD Form 1513, 1513-1, or 1513-2, as applicable).

6. IAs are encouraged to develop standard payment schedule management systems which are consistent with the SAMM with respect to payment schedule preparation and revision.

G. Advance Collection for TL.

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1. MILDEPs implementing FMS agreements are responsible for the determination of costs of potential contract termination so that this amount can be collected in advance and held in reserve. These costs are the best estimate of the liability that would accrue to the USG should a particular sales case or agreement be terminated prior to its normal anticipated completion date. For many agreements, potential contract termination costs will change as contracts are awarded, work progresses, purchaser payments are received, and deliveries are made; therefore, estimates will be adjusted accordingly. All LOAs with sales from procurement require TL collections to be included in the payment schedules.

2. The Director, DSAA will be informed of actions taken to determine and collect TL amounts by the submission of TLWs. These worksheets are required for FMS cases with a total value of \$7,000,000 or more and will be provided to DSAA when LOAs are forwarded for countersignature. Further guidance on this requirement and a worksheet format are in Section 701.

3. Advance collections for TL will not be segregated from other purchaser collections and will be used to make payments to suppliers in the event actual disbursements occur earlier than forecast in the TLW.

H. Purchaser Requests For Payment Schedule Review.

1. Purchasers are encouraged to raise payment schedule questions or problems at Security Assistance Reviews, Program Management Reviews, Program Reviews, etc., hosted by IAs.

2. Purchasers who wish a review or revision of a specific case payment schedule should forward a request to the appropriate IA. Addresses of the three principal IAs are shown in Paragraph 70103.N. Requests for payment schedule review or revision should be directed to DSAA only in extraordinary circumstances following the IA's review and/or revision. **

130402 COLLECTION OF FMS PAYMENTS.

A. Trust Fund Accounts. The AECA requires FMS monies to be collected in advance of delivery, service performance, or contractual progress payments. SAAC performs accounting operations from two parent FMS trust fund accounts: (1) 978242, (Deposits, Advances, Foreign Military Sales, Defense) and (2) 97-11X8242, (Advances, Foreign Military Sales, Executive, Defense). The 978242 account is used for "receipt" of payments from customers for FMS sales. Account 97-11X8242 is for "disbursements" made to suppliers on behalf of FMS purchasers.

B. Integrity of Payment Identification. Cash collections into the FMS Trust Fund are the result of initial deposits at acceptance or are based on requests for funds (billings) prepared by SAAC. Each deposit made is recorded to the appropriate FMS case accepted by the purchaser. If the deposit is not identifiable at the time of payment it is recorded in the FMS customers' "Holding Account" pending identification. Throughout the life of the FMS case, the integrity of case-level accounting for deposits will be maintained by SAAC.

C. Holding Accounts. Payments in excess of the value of a particular case may be transferred into Trust Fund "Holding Accounts," similar to pseudo-cases, under the following conditions:

1. Cash. Surplus cash (national funds) will be transferred to a cash holding account upon case closure or case cancellation. At the purchaser's request, surplus cash resulting from a case value reduction will also be transferred to a cash holding account. Monies on deposit in cash holding accounts are available to the purchaser for application to other FMS cases. Upon purchaser's written request, surplus cash may be refunded provided: (1) the purchaser is not on the current quarter Arrearage Report, (2) there are no major collection delinquencies on other FMS cases, and (3) there is sufficient cash reserve to meet the purchaser's financial requirements (including TL) for the next quarter.

2. FMS Credits. Upon reduction or cancellation of FMS credit-financed cases, SAAC will automatically transfer the excess credit funds from the case to the credit holding account. Prior to each billing cycle, SAAC will move excess funds in the credit holding account to other FMS credit-financed cases, not to exceed the total of credits committed to each case. In selecting the cases to which excess credits will be transferred, SAAC will apply the funds first to credit cases with overdue payments, and then to credit cases with payments due in the next billing cycle. If there are no remaining candidate cases, funds will remain in the credit holding account. Prior to transferring credits to or from cases at case closure, SAAC will make a written request to DSAA/CMMD, so that credit commitment records may be adjusted to reflect the final case value.

3. MAP Merger. Upon reduction or cancellation of MAP merger-financed cases, SAAC will automatically transfer the excess MAP funds to the MAP holding account. Prior to transferring MAP funds to or from cases at case closure, SAAC will make a written request to DSAA/CMMD so that MAP commitment records may be adjusted to reflect the final case value.

D. **Payment Office.** All payments, whether cash or credit, must be made to SAAC for deposit to the FMS Trust Fund account for the purchaser. Payments should identify the reason for the payment. SAAC is responsible for billing and follow-up collection action for indebtedness incurred by FMS customers on FMS cases. IAs will not make requests to FMS customers for payments on FMS cases, but will refer collection problems to SAAC for appropriate action.

E. **Movement of Customer Funds.** SAAC takes action on requests for movement of national funds to and from holding accounts or between cases only when such requests are properly channeled through the FMS customer's designated representative or as directed in an MOA between SAAC and the FMS customer regarding the use of holding accounts and transfer of funds. The use of notes or other references in LOA documents (1513, 1513-1, or 1513-2) concerning transfers or refunds of FMS customer funds is not authorized.

F. **Initial Deposit Follow-up.** When SAAC receives a customer-signed DD Form 1513 or DD Form 1513-1 that is not accompanied by a required initial deposit, it will initiate follow-up action on the tenth working day following receipt of the signed document.

1. SAAC will notify the SAO, the customer organization responsible for payment, and the IA case manager that the initial deposit has not been received. This notification will state that implementation of the LOA or amendment is being held in abeyance pending receipt of the initial deposit.

2. Based on circumstances applicable to the case, including the continued validity of the P&A data supporting the case, the case manager will determine whether to extend the offer expiration date for a longer period pending receipt of the initial deposit. The IA will issue a letter or message extending the offer expiration date or notifying SAAC, SAO, and DSAA that the offer cannot be extended beyond its current expiration date.

3. If the expiration date cannot be extended, or if the extended date expires without receipt of the initial deposit, SAAC will obtain DSAA-COMPT-FMD concurrence to cancel the case. A new LOA will be required if the customer's requirement is still valid.

4. These procedures do not apply to offers where SAAC has been notified that the initial deposit is in the hands of another USG agency, that a courtesy deposit has been made on SAAC's behalf, that funds have been wire transferred (with transaction number), or where the LOA is financed by MAP or FMS credit funds.

130403 DISBURSEMENT AUTHORITY FOR FMS AGREEMENTS.

A. **Case-Level Accounting.** FMS monies collected in advance of delivery, service performance, or contractual progress payments are available for reimbursement to U.S. appropriations or direct-cite payment to U.S. producers. Although these disbursements are controlled on an FMS country basis, accounting for FMS transactions is on an individual case basis. In other words, country cash deposits may be disbursed for the financial requirements associated with any of that country's cases with its consent, expressed or implied, but the integrity of deposit and disbursement accounting for individual cases will be maintained.

B. **Expenditure Authorities.** The total DOD expenditure authority for each FMS purchaser is equal to the amount of undisbursed monies on deposit for the purchaser in the FMS Trust Fund. Any subdivision of this authority must be requested by the DOD components. Based on the amount of a request and of available monies, the SAAC will formally release advice of expenditure authority in a specified amount at FMS country level to the DOD component. The DOD component must exercise prudent control to ensure the disbursement limitation is not exceeded when paying contractors or reimbursing U.S. appropriations.

130404 ACCOUNTING FOR CONTRACTUAL PROGRESS PAYMENTS.

A. **Incremental Payments.** Most of the materiel furnished on FMS orders is procured by the DOD on behalf of FMS purchasers. Associated with these procurement actions are incremental, contractual progress payments for work in process. Installment payments reduce the impact on customer budgets and reduce contractor investment in work in process. Similarly, it reduces the mutual risks inherent in case cancellation. It also provides continuing assessment of case requirements and pricing to update elements of inaccurate price estimation that may have occurred at the time of case offer.

B. **Segregating and Accounting for FMS Costs.** Sections 22 and 29 of the AECA necessitate accurate and prompt segregation and accounting for incremental costs to ensure that DOD appropriations are not adversely impacted by contractual payments on behalf of FMS orders. DOD policy is that contractors separately request progress payments when more than one country's requirements or U.S. requirements are included in the same contract. The DOD component that makes the progress payment must promptly report these costs to SAAC to insure that billings accurately reflect the rates at which disbursements are made. If the payment schedule appears to be inadequate, the DOD component should modify it (DD Form 1513-2 or 1513-1) with notification to both the FMS purchaser and SAAC.

TABLE 1304-1

**FINANCIAL ANNEX
SUPPLEMENTARY FINANCIAL TERMS AND CONDITIONS**

1. This agreement is financed entirely with cash, FMS loan or grant funds, MAP funds, or any combination thereof as indicated in Block 27 of DD Form 1513, Letter of Offer and Acceptance (LOA), or Block 28 of DD Form 1513-1, Amendment to Offer and Acceptance. The Purchaser agrees to make payments in such amounts and at such times as may be specified by the USG, including any initial deposit indicated on the LOA required to meet financial requirements arising from this case.

2. The Foreign Military Sales Billing Statement, DD Form 645, will serve as the statement of account and billing statement. An FMS Delivery Listing identifying items physically or constructively delivered, and services performed during the billing period, will be attached to the billing statement. The Security Assistance Accounting Center (SAAC) forwards billing statements to Purchasers no later than 45 days before payments are due, and Purchasers will forward payments in U.S. dollars (cash or request for advance of loan funds) to the USG in time to meet prescribed due dates. For cases financed with MAP funds, these funds are merged in the trust fund and applied to the cases. Such costs as may be in excess of the amount funded by MAP or credit agreement funds must be paid by the purchaser, if additional MAP/credit funds are not available. Questions concerning the content of DD Form 645 billing statements and requests for billing adjustments should be submitted to the Security Assistance Accounting Center (SAAC/FS), Lowry AFB, Colorado 80279-5000.

3. Cash payments in U.S. dollars for initial deposits and amounts due and payable on Quarterly Billing Statements (DD Form 645) are to be forwarded to the SAAC or other formally agreed upon repository in time to meet prescribed payment dates. 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-U.S. banks must go through a U.S. correspondent FRS member bank. The following information is applicable to cash payments:

- a. Wire Transfer:
 Treasury Department Name: TREAS NYC
 Treasury Department Code: 021030004
 Agency Name: AFAFC/SAAC
 Agency Code: (3801) Air Force
 Third Party Information: Identify reason for funds transfer.
- b. Check Mailing Address:
 AFAFC/ACFC/SAAC/FSR
 P.O. Box 20030
 Denver, CO 80220-0030

4. To authorize payments of initial deposits required on LOAs or amounts due and payable on FMS billing statements from funds available under loan or grant agreements, the Borrower will submit a letter of request for each advance of loan or grant funds (where requested by loan or grant agreement being cited as source of payment) addressed to the Defense Security Assistance Agency, 1400 Wilson Blvd., Suite 535, Arlington VA 22209-2535. Letter formats and specific

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TABLE 1304-1. Supplementary Financial Terms and Conditions

instructions for processing required loan or grant advance requests are included in specific provisions of the applicable loan or grant agreement. Questions pertaining to status of loan or grant balances should be directed to the above DSAA address.

5. If full payment is not received by SAAC by the prescribed due date, interest shall be charged as outlined in General Conditions, Paragraph B.3.g. of Annex A to the LOA. The principal of the arrearage will be computed as the excess of cumulative financial requirements over cumulative collections (cash and loan) shown in the FMS Billing Statement after the payment due date.

6. The initial deposit of \$_____ required to accompany this LOA is an integral part of the Purchaser's acceptance. If the advance payment is made from loan funds, the Credit Programs Division, DSAA, will submit payments to the SAAC in accordance with Borrower requests for loan advances described above.

7. The payment schedule provided below is for planning purposes. The SAAC shall request Purchaser payment in accord with the payment schedule, unless DOD costs (including 90-day forecasted requirements) exceed the amounts required by the payment schedule. Should this occur, DOD would be unable to comply with the advance payment requirement of the Arms Export Control Act and the U.S. will use its best efforts to provide a revised payment schedule (DD Form 1513-2) at least 45 days prior to the next payment due date. The Purchaser is required to make payments in accordance with quarterly billings (DD Form 645) issued by the SAAC regardless of the existing payment schedule.

8. It is understood that the values on the LOA are estimates, and that the final amount to be charged for items or services furnished will be equal to the final total cost to the USG. When final deliveries are made and all known costs are billed and collected, the SAAC will provide a "Final Statement of Account" which will summarize total final costs of this agreement. Should the final total costs be less than the funds collected, such excess funds will be available for payment of unpaid billings for other agreements. If there are no such unpaid billings, excess funds will be disposed of as agreed upon between the Purchaser and the Comptroller, DSAA.

9. To assist the Purchaser in developing fiscal plans and annual budgets, the USG provides its best estimate of anticipated costs of this agreement in the following estimated payment schedule:

ESTIMATED PAYMENT SCHEDULE

<u>PAYMENT DATE</u>	<u>QUARTERLY</u>	<u>CUMULATIVE</u>
Initial Deposit:		

TABLE 1304-1. (Continued)

TABLE 1304-2
KEY DATES IN FMS BILLING AND COLLECTION

<u>Offer Expiration/ Acceptance Dates of LOAs*</u>	<u>SAAC "Cut-off" for Delivery Performance Reports from Implementing Agencies</u>	<u>As of Date on FMS Bill- ing statement</u>	<u>Approximate Date of FMS Billing Statements</u>	<u>Payment Due at SAAC</u>
11 Sep - 10 Dec	16 Dec	31 Dec	15 Jan	15 Mar
11 Dec - 10 Mar	16 Mar	31 Mar	15 Apr	15 Jun
11 Mar - 10 Jun	16 Jun	30 Jun	15 Jul	15 Sep
11 Jun - 10 Sep	16 Sep	30 Sep	15 Oct	15 Dec

*Accepted LOAs received and implemented between these dates will appear on the next quarterly FMS Billing Statement.

TABLE 1304-2. Key Dates in FMS Billing and Collection.

SECTION 1305 - BUDGET EXECUTION

130501 REPORTS. Information copies of reports required by Chapter 5, DOD 7290.3-M will be submitted to DSAA by SAAC.

130502 CASE RECONCILIATION.

A. **General.** Case reconciliation is not a single action. Rather, it is a series of actions which commence with the implementation of an FMS case and continue through closure. It is DOD policy that case records maintained by IAs are in agreement with SAAC records and that all proper charges and credits are recorded by responsible activities. SAAC country managers are responsible for assuring country level trust fund accounts are in balance. They will, no less than annually, accomplish a country reconciliation using a country level trial balance. Country managers will work with case managers to assure that case records reconcile to country trust fund general ledger accounts.

B. **Facilitating Case Reconciliation.** There are several actions which those responsible for case execution must take to ensure continuing reconciliation leading to final closure. The first action is the careful preparation of all documentation ensuring that it is in compliance with the provisions of this manual and DOD 7290.3-M.

1. **Case File Development/Maintenance.** It is essential that documentation supporting case execution be completed and retained in a manner that makes it available to case managers and those responsible for reconciliation. See Section 1306 for a discussion of case files. Execution of a typical FMS case may span several years. Normal DOD file retention requirements may appear to make retention difficult. Case managers must be familiar with file requirements to ensure retired files can be accessed and specifically that source documents, invoices, GBLs, and other proof of shipments, and other applicable documents which support the use of funds and provide the audit trail necessary to ensure both USG and customer funds are accounted for are accessible. Cases with large volumes of transactions may have the source documents eventually transferred to microfiche. Care must be exercised in reduction and storage of these files to prevent loss of data.

2. **Recording Case Data with Objective Evidence.** Throughout the life cycle of a case, those responsible for case execution must ensure all transactions, financial and logistical are recorded in writing. Particular care must be exercised by those responsible for computer systems to ensure that if data is lost it can be reconstructed from a backup file. Cost statements and large accounting spreadsheets, whether they are kept manually or in a computer, must be backed with applicable source documents. In those rare instances when financial transactions are recorded and supporting documentation is not available, certified memoranda by those responsible must be placed in the file.

3. **Maintaining Accurate and Current Records.** FMS accounting records represent the cash position of purchasing nations. Overages and shortages in these accounts reflect unfavorably on the fiduciary responsibility assumed by the USG in accepting FMS cases for execution. The implications of any inaccuracies in the accounts are misuse of funds and liabilities to DOD appropriations. Consequently, those responsible for the accounting and bookkeeping must make every effort to maintain the accuracy of their accounts and to adhere to the requirements of internal control.

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:

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.

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.

4. **Item Discrepancies.** All outstanding ROD claims have been submitted to SAAC.

B. **Estimated Case Closure Dates.** IAs should provide an "Estimated Case Closure Date" in defined order 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.

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.

3. Formal litigation is not outstanding on the case. That is, a final written decision is pending and has not been released by a contracting officer on a claim (which cannot be mutually settled) by or against a contractor (reference: *Federal Acquisition Regulation*, paragraph 33.221).

4. Even though all local IA and central SAAC case level records have been reconciled, there are known differences that cannot be brought into agreement (such as, unliquidated obligations on open DOD contracts or reports of performance cannot be found to support disbursements), without additional billing actions or accounting adjustments.

5. Unliquidated obligations represent unquantified final overhead costs (such as profit or G&A) which have not been billed or paid on fully delivered open DOD contracts.

6. The IA can identify and recommend the accounting adjustments and/or additional billing actions required to bring local IA and SAAC central case level records into agreement.

C. **Categories of FMS Cases Selected for Board Review.** After IAs select cases under the criteria parameters, each will be identified in one of the following categories.

1. **Category 1.** Cases have been fully delivered for longer than 12 months and the only known charges not billed to FMS Customers are not yet finalized amounts on open DOD contracts. These undefinitized unbilled amounts should not exceed the unliquidated value remaining obligated on contract.

2. **Category 2.** IAs can confirm that case level records have been reconciled, but reasonable effort to bring case level detailed accounting records into balance have been exhausted and it is uneconomical to expend further resources to resolve the imbalance in case level records.

3. **Category 3.** IAs can confirm that case level records have been reconciled, but the necessary local case level detailed accounting records are incomplete or cannot be located to document the imbalance in local case level records.

4. **Category 4.** Extraordinary circumstances preventing case closure can be documented by the IA. Examples of this may be instances when FMS customer refuse to pay final billing amounts for cases that have been fully delivered for an extended period or countries no longer have an active FMS program with the USG.

5. **Category 5.** Cases in this category qualify in category 2 or 3 but also have unbilled amounts represented by unliquidated obligations on open DOD contracts (Category 1).

D. **Submission of Selected FMS Cases for Board Review.** Cases which qualify and are selected by IAs for Board Review may be submitted as generated to the Board's Secretariat through a central point designated by each IA. Submission of cases is not solicited by the Board. IAs are responsible for identifying and submitting cases to the Board to obtain approval to execute accounting adjustments and additional billing actions which will allow case closure under current DOD case closure policy.

1. The duties of the Board's Secretariat are fulfilled by the Financial Management Division of the DSAA Comptroller and includes arranging for meetings of the Board's Working Group.

2. The Board's Working Group is composed of a DSAA Comptroller and ASD(C) staff member and representatives of the IA with cases under review.

3. Each case submitted for Board review is subject to preliminary review by the Working Group to determine its qualification for review and completeness of supporting documentation.

4. The documentation accompanying cases submitted for review must include sufficient information to satisfy the Board that recommended accounting adjustments and additional billing actions are based on valid research. The following documentation should be considered for inclusion in submission packages and may be requested by a Board member:

- a. Case closure analysis worksheet (Table 1305-1)
- b. A brief description of the problem which is preventing case closure. Identify the Category clearly illustrating why the case cannot be closed and provide a chronology of case closure events.
- c. A statement that the unliquidated obligation represents the best estimate of the unpaid amount on the open contract.
- d. DD Forms 1513, 1513-1's and 1513-2's.
- e. Current SAAC-produced case level financial management worksheet.
- f. Final SF 2061, FMS Planning Directive.
- g. Extract of the most recent DD Form 645, FMS Quarterly Billing Statement, for the case.
- h. Case level trial balance (when available from DIFS or FABS).
- i. Portions of the IA's official historical case file that supports the submission.
- j. Recommended accounting adjustments and billing actions to bring the IA's local case level records into balance and agreement with SAAC's central case level records and allow closure under current DOD case closure policy.

5. If the Working Group agrees that cases submitted by an IA meet the criteria and are properly documented for the Board's review, a meeting of the Board will be scheduled.

E. DOD Executive FMS Reconciliation and Case Closure Board Meetings. Meetings of the full Board will be scheduled by the Chairman when it is necessary to discuss overall matters of common interest. Members attending Board meetings convened to consider for review will usually be the DSAA Comptroller (Chairman), Director for Accounting Policy [ASD(C)] and the designated board member from the MILDEP with cases before the Board. If an IA other than a MILDEP submits cases to the Board, the submitting Agency will be represented by a properly authorized individual from that Agency and the MILDEP which reports the case to SAAC for billing. A unanimous vote by Board members is required to approve recommended actions.

1. The Board is empowered to release Determinations authorizing the IA to make case level accounting adjustments and initiate additional reporting actions to SAAC by the Deputy SECDEF Charter of 20 February 1987.

2. The Board's Secretariat maintains a record of all Determinations released by the Board and distributes the Board's notice of decisions to appropriate DOD IAs. Each case reviewed by the Board will be assigned sequential control numbers (FYNNN = 88001) which also serve as the reference of authority for executing accounting and billing actions approved by the Board. The board will generally make one of the following determinations:

- a. Approve the recommended actions.
- b. Approve recommendations with modifications.
- c. Return the submission for additional information.
- d. Deny the recommendations.

3. The Board may request other activities such as the DSAA General Counsel or SAAC to attend meetings.

4. When the Board cannot reach unanimous agreement on a course of action which would allow a case before the Board to be brought into balance for closure, the case may be referred to the Office of the Deputy SECDEF with alternatives for decision.

F. Executing Accounting Adjustments and Additional Billing Actions Approved by the Board. The basis for initiating case level accounting adjustments and additional reporting actions by IAs based on Board Determinations should be supported by Board Control Numbers. Additional charges on cases which have been routinely closed under current DOD policy and not by Board authority should continue to be routinely processed in accordance with DOD 7290.3-M.

1. RCS: DD-COMP(M) 1517 performance reporting, accounting entries and adjustments, and other case closure actions initiated by IAs and SAAC as a result of Board approval on other than Category 1 cases are to be prepared and processed in accordance with DOD 7290.3-M.

2. Billing and accounting actions approved by the Board for Category 1 cases.

a. The amount approved in this category of cases to be reported to SAAC as the final amount to be charged on the case will normally be the amount of the unliquidated obligations remaining on the DOD contract (or FMS line on a DOD contract) applicable to the case being closed.

b. IAs will report these approved charges to SAAC using DD Form 1517 performance reports.

c. IAs will transfer amounts reported for Category 1 cases to the Central Case Closure Cost Clearing Account managed by SAAC. These transfers should be accomplished with no-check Forms 1080 to SAAC which should include the Board assigned control number and clear account designator 55-X-CCC to identify the transaction as a specific Case Closure Board approved action.

d. After billing and accounting adjustments approved by the Board have been processed and recorded in IA FMS related case level records and in SAAC central accounting records, IA and SAAC case level records should agree, be in balance, and may be certified and closed in accordance with standard case closure guidance in DOD 7290.3-M.

3. Actions required to close board approved cases:
 - a. Standard case closure certification guidance in DOD 7290.3-M applies.
 - b. Verification of the Board assigned control number should be perpetuated in appropriate IA and SAAC closed case records and the case closure certificate.
4. Processing changes to Board approved closed cases.
 - a. Unreported/unbilled charges received after case closure on other than Category 1 cases, will be processed in accordance with DOD 7290.3-M.
 - b. If contractor billings exceed the Unliquidated Obligation on open contracts associated with Category 1 closed cases, the additional amount must be reported to SAAC on DD Forms 1517 as charges on closed Category 1 cases and the billed amount transferred to SAAC for deposit in the Closed Case Clearing Account.

G. Payment of Final Contractor Billings.

1. Payment of final contractor bills received on Category 1 closed cases will be made by the Paying Office identified in the contract (not SAAC) from funds on deposit in the Closed Case Clearing Account.
2. Payment with funds from the Clearing Account may be released only after EA identified to the applicable Board control number, has been obtained from SAAC.
3. The payment of contractor billings from the Clearing Account are to be reported through normal DOD accounting channels to SAAC as disbursements from 55-X-CCC. (DD Form 1517, performance reports, are not required).

TABLE 1305-1

CASE CLOSURE WORKSHEET

Managing Activity: _____

FMS Case: __ - - - ____

Date --/--/--

1. Case Manager:
2. Date Case Implemented:
3. Date Supply Complete:
4. Reason case cannot be closed (Check one):
 - Category 1: Open contract.
 - Category 2: Further reconciliation uneconomical.
 - Category 3: Incomplete/missing records.
 - Category 4: Extraordinary circumstances.
 - Category 5: Combination of Categories 1 and 2 or 3.
5. Open contracts Information:
 - Contractor:
 - Contract Number:
 - Contract Line:
 - Unliquidated obligation amount:
 - Estimated Contractor closeout date:
6. Estimated closure date without board approval:
7. Recommended accounting and billing actions which if approved by the Board will allow the case to be closed:

TABLE 1305-1 Case Closure Worksheet

SECTION 1306 -- CASE FILES

130601 GENERAL FMS CASE FILES. General FMS Case Files will be maintained in accordance with Chapter 6, DOD 7290.3-M. Retention of source documents and status reports must be consistent with the life cycle of the FMS case. History files maintained by SAAC must be in accordance with the requirements of DOD 7290.3-M, paragraph 50303A which stipulates that a case never closes for accounting purposes, rather it is recategorized from active to inactive. Per Comptroller, Department of Defense, memorandum, 17 June 1987, documentation supporting FMS disbursements is to be retained indefinitely.

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130602 DISBURSEMENT DOCUMENTATION. DOD components which process FMS Trust Fund disbursement transactions will support the payment voucher with authentic contracts/purchase orders, invoices, and receiving reports. This supporting documentation must reflect proper authorities' certification of receipt and payment for the articles or services. The disbursement documentation must be available without delay for inquiries or requests on particular FMS cases. Additionally, the required supporting disbursement documentation will facilitate the FMS case reconciliation process prescribed in Section 1305 of this manual.

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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 the FMR. *

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. When the buyer so requests, there may be instances where the provisions of such information is necessary to demonstrate that such costs are necessary.

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 LOA 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 (Appendix F).

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 LOA 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 the FMR. *

130702 TRAINING. This section supplements FMR Chapter 7 and 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 acceleration percentage factor is applied to the combined base pay and leave and holiday pay to determine the cost. *

B. **Military Fringe Benefits.** Military fringe benefits consist of quarters (family housing), subsistence, medical (hospital), and other personnel support (commissary/BX, etc.). The costs are computed by applying the acceleration factors for officers and enlisted personnel. The costs can either be direct or indirect. They must be included in the total costs of military personnel allocated to the training course. As exceptions to rules for applying these costs, IMET training course tuition rates will exclude both the direct and indirect costs and NATO training course tuition rates will exclude only the indirect costs. Military fringe benefits costs, used as part *

of base operating support (BOS) costs and allocated to training courses, must be used as indirect costs in the tuition rates. The costs must not be duplicated in the tuition rates by also being included as direct and indirect costs under Pay and Fringe Benefits.

C. **Maintenance and Repair.** These costs are part of the normal base operating costs. When training facilities are used for SATP courses, the costs must be used as indirect costs under Non-Personnel Costs in the Tuition Rates.

130703 ARTICLES FROM STOCK.

A. **Authority.** Section 21 of the AECA authorizes the sale of defense articles from stock to eligible foreign countries or international organizations. Specific guidance on when the selling price of an article from stock is determined is in the FMR. *

B. **Pricing Principles.** Standard prices will be used when non-excess materiel is to be sold and no inventory replacement is required. For the sale of principal items a test is required to determine if a requirement for inventory replacement is created as a result of the sale. When an article is supplied from inventory with replacement required, the FMS selling price will be the best estimate available at the time of drop from inventory. When no replacement is required, the price will be based on the most recent actual procurement cost of the "series" and "model" being sold, and will consider any modifications or improvements, as well as desirability or utility due to age or condition.

C. **Replacement Factors for Secondary Items/Non-CLSSA.**

1. **Criteria for Charging Such Costs.** The stock list price of procurement funded secondary items furnished from inventory will be increased by a surcharge published by the Comptroller, Department of Defense. The surcharge will be included in the item's price and covers the increased costs, anticipated due to inflation, of replacing the item from procurement sources. See the FMR. *

2. **LOA Presentation.** Most such items will be provided against blanket order FMS cases. The dollar values offered in the LOA should cover appropriate replacement pricing. *

3. **Military Department Delivery Reporting.** MILDEP Delivery reports will reflect the item selling price as a single price combining stock list price plus the Comptroller, Department of Defense, published surcharge amount.

4. **Applicability.** This instruction does not apply to stock fund pricing, but only to central procurement secondary items provided from DoD inventories. As indicated in the FMR, CLSSA (FMSO II) shipments will be priced at standard price plus an acquisition surcharge. See the FMR for CLSSA and non-CLSSA surcharges. *

D. **Quotation of Firm Prices.** DoD components will quote firm prices when offering principal or major items from DoD stocks as provided in the FMR. In the exceptional instances where a MILDEP recommends that firm prices not be quoted, the rationale will be identified during the coordination process. *

130704 ARTICLES FROM PROCUREMENT

A. **Authority.** Section 22 of the AECA authorizes the sale of defense articles from procurement to eligible foreign governments and international organizations. Pricing of defense articles from procurement will be in accordance with DOD 7290.3-M, Section 703 and will include full DOD contract costs and authorized surcharges.

B. **Purchaser Obligations and Contracting Principles.** The purchaser is obligated to pay all costs incurred by the USG as well as any damages or costs that may accrue from the purchaser's cancellation of the contract. In general, defense articles shall be priced on the same basis as the cost principles used in pricing defense contracts for items for DOD use. However, recognition shall be given to reasonable and allocable contractor costs which are justified in connection with a particular sale (see DOD FAR Supplement, 225.7304(c)).

C. **Government Provided Engineering Services.**

1. **Criteria for Charging Such Costs.** Government-furnished engineering services may be requested by the purchaser, or costs may be incurred to provide such services as a part of the production of articles being sold under FMS. Those services will be offered on LOAs, reported and billed in the same manner as any other service sold under FMS. The criteria for determining whether government-furnished engineering services associated with equipment purchases should be charged directly to an FMS case are:

a. Performance is necessary for production, configuration control, or reliability of the article being sold. The costs to be charged for such services will be based on the proportionate share of man-years needed for the FMS items being produced. As a general proposition, the costs will be derived by pro-rating total engineering costs by the ratio of items being produced for FMS purchasers to the total items being produced in the same time frame.

b. These DOD costs must be allocable to a specific program rather than be performed to benefit the FMS program in general. Virtually all man-years associated with FMS-related engineering tasks are allocable; however, it is recognized that some engineering man-years may be required for general FMS administration and, upon proper documentation that the cost of such man-years cannot be allocated to FMS case lines, they may be charged to the FMS administrative budget or fund.

c. As indicated in DOD 7290.3-M, engineering costs are chargeable directly to an FMS case only if they are recurring in nature, and are related to a current production run in which FMS materiel is being produced. NC are recoverable via policies and procedures included in DODD 2140.2 and DOD 7290.3-M.

2. **DD Form 1513 Presentation.** Estimated costs of providing engineering services associated with production of purchased items will be included in the estimated unit costs of the item being purchased. Thus, the LOA item price will include not only the estimated contract cost to produce it (including GFM) but also the cost of services required to assure production in the correct configuration. Such costs will also include the pro-rata share of government-furnished testing and evaluation services.

3. **Military Department Delivery Reporting.** MILDEPs will include the appropriate pro-rata share of applicable government-furnished engineering service costs in the reported U/P of the purchased item. SAAC will submit billings to countries at the full U/P reported by the MILDEP.

130705 AUTHORIZED CHARGES. See Table 1307-1 for a list of charges used in FMS pricing. Also see Section 130104.B.

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

1. **Packing, Crating and Handling.** Packing, crating, and handling (PC&H) costs are costs incurred for labor, materiel, or services in preparing the materiel for shipment from the storage or distribution point.

2. **Transportation.** Transportation charges include inland (second destination) and ocean transportation costs representing shipments by land, sea, air, inland and coastal waterways, vessel or air, and including parcel post via surface or air.

3. **Port Loading and Unloading.** These are costs for labor, materiel or services at ports of embarkation or debarkation.

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

5. **Staging.** These costs are for aggregation or prepositioning of materiel in U.S. facilities within CONUS.

B. **Administrative Charges.**

1. **Scope.** An administrative charge shall be added to all FMS cases to recover DOD expenses related to the administration of FMS transactions in accordance with Section 21(e)(1)(A) of the AECA. Normally, the charge will be three percent; however, in certain instances a five percent charge will apply. See DOD 7290.3-M, Section 705, for the appropriate administrative charges which must be included in FMS cases. If the LOA contains both standard and non-standard items, they must be cited as separate line items on the LOA.

2. **Case Cancellation by USG.** Cancellation charges will be assessed on cases cancelled for the convenience of the USG only on an exception basis when approved by DSAA.

3. **Case Cancellations by FMS Purchaser.** Earned reimbursements for administrative surcharges are not refundable; i.e., the 50 percent that is earned when the case is accepted. Unearned administrative surcharges, i.e., partial delivery but prior to full delivery of FMS case ordered articles or services may be charged in accordance with the following guidance:

a. For LOAs under \$25 million which are cancelled.

(1) SAAC shall retain a portion of the administrative surcharge that equals one-half of the estimated articles and services ordered value, or the administrative rate times the actual articles and services delivered at closure, whichever is higher.

(a) FMS Orders for Nonstandard Articles. SAAC shall retain one-half of five percent of the basic sales price of the order or five percent of the value of articles and services delivered at the time of closure, whichever is higher. The five percent administrative surcharge may be reduced to three percent (but not lower) based on the DSAA Director's determination.

(b) All Other FMS Orders (Standard Defined).

1 Offers signed after 1 October 1977. DFAS-DE shall retain one-half of three percent of the basic sale price of the order or three percent of the value of articles and services delivered at the time of closure, whichever is higher.

2 Offers signed before 1 October 1977. Compute as stated above, using a two percent administrative surcharge rate instead of the three percent.

(2) CLSSAs.

(a) FMSO I. DFAS-DE/I shall retain the one-time nonrefundable administrative surcharge of five percent on the on-hand portion (Part A). For amendments that decrease the value of the on-hand portion, no adjustments will be made to the nonrefundable administrative surcharge. However, for amendments that increase the value of the on-hand portion, the five percent nonrefundable administrative surcharge will be charged on the increase and shall be retained by DFAS-DE/I. No administrative surcharge shall be charged on the on-order portion (Part B) of the LOA. An administrative surcharge of five percent shall be charged for inventory over and above the on-hand portion of the case.

(b) FMSO II. DFAS-DE/I shall retain a three percent administrative surcharge on requisitions processed.

b. For LOAs valued at \$25 million or greater which are cancelled. The DSAA Comptroller shall determine the appropriate administrative surcharge to be retained by DFAS-DE/I; however, the charge shall normally be at least \$250,000.

4. Assessment of Administrative Charges at Closure on Cases Cancelled at FMS Purchaser's Request.

a. DFAS-DE may assess an administrative charge equal to one-half of the applicable administrative charge on a cancelled case's estimated articles and services ordered value if that amount is greater than the administrative charge on the actual delivered articles and services value and the IA indicates DSAA approval on the closure certificate. DSAA countersignature of an LOA Modification does not constitute DSAA approval.

5. IA requests for DSAA approval to allow DFAS-DE/I to assess cancellation charges should be routed to the DSAA Comptroller and documented as follows:

a. Copy of Purchaser's request for case cancellation or a written explanation why the case was cancelled.

b. DoD's over and above costs if items on the cancelled case have been placed on contract by the IA.

c. Statement that cost incurred in implementing and cancelling the case will/will not be recouped by the administrative charge assessed on the actual delivered value.

d. Name and telephone number of the individual to whom inquiries may be directed.

6. In the event that the FMS Purchaser cancels an entire FMS case prior to the delivery of all articles and services, a case cancellation fee may be assessed. One half of the administrative fee will be included in the "initial deposit" to cover this requirement unless otherwise agreed upon by the DSAA, Comptroller. *

7. DSAA may approve waivers or reductions outside of the above parameters if circumstances dictate. Such waivers or reductions shall be fully documented and demonstrate that estimated administrative costs incurred on the case have been recouped. *

C. Logistics Support Charges.

1. **Background.** The FMR directs that an LSC be added to FMS case lines for spare parts, supplies, and maintenance of customer owned equipment to recoup an appropriate share of the cost incurred in the logistics support area. *

2. **LOA Presentation.** The LSC is to be included in the single selling price presented to FMS purchasers in the LOA for those lines coded with the applicable generic codes listed in the FMR, Section 0722. *

3. **Reporting.** DFAS-DE/I will apply a 3.1 percent LSC, as applicable, to the extended value amounts reported by the IAs in the DD Comp(M) 1517 billing reports. However, in accordance with FMR Section 0722, the IAs will determine from DFAS-DE/I the amount of LSC to include in the IA's Case Closure Certificate to be submitted to DFAS-DE/I. *

D. Nonrecurring Cost Recoupment Charges.

1. **Background.** AECA Sec 21 requires that an appropriate charge be made for a proportionate amount of any NC of RDT&E, and production of MDE. Implementation guidance on establishment of charges, collections, and waivers is contained in DoD Directive 2140.2.

2. **DoD Component Responsibility.** DoD components are responsible for determining recoupment charges for all items of defense equipment. DoD components must use actual, not program, cost data and may use estimates where the development of more precise data is not possible; however, in the latter case, it must be demonstrated that a reasonable approach was used and prior approval of alternative costing methods must be obtained from DoD Comptroller (Accounting Policy), with DSAA concurrence. The costs to be applied against the foregoing threshold levels shall normally be determined based upon the roll-away, sail-away or fly-away cost of the end item, and assessments for product sales shall be made on the basis of end item sales. In the event an end-item contains one or more components which individually meet these thresholds, recoupment will be made on both end item and component sales. Nonrecurring RDT&E costs are those costs funded by an RDT&E appropriation to develop or improve the product or technology. This includes costs of any ECP initiated prior to the date of the contract with the customer, as well as projections of such costs, to the extent additional effort applicable to the sale model or technology is necessary or planned. It *does not* include costs funded by either procurement or O&M appropriations to improve the product or for costs of publications. The costs of improvements are recurring costs and will be recovered in accordance with the FMR. * Nonrecurring production costs are those one-time costs incurred in support of previous production of the model specified and those costs specifically incurred in support of the total projected production run from which delivery is to be made which would normally be expenses against a production run. These NCs include such costs as pre-production, special tooling, special test equipment, production engineering, product improvement, destructive testing, and pilot model 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 130104.B.1. 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.

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 US 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 US 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 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 Defense 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 US 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 Defense FAR Supplement 45.406 and 45.407. Such approval may be granted only if use will not interfere with US 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.

F. Quality Assurance and Inspection, Contract Audit Services, and Other Contract Administration Services.

1. Refer to DOD 7290.3-M, paragraph 70305 for guidance regarding recovery of CAS costs incurred in support of new procurement for FMS.

2. Costs incurred by DOD for QA and inspection and CAS will be assessed for FMS programs as prescribed by DOD 7290.3-M.

G. Review of Accessorial and Administrative Rates. Rates for accessorial and administrative costs are subject to review at least every two years. Requests for exceptions to the pricing policies prescribed herein, decisions to resolve disputes, or deviations from any price or service charge when it can be shown that such deviation is in the best interest of the USG shall be submitted through the Director, DSAA, to the ASD(C). Such requests will contain the basis or justification and supporting data for the exceptions. See additional guidance in DOD 7290.3-M, Section 721.

**TABLE 1307-1
Summary of Charges Used in FMS Pricing**

Type	What it is typically for	Abbreviation	Generic Code	Typical Location on DD 1513	Applied by--for billing	DOD 7290.3-M Reference
1. Admin Surcharge	Cost of administering the FMS program	ADMIN	L6A	Blk 23/24	SAAC	Sec. 705
2. Non-recurring Cost Recoupment	Pro rata recovery of RDT&E and Production startup	NC	-	Included in Line	IA	Para 70205 DODD 2140.2
3. Contract Administrative Surcharge	Contract Admin, Audit & Quality Assurance	CAS		Included in Line	IA	Para 70305
4. Packing, Crating & Handling	Obtaining items from inventory and preparing for shipping	PC&H	L2A	Blk 22	SAAC	Para 70402
5. Transportation	Cost to U.S. of transporting customer material using DTS or a GBL which must be charged to purchaser	TRAN	L00	Blk 25	SAAC	Para 70403
6. Logistics Support Charge	Cost of Logistics Support	LSC		Included in Line	SAAC	Sec. 717
7. Stock fund price adjustment surcharge (CLSSA)	To allow for price growth			Included in Line	IA	Para 70202B1
8. Stock fund replacement surcharge (non-CLSSA)	To recover replacement costs on sales from stock			Included in line	IA	Para 70202B2

TABLE 1307-1 Summary of Charges Used in FMS Pricing

1307-10

Change No. 4, 2 March 1992

DOD 5105.38-M

TABLE 1307-1 Summary of Charges Used in FMS Pricing (continued)

Type	What it is typically for	Abbreviation	Generic Code	Typical Location on DD 1513	Applied by—for billing	DOD 7290.3-M Reference
9. Procurement Funded secondary items (non-CLSSA) Replacement Surcharge	To recover replacement costs on sales of secondary items			Included in Line	IA	Para 70202C2 *
10. Force Rearrangement Factor-- Sale of major item replaced with an improved item	To recover costs to IA of rearranging its forces, changes to spares, etc.			Included in Line	IA	Para 70202E2d *
11. Staging	Cost of staging items prior to shipment		L40	Blk 25	SAAC	Para 70403C *
12. Storage (FMSO)	Cost of storing on-hand inventory		L4A	Included in Line	IA	Para 70801 *
13. Storage (other)	Cost included per Note #7 Explanatory Notes, DD 1513		L4B		IA	Para 70801 *
14. Special SDAF Surcharge	To maintain solvency of SDAF Account			Included in Line	SAAC	Para 71807 *
15. Royalty Fees	To recoup cost of USG technical assistance and know-how		R9D	Included in Line	SAAC	Sec. 715 *

1307-11

Change No. 2, 2 July 1990

DOD 5105.38-M

TABLE 1307-1 Summary of Charges Used in FMS Pricing (continued)

Type	What it is typically for	Abbreviation	Generic Code	Typical Location on DD 1513	Applied by--for billing	DOD 7290.3-M Reference	
16. Publication Pricing factors				Included in Line	IA	Sec. 716	*
<i>Acquisition Cost (AC)</i>	Cost of preparing masters						
<i>Copy Prod Cost (CPC)</i>	Cost of Printing						
<i>Special Cost (SC)</i>	Other costs such as sanitization						
17. Acceleration Rates	To recover full cost of providing USG services			Included in Line	IA	Sec 701	*
18. Travel	To recover travel costs associated with case negotiations and coordinated efforts.			*Included in Line	IA	Sec. 719	**

*Initially charged to administrative funds -- subject to reimbursement from program management line after LOA is signed.

TABLE 1307-2
(Reserved for future use.)

SECTION 1308 - PERFORMANCE REPORTING

130801 PERFORMANCE REPORTING/BILLING.**A. Reporting Performance of FMS Orders.**

1. **IA Responsibilities.** After an FMS agreement is implemented, the DOD IA executes the program. The IA directs provision of materiel or services and disbursements to contractors or vendors. As execution progresses, the IA reports the nature and financial value of transactions to SAAC. The IA reports accrued expenditures, also referred to as "work-in-process" (e.g., progress payments made to contractors, GFM/GFE provided to contractors, NCs, etc.), and physical deliveries within 30 days of the date of shipment or performance. **

2. **FMS Performance Reporting.** The mechanism for reporting FMS performance to SAAC is the "FMS Detail Billing Report" (DD-COMP(M)1517). It is submitted monthly to arrive at SAAC no later than the 16th calendar day following the end of the reporting month. If the 16th calendar day falls on a non-working day, the cutoff will be moved to the first working day following the 16th. If materiel has been delivered or services performed, a performance report is forwarded to SAAC. If no materiel has moved but work-in-process has occurred, the IA reports the value of the work-in-process to SAAC. The format and instructions for completing the DD-COMP(M)1517 report are prescribed in DOD 7290.3-M. *
*

3. FMS Physical (Constructive) Delivery Reporting.

a. The cognizant DOD component must submit accurate and timely FMS physical (constructive) delivery data for selected major end items. Delivery information is contained in detail and summary reports described in Chapter 15, Section 1501, which are used not only as management tools by SA personnel worldwide but are also used for reporting required by the AECA and responding to correspondence and inquiries.

b. Items are considered delivered when title is passed to the purchasing country (see Chapter 8, Paragraph 80206.B.2). DOD components must report, within 30 days, all constructive deliveries for selected materiel lines to SAAC by the 20th of each month in the C1 transaction format (Table 1308-1). SAAC, in turn, should submit this data to DSAA for inclusion in the FMS 1200 System. These transactions are not a part of the formal FMS billing system. A delivery report is required for all DD Form 1513 lines having a U/I of "EA" for the following generics:

A1-A5, A9B	.....	Aircraft
B1-B4 (Complete Missile Lines Only)	..	Missiles
C	.....	Ships
D	.....	Combat Vehicles
E3	.....	Tactical & Support Vehicles
F2, F3, F4	.....	Weapons
G2, G4, G5 (Less M & Y), G6A	.....	Ammunition
H4	.....	Communications Equipment

c. RCS DSAA(M)1141 is assigned to this reporting requirement.

B. Billing for FMS Transactions.

1. Quarterly Billings. As of the end of each calendar quarter, 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 LOA. * 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.

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. Table 802-2 contains additional information * regarding RODs.

B. Specific.

1. Specific Types of Discrepancies. Table 802-2 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.

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.

130803 ADDRESS OF THE CENTRAL COLLECTION AND BILLING OFFICE.
 SAAC is the single DOD activity authorized to render billings from FMS transactions and to receive deposits from FMS purchasers. Collections received by any other DOD components should be forwarded to SAAC immediately. Each LOA should be annotated to inform the FMS purchaser that SAAC is the central accounting activity for the agreement. The address is Director, Security Assistance Accounting Center, Denver, Colorado 80279-5000.

TABLE 1308-1
CI TRANSACTION FORMAT

<u>Column</u>	<u>Data Element</u>
1-2	CI
3-4	Country Code (CC)
5	Implementing Agency (IA) (See Appx D, Para. c.51.)
6-8	Case Designator
9-11	Record Serial Number (RSN)
12-15	Blank
16-21	Cumulative Quantity to Date
22-72	Blank
73-78	Reporting Date (YYMMDD)
79	Blank
80	Originator (must always be "A")

SECTION 1309 - DELINQUENT ACCOUNTS FOR FMS BILLINGS.

130901 PROVISIONS OF FINANCIAL ANNEX TO LOA. The Financial Annex to the LOA provides an estimate of the timing and amounts of the billings which SAAC produces for each FMS case. The customer is obligated to make payments against DD Form 645 billings, on time and in full. SAAC is obligated to insure prompt recording of collections.

130902 LATE PAYMENT CAUSES. Most problems of collection are due to late payment, rather than to any tendency of FMS customers to default on payments. Past experience has shown that it takes from 45 to 75 days after mailing the billing statement to receive collection. Late payments also frequently result from the purchaser's misunderstanding of the terms of sale, the content of the billings, or the general problems of communication. Recognition by MILDEPs should be given to the problem of improving communications with the customer on financial matters.

130903 SAAC RESPONSIBILITIES FOR COLLECTION. Responsibility for collecting overdue debts to FMS cash sales is entirely that of SAAC until it has exhausted means of collection available to it. These means include:

A. **Formal and Informal Contacts.** Both formal and informal contacts with representatives of purchasers at appropriate levels.

B. **Collection Assistance.** Requests for collection assistance from the SAO located in the purchaser's country.

C. **Requests for Collection Assistance.** Formal or informal requests for collection assistance from DSAA, as well as informal contacts with DOS as required to determine additional collection actions to be taken.

130904 FURTHER ACTION ON DELINQUENT ACCOUNTS. When all internal means of collection have been exhausted, delinquent accounts will be referred to the Comptroller, DSAA for further examination. Comptroller, DSAA will then either recommend further action to be taken by OSD or cause the debt to be referred officially to DOS for diplomatic assistance. Data provided by SAAC to support the debt referral will include:

A. **Origin and History.** Origin and history of the debt including prior effort at collection.

B. **Validity of the Claim.** Elements of the agreement which may be in dispute between the purchaser and the U.S.

C. **Normal Military Channels.** A statement that resolution through the normal military channel, with responsible foreign officials on behalf of the collection, has failed.

D. **Adverse Impacts.** Assessment of any adverse impact on our foreign customer if the issue is raised at the diplomatic level.

130905 SAAC HOLDS ACCOUNTING RECORDS AFTER TRANSFER OF ACTION TO STATE DEPARTMENT. Delinquent Accounts Receivable will continue to be carried on the accounting records of SAAC even though primary collection responsibility may have been passed to the DOS.

130906 REPORTING FORMATS AND FREQUENCIES. Details on delinquent debt reporting formats and frequencies are contained in DOD 7290.3-M and in DODI 2140.4.

130907 INTEREST ASSESSMENT ON DELINQUENT DEBTS.

A. **Requirements to Assess.** The AECA requires DOD to assess interest on delinquent debts that arise pursuant to the FMS Program. Within DOD, SAAC has responsibility to operate the FMS billing process and to assess interest on delinquent payments due from FMS purchasers.

B. **Basis for Charge.** Interest is assessed based on the net arrearage owed by a purchaser taking into account cumulative financial requirements and cumulative payments received on each and every FMS case that the purchaser has with DOD as of the due date of the FMS bills. Daily interest charges are assessed at an annual rate until such time as sufficient funds are received by DOD to pay any arrearage amount. Such procedures provide maximum flexibility in utilizing all payments received, including initial deposits on newly accepted cases, in computing the net cash position for the country.

C. **Reports to FMS Customer.** SAAC will provide the MOD or comparable official of each FMS purchaser a report showing arrearages existing as of the billing statement due date. Billings for any interest assessments will be provided on a quarterly basis.

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SECTION 1400 - SPECIAL DEFENSE ACQUISITION FUND
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140001 AUTHORITY AND PURPOSE.

A. **Authority.** SDAF was authorized in 1981 by enactment of Chapter 5 of the AECA. The SDAF Charter and Operation Instructions were approved by the Principal Deputy Assistant Secretary of Defense (Comptroller) on 30 December 1982. Sec 51(a) of the AECA (22 U.S.C. 2795(a)) was amended in 1989 and provided that SDAF may be used for narcotics control purposes. Decapitalization of SDAF was initiated in 1993 with no new procurements authorized after 30 September 1995.

B. **Purpose.** SDAF funds the procurement of defense articles in anticipation of sale to foreign governments. The basic objective of the fund is to facilitate delivery of material in advance of normal PLT for selected items of materiel. Such source enhances the USG capability to satisfy urgent military requirements of allied and friendly nations while avoiding diversions from US forces.

C. **Policy Guidance.** This chapter is the principal source of policy necessary for implementation of SDAF. In addition, other guidance facilitating program execution includes DoD 7000.14-R; the SDAF Charter; standard operating procedures (SOPs) previously distributed to DoD components; and IA implementing instructions.

140002 MANAGEMENT. SDAF is implemented through the following components of the DoD organizational structure:

A. **DSCA.** DSCA has overall management responsibility for SDAF. Specific DSCA responsibilities include, but are not limited to, the following:

1. Issuance of SDAF funding documents to maintain articles and services procured by the Fund;
2. Allocation of SDAF assets for the USN and the USAF;
3. Assessment of fund status to include profit and loss analysis.

B. **IAs.** The IAs have overall responsibility for program implementation. Tasks performed by IAs include, but are not limited to, those cited below:

1. Program management of SDAF assets
2. Contract management
3. Allocation of selected assets for NSA and the USA
4. FMS LOA management for sell-out of SDAF equities from LOA preparation through delivery reporting.

C. **DFAS-DENVER** DFAS-Denver performs centralized accounting and no other activity is authorized to disburse, or collect, SDAF funds. In addition to duties common to all FMS programs, DFAS-DE assures the adequacy of FMS Trust Fund deposits to meet case requirements of SDAF sell-out and transfers such amounts to the SDAF account as required.

140003 OVERVIEW OF OPERATIONS.

The operation of SDAF primarily encompasses buy-in and sale (or sell-out). Buy-in is generally complete. Sales through the established FMS process are expected to continue until SDAF closeout. Following the decision to provide funding, DSCA issues a MIPR, DD Form 448, to the appropriate IA. When a sale is pending, SDAF assets are allocated by DSCA or the IA as applicable. At the time of LOA acceptance, the asset moves from an allocated to a sold status. In general, LOA standard procedures apply (see Chap 7).

140004 PROGRAM IMPLEMENTATION

A. **MIPR Issuance.** DSCA issues MIPRs to the appropriate IA for the maintenance of SDAF procured items. MIPRs are processed generally in accordance with DFARS 208.70, Coordinated Acquisition. A Category II method of funding (Direct Citation) is normally utilized. DFAS-DE/I will be identified in each contract as the paying station. Each SDAF MIPR is restricted to one major end item and associated spare parts, ground support equipment, or other related items.

1. Upon receipt of the MIPR, the IA processes "Acceptance of MIPR", DD Form 448-2. Affixing a stamp to the DD Form 448-2 as acceptance of the MIPR is not acceptable. Use of a Category I Method of Funding (Reimbursable) is prohibited unless agreed to in advance by DSCA. Acceptance of MIPR requires the identification of costs in the categories shown in Table 1400-2 "MIPR Cost Checklist", to assure SDAF full cost recovery. A completed copy of Table 1400-2 must accompany the basic MIPR acceptance and balance to the MIPR value. See DoD 7000.14-R for clarification on how to accumulate the costs for Table 1400-2. MIPR adjustments (i.e., requests for additional funds, withdrawing funds, change of quantity) are the responsibility of the procuring IAs to initiate. Any later requests to amend existing MIPRs will be justified in Blocks 12 and 13 on DD form 448-2. Upward adjustments in funding requirements can only be requested via the IA, and require a MIPR amendment processed by DSCA. Adjustments changing MIPR quantity require DSCA approval. MIPR acceptances must be accompanied by a forecast of disbursements for the procurements covered by the MIPR. The disbursement forecast requires updating based on the cumulative disbursements for all contracts and in-house efforts. MIPR acceptances must also include estimated delivery dates and subsequently provide contract delivery dates, including adjustments, when known.

2. If it is determined to be necessary, due to the urgency of the requirement, and modification of an LOA is not possible, a reverse MIPR may be used for the sale of an asset. A reverse MIPR is also required when SDAF owned assets are used to pay back the IA for assets diverted from the IA's inventory to satisfy urgent FMS requirements. Acceptance of a reverse MIPR by DSCA authorizes IAs to purchase defense equipment from the SDAF account. The procuring activity prepares and sends a MIPR to DSCA providing funds and requesting the purchase of assets previously identified by mutual agreement between the IA and DSCA. DSCA accepts the IA's MIPR and forwards the MIPR and Acceptance to DFAS-DE/I for billing.

B. **Allocation Process.** The SDAF allocation process is as follows:

1. The applicable IA verifies the availability of SDAF assets to meet a foreign purchaser's request;

2. IA notifies DSCA Comp/RMD immediately upon receipt of an LOR when SDAF assets are involved.

3. Comp/RMD initiates the decision process for allocating assets.

4. Generally, SDAF assets are allocated by DSCA. In some instances, NSA issues priority allocations for COMSEC. The USA has allocation authority for the SDAF assets it manages upon approval by DSCA.

5. DSCA or USA issues an allocation message or fax, directing LOA preparation and specifying the item, quantity, and other pertinent information.

6. Asset allocations are reviewed periodically by DSCA and the IAs to assure transactions are completed or to initiate proper follow-up.

140005 SALES TO THE SDAF (BUY-IN)

A. **General.** Materiel and recurring services in support of purchases by SDAF will be priced according to the requirements in DoD 7000.14-R.

B. **Pricing of SDAF Items Purchased From Stock.** DWCF-funded items sold to SDAF will be priced at standard price plus the current replacement surcharge rate for non-CLSSA customers.

C. **Interdepartmental Orders.** Sub-MIPRs issued by one IA to another may not cite SDAF funds. Sub-MIPRs must cite the issuing IA's funds.

D. **Payments for CAS.** IAs bill CAS to DFAS-DE simultaneous with other CAS billings for FMS and DFAS-DE makes payments to the IAs from the CAS account. The CAS account will be replenished at a 1.5% rate applied to contract disbursements on SDAF purchases. In the event SDAF assets or equities are sold to an FMS customer for which a reciprocal waiver of CAS is in effect, the amount for CAS paid to the IA will be refunded to the SDAF account. Payment of CAS is also required on ammunition purchases.

140006 INVENTORY CONTROL AND REPORTING

A. **Custodial Responsibility.** SDAF inventory is the responsibility of the IAs. The procedures for proper inventory management followed for other DoD inventory should be followed for SDAF. SDAF items, as defined in the MIPR, are accounted for and traceable by established mechanisms such as serial numbers. Additionally, quarterly inventory reporting to DSCA in the format shown in Table 1400-3 as well as a year end inventory of assets on hand, not on an implemented case, are the responsibility of the IAs.

B. **Reporting Deliveries to the SDAF Account.** Delivery of items to the SDAF account will be reported to DSCA as part of the quarterly inventory report (Table 1400-3). Delivery of items should correlate to the same end items for which MIPRs were provided. For items provided from DoD sources, SF 1080 billings, with accompanying back-up detail, will serve as the source documents. For items provided from new procurement, DD 250s, with accompanying back-up detail, will serve as the source documents.

C. **Storage of SDAF Inventories.** Major SDAF equipment held in DoD inventories will normally be segregated from other DoD items. However, as an exception to this general policy, SDAF items may be co-mingled with Service inventories for specific purposes such as reduction of loss for shelf life items. IAs will forward bills for SDAF storage to DFAS-DE. Bills will be for direct out-of-pocket costs incurred on major equipment.

D. **Inventory Losses.** If SDAF items are lost while held in inventory, the responsible IA will conduct an investigation in accordance with the requirements of DoD 7200.10-M. Results

of this investigation will be forwarded to the Director, DSCA for disposition, to include the possible billing of the IA for the loss.

140007 PRICING SALES FROM THE SDAF (SELL-OUT). Sales from SDAF will be priced according to DoD 7000.14-R. Sales from SDAF are distinguished from sales of DoD stocks and sales from new procurement.

A. **Stabilized Pricing.** Stabilized pricing insures that the price of major items remains the same from initial appearance on the LOA to delivery reporting and LOA closure. SDAF items will be quoted as firm prices and the LOA will be annotated accordingly. Amendments or modifications are generally not processed for SDAF LOAs in order to accommodate normal changes in buy-in costs. For DWCF items, the reported price at the time of delivery may not agree with the LOA price due to catalog pricing. The pricing elements outlined in Table 1400-4 and DoD 7000.14-R comprise the selling price of items sold from SDAF.

B. **Sales to FMS Countries.** The price for SDAF assets sold to FMS countries will be computed by establishing a base acquisition price as described below. Applicable NC charges will be added to the base price to arrive at the SDAF selling price. Charges for PC&H, transportation, and FMS administrative surcharges are additives to (and not a component of) the item selling price.

1. The SDAF full value base price will be the higher of the SDAF procurement price or the current DoD contract price.

a. The SDAF procurement price is the total estimated unit price as reflected on SDAF procurement requests for the item being priced, and includes appropriate add on charges.

b. The current DoD contract price, identifying add-on charges, will be estimated by IA.

2. In accordance with DoD 7000.14-R, if DSCA determines an SDAF item is of reduced utility, an appropriate reduction to the price may be made. Such a reduction could conceivably lower the selling price to below the SDAF cost.

140008 FMS SALES OF SDAF ITEMS.

A. **P&A Data.** Requests for P&A for items that are on contract for SDAF procurement are coordinated with DSCA prior to responding to the LOR. DSCA, in conjunction with the IAs, will decide whether to fill the request from SDAF contracts, DoD inventories, or new procurements. The IA responds with P&A data. Pricing information will be coordinated with DSCA prior to release.

B. **LOA Management.** Except as shown in this chapter, LOAs for SDAF items will be prepared in accordance with guidance provided in Chapter 7:

1. Originally, all SDAF LOA designators were assigned by DSCA and used an IA code of "Q". Currently, the USA is utilizing a "B" IA Code, "J" designator, and "F" Source of Supply Code to indicate SDAF.

2. SDAF and non-SDAF items are normally not included on the same LOA. Army "J" cases include both SDAF and non-SDAF lines. SDAF and non-SDAF items will not be commingled on the same LOA line.

3. The SDAF Financial Analysis Worksheet (FAW) (Table 1400-4) must be provided for each line and is to be used in lieu of the regular FMS FAW when source of supply is SDAF. The SDAF FAW must include the SDAF MIPR line and support line numbers. DSCA Comp/RMD requires an extra LOA accompanied by three sets of SDAF FAWs (one copy for DSCA/Comp/RMD, one copy for DFAS-DE SDAF, and one for DFAS-DE country manager). When a variation in price occurs on the LOA, a new SDAF FAW must be submitted for each line affected on the basic LOA.

4. For "J" cases, payment schedules must distinguish payments required for SDAF lines. Payment schedules must reflect disbursement profiles for applicable SDAF contracts. Payment schedule changes on SDAF LOAs must be approved by DSCA/Comp/RMD.

5. Initial deposits as normally computed for FMS LOAs will be increased by the value of disbursements already made for SDAF items being sold. DFAS-DE will provide disbursement information on SDAF items upon request to activities preparing SDAF LOAs.

6. Amendments or Modifications to SDAF LOAs are generally not processed for normal changes to SDAF buy-in costs. However, country-specific changes which affect SDAF buy-in costs should be reflected by an Amendment or Modification. Other changes such as those relating to quantities, delivery schedules, and policy changes should also utilize an Amendment or Modification as appropriate (see Chap 8).

7. Signed copies of LOAs, Amendments, and Modifications, involving SDAF items, should be forwarded to DSCA/Comp/RMD.

C. Requisitioning and Billing Procedures for Items Purchased from DoD Stocks (MILSTRIP). For DWCF items, the requisitioning activity uses its own fund code, Signal Code L, and the activity's DoDAAC. DFAS-DE is billed by SF 1080 for all reimbursable costs.

D. Payment for Transportation of SDAF Items. Costs not included in the item price, incurred to transport materiel to assembly or holding points, are funded on the original MIPR issued for such materiel. When a GBL is processed by a transportation officer, a copy of the GBL will be forwarded to DFAS-DE/I. This will alert DFAS-DE that transportation costs will be incurred against the original MIPR. DFAS-DE/I is the paying office for all FMS GBLs. Attach copies of the GBLs to the copy of the Daily Register of Meal Tickets and Transportation Transactions provided to DFAS-DE/I. Recoupment of transportation expenses for FMS sell-out will follow existing FMS guidance in DoD 7000.14.R.

E. Supply Discrepancy Reports (SDRs). This supplements guidance contained in Section 80207 and DoD 7000.14-R. It is DoD policy that the appropriation that is credited with proceeds of a sale will pay SDR costs or replace the material when the USG is deemed to be liable to the FMS customer. Hence, it is DoD policy that SDAF should finance SDRs on SDAF cases, when applicable. When SDAF is considered responsible for a SDR, the SDRs must be submitted to DSCA, along with a legal opinion when required, for concurrence.

F. LOA Closure. See Section 130503. SDAF LOA closure involves additional reviews as follows:

1. **SDAF LOA Closure - "Q" Cases.** DFAS-DE/I informs DSCA/Comp/RMD monthly of those LOAs for which all collections have been made, accounts are balanced, and which are ready for closure.

2. **Combined SDAF/IA LOA Closure - "B, D, P, M" LOAs - DFAS-DE as Financial Manager.** DFAS-DE/I is the financial manager for any FMS LOA line on IA LOAs

that sell SDAF assets. Closure responsibilities are accomplished as agreed between DFAS-DE/I and the appropriate IA for each SDAF LOA line. Once an LOA line is balanced, DFAS-DE/I informs DSCA/Comp/RMD that the line is ready for closure and requests approval. Final closure of an LOA line will not be accomplished until the amount of SDAF reimbursement is approved by DSCA/Comp/RMD.

3. **SDAF LOA Closure - DFAS-DE/I is not Financial Manager.** LOA closure responsibilities for the sale of SDAF assets transferred to a Purchaser, wherein DFAS-DE/I is not the LOA line manager, resides with the appropriate IA responsible for the FMS LOA or LOA line. DSCA Comp RMD assures recoupment of the appropriate amount to the SDAF account.

140009 SDAF DELIVERY REPORTING.

A. **Delivery Reporting.** Assets sold to an FMS customer will be reported to DFAS-DE/I by the IAs on the Delivery Transaction (See DoD 7000.14-R). LSC must be excluded from the reported delivered price. Two categories of items will be reported to DFAS-DE/I.

1. **Major Equipment.** Major SDAF equipment items shipped to FMS customers will be reported to DFAS-DE/I by the IAs on the Delivery Transaction within ten days of shipment

2. **Support Items.** Support items owned by SDAF and sold to an FMS customer will be reported to DFAS-DE/I by the IAs on the Delivery Transaction. Reports will be submitted to DFAS-DE/I within seven days of the date of the drop from inventory and contain the latest FMS price for the items being sold.

B. **Delivery Codes.** SDAF shall use three delivery source codes.

1. SA - Sale of items originally purchased from DoD inventories.

2. SD - Sale of items procured from contractors by the Fund. This delivery source code will compute PC&H.

3. SE - Sale of items procured from contractors and shipped directly from the contractor to the FMS customer, providing there is no requirement for any special packing, crating, or handling. This delivery source code will not compute PC&H.

140010 REPORTING. Input for A. through C. below will be provided by DFAS-DE/I.

A. **Reporting.** DFAS-DE/I prepares a number of reports in accordance with applicable sections of DoD accounting manuals.

B. **Collection Reporting.** If SDAF were to be recapitalized, DoD components would be responsible for identifying SDAF collections from authorized sources and for depositing these collections to account 11X4116. Monthly reporting of SDAF deposits to DSCA COMPT is required by the 25th day of each month. As a minimum, a segregation of the SDAF deposits into the following subheads (limits) that show the source of collections is required.

**Accounting
Subhead**

Source

1	Non-excess principal/major end items which will not be replaced within the obligation availability of current procurement appropriations.
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- 2 Excess stock fund and procurement secondary items.
- 3 NC charges.
- 6 Contractor rental payments for USG plant and production equipment.
- 7 Payments from FMS Trust Fund or Military Assistance Appropriations for sale of SDAF equity in contracts and inventories.
- 8 Payments from IA Appropriations for SDAF items transferred to the IA for temporary use and which are not returned.

C. **DoD Internal Reporting.** Defense items received from SDAF and taken into property accountability by the IAs require quarterly reporting to DSCA (see Table 1400-3).

Table 1400-1

SDAF Schedule for Procurement Plan Development

Planning Date *	Activity
15 Jan	DSCA memos (IAs and DSCA Operations and message (CINC/SAOs) Sent, requesting nominations.
31 Mar	Nomination replies to DSCA Plans.
Apr – May	DSCA Plans prepares FY Plan (Draft).
25 May	DSCA distributes FY Plan (Draft) for review.
5 Aug	Replies to DSCA Plans
Aug – Sep	DSCA Plans prepares FY Plan (Final).
25 Sep	DSCA FY Plan (Final) to OMB.
1 Oct	DSCA FY Plan (Final) to Congress
Oct – Dec	DSCA Comptroller signs and issues MIPRs to implement Plan. (Note: Depends upon when Congress passes Appropriation.

* The exact calendar date will vary slightly from year to year, based on weekends, holidays, or similar adjustments.

SPECIAL DEFENSE ACQUISITION FUND
MIPR COST CHECKLIST

MIPR #: _____ Line #: _____ Quantity: _____

MIPR Line Value: \$ _____

<u>MIPR Cost Element Price</u>	<u>Unit Price</u>	<u>Total</u>
a. Contractor Hardware & Related Equipment Costs	_____	_____
b. Contractor Engineering & Support	_____	_____
c. Government Furnished Material	_____	_____
d. Engineering Services, Government	_____	_____
e. Direct Labor (Example: AIF)	_____	_____
f. Unfunded Civilian Pay Costs	_____	_____
g. Unfunded Military Pay Costs	_____	_____
h. Engineering Change Orders	_____	_____
i. Proof and Acceptance	_____	_____
j. First Destination Transportation	_____	_____
k. Test Ammunition	_____	_____
l. Quality Assurance	_____	_____
m. Contingent Liabilities	_____	_____
n. Other (Explain)	_____	_____
 MIPR VALUE	 _____	 _____
	_____	_____

[Acceptance of related MIPR requires identification of costs in the categories shown to assure full cost recovery. Accumulate above costs in accordance with DoD 7000.14-R, Vol. 15. Other applicable surcharges will be applied at time of sale; such as, NC and PCH&T.]

TABLE 1400-2. Special Defense Acquisition Fund MIPR Cost Checklist

TABLE 1400-3

**DEFENSE SECURITY COOPERATION AGENCY
SPECIAL DEFENSE ACQUISITION FUND
INVENTORY REPORT**

By the tenth day following the end of the reporting quarter, the responsible Military Department will submit to DSCA an SDAF Inventory Report identifying items received and transferred during the quarter and the physical quarter-end inventory on hand.

Minimum data required:

1. Procurement Directive Program line and sub-line (i.e., MIPR)
2. Item Description
3. NSN
4. Contract Date
5. Total Quantity Due In
6. Cumulative Quantity Received through End of Current Quarter
7. Quantity Due In Next Quarter
8. Date Last Due In
9. Quantity Shipped - By FMS LOA
10. Anticipated Shipments Next Quarter - Qty and FMS LOA
11. Quantity Allocated - By Country and LOA
12. Quantity On Hand at End of Current Quarter

Inventory Report Format

MIPR Line	Item Description	NSN	Contract Date	Total Quantity Due In	Cumulative Quantity Received	Quantity Due In Next Qtr	Date Last Due In	Quantity Shipped By LOA	Shipments Next Qtr Quantity & Line	Quantity Allocated By Ctry & LOA	Quantity On Hand Current Quarter

TABLE 1400-3. DSCA SDAF Inventory Report

TABLE 1400-4

DEFENSE SECURITY ASSISTANCE AGENCY
SPECIAL DEFENSE ACQUISITION FUND
FINANCIAL ANALYSIS WORKSHEET

LOA _____	LOA Preparer _____
Item _____	Organization _____
LOA Line _____	Telephone No. _____
Quantity _____	Date Prepared _____

I. SDAF Component Price

A. SDAF Source Stabilized Unit Price; Higher of:

(1) SDAF Contract _____	MIPR-Line _____
(2) Latest DoD Contract _____	FY _____

B. SDAF Other Source Unit Price

(1) Support Contracts _____	MIPR-Line(s) _____
(2) DoD Work Orders _____	MIPR-Line(s) _____
(3) Stock Funded _____	MIPR-Line(s) _____
(4) Other (Explain) _____	MIPR-Line(s) _____

C. SDAF Adjusted Unit Price

(1) Contract Administration Services _____	
(2) First Destination Transportation _____	MIPR-Line _____
(3) Production & Engineering/Other _____	MIPR-Line _____
(4) Recurring Support Cost:	
(a) Contract _____	MIPR-Line _____
(b) Government _____	MIPR-Line _____
(5) Long-Lead Recoupment _____	MIPR-Line(s) _____
* (6) Logistical Support Charge _____	MIPR-Line(s) _____
(7) Other (Explain) _____	MIPR-Line(s) _____

D. Sub-Total SDAF Adjusted Unit Price (IA+IB+IC) _____

TABLE 1400-4. DSCA SDAF Financial Analysis Worksheet

TABLE 1400-4

DSCA SDAF FINANCIAL ANALYSIS WORKSHEET (CONTINUED)

II. FMS Component Price

A. FMS Adjusted Unit Price

** (1) NC (RDT&E) _____
 ** (2) NC (Production) _____
 (3) Other (Explain) _____

B. Sub-Total FMS Adjusted Unit Price (IIA) _____

III. Total SDAF Unit Price (ID+IIB) _____

IV. Remarks

Note: To be used in lieu of regular FAW when source of supply is SDAF. Three of the SDAF FAWs are required. Distribution includes:

First Copy: DSCA/Operations Directorate /SDAF Division
 Second Copy: DFAS-DE/I
 Third Copy: DFAS-DE/I

* LSC is computed on base price plus all add-ons.

** If Applicable

TABLE 1400-4. DSCA SDAF Financial Analysis Worksheet (Continued)

TABLE 1400-5

@@ (Deleted 12 Aug 98) @@

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@@ SECTION 1401 - TECHNOLOGY PROGRAMS

140101 GENERAL This section complements export control, disclosure, transfer, and other guidance in Chapter 5 and elsewhere in this manual. It discusses a range of programs which include the release of US technology. When used in this section, the capitalized term "Agreement" refers to an international agreement developed either under DoDD 5530.3 or within an LOA.

A. Policy It is DoD policy to treat defense-related technology as a valuable and limited national security resource. Defense articles and services, including USG "defense information" as defined in Section 644(e) of the FAA, can only be provided in accordance with provisions of the AECA.

B. Foreign Manufacture Foreign Manufacture of US equipment benefits the US when it strengthens friendly defense forces, improves US defense relationships, or enhances interoperability. It may also benefit the US when it is advantageous to assist in maintaining the Purchaser's defense industrial base or in improving general defense capabilities by means of collaborative defense programs. Program implementation can be through an FMS LOA that provides the Purchaser with technical data and authority necessary to operate and maintain or manufacture the defense article. Implementation can also involve an LOA and complementary DoDD 5530-3 agreement in the form of an MOU or MOA, or a DoDD 5530.3 agreement alone (such as for cooperative development).

C. Royalty Fees For open FMS cases implemented prior to 31 December 1997 with current Royalty Fee lines, financial accounting processes and reporting shall continue until case closure. Cases implemented on or after 1 January 1998 shall not include royalty fee processing requirements.

140102 RELEASE OF TECHNICAL DATA The USG either owns or has legal rights of use to defense related technical data. This is in contrast with private ownership and no USG rights of use. Where private ownership exists, and barring substantial reason to do otherwise, foreign representatives will be advised to pursue the data through commercial channels. Technical data transferred in conjunction with defense articles will generally be released as part of the process for release of those articles (for example, technical manuals, repair parts lists, and product safety notices provided as part of the transfer of a major item). Technical data may also be released in conjunction with approved country programs (for example, cataloging data or general training publications in support of a logistics modernization project). Releasability of the data must be considered in the same manner as other potentially sensitive parts of the program. Specific controls apply for TDPs (technical data developed for the purpose of production) as discussed below. The LOA will cover the full cost for preparation, reproduction, and handling of technical data furnished under SA programs.

A. TDPs Related to Defense Articles Manufactured by Watervliet Arsenal 10 USC Sec 4542 prohibits the transfer of TDPs from any government owned and operated defense plant manufacturing large caliber cannons (Watervliet Arsenal) to any foreign government, or assistance to any foreign government in producing any defense items currently being manufactured or developed in a government-owned, government-operated defense plant manufacturing large caliber cannons, unless the exceptional requirements of the statute are met. Department of Army must be consulted as to whether these requirements can be met before action may be taken to commit the USG to transfer these data.

B. Channels for Transfer of TDPs USG-owned TDPs will be released only when it has been determined to be in the US interest to do so and alternative means of meeting the requirement are less desirable. Privately-owned TDPs for which the USG has unlimited or

Government purpose rights of use may be transferred via FMS or by the US firm holding associated rights, subject to USG approval through the export licensing process. When transferred via FMS, TDPs will be offered only as defined line items on LOAS, and the line item will identify the article to which each TDP applies.

C. Types of TDP Requests Requests for TDPs must specify (1) for use in O&M of US origin defense equipment; (2) for study in determining if a request will be submitted for production authorization; or (3) for production of the defense article or component(s) or follow-on development or improvement of an item of US equipment (or derivations thereof). Each LOA will state, after identification of the defense article, "TDP for operation and maintenance (no production authorized)"; "TDP for study (no production authorized)"; or, "TDP for production", as applicable.

D. Sale of TDPs for Operation and Maintenance TDPs will normally be sold for O&M only if (1) the IA is able to verify that the specific article was provided to the Purchaser through authorized transfer and (2) there is no other viable means of ensuring that the US origin equipment can be maintained. The IA will provide information shown at Table 1401-1, for use in making a release determination, along with the LOA. The following note will be placed in each O&M LOA:

"The technical data package offered herein is provided only for the purpose of operation and maintenance of the [defense article] transferred to [TDP Purchaser] with USG approval. Should any new operation or maintenance procedures be developed by [Purchaser] for the [defense article], they will be shared without charge with the US program manager. In making this FMS offer to [Purchaser], the US Government makes no prior commitment or authorization for [Purchaser] to manufacture the defense equipment described herein. Separate US Government approval is required for such manufacture. The Purchaser agrees that unless specific authorization is provided in writing from the US Government, the technical data package will not be used for production."

E. Sale of TDPs for Study or Production An LOA will not be offered for study unless DoD is also prepared to release the TDP for production. If an article is in long supply, or if foreign production would adversely impact the US mobilization base, TDP requests for study or production will normally be denied. The IA will provide information shown at Table 1401-2, for use in making a release determination, along with the LOA. The following notes will be placed in each TDP study or production LOA:

1. For study--

"The technical data package offered herein is provided for study purposes only. In making this FMS offer to [Purchaser], the US Government makes no prior commitment or authorization for [Purchaser] to manufacture the defense equipment described herein. Separate US Government approval is required for such manufacture. If requested and approved, a new LOA or LOA Amendment will be issued for the provision of a certified production technical data package and any applicable charges for its use for manufacture.

2. For production of articles for indigenous use--

"1. The technical data package offered herein is provided for the manufacture of [quantity] [article] by [Purchaser] for indigenous purposes only. Such manufacture may be accomplished either by the Government of [Purchaser] in its own government-owned or government-operated facilities or in designated in-country private commercial facilities.

"2. Any manufacture in excess of this quantity will require separate approval of the US Government and the execution of an LOA Modification or Amendment.

"3. The information furnished under this LOA, and the product derived from the use of such information, shall not be disclosed or transferred to any third country, person, or organization without the prior written consent of the US Government and, where required, the execution of an LOA Modification or Amendment. -

"4. The use of technical data which will be provided under this LOA will be limited to that required for the manufacture of the article(s) specifically authorized herein and its operation and maintenance. Information which has been acquired by the US Government without the unencumbered right to use and convey to others will not be furnished.

"5. It is understood that the furnishing of these technical data does not in any way constitute a license to make, use, sell, or transfer whatsoever any inventions, technical information, or know-how (hereinafter referred to as proprietary information) owned by third parties which may be described in the documentation.

"6. The US Government incurs no liability for any procurement, manufacture, use, or sale by the Government of [Purchaser] which makes use of any of the aforementioned proprietary information, or for any results derived from the use of the technical data furnished. The Government of [Purchaser] agrees to indemnify the US Government against any liability resulting from a claim asserted by the owner of any such proprietary rights in connection with such use by the Government of [Purchaser] of the documentation provided hereunder.

"7. The US Government will use its best efforts to furnish technical data that are accurate, adequate for the authorized purpose, current, and complete; however, the US Government does not guarantee the adequacy, accuracy, currency, or completeness of these data. Similarly, the US Government does not guarantee the accuracy, adequacy, currency, or completeness of any US industry documentation.

"8. Production validation - The Government of [Purchaser] will permit US Government personnel access to government and contractor facilities, records, and storage sites to review the implementation of the requirements of this LOA. Such access will be permitted when mutually convenient, but within a reasonable period of time after the request. Visits will be accomplished under established visit procedures.

"9. Flowback of [Purchaser] Technical Data to the US: Technical Data - [Purchaser] will furnish or cause to be furnished the following technical data to the US Government at no cost to the US Government other than the cost of reproduction, preparation, and handling:

"(a) All technical data pertaining to changes, modifications, and improvements in the design of [article] made in the course of development, evaluation, production, operation, and maintenance of [article].

"(b) All technical data pertaining to manufacturing processes employed in the production of [article].

"(c) Technical data pertaining to changes proposed in the design of [article] but not adopted.

"(d) Notwithstanding (a), (b), and (c) above, if [Purchaser] incorporates an existing commercial item without modification of either the item or the [article] and if: (i) the

item is not based in whole or in part on US technical data or on US design; and (ii) the item is not in whole or in part funded or financed by [Purchaser] directly or indirectly; and (iii) there is no development contract or subcontract between [Purchaser] and the supplier, then [Purchaser] will only be required, to the extent that it has the right to do so without incurring liability to others, to provide the US Government sufficient information for the US Government to evaluate the item, to procure it, to incorporate it into the system, and to operate, maintain, repair, overhaul, and modify it.

"10. Right to Use - [Purchaser] will grant or cause to be granted to the US Government a non-exclusive, irrevocable, royalty-free license to use and have used for US defense purposes, including security assistance, the technical data defined in 9.(a),(b), and (c) in above paragraph and any inventions (whether or not patentable) made in the course of activities covered by this LOA. Additionally, [Purchaser] will use its best efforts to obtain licenses on fair and reasonable terms to the US Government to use and have used the technical data defined in 9.(d) of above paragraph and patented inventions depicted in such technical data for US defense purposes, including security assistance.

"11. Contract Provisions - [Purchaser] will include suitable provisions in all pertinent program contracts, including a requirement to include those same provisions in all subcontracts, to meet the requirements of this section.

"12. The cost of the documentation provided hereunder does not include periodic updating. Revisioning services may be requested under a separate LOA, if desired.

3. For production, with authorized third country sale--

"1. The technical data package offered herein is provided for the manufacture of [quantity] [article] in [Purchaser] for indigenous purposes only and [quantity] of [article] in [Purchaser] for subsequent transfer to [country name(s)]. Such manufacture may be accomplished either by the Government of [Purchaser] in its own government-owned or government-operated facilities or in designated in-country private commercial facilities.

"2. Any manufacture in excess of this quantity and as authorized in 1. above require separate approval of the US Government and the execution of an LOA Modification or Amendment.

"3. The information furnished under this LOA, and the product derived from the use of such information, shall not be disclosed or transferred to any third country, person, or organization other than the Government(s) of [country names(s)] without the prior written consent of the US Government and, where required, the execution of an LOA Modification or Amendment.

"4. The use of technical data which will be provided under this LOA will be limited to that required for the manufacture of the equipment specifically authorized herein and its operation and maintenance. Information which has been acquired by the US Government without the unencumbered right to use and convey to others will not be furnished.

"5. It is understood that the furnishing of these technical data does not in any way constitute a license to make, use, sell, or transfer whatsoever any inventions, technical information, or know-how (hereinafter referred to as proprietary information) owned by third parties which may be described in the documentation.

"6. The US Government incurs no liability for any procurement, manufacture, use, or sale by the Government of [Purchaser] which makes use of any of the aforementioned

proprietary information, or for any results derived from the use of the technical data furnished. The Government of [Purchaser] agrees to indemnify the US Government against any liability resting from a claim asserted by the owner of such proprietary rights in connection with such use by the Government of [Purchaser] of the documentation provided hereunder.

"7. The US Government will use its best efforts to furnish technical data that are accurate, adequate for the authorized purpose, current, and complete; however, the US Government does not guarantee the adequacy, accuracy, currency, or completeness of these data. Similarly, the US Government does not guarantee the accuracy, adequacy, currency, or completeness of any US industry documentation.

"8. Production Validation - The Government of [Purchaser] will permit US Government personnel access to government and contractor facilities, records, and storage sites to review the implementation of the requirements of this LOA. Such access will be permitted when mutually convenient, but within a reasonable period of time after the request. Visits will be accomplished under established visit procedures.

"9. Flowback of [Purchaser] Technical Data to the US:

"a. Technical Data - [Purchaser] will furnish or cause to be furnished the following technical data to the US Government at no cost to the US Government other than the cost of reproduction, preparation, and handling:

"(1) All technical data pertaining to changes, modifications, and improvements in the design of [article] made in the course of development, evaluation, production, operation, and maintenance of [article].

"(2) All technical data pertaining to manufacturing processes employed in the production of [article].

"(3) Technical data pertaining to changes proposed in the design of [article] but not adopted.

"(4) Notwithstanding (1), (2), and (3) above, if [Purchaser] incorporates an existing commercial item without modification of either the item or the [article] and if: (1) the item is not based in whole or in part on US technical data or on US design; and (2) the item is not in whole or in part funded or financed by [Purchaser] directly or indirectly; and (3) there is no development contract or subcontract between [Purchaser] and the supplier, then [Purchaser] will only be required, to the extent that it has the right to do so without incurring liability to others, to provide the US Government sufficient information for the US Government to evaluate the item, to procure it, to incorporate it into the system, and to operate, maintain, repair, overhaul, and modify it.

"b. Right to Use - [Purchaser] will grant or cause to be granted to the US Government a non-exclusive, irrevocable, royalty-free license to use and have used for US defense purposes, including security assistance, the technical data defined in a.(1), (2), and (3) above, and any inventions (whether or not patentable) made in the course of activities covered by this LOA. Additionally, [Purchaser] will use its best efforts to obtain licenses on fair and reasonable terms to the US Government to use and have used the technical data defined in subparagraph a.(4) and patented inventions depicted in such technical data for US defense purposes, including security assistance.

"c. Contract Provisions - [Purchaser] will include suitable provisions in all pertinent program contracts, including a requirement to include those same provisions in all subcontracts, to meet the requirements of this section.

"10. The cost of the documentation provided hereunder does not include periodic updating. Revisioning services may be requested as an Amendment to this LOA or under a separate LOA, if desired."

F. Revisioning Services Services which provide for TDP updating may be offered for TDPs which have been approved for transfer. Revisioning services may be offered on the LOA which initially authorizes the TDP transfer. The services must be offered as a separate line item, and note 140102.E.2.12 or 140102.E.3.10 must be deleted. Subsequent sale of revisioning services requires separate LOA authorization and supplemental LOA terms and conditions as discussed below.

1. If TDP transfer notes in the basic LOA comply with the current version of the SAMM, and if the basic LOA is maintained in the active files and can be produced upon request, the following note will be used:

"The revisioning services offered herein are intended for updating the Purchaser's existing [enter "production", "O&M", or "study"] technical data package (TDP) furnished on FMS case [case designator], accepted [date]. All TDP notes supporting [case designator] are incorporated herein by reference and apply to the revisioning services transferred pursuant to this LOA.

2. If a previous revisioning services LOA brought supplemental terms and conditions into compliance with the current version of this SAMM section, the updated notes (vice the original LOA) must be maintained in the active revisioning case file, and the following note will be used:

"The revisioning services offered herein are intended for updating the Purchaser's existing [enter "production", "O&M", or "study"] technical data package (TDP) furnished on FMS case [designator], accepted [date], and on revisioning service LOA [designator], accepted [date]. All TDP notes supporting [revisioning services LOA designator] are incorporated herein by reference and apply to the revisioning services transferred pursuant to this LOA.

3. If previous TDP transfer notes are no longer current on the matter of the Purchaser's rights and obligations regarding the use of the basic TDP, or if previous notes - even if believed to be adequate - cannot be produced and verified, the revisioning services LOA will contain the complete provisions required for initial TDP transfer.

G. Restrictive Markings on TDPs The IA will ensure the TDP, when transferred, includes markings clearly showing what right of use are/are not authorized, any security classification which may apply, and other restrictions. The markings will be applied, to the extent possible, to each separate part of the technical information provided, including drawings and aperture cards. If individual part marking is not possible, TDP cover information will provide the restrictions.

140103 SECURITY ASSISTANCE PROGRAM DoDD 5530.3 AGREEMENTS Since such agreements involve matters which must be resolved on a governmental basis as part of a broad program of cooperation, copies of DoDD 5530-3 agreements under negotiation will not normally be released to third parties. They may be discussed with representatives of appropriate US industry to the degree necessary to obtain Congressional reporting or other

information. With the consent of the foreign party, these agreements may be released to specific US firms for implementation.

A. Need for Agreement The munitions license or LOA is normally sufficient to establish the rights and obligations of each party for commercial or FMS SA programs. Even though LOA and DoDD 5530.3 agreements will have common provisions, FMS LOAs are among international agreements exempted from the requirements of DoDD 5530.3. In some exceptional instances, it is in the US interest to conclude a DoDD 5530.3 agreement before initiation of a commercial or USG program. The final determination as to whether a DoDD 5530.3 agreement will be negotiated is the responsibility of DSCA. The following are examples of factors which may support a DoDD 5530.3 agreement:

1. The program is complex, it involves licensed production, or it is considered sensitive (for example, classified data will be released) by the USG or US industry.
2. Delineation of responsibilities and authorities of the parties is required.
3. The country has requested, and provided rationale for, a separate agreement.

B. Agreement Elements DoDD 5530.3 agreements include standard provisions, required by US law or regulations, which are not negotiable. These agreements also normally include unique provisions reflecting the interests of the involved parties. Therefore, the final content of each agreement is determined during negotiations. A typical agreement contains provisions on at least the following topics:

1. Scope of agreement, including any items and quantities to be produced in the US and authorized for production by the participating country. The participants in the program and their obligations must be clearly stated.
2. Terms and, when required, their definition.
3. Export, including anticipated use of commercial or FMS transportation channels (see 80206). Any role of DoD in assisting in obtaining commercial export licenses or technical data belonging to US companies may also be defined.
4. Authorization for use of technical data, usage limits, and restrictions on its transfer to third parties. Any use of USG facilities will be incorporated.
5. Flowback, including provisions relative to the return to the US of any technical improvements to transferred equipment or manufacturing processes. The USG must have the right to use the improvements without payment of any fees.
6. Management, such as establishment of a joint project office to serve as the channel for exchange of information.
7. Configuration management, to ensure systems are produced to specific (normally US standard) specifications. The agreement will normally provide for incorporation of engineering changes and modifications, and the procedures to manage the changes.
8. Existing security arrangements.
9. Customs, duties, and taxes. This may show new or existing reciprocal arrangements.

10. Audit access and production validation, see 140103.C below.
11. Third party transfer and end use. This will include any production incorporating US equipment or based on US information obtained under the program from any source.
12. Reimbursement for applicable costs. It will be shown that USG costs for support to Purchaser program management, FMS administrative fees, transportation, or other costs must be financed under FMS procedures.
13. LOA-DoDD 5530.3 agreement precedence. It will be shown that, should there be a conflict between the DoDD 5530.3 agreement and LOA, the terms of the LOA will take precedence.
14. Logistics support. This may include items such as USG responsibilities for support or any authorization for foreign production of spares, and any other pertinent requirements.
15. Supplemental compensation. No requirement can be imposed by a participant for compensation that is not in accordance with the agreement.
16. Administrative provisions to show procedures to amend or change the agreement, identification of the effective national language, resolution of conflicts, and specific duration (such as ten years) before the agreement will expire or must be renewed. Also, each agreement will contain procedures for the early termination by either party, provisions for certain elements of the MOU/MOA to remain in effect after termination (third party transfer, security, flowback, and limitations on any further weapon system production), and consideration of authorization to produce spare parts following termination.

C. Responsibility for Monitoring DoD enters into agreements with friendly and allied countries on the basis of common goals to achieve mutual national security objectives, with the expectation that both parties will fulfill their commitments. To complement the agreements, monitorship responsibilities are established. The overall responsibility for assuring that terms and conditions are adhered to rests with the IA, including the designated IA for agreements negotiated at OSD level. This responsibility is accomplished with the assistance of other involved USG organizations as well as US industry.

D. Responsibilities

1. The implementing agency must assure that:
 - a. Commitments are not made until OSD-level approval is obtained. Export license approvals which could impact the Agreement will not be provided prior to completion of negotiations.
 - b. Agreements are drafted consistent with DoD policy and negotiation and conclusion authorities are obtained and provisions are included to assure USG and foreign rights and obligations are defined.
 - c. IA coordination is conducted and any required Congressional notification data is provided to DSCA.
 - d. Copies of the concluded Agreement are provided to DSCA, the SAO, DIA, OGC (original), State Department Treaty Affairs, and other involved organizations.

e. Overall responsibility rests with the IA program manager. For complex programs, monitoring and implementation of individual aspects of the Agreement will be the responsibility of the cognizant functional area. Implementing arrangements will identify individual responsibilities.

f. Procedures are established to assure compliance with all elements of the Agreement.

g. Production facilities are visited, consistent with the provisions of the Agreement. During the visits, US personnel will, as a minimum, review production records and validate production and retransfer reports. Findings will be recorded in a trip report and distributed to involved agencies. The visits may be conducted by knowledgeable personnel in conjunction with other regularly scheduled visits. DSCA will be provided an information copy of any correspondence issued or received relative to Agreement compliance.

h. Reports are submitted as required in paragraph E. below.

2. DSCA will:

a. Establish a point of contact within the regional directorates for specific Agreements (normally the country director).

b. Receive, and staff within OSD and DoS, draft SA Agreements and IA requests for authority to negotiate and conclude the Agreements.

c. Provide guidance on coproduction and other SA Agreements following any necessary staffing within OSD and with DoS.

d. Staff and provide to Congress notifications required by legislation.

e. Initiate appropriate action within DoD and with DoS when issues of Agreement non-compliance are identified.

3. SAOs will:

a. Identify the individual to maintain contact with the IA, be familiar with the Agreement, and be responsible for monitoring status in country. Provisions will be made for continuity of the requirement after departure of the individual identified.

b. Be responsive to requests for information from the program manager or DSCA.

c. Provide information on problems, including possible non-compliance.

d. Serve as the conduit for production status information from the country to the IA.

E. Quarterly Report of Security Assistance Coproduction Agreements Each IA will maintain appropriate data and report (RCS DSCA 1226) to DSCA information regarding coproduction and licensed production programs under its purview. Portions of the information will be consolidated by DSCA and included in the quarterly AECA 36(a) Report through DoS to Congress. Each report will be titled "Quarterly Report of Security Assistance Coproduction Agreements" and will be submitted on the following schedule:

First FY Quarter	—	1 October through 31 December, by 31 January
Second Quarter	—	1 January through 31 March, by 30 April
Third Quarter	—	1 April through 30 June, by 31 July
Fourth Quarter	—	1 July through 30 September, by 31 October

Information for active and inactive coproduction programs, for which Agreements have been concluded but have not been closed, will be reported. Programs for which Agreements have not been concluded and closed programs will not be reported. Negative reports are required.

1. Active program reports will include the title of the Agreement or name of the weapon system centered at the top, and the following information:

1. Country, international organization, or foreign firm If the Agreement is bilateral and the partner heads up an approved production group or consortium, identify the other members.

2. Description of articles authorized for production

3. Estimated value of articles authorized to be produced

4. Estimated quantity of articles authorized to be produced

5. Authorized third country sales and description of third party transfer restrictions Specify item and quantity for each third country, date of US authorization, and status of deliveries. Identify source of information.

6. Alternate measures to ensure compliance with third party transfer and production quantity restrictions (if applicable)

7. Date of LOA and, if applicable, DoDD 5530.3 Agreement

8. Agreement expiration date If the Agreement has no expiration date, the projected termination date, not simply an event such as "completion of production", should be furnished and identified as such.

Items 9 - 13 will begin on a separate page and will be for internal use.

9. Quantity produced during the reporting period, quantity produced to date

10. Incidents of agreement noncompliance during the reporting period If incidents have occurred, provide a full accounting and identify source of information. If none, so state.

11. Technology flowback and monetary return Provide a summary of flowback requested or received during the reporting period and the status of its value. If none, state why and provide a statement of previously received or projected flowback, if appropriate. Include the total monetary return to the US as a result of the agreement and actual expenditures in the US to date.

12. Summary of actions Provide narrative summary of significant events for the period, such as meetings or program reviews, monitoring actions, support provided, significant problems, and the outlook for the coming year.

13. Points of contact Names, organizations, and telephones number of US and foreign project officers who can provide additional information and interim updates.

2. Inactive program reports will include the title of the program or name of the weapon system centered at the top, and:

1. Country, international organization, or foreign firm If the Agreement is bilateral and the partner heads up an approved production group or consortium, identify the other members.

2. Date of LOA and, if applicable, DoDD 5530.3 Agreement

3. Reason program is inactive, vice closed

4. Estimated closure or termination date of the Agreement

5. Summary of action for the reporting period Briefly explain Agreement close-out actions, including monitoring actions which continue beyond Agreement expiration. Provide narrative summary of significant events for the period, if applicable.

6. Points of contact Include the names, organizations, and telephone numbers of US and foreign project officers.

140104 COPRODUCTION Coproduction policy is provided in DoDD 2000.9. Per DoDD 5530.3, para C.2., for coproduction programs which include FMS provisions for transfer of defense articles or services, written authority must be obtained from the Director, DSCA prior to entering into negotiations. Requests for DSCA authority must include a description of the project as well as fiscal and legal memoranda. DoDD 5530.3 agreements for coproduction of MDE will be classified Confidential, as a minimum, until the agreement is concluded. Programs implemented via LOAs are subject to normal LOA classification guidance.

A. Program Initiation. Discussions on coproduction programs may be initiated by the IA or by authorized representatives of foreign governments or international organizations. For programs involving FMS, the IA will ensure appropriate coordination with DSCA, furnish technical and negotiating assistance, and perform managerial and reporting functions. When partially or fully implemented through DoDD 5530.3 agreements, the IA recommendation will be forwarded to DSCA for authorization to proceed and will include, to the degree possible:

1. The program origin, nature, scope, and supporting rationale;
2. Implications of proposed technology transfer, including the scope and limitations of any needed NDP-1 exceptions;
3. Impact on US industry prime and subcontractors, and the views of these producers;
4. Impact on any other authorized foreign production of the same article; and
5. Impact on the US production base for the article.

B. FMF-Financed Coproduction Program TDPs are normally sold with the understanding release could lead to production. LOAs for the sale of TDPs will normally be financed with Purchaser cash. AECA Sec 42(b) requires DoS to advise Congress prior to

approval of use of FMF to finance coproduction or licensed production in a foreign country. DSCA regional directorates will not approve release of an FMS LOA or FMF funding until DoS has advised Congress. Regional directorate letters to DoS will advise of the country, type of proposed transaction (FMS LOA or direct commercial sale), description of program, the extent of foreign production, and impact on employment and production within the US (to the extent such information is available).

C. Monitoring USG monitoring requirements will be determined on a case-by-case basis. USG audits of production facilities may not be required when there is clear evidence of commercial arrangements which are satisfactory to DoD, such as when there will be a direct agreement between a US firm and the foreign government or firm which provides access to facilities and records. The need for direct USG involvement in oversight may also be reduced while the US firm will have technical representatives in the foreign plant or the US will retain control over critical technology or components essential to the item being produced. Industry technical representatives will be requested to provide information to the IA on foreign production including items and quantities, third party transfers, and any non-compliance with provisions of the LOA or DoDD 5530-3 agreement. When USG monitoring is reduced based on industry arrangements, Agreements will be structured to provide for USG monitoring once industry technical representatives are no longer required. Whether or not USG monitoring and validation provisions exist does not change the IA requirement to assure reports required by 140105.D. are submitted, and for maintaining program oversight. These factors will be considered in the initial DoD-industry program discussions relative to program monitoring and access requirements. LOAs or DoDD 5530-3 agreements will be structured to assure there are acceptable monitoring provisions for each program and also that the IA receives adequate data to prepare status reports. When USG responsibilities may only be satisfied by arranging for access for USG personnel, the following note will be included:

“Production Reporting/Validation-The Government of [Purchaser] agrees to provide periodic reporting of quantities of defense items produced under this Agreement and will permit US Department of Defense personnel access to government and contractor facilities, storage sites, and those records necessary to verify production quantities, as well as control of technical data and other implementation requirements of this Agreement. Such access, if requested, will be permitted when mutually convenient, but within a reasonable period of time after the request. Visits will be accomplished under established visit procedures.”

140105 COOPERATIVE PROJECTS UNDER AECA SEC 27 Sec 27 projects allow partnership arrangements where the US and another eligible country make equitable contributions during weapon systems development and production. The projects do not authorize programs for production of wholly US developed weapons systems; they must fulfill requirements of both the foreign party and DoD. NATO and non-NATO (friendly countries identified by DoD in reports to Congress) programs eligible for implementation as cooperative projects must meet the definition and waiver criteria of AECA Sec 27 and 10 USC 2350b. No FMF, MAP, or other USG financing may be used to fund project costs. A joint management office is normally established to administer each program on behalf of the participants.

A. NATO and Non-NATO Cooperative Projects A NATO cooperative project is a jointly managed arrangement, described in a formal agreement among the parties, undertaken to further the RSI objectives of the armed forces of NATO or one or more NATO member countries. A non-NATO cooperative project under AECA Sec 27(j) is the same, but its purpose is to enhance participant conventional defense capabilities. Authorized non-NATO countries are certified annually by Congress based on DUSD (A&T) recommendations. FAA Sec 517 had the effect of initially designating Australia, Egypt, Israel, Japan, The Republic of Korea, and New Zealand. The project DoDD 5530.3 agreement will provide for:

1. One or more of the participants to share with the US the costs of research, development, testing, evaluation, or production (with follow-on support) of certain defense articles;
2. Concurrent production in the US and in the country of another participant of a defense article jointly developed under 1. above;
3. US procurement of a defense article or service from another Agreement party.

B. Waiver of Charges AECA Sec 27(e)(1) provides authorization to waive certain charges associated with cooperative projects if the other participants agree to waive corresponding charges. Waiver of appropriate charges must be approved by the Director, DSCA prior to conclusion of the cooperative project agreement, whether or not the agreement commits to the waivers.

1. **NC Recoupment Charge Waiver.** Newly initiated cooperative projects for development with no use of items previously developed with USG funds would incur no NC charges since each participant will have contributed its equitable share of the cost. If a cooperative project includes use of items listed in Table 700-6, a waiver of the US charges must be processed in accordance with DoDD 2140.2. See Chap 13 for applicability of these waivers. The request for waiver should be submitted to the Director, DSCA at the same time the AECA Sec 27 certification is provided (see Para D. below).

2. **FMS Administrative Charges.** AECA Sec 27 programs will not normally be implemented through the FMS system, and administrative charges are not applicable. When the FMS system is used, the administrative charge will be assessed. Non-assessment of administrative charges required by Sec 21 (e)(1)(A) and AECA Sec 43(b) to the participants necessitates that the IA program use its O&M or R&D funds to finance these costs.

C. Implementation Authority to negotiate and conclude cooperative agreements is delegated to USD(A&T), with authority to redelegate to the MILDEPs.

1. SA funds may not finance the cost of any AECA Sec 27 cooperative project. Proposals for Sec 27 programs which rely in any manner on the FMS system will not be offered to participants unless an exception has been made in writing by the Director, DSCA. Proposals submitted to DSCA should include information on MOU terms which provide for waiver of any FMS costs.

2. For NATO member country cooperative projects, AECA Sec 36(b) (see section 703) shall not apply to sales made under AECA Secs 21 and 22 or to production and exports made pursuant to cooperative projects under Sec 27. AECA Sec 36(c) shall not apply to the issuance of licenses or other approvals under AECA Sec 38 if sales are made, production and exports ensue, or such licenses or approvals are issued as part of a cooperative project. For non-NATO cooperative projects, certifications under AECA Sec 36(b) and (e) are required.

D. Certification to Congress All cooperative projects require Congressional notification in accordance with the Case Act (DoDD 5530.3). Projects which are to receive waivers or utilize the provisions of AECA Sec 27 must also be notified to Congress 30 days prior to signature of the agreement (Sec 27(f)). When the proposed agreement is in the final version agreed to by all participants and the IA will submit, not later than 60 days prior to signature, information below (estimates where actuals are not available) to the applicable DSCA country director:

1. A detailed description of the project;
2. Total quantity of the defense articles expected to be produced;
3. Full cost of the cooperative project; the part of the cost to be incurred by the USG, including the cost to be incurred as a result of waivers of charges which would otherwise be required under AECA Secs 21(e)(1)(A) and 43(b); and the cost to be incurred by the other participants;
4. The dollar value to be contributed by the US and each of the other participants;
5. A description of the defense articles and services to be contributed by the US and each of the other participants;
6. A statement of the foreign policy and national security benefits; and,
7. Whether it is likely that prime or subcontracts will be awarded to particular contractors. DSCA will then consult with DoS and Treasury per Executive Order 11958 prior to submissions to Congress.

TABLE 1401-1

DATA SHEET FOR TDP TRANSFERRED FOR OPERATION AND MAINTENANCE
□

1. Nomenclature of hardware, major end item, or component, as applicable:
2. Major assemblies or components in TDP having USG patent or other proprietary rights not releasable without prior approval:
3. Statement as to whether the TDP requirement would be met by means of pertinent DoD instructions, maintenance manuals, or other similar publications:
4. In-country inventory of major end items requiring maintenance support from the requested TDP:
5. Current status of DoD maintenance capability; for example, is there an excess depot level capability at the DoD facility:
6. Estimated date by which USG repair parts support will terminate:
7. Security classification of the TDP:
8. Verification of legal rights to release the TDP for this purpose:
9. DoD component recommendation on releasing the TDP:

(Attach copy of pertinent correspondence with Purchaser)

TABLE 1401-1. Data Sheet for TDP Transferred for Operation and Maintenance.

TABLE 1401-2**DATA SHEET FOR TDP TRANSFERRED FOR STUDY OR PRODUCTION**

1. Nomenclature of defense article to be studied or produced:
2. Quantity to be produced by, and production schedule of, the requesting government:
3. Use of article to be produced, with names of third country purchasers if for third country sale:
4. Stock on hand, show separately any quantity beyond approved acquisition objective:
5. US and foreign production history for last five years:
6. Production plans (a) underway, (b) approved, and (c) proposed:
7. Estimated date by which USG repair parts support will terminate:
8. Known US source(s) of supply:
9. USG cost of the article:
10. Security classification of the TDP and of the article to be produced:
11. Other countries authorized to produce the article:
12. Anticipated impact of TDP sale on US, FMS, or other programs:
13. Whether production recipients previously obtained the article and quantities obtained:
14. Verification of legal rights to release the TDP for this purpose:
15. TDP elements having patent or other proprietary rights not releasable without prior approval:
16. Whether TDP requirement could be met by maintenance manuals or other publications:
17. DoD component recommendation regarding release of the TDP:

(Attach copy of pertinent correspondence with Purchaser)

TABLE 1401-2. Data Sheet for TDP Transferred for Study or Production @@ (Rewritten 12 Aug 98)

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CHAPTER 15

DSAA MANAGEMENT INFORMATION SYSTEMS

SECTION 1500 - DSAA 1200 FOREIGN MILITARY SALES SYSTEM OVERVIEW, GUIDANCE, AND DATA SUBMISSION INSTRUCTIONS

150001 PURPOSE. The purpose of this section is to provide a general description of the concepts and characteristics of the DSAA Foreign Military Sales Information System (DSAA (AR) 1200), commonly referred to as the DSAA 1200 System. In addition, this section will provide guidance and instructions for preparing and furnishing data used in maintenance of the System.

150002 DESCRIPTION OF THE FOREIGN MILITARY AND CONSTRUCTION SALES INFORMATION SYSTEM.

A. **General.** The DSAA 1200 System is an aggregation of country oriented data providing status of sales negotiations, execution of accepted sales cases and other associated information about the FMS and FMCS programs. It provides current status and historical information since program inception. It also covers the chronology of each FMS or FMCS case or potential case from the point of establishment of a letter of request in the System through the Congressional review phase for potential major sales as defined in Section 36(b) of the AECA, through acceptance and implementation, and finally to completion (the transfer of materiel/services and final billing to the customer of the case). Case tracking includes: recording offer data, the country's acceptance or refusal of the case terms, the issuance of OA from SAAC to the IA, IA receipt of the OA, IA issuance of case program directives, IA supply performance against the case and, ultimately, financial case closure.

B. **Types of Data Contained in the System.** The DSAA 1200 System contains two separate and distinct types of data records as indicated below:

1. **Case Level Records.** Case records contain identification of the sales case, a description of the defense articles and defense services, important dates, case value, security classification, and other related data element codes. Each case record can be identified by the Case Identifier (combination of country/activity code, implementing agency code, and case designator). Key events and other data recorded in the case level data include:

a. **Congressional Notification.** In accordance with Arms Export Control legislation, data related to the AECA, Section 36(b) transmittals are entered into the DSAA 1200 System by using the Transaction Types S2, S6, or S7 formats. (See Tables 1500-1 through 1500-7.) This data includes the transmittal serial number, descriptive information about the type and value of items under consideration, and critical milestone dates (related to the submission and approval process).

b. **Letters of Request.** Data base entries are made by the appropriate implementing agency, using Transaction Type S1 format, to record receipt of the LOR for supplies and services.

c. **Offer, Acceptance, and Implementation Data.** This phase of a case level record includes information from the processing cycle in the life of a case from offer through acceptance, implementation, and case closure. These data are entered in the System by DSAA, SAAC, or the appropriate implementing agency by using the Transaction Types S3 and S4 Formats. The following are key events and other pertinent data in this offer, acceptance, and implementation cycle:

(1) **DSAA Countersignature of Letter of Offer.** Includes the countersignature (offer) date and the offer expiration date.

(2) **Acceptance by Country.** Notification from the country that they have accepted the terms of the offer is posted as an updated case status.

(3) **Obligational Authority.** The date of issuance of OA by SAAC to the implementing agency is provided by SAAC.

(4) **Program Directive Guidance.** Upon receipt of the OA by the MILDEP/agency and the issuance of program directive guidance to the implementing activities, the MILDEP or agency provides the program directive and case establishment dates (notification to country customers) for entry into the System.

(5) **Delivery/Completion and Case Closure.** Upon complete delivery (completion of the transfer of defense articles and services) by the implementing agency, the IA furnishes a transaction containing the supply completion date. Upon receipt of case closure certification by SAAC and assurance that financial requirements have been satisfied, SAAC furnishes DSAA a case closure status transaction for posting to the System.

2. **Item Detail Data.** Detail records, which correspond to the specific defense articles and services lines on the DD Form 1513, are established by SAAC at the time a case is offered. In addition, records are created for PCH&T and logistics management expenses. The records are periodically updated by SAAC throughout the life of the case. These records reflect the identification of defense articles and services at the level of data prescribed by the MASL (see Appendix D), the quantity and/or value purchased, delivery commitments, delivery forecasts, and cumulative deliveries when appropriate. All item detail records contain a record serial number which when used along with the case identifier (combination of country, IA, and case designator) identifies each item record within a FMS or FMCS case. Item detail records are submitted to DSAA on a monthly basis. For implemented cases the data represents the month end delivery position as recorded by SAAC from billings reported by the MILDEPs or agencies. For selected major items, the delivery status is based upon actual physical delivery count and is reported by the implementing agencies to SAAC. Historical item detail data (closed cases) are also retained on the data base.

150003 REPORTING FREQUENCY.

A. **Case Level.** Transaction types S1 through S7 received prior to noon on Tuesday are processed in the 1200 System update scheduled for Wednesday of each week.

B. **Item Detail Data.** SAAC will provide item detail data (reflecting delivery status) to DSAA by the close of business of the last working day of each month. This data is the end of month position from the previous month; for example, end of April data is sent to DSAA on the last working day of May.

150004 DATA BASE UPDATES

A. **Case Level Transaction Data.** These data are provided by the MILDEPs, SAAC, and elements of the DSAA Comptroller's staff and are processed in weekly updates to the master data base. During each weekly cycle, input is edited and any rejected transactions are returned to the change originator in a suitable output format with a clear indication of the reason for the error condition(s). All rejected transactions should be analyzed immediately and resubmitted to DSAA for subsequent processing.

B. **Item Detail Data.** The data provided each month by SAAC are processed against the Materiel MASL and valid case records, and are subjected to a series of value and data element checks. An Item Detail Load Analysis report is created from this process and is furnished to the appropriate activity for evaluation and resolution of any problems.

150005 PREPARATION AND SUBMISSION OF DATA INPUT FOR THE DSAA 1200 SYSTEM.

A. **Input Formats.** Specific instructions for preparation of each data input format used in the DSAA 1200 System can be found in Figures 1500-1 through 1500-7. The following is a list of approved formats showing the preparing (submitting) agency:

<u>Code</u>	<u>Meaning</u>	<u>Preparing Agency</u>
S1	LOR Format- Transaction Type S1	IA/DSAA
S2	Congressional Transaction Format- Transaction Type S2	DSAA
S3	DOD Form 1513 Format- Transaction Type S3	DSAA/SAAC
S4	IA Format- Transaction Type S4	IA
S5	Redesignating Key Format- Transaction Type S5	DSAA
S6	Under DOD Preparation Format- Transaction Type S6 (Add/Change/Delete)	DSAA
S7	Under DOD Preparation Format- Transaction Type S7 (Change)	DSAA

B. **Submission of Data.** Data may be submitted in any one of the following modes:

1. Actual punched cards may be submitted either by messenger or by AUTODIN. Punch cards are the preferred method.

2. Magnetic Tape. Submitting offices should make special arrangements with DSAA, Office of the Comptroller, Data Management Division as to the tape characteristics and the method of submission when choosing this mode.

3. Transcript Sheet (low volume only).

TABLE 1500-1

LETTER OF REQUEST FORMAT - TRANSACTION TYPE S1

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Transaction Type)	Must be filled. Always use "S1"
3-4	2	Country/Activity Code	Must be filled. Use codes shown in Appendix D, Tables D-5, D-6, and D-7.
5	1	Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
6-8	3	Case Designator	Must be filled. Column 6 must always be alpha, columns 7 and 8 may be either alpha or numeric. No columns may be left blank.
9-10	2	Case Amendment Number	May be blank or zeroes for a basic case; otherwise, this field must be numeric using codes 01 thru 99.
11	1	Transaction Code (Action Code)	Must be filled. Use an "A" for an added record, a "C" for a change to a record, or a "D" for deleting a record.
12	1	Change Originator Code	Must be filled. Use codes shown in Appendix D.
13	1	Status Code	The status code will have an entry only when a case is cancelled during the Letter of Request or Congressional 1200 status cycle (anytime before offer status). A "Z" status code should be entered for LOR cancellation. Unless this condition exists, leave the status code field blank. Status codes will be automatically generated for each case based on dates entered.
14-19	6	Date of Letter of Request (LOR)	Must be filled for all add transactions using numeric YYMMDD format. This field cannot be blanked out.

TABLE 1500-1. Letter of Request Format - Transaction Type S1.

Card Column	Number of Columns	Data	Instruction
20-25	6	LOR IA Receipt Date (Incomplete)	This field must be filled for add transactions using numeric YYMMDD format unless there is an entry in the LOR IA Receipt Date (Complete) field. Blanking out of this field is allowed provided there is an LOR IA Receipt Date (Complete) entry. To blank out, use an asterisk (*) in the rightmost column. May be left blank for change and delete transactions.
26-31	6	LOR IA Receipt Date (Complete)	This field must be filled for add transactions using numeric YYMMDD format unless there is an entry in the LOR IA Receipt Date (incomplete) field. Blanking out of this field is allowed provided there is an LOR IA Receipt Date (incomplete) entry. To blank out, use an asterisk (*) in the rightmost column. May be left blank for change and delete transactions.
32-37	6	IA Completion Date	If filled, the field must be numeric in YYMMDD format. To blank out, use an asterisk (*) in the rightmost column.
38-77	40	Case Description (includes quantity where appropriate)	Must be filled for all add transactions. Entries must contain at least fifteen (15) non-blank, meaningful, left justified characters followed where appropriate by the quantity (in parentheses) of the major defense equipment items in the case. Description should be as meaningful as possible. See guidelines following this table for assistance in preparing case descriptions. Words should be abbreviated only when there is insufficient space to enter the entire description. Do not use a series of slashes, dashes, periods, etc. This field may be left blank for change or delete transactions.
78	1	Classification	Must be filled for all add transactions. Use either "C", "D", or "U". May be left blank for change or delete transactions.
79	1	Blank	Leave Blank.
80	1	Sub-Agency	The sub-agency field may be left blank or filled with any entry the IA desires. To delete, enter an asterisk (*) in the field.

TABLE 1500-1. (Continued)

NOTE: Any date entered on a Transaction Type S1 should be equal to or greater than any previously recorded date. Within the LOR cycle, a date sequence check is made on the Date of LOR, LOR IA Receipt Date (Complete), IA Completion Date, and State Department List Date (entered on Transaction Type S3). If the LOR IA Receipt Date (Incomplete) is present, it will be sequence checked. Any data base record with date fields to be blanked out will be subjected to a sequence check in the same manner as any other actual date entry.

GUIDELINES FOR LOA DESCRIPTIONS – FMS 1200 SYSTEM

**

The following guidelines are provided to assure that DD Form 1513 descriptions are informative.

1. The established format for describing LOAs containing MDE items is unchanged; i.e., the quantity sold will appear in parenthesis after each item listed in the description (e.g., "F-16A (20) AND F-16B (15) A/C SYSTEM").

2. If an LOA is for services associated with an MDE item or a major defense system, the description should include specific reference to the type of service being provided and the MDE item or defense system it is supporting, whenever possible; e.g., "PILOT TRAINING, F-18" or "REDEYE MISSILE TECH ASST TEAM."

3. An amendment to a basic LOA should not say "Amendment to AAA" but should refer to the reason for amending the LOA, specifically addressing key descriptive information from the basic LOA; e.g., "ADDITIONAL SPARE PARTS – F-16 PROGRAM." Basic LOA descriptions may not be in close proximity to the amendment, or included at all, on a particular LOA listing.

4. BO, CLSSA, spare part, TAFT, QAT, and training LOAs should contain reference to what is being supported; e.g., "BLANKET ORDER – F-18 SPARES" or "SPARE PARTS, M60A1 TANK, 150MM GUN."

5. In summary, the LOA item description should be stated in simple, straightforward terminology that will be understood by those unfamiliar with FMS. The 40 character description field should be fully utilized in order to make the descriptions meaningful, with abbreviations used only when necessary to conserve space.

TABLE 1500-1. (Continued)

TABLE 1500-2

CONGRESSIONAL TRANSACTION FORMAT - TRANSACTION TYPE S2

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Transaction Type)	Must be filled. Always enter "S2".
3-4	2	Country/Activity Code	Must be filled. Use codes shown in Appendix D, Figures D-5, D-6 and D-7.
5	1	Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
6-8	3	Case Designator	Must be filled. Column 6 must be alpha, columns 7 and 8 may be either alpha or numeric. No columns may be left blank.
9-10	2	Case Amendment Number	May be blank or zeroes for a basic case; otherwise, this field must be numeric using codes 01 thru 99.
11	1	Transaction Code	Must be filled. This field should always be "C" for a change to a record or "D" for deleting Congressional information. Using this Congressional delete will still leave all Letter of Request and offer information on the file.
12	1	Change Originator Code	Must be filled. Use codes shown in Appendix D.
13	1	Status Code	Leave blank. Status code will be generated by the computer.
14-19	6	Notification to State Date	If filled, must be numeric in YYMMDD (year/month/day) format. Additional fields which must be entered along with this date are Congressional Transmittal Number, Congressional Year of Interest, and 36(b) Transmittal Value. If applicable, one or both of two optional fields should also be entered at this time - the Construction Indicator and the Zero Dollar Indicator. To blank the date of this field, use an asterisk (*) in the rightmost column.

TABLE 1500-2. Congressional Transaction Format - Transaction Type S2.

Card Column	Number of Columns	Data	Instruction
20-25	6	State Department Approval Date	If filled, must be numeric in YYMMDD format. To blank out this date, use an asterisk(*) in the rightmost column.
26-31	6	Advance Notification to Congress Date	If filled, must be numeric in YYMMDD format. To blank out this date, use an asterisk(*) in the rightmost column.
32-37	6	Statutory Notification to Congress Date	If filled, must be numeric in YYMMDD format. To blank out this date, use an asterisk(*) in the rightmost column.
38-42	5	Congressional Transmittal Number	If filled, this column should always have a numeric year in the two leftmost positions. Until establishment of a Statutory Notification to Congress Date, the other three positions must be alpha. Where there is a Statutory Notification to Congress Date entry, the three rightmost positions must be numeric.
43-44	2	Congressional Year of Interest	Must be filled when first entering Congressional information. Use numeric format. This field cannot be blanked out.
45-54	10	Blank	Leave Blank.
55	1	Zero Dollar Indicator	Must be "0" (zero) if filled (back-filled case) If left blank, it is assumed the case is a "lead tracking case."
56	1	Construction Indicator	If filled, must be either "Y" or "N".
57-68	12	36(b) Transmittal Value	Must be filled when first entering Congressional information on the data base. If filled, the 36(b) Transmittal Value must be right-justified using numeric entries with leading blanks. During the update, the leading blanks will be replaced with zeroes. This field is composed of ten dollar positions and two cents positions. If a zero is entered, the value field on the data base will be zeroed out.

TABLE 1500-2. (Continued)

Card Column	Number of Columns	Data	Instruction
69-80	12	Construction Case Value	If filled, must be right-justified using numerics only with leading blanks (these leading blanks will be changed to zeroes during processing). This field is comprised of ten dollar positions and two cents positions. The Construction Case Value field is entered and/or changed by Change Originator "Q" or "S". If a zero value is entered, the construction value will be zeroed out.

NOTE: Any date entered on the data base by Transaction Type S2 should be equal to or higher than any previously recorded date.

TABLE 1500-2. (Continued)

TABLE 1500-3

DD FORM 1513 FORMAT - TRANSACTION TYPE S3

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Transaction Type)	Must be filled. Always enter "S3".
3-4	2	Country/Activity Code	Must be filled. Use codes shown in Appendix D, Tables D-5, D-6, and D-7.
5	1	Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
6-8	3	Case Designator	Must be filled. Column 6 must be alpha, column 7 and 8 may be either alpha or numeric. No columns may be left blank.
9-10	2	Case Amendment Number	May be left blank or filled with zeroes for a basic case; otherwise, this field must be numeric using codes 01 thru 99.
11	1	Transaction Code (Action Code)	Must be filled. Use a "C" for a change to a FMS record, or use a "D" for deleting the offer and any higher information. Using this offer delete will still leave all Congressional and Letter of Request data on the file.
12	1	Change Originator Code	Must be filled. Use codes shown in Appendix D.
13	1	Status Code	The status code may be filled with an "X", when a case is cancelled during the 1513 cycle, or else left blank. All other status codes will be generated by the computer based on the dates entered in the system.
14-19	6	State Department List	If filled, this date must be numeric YYMM DD format. Only Change Originators "S" and "Q" will be allowed to make this date entry. To remove a date from the record, use an asterisk (*) in the rightmost column. This date may be input by itself, but usually it will be entered at the same time as the 1513 offer information is entered for the case. If this field is left blank, then the State Department List Date will be generated equal to the Offer Date.

TABLE 1500-3. DD Form 1513 Format - Transaction Type S3.

Card Column	Number of Columns	Data	Instruction
20-25	6	Offer Date (Countersignature)	If filled, this field must be numeric in YY MMDD format. Only Change Originator "Q" or "S" will be allowed to make this date entry. When the Offer Date is first entered into the data base, the Offer Expiration Date must be entered at the same time. To remove a date from this field, use an asterisk (*) in the rightmost column. If the Offer Date is blanked out, then the Offer Expiration Date should also be blanked out.
26-31	6	Offer Expiration Date	If filled, this field must be numeric in YYYY DD format. Only Change Originator "Q" or "S" will be allowed to enter a date in this field. This date must be initially entered along with the Offer Date. If the Offer Date is removed, this date should also be removed from the record. To remove a date from this field, use an asterisk (*) in the rightmost column. If this column contains an asterisk and the Offer Date does not contain an asterisk, the transaction will be considered invalid.
32-37	6	Acceptance Date/ Signature Date	If filled, this field must be numeric in YYYY DD format. Only Change Originator "G", "Q", or "S" will be allowed to enter the Signature Date. When Change Originator "G" is used, the date entered will be considered to be the Acceptance Date. Signature date changes may be accomplished only while the case is still in status "S"; additionally, it is impossible to retreat (by removing the date) to status "S". The Signature Date itself may be removed by entering an asterisk (*) in the rightmost column. Once the record is in Accepted Status, this field entry (Acceptance Date) may have changes made to it by using Change Originator "G", "Q", or "S". To blank out the Acceptance Date, use an asterisk (*) in the rightmost column.
38-43	6	Obligation Authority Date	If filled, this field must be numeric in YYYY DD format. Only Change Originator Code "G" or "S" will be allowed to make an entry in this field. To blank out, use an asterisk (*) in the rightmost column.

TABLE 1500-3. (Continued)

Card Column	Number of Columns	Data	Instruction
44-49	6	Case Closure Date	If filled, this field must be numeric in YYMM DD format. Only Change Originator "G" or "S" will be allowed to make an entry in this field. To blank out, use an asterisk (*) in the rightmost column.
50-55	6	Cancellation Date	If filled, this field must be numeric in YYMM DD format. The Cancellation Date will be taken from the internal computer date if the transaction has an "X" status code and no Cancellation Date entry. To blank out the Cancellation Date through direct transaction input, use an asterisk(*) in the right-most column. Another way to blank out this field is by changing any date field in the data base, which will in turn cause either an open (active) or closed status to be generated for the case.
56	1	Construction Indicator.	If filled, must be either an alpha "Y" or "N".
57-68	12	Total 1513 Case Value	If filled, must be right-justified using numerics only with leading blanks (these leading blanks will be changed to zeroes during processing). This field is comprised of ten dollar positions and two cents positions. If a zero value is entered, the total case value will be zeroed out. The 1513 Total Case Value will need to be entered for any non-36(b) case, or if there's a value change for a 36(b) case. This field must have an entry when first entering offer information if there is no previous Congressional money. This Case Value, if entered by Change Originator Code "Q" or "S", will also update the DSAA value. SAAC (Change Originator "G") will use this field to submit the Total Case value as recorded at SAAC. The SAAC value will be used to update the SAAC value field on the data base.
69-80	12	Construction Case Value	If filled, must be right-justified using numerics only with leading blanks (these leading

TABLE 1500-3. (Continued)

Card Column	Number of Columns	Data	Instruction
			blanks will be changed to zeroes during processing). This field is comprised of ten dollar positions and two cents positions. Construction Case Value field is entered and/or changed by change originator "Q" or "S", If a zero value is entered, the construction construction value will be zeroed out. SAAC will leave this field blank.

NOTE: DD Form 1513 Transaction dates entered into the data base by this transaction format should be equal to or higher than any previously recorded date. An exception to this is the Offer Expiration Date which must be higher than the Offer Date; no further sequence check can be accomplished upon the Offer Expiration Date field. Two other exceptions are the Program Directive Date and Case Establishment Date which are entered into the system by Transaction Type S4. These dates are not included in the date sequence checking. Any data base record which has a date field blanked out will be subjected to a sequence check in the same manner as any other actual date entry.

TABLE 1500-3. (Continued)

TABLE 1500-4

IMPLEMENTING AGENCY FORMAT - TRANSACTION TYPE S4

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Transaction Type)	Must be filled. Always enter "S4".
3-4	2	Country/Activity Code	Must be filled. Use codes shown in Appendix D, Tables D-5, D-6, and D-7.
5	1	Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
6-8	3	Case Designator	Must be filled. Column 6 must be alpha, columns 7 and 8 may be either alpha or numeric. No columns may be left blank.
9-10	2	Case Amendment Number	May be blank or filled with zeroes for a basic case; otherwise, this field must be numeric using codes 01 thru 99.
11	1	Transaction Code (Action Code)	Must be filled. Always enter "C" (Change).
12	1	Change Originator Code	Must be filled. Use codes shown in Appendix D.
13	1	Blank	Leave Blank.
14-19	6	Program Directive Date	When filled, must be all numeric in YYMM DD format. Only the appropriate Implementing Agency's Change Originator code or DSAA(C/O = Q or S) will be allowed to make this entry into the system. To blank out a date, enter an asterisk (*) in the rightmost column.
20-25	6	Case Establishment Date	When filled, must be all numeric in YYMM DD format. Only the appropriate Implementing Agency's Change Originator code or DSAA (C/O = Q or S) will be allowed to make this entry into the system. To blank out a date, enter an asterisk (*) in the rightmost column.

TABLE 1500-4. Implementing Agency Format - Transaction Type S4.

Card Column	Number of Columns	Data	Instruction
26-31	6	Supply Completion Date	If filled, this field must be numeric in YYMM DD format. Only the appropriate Implementing Agency's Q or S) will be allowed to make this entry into the system.. To blank out a date, enter an asterisk (*) in the rightmost column.
32-80	49	Blank	Leave blank.

NOTE: The Supply Completion Date entered through this transaction card should be equal to or higher than any previously recorded date. Any data base record with date fields to be blanked out will be subjected to a sequence check in the same manner as any other actual entries.

TABLE 1500-4. (Continued)

TABLE 1500-5

REDESIGNATING KEY FORMAT - TRANSACTION TYPE S5

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Transaction Type)	Must be filled. Always enter "S5".
3-4	2	Old Country/Activity Code	Must be filled. Use Codes shown in Appendix D, Tables D-5, D-6, and D-7.
5	1	Old Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
6-8	3	Old Case Designator	Must be filled. Column 6 must be alpha, columns 7 and 8 may be alpha or numeric. No columns may be left blank.
9-10	2	Old Case Amendment Number	May be blank or filled with zeroes for a basic case; otherwise, this field must be numeric using codes 01 thru 99.
11	1	Transaction Code (Action Code)	Must be filled. Always enter "C" (change).
12	1	Change Originator Code	Must be filled. Use either "S" or "Q".
13-14	2	New Country/Activity Code	Must be filled. Use codes shown in Appendix D, Tables D-5, D-6, and D-7.
15	1	New Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
16-18 alpha or	3	New Case Designator	Must be filled. Column 6 must be alpha, columns 7 and 8 may be either numeric. No columns may be left blank.
19-20	2	New Case Amendment Number	May be blank or filled with zeroes for a basic case; otherwise, this field must be numeric using codes 01 thru 99.
21-80	60	Blank	Leave Blank.

TABLE 1500-5. Redesignating Key Format - Transaction Type S5.

TABLE 1500-6

UNDER DOD PREPARATION FORMAT (ADD/CHANGE/DELETE)
TRANSACTION TYPE S6

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Transaction Type)	Must be filled. Always enter "S6".
3-4	2	Country/Activity Code	Must be filled. Use codes shown in Appendix D, Tables D-5, D-6, and D-7.
5	1	Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
6-10	5	Congressional Transmittal Number/Summary Control Record Serial Number	Must be filled with Congressional Transmittal Number for all add transactions. For changes, use the Summary Control Record Serial Number or the Case Designator and Amendment Number. The computer generates the Summary Control Record Serial Number for all adds.
11	1	Transaction Code (Action Code)	Must be filled. Use either "A", "C", or "D" for Add, Change, or Delete.
12	1	Change Originator Code	Must be filled. Always enter "Q" or "S".
13	1	Status Code	Leave blank. This code is generated by the computer.
14-15	2	Congressional Year of Interest	Must be filled using numerics for all add transactions. This is an optional field for change transactions.
16	1	Construction Indicator	If filled, must be either an alpha "Y" or "N".
17	1	Classification	If filled, must be either an alpha "C", "D", or "U".
18	1	Blank	Leave blank.
19-24	6	Under DOD Preparation Date (DSAA, Operations)	When date is available, enter using all numerics in YYMMDD format.

TABLE 1500-6. Under DOD Preparation Format (Add/Change/Delete) - Transaction Type S6.

Card Column	Number of Columns	Data	Instruction
25-30	6	Under DOD Preparation Date (DSAA, Compt)	When date is available, enter using all numerics in YYMMDD format.
[NOTE: One or both of the two dates above must be present for an add transaction.]			
31-40	10	Under DOD Preparation Value	If filled, must be all numeric (whole dollars).
41-80	40	Case Description	Must be filled for all add transactions. All entries must contain at least 15 non-blank, meaningful characters followed by the quantity of the major defense equipment items in parentheses (where appropriate).

TABLE 1500-6. (Continued)

TABLE 1500-7

UNDER DOD PREPARATION FORMAT - (CHANGE)
TRANSACTION TYPE S7

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Transaction Type)	Must be filled. Always enter "S7".
3-4	2	Country/Activity Code	Must be filled. Use codes shown in Appendix D, Tables D-5, D-6, and D-7.
5	1	Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
6-10	5	Summary Control Record Serial Number/Case Designator + Amendment Number	Must be filled.
11	1	Transaction Code (Action Code).	Must be filled. Always enter "C" (change).
12	1	Change Originator Code	Must be filled. Always enter "Q" or "S".
13	1	Status Code	If filled, it must always be "Z" for cancellation.
14-15	2	Congressional Year of Interest	If filled, it must be numeric.
16	1	Construction Indicator	If filled, it must be either "Y" or "N".
17	1	Classification	If filled, it must be either "C", "D", or "U".
18	1	Blank	Leave blank.
19-24	6	Under DOD Preparation Date (DSAA, Operations)	Enter date, when available, using numeric YYMMDD format.
25-30	6	Under DOD Preparation Date (DSAA, Comptroller)	Enter date, when available, using numeric YYMMDD format.

TABLE 1500-7. Under DOD Preparation Form - (Change) Transaction Type S7.

Card Column	Number of Columns	Data	Instruction
31-40	10	Under DOD Preparation Value	If filled, must be all numeric (whole Dollars).
41-45	5	Congressional Transmittal Number	If filled, it changes the Congressional Transmittal Number.
46-51	6	Cancellation Date	Entry is required only if a case is cancelled.
52-57	6	New Case Identification	This is an optional field.
58-80	23	Blank	Leave blank.

TABLE 1500-7. (Continued)

SECTION 1501 - DSAA 1200 FOREIGN MILITARY SALES SYSTEM OUTPUT PRODUCTS

150101 PURPOSE. The purpose of this section is to provide users of the Foreign Military Sales Information System (DSAA (AR) 1200), commonly referred to as the DSAA 1200 System, with a description of the various reports which can be produced from the System. In addition, this chapter will outline the procedures to be used when requesting reports.

150102 SOURCE OF OUTPUT REPORTS. The reports discussed herein are drawn from the DSAA 1200 System data base.

150103 CATEGORIES OF DSAA 1200 SYSTEM OUTPUT REPORTS. The following categories of reports are produced from the System: (1) Update (Data Management) Products; (2) Item Detail Level Reports; (3) Summaries by Category from Item Detail Level; and (4) Case Level and Summary Management Reports.

150104 REQUESTS FOR DSAA 1200 SYSTEM OUTPUT REPORTS.

A. **Requirements for Request.** Written requests for reports described in this chapter will be honored as rapidly as possible by DSAA, Comptroller, FMS Control and Reports Division, if releaseable and if a valid requirement is established. However, requesting agencies should insure that requirements are carefully screened prior to submission. Subordinate elements of the MILDEPs should submit requests for reports through appropriate departmental channels. **

B. **Submission of Requests.** All requests should be directed to DSAA, Office of the Comptroller, Data Management Division, Washington D.C. 20301-2800.

C. **Report Parameters.** Agencies requesting reports must specify the report(s) desired, the number of copies for each report, the sort sequence, and the select options for each report. All select options should be reviewed carefully in order to limit the data desired. Data will be provided only on a need-to-know basis; i.e., UCOMs will receive data for their area of concern, an SAO will receive data only for its country, etc. To facilitate users in ordering reports, a sample request is shown in Table 1501-11 of this section.

D. **Classification of Reports.** Selected reports described herein are classified in accordance with guidelines set forth in this manual. Reports containing classified LOAs will be appropriately labeled since a portion of the 1200 data base contains classified data, and requestors with a need-to-know and appropriate security clearances will be provided this information. All requests for reports should address this consideration where appropriate. A compilation of unclassified LOA level data is also considered Confidential if the data covers a period longer than five consecutive calendar quarters (also see Section 50203). **

150105 DSAA 1200 SYSTEM OUTPUT REPORTS.

A. **Availability of Reports.** The following paragraphs outline the specific reports produced from the 1200 System. Unless otherwise indicated, these reports are available for users of the System. As shown in Tables 1501-13 and 1501-14, applicable sort and select options have been grouped together for a series of reports which are similarly controlled. A sample of each report is shown at Tables 1501-1 through 1501-10 of this section. These sample reports are to be viewed as examples for format purposes only. The data contained in the sample illustrations are not necessarily actual data from the file nor are the dates and numbers consistent from one sample to the next. All codes referred to in sort and select options may be found in Appendix D.

B. Report Descriptions.

1. **Update (Data Management) Products.** The following management products are produced after each weekly update. These reports are furnished to the appropriate IA and/or to the concerned DSAA manager after each update. These products may not be requested by other organizations.

a. **Maintenance Acceptance and Error List.** This list is produced by Transaction Type for each change originator and includes data input processed during the weekly update plus an error flag on each record which failed to pass the update edit procedures.

b. **File Maintenance Management Alert List - New Request Summary.** This summary is a comprehensive listing of all pertinent case information prepared for each country case identifier for which LOR input was received from the IA and processed by DSAA in the current weekly update. Under each IA section, all cases listed reflect the fiscal year, status, 36(b) indicator, classification, dates of request and receipt, notification dates to both State Department and to Congress, State Department list date, IA completion date, case description, construction indicator, and total case value.

c. **File Maintenance Management Alert List - Offers Tendered Summary.** This summary portrays the same pertinent case information as does the New Request Summary; however, the records included in this summary are offers processed by DSAA in the current weekly update.

d. **File Maintenance Management Alert List - State Department List.** This summary also portrays the same pertinent case information as the New Request Summary; however, the records included in this list are from data processed during the current weekly update that fall under the aspects of Section 36(b), AECA legislation.

e. **File Maintenance Management Alert List.** This listing reflects data for fiscal year, status, 36(b) indicator, classification, State Department notification date, statutory notification to Congress date, offer date, acceptance date, obligational authority date, closure date, cancellation date, SAAC detail value, case description, construction indicator, total case value, and the country case identifier for each individual line of data processed during the current weekly update. All change transactions are reflected by two line entries followed by a printed message(s) which explains the action taken by the change. The first entry reflects the line as it appears before the update and the second entry reflects the line after the update has applied the changes. Add and delete transactions appear as one line entries and like changes are followed by a printed message that explains the action taken.

2. Item Detail Level.

a. **Available Reports.** The following paragraphs outline the reports available from the System which are provided from Item Detail Level data. These reports provide information about the latest position, e.g., delivery status, of item data corresponding to the DD Form 1513 LOA detail lines.

(1) **Item Delivery Status - Report E.** This report contains one printed line for each item detail record which portrays the quantity and value purchased, the quantity and value delivered, and the computed quantity and value of purchases remaining undelivered. In addition, case and country totals are provided. (See sample report at Table 1501-1, of this section.)

(2) **Item Purchases by NSN - Report I.** This report contains one printed line for each item detail record which portrays the quantity and value purchased, the quantity and value delivered, and the computed quantity and value of purchases remaining undelivered. Normally, this report is prepared for major items only in order to limit the page volume of each report. (See sample report at Table 1501-2 of this section.)

b. **Sort and Select Options for Item Detail Level Reports.** See Table 1501-13 of this section.

3. **Summaries by Category from Item Detail Level.**

a. **Available Reports.** The following reports summarize purchases and/or deliveries into generic groupings and are available using the Item Detail Level data:

(1) **Summary of Purchases - Report D.** This report summarizes purchases into general categories and depicts for each of these categories the quantities and dollar amounts of purchased items by fiscal year spread across the page with a total purchase value shown for each category as a whole. Selection of the FY array for this report is similar to the selection process described below for the Selected Item Summary - Report G. This report contains nine columns of FY data in addition to two summary columns. The left-hand column combines all purchases from 1950 to the year shown in that heading. The right-hand column combines all purchases from 1950 through the last year of data included in the report. (See sample report at Table 1501-3 of this section.)

(2) **Selected Item Summary - Report G.** This report summarizes purchases into general categories and depicts for each of these categories the quantities and dollar amounts of purchased items by fiscal year spread across the page. Year of purchase is determined by the acceptance date of each case. The left-hand column accumulates purchases from 1950 to the year shown in the column heading. The number of years to be accumulated in this column is variable. The next six columns contain data for the six succeeding FYs up to and including the ending FY selected. For example, if FY 1982 is requested as the ending fiscal year, the data will be presented as follows from left to right: FY 50-76; FY 77; FY 78; FY 79; FY 80; FY 81; and FY 82. Since only six years may be individually displayed on a single report, additional reports with different ending FYs must be requested in order to display additional years. However, 1964 is the first year which may be displayed. All data prior to 1964 has been totaled and is available only in summary form between 1950 and 1963. (See sample report at Table 1501-4 of this section.)

(3) **FMS Status of Purchases and Deliveries - Report H.** This report summarizes purchases and deliveries into general categories and depicts for each category shown the quantity and value for (1) cumulative purchases, (2) cumulative deliveries, (3) current FY purchases, and (4) computed undelivered purchases. Purchases for the current FY to date column are based upon the fiscal year of acceptance of the case. Cumulative deliveries are based upon delivery data received from the MILDEPs through SAAC. When ordering this report, select the beginning and ending FY and quarter. This selection is based upon acceptance date of the case, not delivery date. To include all data, select FY 50 (1st quarter) to current FY (current reporting quarter). (See sample report at Table 1501-5 of this section.)

b. **Sort and Select Options for Summaries by Category-Item Detail Level.** See Table 1501-13 of this section.

4. **Case Level and Summary Management Reports.**

a. **Available Reports.** The following paragraphs describe the reports available in this category:

(1) **Fiscal Year Activity - Report B.** This report summarizes (by country and fiscal year) the total case value contained in the case records. The data are accumulated by fiscal year based on the acceptance date of the case. Totals are provided at the end of each country, area, UCOM, and for worldwide. (See sample report at Table 1501-6 of this section.)

(2) **Case Listing Report C.** This report portrays at case level the case status, fiscal year, implementing agency, offer date, acceptance date, implementation date, case description, and total case value. It also reflects the Congressional transmittal number of the 36(b) cases. (See sample report at Table 1501-7 of this section.)

(3) **Case Milestone Dates and Intervals - Report J.** This report displays the following information for each country and implementing agency selected: letter of request date, IA receipt dates, IA LOA completion date, offer date, acceptance date, program directive date, delivery date, closure date, status, and fiscal year of acceptance of each case designator. This report also displays the number of days between each milestone date. (See sample report at Table 1501-8 of this section.)

(4) **Congressional 36(b) Case Dates - Report K.** This report displays for each country and IA selected: Congressional transmittal number and date each case was forwarded to State Department, date of 36(b) State Department approval, date of advance notification to Congress, the date of statutory notification to Congress, State Department list date, offer date, acceptance date, and case establishment date for each case falling under the reporting criteria as prescribed in Section 36(b) of the AECA. This report also displays the number of days between each stage in the 36(b) processing cycle. (See sample report at Table 1501-9 of this section.)

(5) **FMS Case Level Summary - Report L.** This report consists of data drawn from both case and detail level and reflects by country the case value, total purchases, undefined purchases, total deliveries, and computed undelivered balances portrayed at the case level to provide an overall view of the status of each case. The undefined purchases column is computed by subtracting total purchases (derived from detail records) from case value (derived from case level records). The undelivered balance is computed by subtracting total deliveries (derived from detail records) from total purchases. (See sample report at Table 1501-10 of this section.)

b. **Sort and select Options for Summary Management Reports.** See Table 1501-14 of this section.

150106 ABBREVIATED TITLES USED IN DSAA 1200 SYSTEM OUTPUT PRODUCTS/REPORTS. Abbreviated titles are used in the column headings of reports prepared from the 1200 System. A list of these abbreviated titles along with the meaning of each is shown at Table 1501-12 of this section.

UNCLASSIFIED

THIS IS A SAMPLE REPORT

DSAA - FOREIGN MILITARY SALES
ITEM DELIVERY STATUS

THIS IS A SAMPLE REPORT

COUNTRY: CANADA

SEQUENCE: CTRY, CASE NO.

IMPLEMENTING AGENCY: DMA
AREA:

I CC	CASE A NO	GEN RSM CDE	NSM	DESCRIPTION	SC UI TL	FYQ	PURCHASED		DELIVERED		UNDELIVERED	
							COM	QTY	VALUE	QTY	VALUE	QTY	VALUE
CN	U	UAZ00	L00	L00010000S	XX	CC	772		3390		3390	
				SUPPLY OPERATIONS					2020		2020	
CN	U	UAZ00	L6A	L6A013100L	XX	CC	772		100975		100975	
				LOGISTIC MANAGEMENT EXP								
CN	U	UAZ00	UAZ	J5A691000T	XX	CC	772		106385		106385	
				TRAINING AIDS								
CASE TOTALS									106385		106385	
CN	U	UNX00	UNX	J5A691000T	XX	CC	644		51172		51172	
				TRAINING AIDS					51172		51172	
CASE TOTALS									5046		5046	
CN	U	UNY00	UNY	J5A691000T	XX	CC	644		5046		5046	
				TRAINING AIDS					5046		5046	
CASE TOTALS									5490		5490	
CN	U	UNZ00	L00	L00010000S	XX	CC	644		46237		46237	
				SUPPLY OPERATIONS					51727		51727	
CN	U	UNZ00	UNZ	J5A691000T	XX	CC	644		51727		51727	
				TRAINING AIDS								
CASE TOTALS									73110		73110	
CN	U	UVE00	UVE	J5A691000T	XX	CC	654		73110		73110	
				TRAINING AIDS					6109		6109	
CASE TOTALS									6109		6109	
CN	U	UVF00	UVF	J5A691000T	XX	CC	654		6109		6109	
				TRAINING AIDS					2828		2828	
CASE TOTALS									35947		35947	
CN	U	UVG00	L00	L00010000S	XX	CC	654		38775		38775	
				SUPPLY OPERATIONS								
CN	U	UVG00	UVG	J5A691000T	XX	CC	654		2487222		2485636	1586
				TRAINING AIDS								
CASE TOTALS												
COUNTRY TOTALS									2487222		2485636	1586

TABLE 1501-1. FMS Item Delivery Status.

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TABLE 1501-1
FMS ITEM DELIVERY STATUS

U N C L A S S I F I E D

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DSAA - FOREIGN MILITARY SALES
ITEM PURCHASES BY NSN

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COUNTRY:

SEQUENCE: GEN/NSM, CTRY, CASE NO.

IMPLEMENTING AGENCY: DMA
AREA:

I CC	CASE A NO	GEN RSM CDE	NSN	DESCRIPTION	SC UI TL	DEL-----PURCHASED-----		-----DELIVERED-----		-----UNDELIVERED-----			
						COM	QTY	VALUE	QTY	VALUE	QTY	VALUE	
CO	U	UAW00	UAW	J5A691000TNGAIDS	TRAINING AIDS	XX	C	761		2467		2467	
CO	U	UBD00	UBD	J5A691000TNGAIDS	TRAINING AIDS	XX	X	774		405		405	
CO	U	UBE00	UBE	J5A691000TNGAIDS	TRAINING AIDS	XX	C	781		499		499	
CO	U	UXX00	UXX	J5A691000TNGAIDS	TRAINING AIDS	XX	C	662		1000		1000	
CO	U	UYR00	UYR	J5A691000TNGAIDS	TRAINING AIDS	XX	C	662		1438		1438	
CO	U	X6400	001	J5A691000TNGAIDS	TRAINING AIDS	XX	CC	644		1830		1830	
CO	U	X6500	001	J5A691000TNGAIDS	TRAINING AIDS	XX	CC	654		77		77	
CO	U	X6600	001	J5A691000TNGAIDS	TRAINING AIDS	XX	CC	664		161		161	
CO	U	X6800	001	J5A691000TNGAIDS	TRAINING AIDS	XX	CC	684		20		20	
CO	U	X6900	001	J5A691000TNGAIDS	TRAINING AIDS	XX	CC	694		115		115	
NSM TOTALS										1676397		1675992	
CO	U	UBF00	UBF	J5V769Z00MSTDPUB	NON-STANDARD FORMS/PUBS	XX	CC	793		432		432	
NSM TOTALS										432		432	
CH	U	SBA00	SBA	J8A768Z00MAPSPUB	BOOKS,MAPS + PUBLICATIONS	XX	X	782		1449		1449	
CH	U	SBB00	SBB	J8A768Z00MAPSPUB	BOOKS,MAPS + PUBLICATIONS	XX	CC	784		147073		147073	
CH	U	SBC00	SBC	J8A768Z00MAPSPUB	BOOKS,MAPS + PUBLICATIONS	XX	CC	793		185608		185608	
CH	U	SBD00	SBD	J8A768Z00MAPSPUB	BOOKS,MAPS + PUBLICATIONS	XX	CC	803		201715		201715	
CH	U	SBE00	SBE	J8A768Z00MAPSPUB	BOOKS,MAPS + PUBLICATIONS	XX	CC	813		241384		241384	
CO	U	SA400	SAA	J8A768Z00MAPSPUB	BOOKS,MAPS + PUBLICATIONS	XX	CC	804		714		714	
CO	U	SA300	SAB	J8A768Z00MAPSPUB	BOOKS,MAPS + PUBLICATIONS	XX	CC	811		867		867	
CO	U	UAX00	UAX	J8A768Z00MAPSPUB	BOOKS,MAPS + PUBLICATIONS	XX	C	763		518		518	
CO	U	UAY00	UAY	J8A768Z00MAPSPUB	BOOKS,MAPS + PUBLICATIONS	XX	C	763		137		137	
CO	U	UAZ00	UAZ	J8A768Z00MAPSPUB	BOOKS,MAPS + PUBLICATIONS	XX	C	764		1639		1639	
CO	U	UBA00	UBA	J8A768Z00MAPSPUB	BOOKS,MAPS + PUBLICATIONS	XX	C	763		759		759	
CO	U	UBB00	UBB	J8A768Z00MAPSPUB	BOOKS,MAPS + PUBLICATIONS	XX	C	772		93		93	
NSM TOTALS										781955		780506	
CH	U	SBA00	L00	L00010000SUP0PMS	SUPPLY OPERATIONS	XX	X	782		94		94	
CH	U	UA400	L00	L00010000SUP0PMS	SUPPLY OPERATIONS	XX	CC	684		2375		2375	
CH	U	UAH00	L00	L00010000SUP0PMS	SUPPLY OPERATIONS	XX	CC	694		3179		3179	
CH	U	UAK00	L00	L00010000SUP0PMS	SUPPLY OPERATIONS	XX	CC	694		8		8	
CH	U	UAL00	L00	L00010000SUP0PMS	SUPPLY OPERATIONS	XX	CC	704		1377		1377	
CH	U	UAM00	L00	L00010000SUP0PMS	SUPPLY OPERATIONS	XX	CC	704		2110		2110	
CH	U	UAM00	L00	L00010000SUP0PMS	SUPPLY OPERATIONS	XX	CC	704		71		71	
CH	U	UAR00	L00	L00010000SUP0PMS	SUPPLY OPERATIONS	XX	CC	714		1074		1074	
CH	U	UAU00	L00	L00010000SUP0PMS	SUPPLY OPERATIONS	XX	CC	723		70		70	
CH	U	UAZ00	L00	L00010000SUP0PMS	SUPPLY OPERATIONS	XX	CC	772		3390		3390	
CH	U	UMZ00	L00	L00010000SUP0PMS	SUPPLY OPERATIONS	XX	CC	644		5490		5490	
CH	U	UVG00	L00	L00010000SUP0PMS	SUPPLY OPERATIONS	XX	CC	654		2828		2828	

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AS OF 02 NOV 83

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TABLE 1501-2. FMS Item Purchases by NSN.

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TABLE 1501-2
FMS ITEM PURCHASES BY NSN

DOD 5105.38-M

TABLE 1501-3. FMS Summary of Purchases.

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COUNTRY: BRAZIL

SEQUENCE: CC

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DSAA - FOREIGN MILITARY SALES
SUMMARY OF PURCHASES

THIS IS A SAMPLE REPORT

IMPLEMENTING AGENCY: ALL
AREA:

CATEGORIES/DESCRIPTIONS	FY 50-74	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	CUMULATIVE C FY 50-83 L
HOWITZERS 155 MM	20		6								26
MORTARS 81 MM	19		21								40
MORTARS 107 MM - 4.2 INCH				200							200
RIFLES RECOILLESS 106 MM	6		12	30							48
OTHER WEAPONS UP TO 75MM		72									72
MOUNTS 20 MM	42										42
MOUNTS 40 MM	12										12
MOUNTS 3 INCH/50	18										18
LAUNCHERS ROCKET	21		47								68
TOTAL VEH + WPNS (+ SP)	36514	255	346	455	33				2	16898	54704
TORPEDOES	21	108									129
TOTAL AMMUNITION	7156	14396	3396	3783	2734			149	746	900	33260
SIDEWINDER MISSILES =			87								87
TOTAL MISSILES (+ SP)	9		285		MM				60	264	618
TOTAL COM EQPT (+ SP)	4863	293	248	65	458				200	501	4629
TOTAL OTHER EQPT (+ SP)	6704	963	937	11	44				106	596	9380
TOTAL REP + REHAB EQPT	36123	1	285	2	350			200	298	35	37293
TOTAL SUPPLY OPER	6200	1700	720	972	999		173	248	983	1727	13722
TOTAL TRAINING	3672	365	285	204	71		495	470	604	1190	7357
TOTAL OTHER SERVICES	5804	909	19	3038	1126	311	76	270	400	968	12921
TOTAL BOOKS MAPS + PUBS	37	1	MM	62	1047		10	438	1185	345	3125
TOTAL NON-SPEC REQMTS					MM						MM
COUNTRY TOTAL	220656	21789	10042	14718	13095	311	2743	4143	13525	35805	336827
WORLDWIDE TOTAL	220656	21789	10042	14718	13095	311	2743	4143	13525	35805	336827

IN THOUSANDS OF DOLLARS

MM LESS THAN \$500

FY 1976 INCLUDES 7T

= QTY IS MISSILES VALUE INCLUDES SUPPORT EQUIP

RCS 1200-PURCHASES(D)-DA
DA BR

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TABLE 1501-3
FMS SUMMARY OF PURCHASES

DOD 5105.38-M

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TABLE 1501-4. FMS Selected Item Summary.

CATEGORIES/DESCRIPTIONS	CUM THRU FY 1977		FY 1978		FY 1979		FY 1980		FY 1981		FY 1982		FY 1983	
	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
RADIO MBL+TRANSPRTBL EQP	25													
RADIO-RADAR EQP AIRBORNE														143
RADIOS TACTICAL	125													
TELEPHONE SETS	6													
TEL+TEL TERMINL+TRANS EQP	32													
OTHER COMMUNICATIONS EQP	3968			70										310
COMMUNICATION EQP SPARES	1313			388							200			48
TOTAL COM EQPT (+ SP)	5469			458							200			501
MILITARY BRIDGES	2112													
TRACTORS CRLR + WHLD	110													
TOOL KITS AND SETS	656													
GENERATORS 30KW + LARGER	60										106			239
MISC OTHER SUPPORT EQP	2720			11										357
OTHER SUPPLIES	2876			6										
POL, GASES AND FUELS	100			27										
TOTAL OTHER EQPT (+ SP)	8635			44							106			596
REPAIR AND REHABILITATION	12069			350					200		298			35
SHIP OVERHAULS	24342													
TOTAL REP + REMAB EQPT	36411			350					200		298			35
SUPPLY OPERATIONS	6449			649			95		119		607			710
STOR + MAINT OF STOCKPILES									11					
LOGISTICS MANAGEMENT EXP	3143			350			77		118		376			1017
TOTAL SUPPLY OPER	9592			999			173		248		983			1727
TRAINING AIDS AND PUBL	1584			70					3					5
TRAINING	2942			1			495		468		604			1185
TOTAL TRAINING	4526			71			495		470		604			1190
TECHNICAL ASSISTANCE	1901			1120			76		270		400			123
RESEARCH AND DEVELOPMENT	2914													
OTHER SERVICES	2275			6										28

IN THOUSANDS OF DOLLARS ** LESS THAN \$500 FY 1976 INCLUDES 7T = QTY IS MISSILES VALUE INCLUDES SUPPORT EQUIP
 RCS 1200-SIPURCHES(G)-GA THIS IS A SAMPLE REPORT UNCLASSIFIED AS OF 08 DEC 83 PROCESSED 13 DEC 83 PAGE 3
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TABLE 1501-4
 FMS SELECTED ITEM SUMMARY

DOD 5105.38-M

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 DSAA - FOREIGN MILITARY SALES
 FISCAL YEAR ACTIVITY

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SEQUENCE: CC

IMPLEMENTING AGENCY: DMA
 AREA:

CTRY/PROG YR	CASE VALUE
CANADA	
64	166
65	118
68	113
69	152
70	172
71	149
72	146
73	154
74	158
75	142
76 + 77	111
77	106
78	151
79	191
80	208
81	249
82	327
83	450
TOTAL	3,323
COLOMBIA	
64	2
65	NN
66	3
68	NN
69	NN
70	NN
71	1
72	NN
73	1
74	1
75	3
76 + 77	6
77	NN
78	1
79	NN
80	1
81	1
82	1
83	1
TOTAL	21

DOLLARS IN THOUSANDS, ** LESS THAN 500 DOLLARS
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TABLE 1501-6
 FMS FISCAL YEAR ACTIVITY

TABLE 1501-6. FMS Fiscal Year Activity.

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DSAA - FOREIGN MILITARY SALES

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CASE LISTING

COUNTRY: CANADA

SEQUENCE: CC

IMPLEMENTING AGENCY: OMA
AREA:

CC	I CASE NO	FY	S T	OFFER --DATE--	ACCPY --DATE--	IMPLY --DATE--	-----DESCRIPTION-----	TRANS NO	CONSTRUCTION VALUE	TOTAL C VALUE L
CN	U 58A00	78	X	14 FEB 78			ROUND DOT SCREENS			1,586
CN	U 58500	78	C	02 MAR 78	12 JUL 78	10 SEP 78	FLIGHT INFORMATION PUBLICATIONS			151,485
CN	U 58C00	79	C	02 MAR 79	04 APR 79	28 OCT 79	DDO FLIGHT INFORMATION PUBS			191,177
CN	U 58D00	80	C	05 FEB 80	17 APR 80	31 MAY 80	REQUEST FOR FLIP SUBSCRIPTION RENEWAL			207,766
CN	U 58E00	81	C	26 MAR 81	01 MAY 81	04 JUN 81	RENEWAL OF FLIP SUBSCRIPTION			248,626
CN	U UA000	68	C	12 MAY 68	12 MAY 68	12 MAY 68	TRAINING AIDS PUB			35,909
CN	U UA300	68	C	02 MAY 68	02 MAY 68	02 MAY 68	TRAINING AIDS PUB			6,354
CN	U JAC00	68	C	06 MAY 68	06 MAY 68	06 MAY 68	TRAINING AIDS PUB			70,979
CN	U UAF00	64	C	31 JUL 63	31 JUL 63	31 JUL 63	TRAINING AIDS PUB			57,610
CN	U UAH00	69	C	04 MAY 69	04 MAY 69	04 MAY 69	TRAINING AIDS PUB			40,061
CN	U UAJ00	69	C	29 APR 69	29 APR 69	29 APR 69	TRAINING AIDS PUB			7,853
CN	U UAK00	69	C	16 MAY 69	16 MAY 69	16 MAY 69	TRAINING AIDS PUB			104,571
CN	U UAL00	70	C	04 MAY 70	04 MAY 70	04 MAY 70	TRAINING AIDS PUB			136,902
CN	U UAM00	70	C	22 MAY 70	22 MAY 70	22 MAY 70	TRAINING AIDS PUB			27,435
CN	U UAN00	70	C	05 MAY 70	05 MAY 70	05 MAY 70	TRAINING AIDS PUB			7,194
CN	U UAP00	71	C	05 JAN 71	05 APR 71	05 APR 71	PUBLICATIONS FLIGHT			129,682
CN	U UAR00	71	C	05 JAN 71	01 APR 71	01 APR 71	AERONAUTICAL CHARTS			14,082
CN	U UAS00	71	C	05 JAN 71	02 MAR 71	02 MAR 71	PUBLICATIONS FLIGHT			5,402
CN	U UAT00	72	C	03 JAN 72	09 MAR 72	09 MAR 72	PUBLICATIONS FLIGHT			138,570
CN	U UAU00	72	C	03 JAN 72	18 FEB 72	18 FEB 72	PUBLICATIONS FLIGHT			7,133
CN	U UAV00	73	C	22 JAN 73	15 MAR 73	15 MAR 73	PUBLICATIONS FLIGHT			153,666
CN	U UAW00	74	C	12 FEB 74	19 FEB 74	08 MAR 74	INFORMATION PUBLICATIONS			158,412
CN	U UAX00	75	C	07 JAN 75	03 APR 75	15 APR 75	FLIGHT INFO PUBLICATIONS IAPR75-31MAR76			141,842
CN	U UAY00	76	C	18 FEB 76	30 MAR 76	14 APR 76	FLIGHT INFORMATION PUBLICATIONS			110,620
CN	U UAZ00	77	C	17 NOV 76	01 MAR 77	30 MAR 77	FLT INFO PUBLICATIONS			106,365
CN	U UX000	64	C	13 APR 64	13 APR 64	13 APR 64	TRAINING AIDS PUB			51,172
CN	U UNY00	64	C	13 APR 64	13 APR 64	13 APR 64	TRAINING AIDS PUB			5,046
CN	U UNZ00	64	C	13 APR 64	13 APR 64	13 APR 64	TRAINING AIDS PUB			51,727
CN	U UVE00	65	C	28 APR 65	28 APR 65	28 APR 65	TRAINING AIDS PUB			73,110
CN	U UVF00	65	C	12 APR 65	12 APR 65	12 APR 65	TRAINING AIDS PUB			6,109
CN	U UVG00	65	C	12 APR 65	12 APR 65	12 APR 65	TRAINING AIDS PUB			38,775
COUNTRY TOTAL										2,487,221

TABLE 1501-7. FMS Case Listing.

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TABLE 1501-7
FMS CASE LISTING

RCS 1200-CASE(C)-CA
CHUSBA00

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TABLE 1501-8
FMS CASE MILESTONE DATES AND THEIR INTERVALS

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DSAA - FOREIGN MILITARY SALES

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CASE MILESTONE DATES AND THEIR INTERVALS

CC	I	CASE	\$	LOR	NO	IA	RECT	C	NO	I/A	LOA	NO	OFFER	NO	ACCEPTANC	NO	PROG	DIR	NO	DELIVERY	NO	CLOSURE	
A	A	AM	T	DATE	DAY	DATE	DATE	NO	DAY	COMP	DATE	DAY	DATE	DAY	DATE	DAY	DATE	MTH	DATE	DAY	DATE	DAY	
CO	U	SAA	80	10 SEP 79		10 SEP 79		31		11	OCT 79		11	OCT 79	264	01	JUL 80					30	JUN 81
CO	U	SAB	81	08 SEP 80						08	OCT 80		08	OCT 80	50	27	NOV 80					31	DEC 82
CO	U	SAC	70							12	JAN 70		12	JAN 70		12	JAN 70	121	03	JAN 80		03	JAN 80
CO	U	SAD	71							04	JAN 71		04	JAN 71	8	12	JAN 71	109	03	JAN 80		03	JAN 80
CO	U	SAE	72							20	JUL 71		20	JUL 71	21	10	AUG 71	102	03	JAN 80		03	JAN 80
CO	U	SAG	72							03	JAN 72		03	JAN 72	1	04	JAN 72	97	03	JAN 80		03	JAN 80
CO	U	SAH	73							19	APR 72		19	APR 72		19	APR 72	94	03	JAN 80		03	JAN 80
CO	U	SAI	73							21	MAY 72		21	MAY 72	149	17	OCT 72	88	03	JAN 80		03	JAN 80
CO	U	SAJ	73							03	JUL 72		03	JUL 72	106	17	OCT 72	88	03	JAN 80		03	JAN 80
CO	U	SAK	73							28	JUN 72		28	JUN 72	216	31	JAN 73	84	03	JAN 80		03	JAN 80
CO	U	SAL	73							02	JAN 73		02	JAN 73	86	29	MAR 73	82	03	JAN 80		03	JAN 80
CO	U	SAM	74							13	SEP 73		13	SEP 73	14	27	SEP 73	75	03	JAN 80		03	JAN 80
CO	U	SAN	74							10	JAN 74		10	JAN 74	23	04	FEB 74	71	03	JAN 80		03	JAN 80
CO	U	SAO	75							20	MAY 74		20	MAY 74	43	02	JUL 74	213	31	JAN 75	60	03	JAN 80
CO	U	SAP	75							03	JUL 74		03	JUL 74	56	28	AUG 74	19	16	SEP 74	64	03	JAN 80
CO	U	SAQ	75							07	JAN 75		07	JAN 75	77	23	MAR 75	21	15	APR 75	57	03	JAN 80
CO	U	SAR	75							29	APR 75		29	APR 75	50	18	JUN 75	104	30	SEP 75	52	03	JAN 80
CO	U	SAS	76							03	JUN 75		03	JUN 75	112	23	SEP 75	7	30	SEP 75	52	03	JAN 80
CO	U	SAT	76							03	JUL 75		03	JUL 75	216	03	FEB 76	26	29	FEB 76	47	03	JAN 80
CO	U	SAU	76							15	JAN 76		15	JAN 76	8	23	JAN 76	38	29	FEB 76	47	03	JAN 80
CO	U	SAV	76							04	JUN 76		04	JUN 76	9	09	JUN 76	21	30	JUN 76	43	03	JAN 80
CO	U	SAW	76	07 JUN 76		07 JUN 76		1		30	JUN 76		30	JUN 76	6	06	JUL 76	25	31	JUL 76	42	03	JAN 80
CO	U	SAX	76	28 JUN 76		28 JUN 76		2		30	JUN 76		30	JUN 76	9	09	JUN 76	21	30	JUN 76	43	03	JAN 80
CO	U	SAY	77	07 DEC 76		07 DEC 76		26		03	JAN 77		03	JAN 77	6	03	JAN 77	52	24	FEB 77	33	03	JAN 80
CO	U	SBA	77	15 MAY 77		15 MAY 77		16		01	JUN 77		01	JUN 77	19	20	JUN 77	122	20	OCT 77			
CO	U	SBB	77	13 JUN 77		13 JUN 77		18		01	JUL 77		01	JUL 77	21	22	JUL 77	90	20	OCT 77			
CO	U	SBC	77							01	OCT 77		01	OCT 77	44	14	NOV 77	24	08	DEC 77	25	03	JAN 80
CO	U	SBD	78							01	DEC 78		01	DEC 78	192	11	JUN 79		11	JUN 79	7	03	JAN 80
CO	U	SBE	78							28	OCT 65		28	OCT 65		28	OCT 65	173	03	JAN 80		03	JAN 80
CO	U	SBF	79	15 AUG 78	18	02 SEP 78	90			28	OCT 65		28	OCT 65		28	OCT 65	173	03	JAN 80		03	JAN 80
CO	U	SBG	66							30	JUN 64		30	JUN 64		30	JUN 64		30	JUN 64	189	03	JAN 80
CO	U	SBH	66							30	JUN 64		30	JUN 64		30	JUN 64		30	JUN 64	177	03	JAN 80
CO	U	SBI	65							30	JUN 63		30	JUN 63		30	JUN 63		30	JUN 63	164	03	JAN 80
CO	U	SBJ	66							30	JUN 66		30	JUN 66		30	JUN 66		30	JUN 66	140	03	JAN 80
CO	U	SBK	68							30	JUN 68		30	JUN 68		30	JUN 68		30	JUN 68	128	03	JAN 80
CO	U	SBL	69							30	JUN 69		30	JUN 69		30	JUN 69		30	JUN 69		03	JAN 80

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TABLE 1501-8. FMS Case Milestone Dates and Their Intervals.

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TABLE 1501-9. FMS Congressional Section 36(b), AECA Case Dates.

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DSAA - FOREIGN MILITARY SALES

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CONGRESSIONAL (36 B) CASE DATES

I CC	CASE A	TRANS AM NO	TO STATE DATE	NO DAY	36B STATE APPROVAL NO DAY	ADVANCED NOTI/CONG NO DAY	FORMAL NOTI/CONG NO DAY	STATE LIST DATE	NO DAY	OFFER DATE	NO DAY	ACCEPTANC DATE	NO DAY	CASE ESTAB DATE												
AT	B	YTA	80-101	06	AUG 80	7	13	AUG 80	6	19	AUG 80	21	09	SEP 80	31	10	OCT 80	18	OCT 80	21	31	OCT 80				
AT	D	KRF	81-086	13	JUN 81	34	17	JUL 81	17	JUL 81	38	24	AUG 81	30	23	SEP 81	23	SEP 81	203	14	APR 82					
AT	D	SCD	74-039	06	FEB 76	11	17	FEB 76	6	08	SEP 80	21	29	SEP 80	185	03	APR 81	03	APR 81	49	22	MAY 81	19	19	JUL 76	
AT	D	SEA	80-122	25	AUG 80	8	02	SEP 80	6	19	AUG 80	22	10	SEP 80	30	10	OCT 80	18	OCT 80	75	24	DEC 80				
AT	D	YAS	80-100	07	AUG 80	6	13	AUG 80	6	19	AUG 80	22	10	SEP 80	30	10	OCT 80	11	JUN 81	15	26	JUN 81				
AT	D	YBB	81-047	05	MAR 81	27	01	APR 81	01	APR 81	33	04	MAY 81	38	11	JUN 81	11	JUN 81	15	26	JUN 81					
AT	P	AID	77-078	05	JUL 77	51	25	AUG 77	25	AUG 77	25	AUG 77	35	29	SEP 77	29	SEP 77	13	12	OCT 77			12	OCT 77		
AT	P	AKY	78-023	25	JAN 78	28	22	FEB 78	2	24	FEB 78	83	18	MAY 78	35	22	JUN 78	22	JUN 78	29	21	JUL 78	32	22	AUG 78	
AT	P	ALN	78-104	23	AUG 78	33	25	SEP 78	2	27	SEP 78	27	27	SEP 78	33	30	OCT 78	17	OCT 78	4	03	NOV 78	40	13	DEC 78	
AT	P	ALR	78-074	08	MAY 78	64	11	JUL 78	6	17	JUL 78	51	06	SEP 78	41	17	OCT 78	17	OCT 78	28	14	NOV 78	34	18	DEC 78	
AT	P	AOF	80-061	18	MAR 80	16	03	APR 80	6	09	APR 80	23	02	MAY 80	27	29	MAY 80	02	JUN 80	9	11	JUN 80	30	11	JUL 80	
AT	P	AOF	80-062	17	MAR 80	17	03	APR 80	6	09	APR 80	20	29	APR 80	30	29	MAY 80	30	MAY 80	3	02	JUN 80	19	12	JUN 80	
AT	P	APA	81-004	29	SEP 80	21	20	OCT 80	15	04	NOV 80	22	26	NOV 80	34	30	DEC 80	10	DEC 80	161	10	JUN 81	22	22	JUL 81	
AT	P	APR	80-044	05	MAR 81	27	01	APR 81	01	APR 81	37	08	MAY 81	74	21	JUL 81	21	JUL 81	70	29	SEP 81					
AT	P	BBJ	80-078	24	MAR 80	80	12	JUN 80	12	JUN 80	41	23	JUL 80	495	01	DEC 81	01	DEC 81			01	DEC 81	7	08	DEC 81	
AT	P	BBK	80-078	24	MAR 80	80	12	JUN 80	12	JUN 80	41	23	JUL 80	495	01	DEC 81	01	DEC 81			01	DEC 81	4	05	DEC 81	
AT	P	BCL	80-078	24	MAR 80	80	12	JUN 80	12	JUN 80	41	23	JUL 80	495	01	DEC 81	01	DEC 81			01	DEC 81	4	05	DEC 81	
AT	P	GHE	80-078	24	MAR 80	80	12	JUN 80	12	JUN 80	41	23	JUL 80	495	01	DEC 81	01	DEC 81			01	DEC 81	4	05	DEC 81	
AT	P	GHE	80-078	24	MAR 80	80	12	JUN 80	12	JUN 80	41	23	JUL 80	495	01	DEC 81	01	DEC 81			01	DEC 81	4	05	DEC 81	
AT	P	GHF	80-078	24	MAR 80	80	12	JUN 80	12	JUN 80	41	23	JUL 80	495	01	DEC 81	01	DEC 81			01	DEC 81	4	05	DEC 81	
AT	P	LHN	81-033	04	FEB 81	47	23	MAR 81	23	MAR 81	29	21	APR 81	125	24	AUG 81	24	AUG 81			01	DEC 81	4	05	DEC 81	
AT	P	LHU	80-078	24	MAR 80	80	12	JUN 80	12	JUN 80	41	23	JUL 80	495	01	DEC 81	01	DEC 81			01	DEC 81	4	05	DEC 81	
AT	P	LWZ	81-033	04	FEB 81	47	23	MAR 81	23	MAR 81	29	21	APR 81	156	24	SEP 81	24	SEP 81	36	30	OCT 81	17	16	NOV 81		
AT	P	LWZ	81-033	04	FEB 81	47	23	MAR 81	23	MAR 81	29	21	APR 81	874	12	SEP 83	12	SEP 83	44	26	OCT 83					
AT	P	RA5	78-004	05	OCT 77	30	04	NOV 77	4	08	NOV 77	24	09	DEC 77	238	08	APR 77	08	APR 77	108	25	JUL 77	17	11	AUG 77	
AT	P	RDA	80-078	24	MAR 80	71	03	JUN 80	03	JUN 80	50	23	JUL 80	671	26	MAY 82	2	28	MAY 82	31	28	JUN 82	60	27	AUG 82	
AT	P	RDA	80-078	24	MAR 80	71	03	JUN 80	03	JUN 80	50	23	JUL 80	671	26	MAY 82	3	21	OCT 83							
AT	P	RDB	80-078	24	MAR 80	71	03	JUN 80	03	JUN 80	50	23	JUL 80	671	26	MAY 82	2	28	MAY 82	31	28	JUN 82	60	27	AUG 82	
AT	P	RDC	80-078	24	MAR 80	71	03	JUN 80	03	JUN 80	50	23	JUL 80	671	26	MAY 82	2	28	MAY 82	31	28	JUN 82	60	27	AUG 82	
AT	P	SAB	75-015	02	MAY 75	25	27	MAY 75	27	MAY 75	1	28	MAY 75	197	12	NOV 74	12	NOV 74	224	24	JUN 75			24	JUN 75	
AT	P	SAB	71-033	01	SEP 76	3	01	SEP 76	01	SEP 76	01	SEP 76	54	25	OCT 76	25	OCT 76	7	01	NOV 76	1	31	OCT 76			
AT	P	SAS	74-019	11	NOV 75	3	14	NOV 75	14	NOV 75	4	18	NOV 75	15	03	NOV 75	03	NOV 75	109	19	FEB 76			19	FEB 76	
AT	P	SAY	77-076	27	JUN 77	59	25	AUG 77	25	AUG 77	25	AUG 77	36	30	SEP 77	30	SEP 77	46	15	NOV 77			15	NOV 77		
AT	P	SBE	80-078	24	MAR 80	71	03	JUN 80	9	12	JUN 80	41	23	JUL 80	495	01	DEC 81	01	DEC 81			01	DEC 81	4	05	DEC 81
AT	P	SBJ	80-047	29	FEB 80	20	29	FEB 80	29	FEB 80	20	21	MAR 80	24	14	APR 80	7	21	APR 80			21	APR 80	1171	07	JUL 83
AT	P	SBT	81-035	04	FEB 81	48	24	MAR 81	24	MAR 81	48	11	MAY 81													

RCS KA
ATBYTA00

THIS IS A SAMPLE REPORT

UNCLASSIFIED

AS OF 07 DEC 83

PROCESSED 8 DEC 83

PAGE

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TABLE 1501-9
FMS CONGRESSIONAL SECTION 36(b), AECA CASE DATES

DOD 5105.38-M

UNCLASSIFIED
 DSAA - FOREIGN MILITARY SALES
 FMS CASE LEVEL SUMMARY

THIS IS A SAMPLE REPORT
 THIS IS A SAMPLE REPORT
 COUNTRY: CANADA

THIS IS A SAMPLE REPORT

SEQUENCE: CC

IMPLEMENTING AGENCY: DMA
 AREA:

CC	I A	CASE NO	FY	S Y	M D	CASE VALUE	TOTAL PURCHASES	UNDEFINED PURCHASES	TOTAL DELIVERIES	UNDELIVERED BALANCE
CC	U	58A00	78	X	N	1,586	1,586			1,586
CC	U	58S00	78	X	N	151,485	151,485		151,485	
CC	U	58C00	79	N	N	191,177	191,177		191,177	
CC	U	58D00	80	N	N	207,766	207,766		207,766	
CC	U	58E00	81	N	N	248,626	248,626		248,626	
CC	U	UAA00	68	N	N	35,909	35,909		35,909	
CC	U	UAB00	68	N	N	6,354	6,354		6,354	
CC	U	UAC00	68	N	N	70,979	70,979		70,979	
CC	U	UAF00	64	N	N	57,610	57,610		57,610	
CC	U	UAM00	69	N	N	40,061	40,061		40,061	
CC	U	UAJ00	69	N	N	7,853	7,853		7,853	
CC	U	UAK00	69	N	N	104,571	104,571		104,571	
CC	U	UAL00	70	N	N	136,902	136,902		136,902	
CC	U	UAM00	70	N	N	27,435	27,435		27,435	
CC	U	UAN00	70	N	N	7,194	7,194		7,194	
CC	U	UAP00	71	N	N	129,682	129,682		129,682	
CC	U	UAR00	71	N	N	14,082	14,082		14,082	
CC	U	UAS00	71	N	N	5,402	5,402		5,402	
CC	U	UAT00	72	N	N	138,571	138,571		138,571	
CC	U	UAU00	72	N	N	7,133	7,133		7,133	
CC	U	UAV00	73	N	N	153,646	153,646		153,646	
CC	U	UAW00	74	N	N	158,412	158,412		158,412	
CC	U	UAX00	75	N	N	141,842	141,842		141,842	
CC	U	UAY00	76	N	N	110,620	110,620		110,620	
CC	U	UAZ00	77	N	N	106,385	106,385		106,385	
CC	U	UNX00	44	N	N	51,172	51,172		51,172	
CC	U	UNY00	44	N	N	5,046	5,046		5,046	
CC	U	UNZ00	44	N	N	51,727	51,727		51,727	
CC	U	UVE00	65	N	N	73,110	73,110		73,110	
CC	U	UVF00	65	N	N	6,109	6,109		6,109	
CC	U	UVG00	65	N	N	38,775	38,775		38,775	
COUNTRY TOTAL						2,487,221	2,487,222		2,485,636	1,586

TABLE 1501-10
 FMS CASE LEVEL SUMMARY

TABLE 1501-10. FMS Case Level Summary.

1501-14

TABLE 1501-11
SAMPLE REQUEST FORM

Report Name Item Delivery Status - Report E

Number of Copies 1 Sort Sequence Country (Alphabetic)

Select Options (Indicate applicable code(s) for each - if no entry is made all codes for that data element will be included in the report requested)

Implementing Agency B (Army)

Country/Activity _____

Area 2 (NESA)

Unified Command _____

Status S, A, I, D, C

Beginning Year + Qtr 741

Ending Year + Qtr 821

Generic Code _____

Unit of Issue _____

Classification _____

Other List major defense equipment, large dollar value cases, etc.

The above example would produce an Item Delivery Status - Report E for all countries in Near East South Asia using all records which have an IA code of B (Army); are either in the signed, accepted, implemented, supply complete, or closed status; and are within the range of years requested (in this case 1st Qtr 74 through 1st Qtr 82). If only unclassified data are desired, the select option "classification" should be filled in accordingly. Not all options are listed above; requirements for those that are not listed that are applicable to the report being requested should be listed under the "other" line.

TABLE 1501-11. Sample Request Form.

TABLE 1501-12

ABBREVIATED TITLES USED IN THE DSAA 1200 SYSTEM OUTPUT REPORTS

<u>Abbreviation</u>	<u>Meaning</u>
ACCPT DATE	Acceptance Date
A C	Action Code
AM	Case Amendment Number
ADVANCE NOTI/CONGR	Advance Notification to Congress Date
CASE ESTAB DATE	Case Establishment Date
CASE NO	Case Number
CC	Country/Activity Code
C D	Card Code
CL or C L	Classification
C L	Completed Line Item Code (item detail reports only)
CLOSURE DATE	Closure Date
C O	Change Originator
CTRY	Country/Activity
CSE	Case Number
CSEID	Case Identifier
CUM	Cumulative
DELIVERY DATE	Delivery Date

TABLE 1501-12. Abbreviated Titles Used in the DSAA 1200 System Output Reports.

<u>Abbreviation</u>	<u>Meaning</u>
DEL COM	Delivery Commitment
DEL FOR	Delivery Forecast
EQPT	Equipment
ESTAB	Establishment
FORMAL NOTI/CONGR	Statutory Notification to Congress Date
FY	Fiscal Year
FYQ	Fiscal Year and Quarter
GEN CDE	Generic Code
IA or I A	Implementing Agency
IA LOA COMP DATE	Implementing Agency Letter of Acceptance Complete Date
IA RECTC DATE	Implementing Agency Receipt Date (Complete)
IMPLT DATE	Implementation Date
LOA	Letter of Acceptance
LOR	Letter of Request
M D	Major Defense
MDE	Major Defense Equipment
MTH	Month
NO	Number
NSN	National Stock Number
OFFER DATE	Offer Date - also referred to as Counter- Signature Date

 TABLE 1501-12. (Continued)

<u>Abbreviation</u>	<u>Meaning</u>
OED	Offer Expiration Date
PROG DIR DATE	Program Directive Date
Q	Quarter
QTR	Quarter
QTY	Quantity
RCS	Report Control Symbol
RSN	Record Serial Number
S P	Spare Parts Code
S T	Status Code
S	System Code
TRANS NO	Transmittal Number
TO STATE DATE	Date 36(b) case sent to State Department
UI	Unit of Issue
VALUE	Cost expressed in Dollars
YR	Year
36B STATE APPROVAL	Date of State Department Approval of 36(b) case.

TABLE 1501-12. (Continued)

TABLE 1501-13

**SORT AND SELECT OPTIONS FOR ITEM DETAIL LEVEL AND
ITEM DETAIL SUMMARIZED TO CATEGORY REPORTS**

Options for each report are indicated by "X" if available for that particular report.

<u>SORT OPTIONS</u>	<u>REPORT E</u>	<u>REPORT D.G.H</u>	<u>REPORT I</u>
Area, Country	X	X	X
Area, Country, Implementing Agency	X		X
Sub-Area/Country	X	X	X
Country (Alphabetic)	X	X	X
Country, Implementing Agency	X		X
Country, Fiscal Year	X		X
Implementing Agency, Country	X	X	X
Generic/NSN, Country			X

NOTE: Within these major sorts, reports are sequenced by case identifier and RSN where appropriate.

PAGE BREAK OPTIONS

First Sort Position	X	X	X
First and Second Sort Position	X	X	X
First, Second, Third Sort Position	X	X	X

SELECTION OPTIONS

Area	X	X	X
Unified Command	X	X	X
Ceiling Country	X	X	X
Country	X	X	X
Implementing Agency	X	X	X
Case Identifier	X		
Case Amendment Indicator	X		
Status	X	X	X
Beginning and Ending Date-FY & Quarter	X	X	X
Classification	X	X	X
Major Defense Equipment	X		X
Unit of Issue	X	X	X
Commitment Forecast	X		X
Overdelivered	X		X
Completed Line	X		X
Generic	X		X
Selected Item Sequence Number		X	
Worldwide total only		X	
Bypass worldwide recap		X	

TABLE 1501-13. Sort and Select Options for Item Detail Level and Item Detail
Summarized to Category Reports.

TABLE 1501-14

SORT AND SELECT OPTIONS FOR CASE AND SUMMARY MANAGEMENT REPORTS

Options for each report are indicated by "X" or by the report indicator if available for that particular report.

<u>SORT OPTIONS</u>	REPORT B	REPORT C	REPORT J.K	REPORT L
Area, Country (CC)	X	X		X
Area, Country, IA		X		X
Sub-Area/Country	X	X		X
Country (Alphabetic)	X	X	X	X
Country, Implementing Agency		X	X	X
Country, FY		X	X	X
Implementing Agency, Country	X	X		X
IA, Country, FY			X	
IA, FY			X	
A, Congressional Transmittal FY			K	

NOTE: Within these major sorts, reports are sequenced by case identifier.

PAGE BREAK OPTIONS

First Sort Position	X	X	X	X
First and Second Sort Position	X	X	X	X
First, Second and Third Sort Position	X	X		X

SELECT OPTIONS

Area	X	X		X
Unified Command	X	X		X
Ceiling Country	X	X		X
Country/Activity	X	X		X
Implementing Agency	X	X	X	X
Case Identifier		X		X
Case Amendment Identifier		X		X
Status	X	X	X	X
Beginning and Ending Date-FY and Quarter	X	X	J,K Qtr	X
Classification	X	X		X
Million Dollar Cases	X	X		X
Major Defense Equipment Value Relations	X	X		X
Low Undelivered				X
High Undelivered				X
Worldwide total only	X	X		X
Bypass Worldwide Recap				X

TABLE 1501-14. Sort and Select Options for Case and Summary Management Reports.

1502 - DSAA 1000 MATERIEL AND TRAINING SYSTEM OVERVIEW, DATA SUBMISSION INSTRUCTIONS, AND REPORTS
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150201 PURPOSE. This section provides a brief overview of the DSAA 1000 Management Information System which supports the Military Assistance Program (MAP) and the International Military Education and Training Program (IMETP). Also included in this Section are instructions for the preparation and submission of data into the 1000 System and descriptions and examples of reports available from the System.

150202 SYSTEM DESCRIPTION.

A. **General.** The DSAA 1000 System contains MAP and IMETP data which are updated on a weekly basis. The results of these updates are provided to the training management activities within DSAA and the MILDEPs in the form of hardcopy reports and data transmissions.

B. **Data Description.** The System contains detailed Materiel (i.e., MAP, Excess Defense Articles, Redistribution of Defense Articles, and MASF) and training (i.e., MAP, MASF, and IMETP) information for 1963 and subsequent years.

150203 DSAA 1000 SYSTEM REPORTS.

A. **Report Descriptions.**

1. **MILDEP MAP and IMETP Orders.** These documents are produced by MILDEP and reflect a detailed record of all funding actions accomplished during an update cycle. Sample reports are available at Table 1502-1 and 1502-2. In addition to the detailed funding section, four tabs are included in these reports which provide the following summarized information:

- a. TAB A - A recap by Country of all funding actions occurring within an update cycle.
- b. TAB B - A recap by Budget Project of all funding actions occurring within an update cycle.
- c. TAB C - A recap by Program Year of all funding actions occurring within an update cycle.
- d. TAB D - A cumulative recap by Program Year of all funding actions which have occurred to date.

2. **DSAA Detail Listing - Materiel.** This document reflects detailed Materiel program information (i.e., MAP, Excess Defense Articles, Redistribution of Defense Articles, and MASF). A sample report is available at Table 1502-3. This report can only be produced for Materiel information. Requests for detailed IMETP or FMS Training information must be submitted to the MILDEPs. In response to these requests, the MILDEPs will produce a Standardized Training List (STL). Each MILDEP is currently providing this document to the field (e.g., SAOs) on a monthly basis.

3. **Summarized Training Reports.** Requests for summarized FMS Training information should be submitted to the MILDEPs. Requests for summarized IMETP information will be satisfied using one of the following pre-programmed reports:

150203.A.3.a.

a. **Training Summary.** This document reflects the number of IMETP students and dollars by year, Country, MILDEP, and Generic Code. A sample report is available at Table 1502-4.

b. **Student Count.** This document reflects the number of IMETP students for an eight-year period by Country, CONUS/Overseas Training, Program Originator, and Student Type. A sample report is available at Table 1502-5.

150204 DATA PREPARATION AND SUBMISSION.

A. **Submission of Data.** MAP and IMET program and MASL data are created by the MILDEPs and submitted to DSAA for updating the 1000 System. This data is submitted in a punched card format via the AUTODIN network.

B. Preparation of Data.

1. Formats and instructions for the preparation of IMETP data for updating the 1000 System are provided in Chapter 10.

2. Formats and instructions for the preparation of Materiel data for updating the 1000 System follow.

a. **Program Additions (Card 3).** Materiel add transactions for processing in the DSAA 1000 System should be prepared as follows:

Card Column	Data Element	Instruction
1	Card Code	Enter "3."
2-5	Record Control Number	Enter Record Control Number. See Appendix D.
6	Method of Funding Code	Leave blank.
7	Action Code	Leave blank.
8-20	National Stock Number	Enter the group, class, National Codification Bureau Code and NIIN numbers as they appear in the MASL
21	Generic Code	Enter, 1st position only, the generic code exactly as it appears in the MASL.
22	Commitment Code	Enter appropriate Commitment Code See Appendix D, Table D-2.
23-24	Reason Code	Enter appropriate Reason for Change Code See Appendix D, Table D-11.
25-29	Quantity	Dollar lines leave blank. Excess defense articles Actual Value Card leave quantity field blank. Major Item-Enter total quantity. Right justify (units position in Column 28, ten position in Column 28, etc.)
30	Program Originator Code	Enter Program Originator Code. See Appendix D.
31-32	Country/Activity Code	Enter Country/Activity Code. See Appendix D, Tables D-5 through D-7.

Card Column	Data Element	Instruction
33	Customer Code	Dollar Lines - leave blank. Major Items- Enter Customer Within Country Code required for entry in Column 33 of MILSTRIP requisitions. Refer to Appendix D for explanation and MILDEP directive containing the codes.
34	Special Supply Procedure	Enter appropriate code. See Appendix D.
35	Type of Assistance Code	Enter Type of Assistance code. See Appendix D, Table D-11.
36-43	Unit Price	Obtain from the MILDEP. Must reflect Repair & Rehabilitation codes (as applicable) for Excess Defense Articles. Enter actual value of excess defense articles in EDA Actual Value Card.
44	Cost Code	Enter Cost Code. See App. D, Table D-4.
45-46	Program Year	Enter last two digits of fiscal year in which the item is programmed or to be programmed.
47-50	MAP Element Code	Enter MAP Element Code. See Appendix D, Table D-1.
51	Lead Time	Major Items - Obtain Lead Time Code from the MILDEP. Dollar Value Line Items Leave blank.
52	Spare Parts	Enter "N" for Concurrent Spare Parts (CSP). Enter "A" for initial Aerospace Ground Equipment (AGE). Enter "E" for Concurrent Equipment attachments in FSC 3810 and 3830 (item identification number 383ZATCHMNT).
53	Condition Code Commercial Item Code	Enter Condition Code for Excess Defense Articles. Appendix D, Table D-3. Enter numeric "1" for Commercial Items.
54	Communications Ancillary Code	Enter Communications/Ancillary Code See Appendix D.
55	Implementing Agency Code	Leave blank. Implementing Agency Code to be assigned by DSAA.
56	Blank	Leave blank.
57	Status	Leave blank. Status Code to be entered by DSAA only.
58-59	Funding Priority	Enter funding priority code on all articles and services program lines in budget year program. See Appendix D.
60-61	Issue Priority	Enter Issue Priority. Issue Priority Codes are those prescribed in MILSTRIP regulations.
62-64	Required Delivery	Enter Required Delivery Date, as appropriate. See Issue Priority/Required Delivery Date Code in Appendix D.

Card Column	Data Element	Instruction
NOTE: Columns 60-64 may also be used to identify MILDEP MIMEX offer number or DPDS listing/flyer number for Excess Defense Articles. See Excess Offer Number Code in Appendix D.		
65	Source of Supply	Obtain applicable Source of Supply Code in Appendix D, Table D-9 from the MILDEP. Do not leave blank.
66-68	MILSTRIP Routing Identifier Code	Enter from MASL, except as follows: A change from the MASL entry may be necessary when a change in Source of Supply Code, as in the case of codes B, E, F, J, N, O, R, S, or T, is effected. Enter appropriate MRI Code in all cases as determined from the MASL or Appendix D. MASL Footnote Code K (See Footnote Code in Appendix D, Table D-6) requires a determination of the appropriate MILSTRIP RI code from Appendix D.
69	Change Originator Code	Enter appropriate Program Change Originator Code. See Appendix D. Note that this code ("Program Originator" code) may be different from the Program Originator Code in Column 30.
70	System Identifier Code	Enter System Identifier Code, if appropriate. See Appendix D.
71	Fiscal Code	Leave blank. Data will be entered by DSAA.
72	CRA	Enter appropriate CRA code. See Appen. D.
73-80	Total Cost	Enter Total Cost (including cost for Source Codes B, F, J, S, and T) to the nearest dollar. Must include repair and rehabilitation costs, as appropriate, for Source of Supply E or R items. Where the unit price is zero, as for selected Source of Supply Code E and R items, leave blank. Do not enter acquisition unit price or actual value in these columns for Code E and R items. Enter actual value total in Source of Supply E (EDA) value card. Right justify. Enter dollar position in Column 80.

b. **Confirmation, Materiel and Services.** Following program submission, confirmation of approval will be sent to program originators by AUTODIN.

c. Delivery/Expenditure Materiel and Services (Card 8).

(1) Delivery and forecast cards will be transmitted to DSAA by the MILDEPs by Card 8 as portrayed below on a monthly basis. Cards will be transmitted not later than 15 days after the last calendar day of the previous month. Delivery cards will be submitted only for those lines in which a change in deliveries or delivery forecast date (initial entry, improvement, or slippage) has occurred during the previous month. Card Columns 66-68 will reflect the fiscal year quarter applicable to the shipment month, not the reporting month. All reports of completed deliveries will be based on constructive deliveries by the logistics system, not the completion of related financial transactions. Major items should be reported delivered at the total program value if the actual delivery price is unknown. Adjustments to program values, if required, will be accomplished at the time of final billing. Deliveries against dollar lines will be reported at a value equal to the obligational authority issued against the applicable requisitions.

(2) Instructions for preparing Card 8 are as follows:

Card Column	Data	Footnote	Instruction	
1	Card Code	1	Always an 8.	
2-5	Record Control Number	1	Enter Record Control Number. See Appendix D.	
6-24	Quantity Delivered	2	Leave blank.	
25-29			Represents the total quantity delivered to date; not the incremental plus or minus change during the reporting period.	
30	Country Code	1	Leave blank.	
31-32			Enter Country/Activity Code. See Appendix D.	
33-35	Acquisition Value Delivered	2	Leave blank.	
36-43			Represents the total dollar value of excess materiel delivered at no MAP cost against dollar lines having Source of Supply Code K, L, E or R. For all major items, regardless of Source of Supply, and dollar lines with no excess deliveries this field will be blank.	
44	Program Year	1	Leave blank.	
45-46			Enter Program Yr. See Appendix D.	
47-65	Delivery Period	1	Leave Blank.	*
66-68			Enter current Delivery Program Year and Quarter.	*
69	Change Originator	1	Enter appropriate Program Change Originator. See Appendix D.	*

Card Column	Data	Footnote	Instruction	
70-72			Leave Blank.	*
73-80	Total Delivery Value	2	Total dollar value delivered (not the value during this reporting period)	*
Footnotes:	1.	Fields require an entry to be made.		*
	2.	Fields require that the total delivered to date be entered. If no entry is made, a previously reported value will be zeroed out.		*

d. Program Changes (Card P). Program changes will be submitted by Card P which contains the same data element fields as Card 3. Complete Card P as follows:

(1) Enter the following control data elements exactly as they would appear in the Card 3 received from DSAA. (NOTE: If any of these control data must be changed, a Card R and a new Card 3 must be submitted).

Card Column	Data Element
2-5	Record Control Number
31-32	Country/Activity Code
45-46	Program Year

(2) Enter the following data in the card columns indicated:

Card Column	Data Element	Instruction
1	Card Code-----	Enter "P".
23-24	Reason Code-----	Enter appropriate Reason for Change Code. See Appendix D, Table D-11.
69	Change Originator----- Code	Enter appropriate Change Originator Code See Appendix D.

e. Enter only the changed data elements (complete field in the remaining columns of Card P). Leave unchanged data elements blank.

(1) When any of the MASL data elements change i.e., National Stock Number (Columns 8-20), group (Columns 8-9), class (Columns 10-11), NCB Code (Columns 12-23), or generic code (1st position only, Column 21) the complete field (Columns 8-21) must be filled in. Enter changed and unchanged data in Columns 8-21. Leave Columns 8-21 blank if there is no change in MASL data elements.

(2) Changes in quantity (Columns 25-29) and/or total cost (Columns 73-80) will be the revised quantity and/or the revised total cost and not the amount of the change.

(3) Change in unit price (Columns 36-43) will be the revised price and not the amount of change. Enter an asterisk in the units position (Column 43) if the unit price is to be deleted.

(4) To blank out a data element, enter an asterisk in the units position. For example, enter an asterisk (*) in Column 59 to blank out a funding priority.

(5) Right justify in the quantity (Columns 25-29), unit price (Columns 36-43) and total cost (Columns 73-80) fields.

f. **Program Deletions (Card R).** Program deletions will be submitted by Card R entered as follows:

Card Column	Data Element	Instruction
1	Card Code	Enter "R".
2-5	Record Control Number	Enter the RCN exactly as it appears in the Card 3 or 4 received from DSAA.
6-22	Blank	Leave blank.
23-24	Reason Code	Enter appropriate Reason for Change Code See Appendix D, Table D-11.
25-30	Blank	Leave blank.
31-32	Country/Activity Code	Enter code exactly as it appears in the Card 3 or 4 received from DSAA.
33-44	Blank	Leave blank.
45-46	Program Year	Enter program year exactly as it appears in Card 3 or 4 received from DSAA.
47-68	Blank	Leave blank.
69	Change Originator Code	Enter appropriate Change Originator Code. See Appendix D.
70-80	Blank	Leave blank.

TABLE 1502-1
MILITARY DEPARTMENT MAP ORDER

DOD 5105.38-M

UNCLASSIFIED

Country Name: _____ (MATERIEL)

PROG DIR/MAP ORDER NO. 86A/CD/27

IMPLEMENTING AGENCY - ARMY

MA	RCN	FC	GRCL	ITEM-ID	GC	-----DESCRIPTION-----	UIM	RE	QTR	O	CC	UCA	PRICE	SPY	ELEM	TPLAA	T	FP	IPRODS	MRI	OYCR	-----COST	MO-AJ	YR	NO	
	12345	67	8901234567890	1	111111111112	2	2	222222	3	33	33333334444	444	4445	5555555	55	6666666	666	677777777778								
							2	3456789	0	12	34567890123	456	7890	1234567	89	012345	678	901234567890								
AA06	4W	131000000B470	G1K	CTG	40%	HE M384 LNK	EAO	P3	5000	B	**	C	10	186	JAAO	B	F	42	L	B33	A	10	50000-86	21		
AA06	4W	131000000B470	G1K	CTG	40%	HE M384 LNK	EAO	P315000	B	**	C	10	186	JAAO	B	F	42	L	B33	A	10	150000				
COUNTRY TOTAL						.001	.002	.003	.004	100000	MAP DOLLAR COST				100000											
						B	J	S	T		ASSETS APPLIED															
											FOREIGN CURRENCY															
											SERVICE FUNDING															
											GRAND TOTAL				100000											

TABLE 1502-1. Military Department MAP Order.

1502-8

Change No. 8, 1 April 1998

UNCLASSIFIED

Country Name: _____ (TRAINING)

IMPLEMENTING AGENCY - NAVY

IMET ORDER NO. 85N/SU/59

M A	RCN F C	ITEM ID GC	COURSE TITLE	UI	S	P	T	UNIT	PRICE	PY	S D	CRFR	IO-AJ
					RE C	QTY O CC	DUR A				---TLA T W	---WCN EXA OQCP	---COST YR NO
		1111112 2			2 22 2	2222 3 33	33	3333334444	4 44	4445	555555 5	55666666 666	67777777778 --
2345	6 7	4567890 1			2 34 5	6789 0 12	34	567890123	4 56	7890	123456 7	89012345 678	901234567890
E800	1 W	P171001	N1G NAVAL COMMAND COLLEGE	EA	D4 O	1 P **	51 1	9772	85		12298 F	0006 PCN N45A	22070-86 50
E800	1 W	P171001	N1G NAVAL COMMAND COLLEGE	EA	D4 O	1 P **	51 1	9772	85		13243 F	0006 PCN N45A	23015
EA83	1 W	P141306	N1D AD-A1-SCH	EA	D4 E	1 P **	13 1	733	85		975 F	0096B PCT N45C	1708-86 50
EA83	1 W	P141306	N1D AD-A1-SCH	EA	D4 E	1 P **	09 1	733	85		975 F	0096B PCT N55C	1708
EA86	1 W	P141273	N1D KC-130 SYS TRNG	EA	D4 E	1 P **	10 1	925	85		517 F	0096D PCT N45C	1442-86 50
EA86	1 W	P141273	N1D KC-130 SYS TRNG	EA	D4 E	1 P **	10 1	925	85		545 F	0096D PCT N45C	1470
EA85	1 W	P141416	N1D HAMILTON STD 54H60 PROP IM	EA	D4 E	1 P **	01 1	155	85		75 F	0096E PCT N45C	230-86 50
EA85	1 W	P141416	N1D HAMILTON STD 54H60 PROP IM	EA	D4 E	1 P **	01 1	155	85		89 F	0096E PCT N45C	244
EA88	1 W	P141306	N1D AD-A1-SCH	EA	D4 E	1 P **	13 1	733	85		975 F	0097B PCT N45B	1708-86 50
EA88	1 W	P141306	N1D AD-A1-SCH	EA	D4 E	1 P **	06 1	733	85		975 F	0097B PCT N55B	1708

COUNTRY TOTAL	.001	987	.002	.003	.004	MAP DOLLAR COST	987
	B		J	S	T	ASSETS APPLIED	
						FOREIGN CURRENCY	
						SERVICE FUNDING	
						GRAND TOTAL	987

TABLE 1502-2. Military Department IMET Order.

1502-9

TABLE 1502-2
MILITARY DEPARTMENT IMET ORDER

DOD 5105.38-M

UNCLASSIFIED
 DSAA - GRANT AID
 DETAIL LISTING

MAP FUNDED MATERIEL PROG

(PROGRAM SORT UC,CC,GC,FSN)

COMMAND NAME

COUNTRY NAME

MA	RCN	FC	GRCL	ITEM	ID	GC	-----DESCRIPTION-----	UIM	RE	QTY	P	CPT	UNIT	C	MAP	LSCCI	S	S	CSFC	NO								
111111111112	2	22	22222	3	33	333	33334444	444	4445	5555555	55	666666	666	6777	7777778	--												
12345	67	8901234567890	I					2	34	56789	0	12	345	67890123	456	7890	1234567	89	012345	678	9012	34567890						
NE74	2A	151000000005F	A1F	AIRCRAFT	FIGHTER	F-5F		CA9	P1	1	D	**	B	I	5261000	I80	2AF0		D	F	12	K	FA0	00	5261000	61		
MINOR.	(AID		(STATE		(OSD		(A.F.			5261000	(NAVY			(ARMY					(TOTAL					5261000)			
NL92	2A	1410010072507	B1J	TOW	GM	SURFATTACK	BGM71A-1	EA9	P3	1000	B	**	F	2	5086	I80	3A00		B	F	16	K	B33	00	5086000	05		
NN93	2A	142000T0VC0MP	B1J	TOW	COMP			XX0			B	**	F	1		080	3A00		B	F	22	K	B77	00	22636	11		
MINOR.	(AID		(STATE		(OSD		(A.F.						(NAVY						(ARMY			5108636	(TOTAL		5108636)		
NM35	2A	2350010414590	O2F	HOW	SP	FT	BIN	M110A2		EA0	P3	16	B	**	A	1	613840	I80	3A00		B	F	22	K	B33	00	9821440	11
MINOR.	(AID		(STATE		(OSD		(A.F.						(NAVY						(ARMY			9821440	(TOTAL		9821440)		
NM38	2A	9J6200SUPTEQP	J6Z	OTHER	SUPPORT	EQUIPMENT		XX0			D	**	B	1		080	3LPO		D	F	06	K	FA0	00	95395	58		
MINOR.	(AID		(STATE		(OSD		(A.F.			95395	(NAVY			(ARMY						(TOTAL					95395)		
NM44	2A	9K62000THRPO	K6Z	OTH	PETROL	OIL	AND	LUBRCTS	XX0		D	**	B	1		080	3LPO		D	F	10	K	FA0	00	36652	60		
MINOR.	(AID		(STATE		(OSD		(A.F.			36652	(NAVY			(ARMY						(TOTAL					36652)		
NM31	2A	0236000000000	C1P	M1E	CIP	J85-21	ENGINES	XX0			D	**	B	1		080	2AF0		D	F	16	K	FA0	00	750000	05		
MINOR.	(AID		(STATE		(OSD		(A.F.			750000	(NAVY			(ARMY						(TOTAL					750000)		
INTER.										6143047												14930076			21073123			

** Country Code will appear on the actual report.

TABLE 1502-3
 GRANT AID DETAIL LISTING - MATERIEL

TABLE 1502-3. Grant Aid Detail Listing - Materiel.

1502-10

DOD 5105.38-M

TABLE 1502-4
TRAINING SUMMARY BY IMPLEMENTING AGENCY AND GENERIC CODE

UNCLASSIFIED
DSAA - MAP/IMETP

APPROVED IMET

A CC _____ TRAINING SUMMARY BY IMPLEMENTING AGENCY AND GENERIC CODE PY 82
COUNTRY NAME _____ AREA NAME _____

GEN)(---DESCRIPTION---)	SPACES/MEMBERS/ TECHNICIANS				STUDENTS/TEAMS				COST				
	ARMY	NAVY	AF	TOTAL	ARMY	NAVY	AF	TOTAL	ARMY	NAVY	AF	OTHER	TOTAL
STUDENT TRAINING													
M1B OPERATIONS TNG	29	5	5	39	25	4	3	32	74801	9289	12060		96150
M1C COMM/ELECT TNG	10	18	17	45	10	7	17	34	26342	26760	80660		133762
M1D MAINTENANCE TNG	44	6	14	64	31	4	9	44	77357	7973	28028		113358
M1E LOGISTICS TNG	31	15	4	50	18	6	2	26	57542	21109	10260		88911
M1F ADMIN TNG	14	26	13	53	14	22	6	42	31054	71599	23830		126483
M1G PROF/SPEC TNG	99	17	21	137	65	13	15	93	343553	126712	103260		573523
SUB-TOTAL US	227	87	74	388	163	56	52	271	610649	263442	258098		1132189
M1T ADMIN TNG	1			1	1			1	790				790
SUB-TOTAL OS	1			1	1			1	790				790
TOTAL STUDENT TRAINING	228	87	74	389	164	56	52	272	611439	263442	258098		1132979
OTHER TNG SUPPORT													
N7E SERVICES									2485	3150	1400		7035
N7F OTHER										6357			6357
N7G SHIPMNT INST MATL									12662		9490		22152
TOTAL OTHER TNG SUPPORT									15147	9507	10890		35544
TOTAL COUNTRY									626586	272949	268988		1168523

TABLE 1502-4. Training Summary by Implementing Agency and Generic Code.

1502-11

TABLE 1502-5
STUDENT COUNT BY TYPE AND PROGRAM YEAR

UNCLASSIFIED

OSAA - MAP/IMETP

STUDENT COUNT BY TYPE AND PROGRAM YEAR

FUNDED IMETP UC CC COUNTRY NAME	COMMAND NAME																		
	CONUS										OVERSEAS								
	-----										-----								
STUDENT GROUP BY PO	CUM										CUM								
	PY50-72	PY73	PY74	PY75	PY76	PY77	PY78	PY79	PY80		PY50-72	PY73	PY74	PY75	PY76	PY77	PY78	PY79	PY80
SENIOR OFFICER	15	1	4	7	5			2	2		315	17	2	2	2	3	1	5	
OFFICER	609	65	41	37	81	29	35	33	26		165	5							
ENLISTED	346	11	4	4	16	13	16	8	9		1681								
CIVILIAN			1								2161	15	2	2	2	3	1	5	
STUDENT TOTAL-ARMY	970	77	50	48	102	42	51	43	37										
SENIOR OFFICER	5			2	2						287	17	4	2					2
OFFICER	207	18	17	17	24	12	20	13	8		1215	71	36	13				18	21
ENLISTED	264	22	3	4	9	11	8	5	5		3739			1					
CIVILIAN			1	1	1	1	1				5241	88	40	16				18	23
STUDENT TOTAL-AIR FORCE	476	40	20	24	36	24	29	18	13										
SENIOR OFFICER	5	1	1	1	1						11	4	12	24	21				
OFFICER	18	3	3	2	4		2	3	2		212	1		124	47				
ENLISTED	23	1	3					3	2		223	5	12	148	68				
STUDENT TOTAL-MARINE CORPS	46	5	7	3	5		2	6	4										
SENIOR OFFICER	40	8	5	6	4	5	3	5	1		3								
OFFICER	253	29	12	13	24	18	11	7	14		182	36	3	18	78	5	4		
ENLISTED	613	24	18	14	14	11	17	4	6		266	26	20	35	59	18	16		
CIVILIAN	4										4271								
STUDENT TOTAL-NAVY	913	52	35	33	42	34	31	16	21		4722	62	23	53	137	23	20		
SENIOR OFFICER	65	13	10	16	12	5	3	7	3		3								
OFFICER	1087	106	73	69	133	59	68	56	53		795	67	21	46	101	8	5	5	2
ENLISTED	1246	58	28	22	39	35	41	20	22		1858	103	56	172	106	18	15	18	21
CIVILIAN	4		1	1	1	1	1				9691			1					
STUDENT TOTAL-ALL PO	2402	174	112	108	185	100	113	83	75		12347	179	77	219	207	26	21	23	23

TABLE 1502-5. Student Count by Type and Program Year.

TABLE 1502-6

SORT AND SELECT OPTIONS
(DSAA 1000 SYSTEM)

A. SORT OPTIONS. The following sort options are available when ordering detail listings:

Unified Command, Country, Generic
 Unified Command, Country, Record Control Number
 Unified Command, Country, Program Originator, Generic Code
 Area, Country, Generic Code
 Generic Code, National Stock Number/Item Identification
 Implementing Agency, Generic Code, NSN/Item Identification
 MILSTRIP Routing Identifier, Generic Code, NSN

B. SELECT OPTIONS. The following select options are available when ordering item detail listings. Selects must be indicated for those options marked with an asterisk. When an option is not indicated in a field, the DSAA will include all records relevant to that data field. For example, if generic is not specified, records pertaining to all generic codes will be included in the report.

Area Code	Program Originator Code
Commitment Code	*Program Year
Continuing Resolution Authority Code	Selected Item Description Number
*Country Code	Selected Item Sequence Number Code
*Generic Code (1-3 positions)	Source of Supply Code
Implementing Agency Code	Spare Parts Code
MAP Element Code	Status Code
Method of Funding Code	Type of Assistance Code
MILSTRIP Routing Identifier Code	Unified Command Code

TABLE 1502-6. Sort and Select Options (DSAA 1000 System).

TABLE 1502-7

ABBREVIATED TITLES USED IN THE DSAA 1000 SYSTEM OUTPUT PRODUCTS

A. ABBREVIATED TITLES. The following abbreviated titles are used in output products prepared from the DSAA 1000 system data base:

<u>Abbreviation</u>	<u>Meaning</u>
A	Area Code
A	Action Code
C	
ACT	Activity
ACQ	Acquisition
ADMIN	Administration
ART	Articles
AUTH	Authority
C	Communications/Ancillary Code
A	
CC	Country/Activity Code
C	Card Code
C	
E	Ceiling Code
CG	Congressional Group
CAT	Congressional Category
C	Condition/Commercial Consumables Code
L	
CL	Federal Supply Class
C or CL	Classification Code
L	
C	Commitment Code
M	

TABLE 1502-7. Abbreviated Titles Used in the DSAA 1000 System Output Products.

<u>Abbreviation</u>	<u>Meaning</u>
C N	Communications/Ancillary Code
C or CO O	Change Originator Code
COST	IMET Total Cost in dollars
COURSE TITLE	Title of Training Course
CR or CRA	Continuing Resolution Authority Code
C S	Cost Code
CTL CODE	Control Code
C U	Customer within Country Code
CUM	Cumulative
CY	Current Year
DEF	Defense
DESCRIPTION	Description of the materiel item
DISTR	Distribution
DUR	Duration of training course
D W	DSAA Waiver
EXA	Execution Agency Code
F or FC C	Fiscal Code
FOR CURR	Foreign Currency
FP	Funding Priority Code
FT or FTNT NT	Footnote Code

 TABLE 1502-7. (Continued)

<u>Abbreviation</u>	<u>Meaning</u>
GEN or GC CODE	Generic Code
GP	Federal Supply Group
I or IA A	Implementing Agency Code
IMET	International Military Education and Training
INTER	Intermediate
INV	Investment
IO-AJ YR NO	IMET Order Year and Adjustment Number
IP	Issue Priority
ITEM ID	Item Identification Number
L T	Lead Time
MAP or ME ELEM	MAP Element Code
MDE	Major Defense Equipment Indicator Code
M F	Method of Funding Code
MO AJ	MAP Order Adjustment Number
MO-AJ YR NO	MAP Order Year and Adjustment Number
MRI	MILSTRIP Routing Identifier Code
MT-SV	Materiel and Services
MUP	Materiel
NCB	National Codification Bureau Code
NSN	National Stock Number

 TABLE 1502-7. (Continued)

<u>Abbreviation</u>	<u>Meaning</u>
OPR	Operating Cost
OSP	Offshore Procurement
PC	Special Supply Procedure Code
P or PO O	Program Originator Code
PROG DIR	Program Directive
P or PY Y	Program Year
QTR	Quarter
QTY	Quantity
RCN	Record Control Number
RCS	Reports Control Symbol
RDD	Required Delivery Date
R or RE E	Reason for Change Code
R or RP P	Requirements Priority Code
R or RQ Q	Availability Reporting Quarter
RSC	Reports Sequence Control
RSVN	Reservation
S or SC C	Student Code
SERVICE-ID NUMBER	Military Service Course Identification Number
SIC	Selected Item Code
Q SISC	Selected Item Sequence Code and Quantity Control Code
SIDN	Selected Item Description Number

TABLE 1502-7. (Continued)

<u>Abbreviation</u>	<u>Meaning</u>
S P	Spare Parts Code
S T	Status Code
SUP or SUP OPS OPS	Supply Operations
SVC	Service
T A	Type of Assistance Code
TLA	Travel and Living Allowance
TNG	Training
UC	Unified Command
UI	Unit of Issue
UNDEL	Undelivered
UNIT PRICE	Training Course Cost
WEST HEM	Western Hemisphere
WCN	Worksheet Control Number

 TABLE 1502-7. (Continued)

SECTION 1503 - MILITARY ARTICLES AND SERVICES LIST OVERVIEW, GUIDANCE, DATA SUBMISSION INSTRUCTIONS AND SYSTEM OUTPUT PRODUCTS

150301 PURPOSE. This section provides guidance and instructions on the development, maintenance and utilization of the MASL which is used in MAP, IMET, FMS, and FMCS programs.

150302 GENERAL.

A. **Purpose of the MASL.** The MASL, which is maintained by the DSAA as part of the Agency's automated data base, is oriented toward the needs of the program originators. It contains information submitted to the DSAA by the supplying agencies on identification and availability of defense articles and defense services. In addition to being a key tool in the development of plans and programs in the areas listed above, the MASL provides a uniform level of line item detail in the automated SA programs of all agencies.

B. **Types of MASL Data Maintained.** The MASL master file is subdivided by type of data, as indicated below:

1. **Materiel MASL.** This portion of the MASL contains information on identification and availability of defense articles and defense services and is used by the UCOMs, SAOs, and MILDEPs in the development of plans and programs for the MAP, FMS, and FMCS. The materiel MASL is segregated in the data base as follows:

a. **Active (Current) Materiel MASL.** The records in the active materiel MASL can be identified by the assignment of MASL control code "K" and are comprised of items of defense articles and defense services which may be included in prior, current, or future MAP, FMS, or FMCS Programs, subject to special conditions explained by the footnote codes. (See Appendix D.)

b. **Inactive Materiel MASL.** The inactive MASL contains records which were once used in the FMS or FMCS Programs, but are no longer available for programming. These records are assigned a footnote code of "YY", (See Paragraph 150303.A.5.c.)

2. **Training MASL.** The training portion of the MASL master file contains identification, availability, cost, and duration information on all formal and informal training courses (including correspondence courses; technical, education or information publications; training aids; orientation; and training exercises) conducted by or under the jurisdiction of the USG. It can be used by the UCOMs, SAOs and MILDEPs in the development of plans and programs for IMET and FMS training. The training portion of the MASL master file is segregated into the following types of data:

a. **Current Year Training MASL.** This MASL contains line item data for training which is currently available for programming and is used during each update of the master program file to provide supplemental information for all additions to the file.

b. **Budget Year Training MASL.** The budget year training MASL contains line item data for training that is planned to be available for programming in the budget and later years. This MASL is used to add supplemental information and to verify the course cost and course duration of each record being added to the file, when processing budget year program data to the master program file.

c. **Prior Year Training MASL.** The prior year training MASL contains line item data for training programmed prior to the current year training program. This IMET MASL is retained for historical purposes only, as the IMET program data for each FY is rolled up (summarized) to seven dollar lines (N10 thru N90) per country/per implementing agency approximately six months after it becomes a prior year. The FMS training MASLs for prior years are retained for use in the updating of any prior year data in the FMS training program file.

3. **Further Definition of Training MASL Data.** Separate data are maintained for each of the above listed MASLs as follows:

- a. **IMET** - used for all countries eligible to receive training under IMET.
- b. **EMS-NATO** - used for all FMS customers having concluded a Standardization Agreement with the U.S. Government.
- c. **EMS/IMET** - used for all FMS customers who are concurrent IMET recipients enabling them to request FMS training at incremental prices.
- d. **EMS** - used for all FMS customers not eligible for FMS-NATO and FMS/IMET prices.

4. **Summary MASL.** The summary MASL is comprised of generically described items. This MASL is used to assign supplemental information to each FMS detail and MAP master program record which is used in the preparation of Congressional reports and other summarized data. Records in this file are established and maintained by DSAA and are assigned a footnote code of "PP" and a MASL control code of "L".

150303 MASL CONTENT. The MASL is arranged in budget activity sequence. (See generic code information in Appendix D.) Budget activity codes A thru K have been assigned to defense articles, codes L, M, P, Q, R, T and U have been assigned to defense services, and code N has been assigned to training. The following paragraphs provide definitization policy, information on the structure of individual MASL lines and instructions on submission of data to the DSAA for inclusion in the master MASL file.

A. **Materiel (Defense Articles and Defense Services).**

1. **Federal Supply Classification.** All records in the materiel MASL are oriented toward the FSC. The FSC is a commodity classification developed and adopted by DOD for use in classifying items of supply, identified under the Federal Cataloging Program. The FSC uses a four digit coding structure, with the first two digits identifying the federal supply group (FSG) and the last two digits identifying the federal supply class within each group. The orientation of this system permits the program originator, with few exceptions, to identify an item in the federal supply catalog and then relate the item to the MASL structure. Where the FSC is known, the selection of an appropriate MASL line can be made with ease by using the definitization guide in Appendix D, Table D-9. In questionable cases, Cataloging Handbooks (H2-1, H2-2, and H-3 published by the Commander, DLSC Attn: DLSC-APP, Federal Center, Battle Creek, Michigan 49016) provide valuable supplementary information. The combination of generic code and FSC provide identification for each item that is contained in the MASL master file.

2. **Major Items Versus Dollar Value Lines.** The materiel MASL contains two types of lines for use in programming requirements; namely, major items and dollar value lines. Major items are specific individual items identified in the MASL with a unit of issue other than "XX" (dollar lines); e.g., aircraft. Dollar value lines are homogeneous groupings of related items, such as automotive supplies, which generally represent a high density of specific individual items

or spare parts with relatively low unit prices. The following guidance is provided for use in making the determination of major item versus dollar value line selection:

a. **Major Items.**

(1) Control over programming of specific items is desired by DSAA; e.g., aircraft, missiles, ships, combat vehicles, tactical, and support vehicles.

(2) The MILDEP responsible for supply must have advance information on requirements for supply planning purposes.

b. **Dollar Value Lines.**

(1) All items for defense articles which do not meet the major item selection criteria will be included in the MASL as dollar value lines.

(2) Unless otherwise indicated in the definitization guide, all defense service lines will be included as dollar value lines. Defense services will include all services, repairs, and assistance used for the purpose of furnishing non-military type assistance.

3. **Definitization Guide.** The definitization guide, as shown in Table D-9 of Appendix D, provides guidance for making the determination as to whether a requirement should be placed in the MASL and programmed as a major item or included in a dollar value line, as follows:

a. An "X" in the column headed "Major Item" indicates that all requirements under that Generic Code must be included in the MASL and programmed as defined lines.

b. An "X" in the column headed "Dollar Line" indicates that all applicable requirements must be programmed under the appropriate dollar value lines which have been previously established in the MASL.

c. An "X" in the column headed "Major Item" and also in the column headed "Dollar Line" indicates that specific major items must be programmed as major items with secondary items and components programmed as dollar value lines.

4. **Structure of Materiel MASL Records.** Each item listed is assigned a generic code and along with the NSN provides an identification for each record.

a. **Generic Code Structure.** The generic codes assigned to the defense articles and defense services are contained in Appendix D, Table D-9. Following is an example of a generic code assignment:

A1A	-----	<u>Attack Aircraft</u>
A	-----	First position of generic (Budget Activity) = Aircraft
A1	-----	First and second position of generic (Budget project) = a Combat Aircraft
A1A	-----	First, second, and third position defined as generic code = type of Combat Aircraft, which in this case is Attack Aircraft

b. **National Stock Number.** The NSN for an item consists of the applicable four digit FSC, two digit NCB Code, and a seven digit NIIN.

(1) **Major Items Assigned Specific NSNs.** All major items of materiel (except ammunition) listed in the MASL are identified by a specific NSN where one has been assigned by the DLSC. Following is a sample of a DLSC-assigned NSN for a Truck Utility 1/4 Ton, M825.

<u>NSN</u>	<u>2320 00 1779257</u>
23 -----	FSG 23 (Ground Effect Vehicles, Motor Vehicles, Trailers + Cycles)
20 -----	Class 20 (Trucks and Truck Tractors, Wheeled)
00 -----	NCB Code
1779257 -----	NIIN assigned by DLSC for Truck, Utility, 1/4 Ton, M825

(2) **Major Items Not assigned Specific NSN (Other than Ammo).** Where an NSN has not been assigned by DLSC, as in the case of ships and aircraft, major items are assigned the proper FSC and a pseudo NIIN by the responsible MILDEP. The following is an example of a pseudo NSN identifying a UH-34D Helicopter:

<u>NSN</u>	<u>1520 00 00UH34D</u>
15 -----	FSG 15 (Aircraft and Airframe Structural Components)
20 -----	Class 20 (Aircraft, Rotary Wing)
00 -----	NCB Code
00UH34D -----	Pseudo-NIIN

(3) **Materiel Dollar Line NSN Structure.** Each item that does not meet the major item criteria will be included in a dollar value line and can usually be identified by FSG and FSC and can be correlated to the pre-established dollar lines in the materiel MASL. NSN 2310 00 2325750 Tractor, Full Track, LS, Heavy would be programmed under the following dollar line:

<u>NSN</u>	<u>2310 00 TRACTFT (Tractors, Full Track in FSC 2310</u>
23 -----	FSG 23 (Tractors)
10 -----	Class 10 (Tractors, Full Track, Low Speed)
00 -----	NCB code
TRACTFT -----	Pseudo-NIIN established by DSAA for Tractors, Full Track in FSC 2310

(4) **Defense Services Dollar Line NSN Structure.** The defense services lines may utilize FSG codes of 01, 02 and 06 through 09. These FSGs along with non-significant class and distinctive pseudo NIINs are assigned for various types of defense services to provide positive identification. Following is an example of a services dollar line:

<u>NSN</u>	<u>0228 00 00RRMSL (R+R Missiles)</u>
02 -----	FSG 02 - from reserved numbers
28 -----	Class 28 non-significant number assigned by DSAA.
00 -----	NCB code
OORMSL -----	Pseudo-NIIN assigned by DSAA for Repair and Rehabilitation of Missiles

5. Footnote Code Assignment.

a. **General.** MILDEPs are responsible for the assignment of footnote codes, where applicable, to all lines under their cognizance. (See Appendix D for a list of applicable codes and their meaning.)

b. **Footnote Code "NN".** This code, as defined in Appendix D, is assigned to items which are not available from supply, under normal circumstances, to meet requirements. If a replacement item is known, the new MASL data should be submitted to DSAA by the appropriate MILDEP. Dollar lines will not be assigned this footnote code.

c. **Footnote Code "YY".** When a MILDEP desires to remove an item from the MASL which is no longer available, and that item has been previously used in an FMS or FMCS case, DSAA will place the item in the inactive portion of the MASL and will add a "YY" footnote code to the record, indicating that it is now inactive.

6. **Maintenance of Materiel MASL Data.** The appropriate MILDEP should submit additions, changes, and deletions to DSAA as they develop, using the following instructions:

a. **Materiel Major Item Submission.** All additions of new items, or changes and deletions to existing lines, should be submitted by the appropriate MILDEP having single-service wholesale inventory management responsibility. Guidelines for submitting MASL materiel cards are contained in Paragraph H of this section. When a change is being submitted to transfer the wholesale inventory management responsibility to another MILDEP, such changes will be initiated by the MILDEP acquiring the responsibility and will be coordinated with the MILDEP relinquishing responsibility prior to submission to DSAA.

b. **Materiel Dollar Line Submission.** All additions of new items, or changes and deletions to existing dollar value lines will be initiated by DSAA unless otherwise directed. Recommendations concerning dollar line additions and changes may be made by the MILDEPs when deemed appropriate.

c. **Responsibility for Data Submission for DLA Items.** Responsibility for submission of MASL data (adds/changes/deletions) for items supplied by the Defense Logistics Agency will be the responsibility of the Department of the Army.

7. **Review of Materiel MASL Data.** DSAA will review all materiel MASL input received from the MILDEPs to insure compliance with the definitization standards.

8. Materiel MASL Input and Output Processing.

a. **Updates.** All materiel MASL input received by the DSAA will normally be processed along with program data into the next weekly update.

b. **Output.** Feedback from each update is provided to the MILDEPs via AUTODIN. This feedback includes all transactions (additions, changes, or deletions) which passed the update edits and were successfully posted to the master MASL file. Errors (input not passing edits) are provided to the applicable MILDEP as printed output and/or by AUTODIN.

B. Training.

1. **Definitization Policy.** All individual formal or informal training courses conducted in the U.S. or overseas, which are available for programming in the IMET or FMS

training programs, will be defined. The training portion of the MASL is arranged in MASL control code, generic code, and item identification sequence.

2. **MASL Control Code.** Each separate portion of the training MASL can be identified by a distinctive single digit alpha MASL control code which is assigned by DSAA at the time a new budget year MASL is created. This code remains with the data to which it is assigned throughout the budget year, current year, and prior year cycle.

3. **Structure of Generic Code.** All records in the training portion of the MASL are assigned generic codes from the list contained in Appendix D, Table D-9. The following is an example of a generic code assignment:

<u>N1A</u>		<u>Flying Training, CONUS</u>
N	-----	First position generic (budget activity code) = Training
N1	-----	First and second position generic (budget project) = Student Training
N1A	-----	First, second, and third position generic is the code for Flying Training, CONUS

4. **Structure of Item Identification Numbers on MASL Training Lines.** The lines in the training MASL contain an item identification number which identifies each line item of training that can be used for programming or planning purposes. Specific training item identification is obtained by the assignment of a seven digit identification number as follows:

a. **MILDEP Responsible for Specific Training Line.** The first digit identifies the MILDEP responsible for the training and uses the program originator code (B, D, P).

b. **Categories of Training.** The second, third, and fourth positions of the seven digit number are prescribed by DSAA and are listed in Appendix D, Table D-9.

c. **Identification Number (Item ID) of Specific Course.** The last three positions of the seven digit number are assigned by the MILDEP to identify a specific course of instruction. Following is an example of a completed training line which is ready for entry into the training MASL master file:

<u>Item ID</u>		<u>B152224 (Medical Supply Specialist)</u>
B	-----	First position of number - responsible service (Army)
152	-----	Second, third, and fourth position of number - category assigned by DSAA (Supply/Warehousing)
224	-----	Fifth, sixth, and seventh positions of number - course identity assigned by the MILDEP Medical Supply Specialist

5. **Maintenance of Training MASL.** All additions of new lines, or changes and deletions to existing lines (major items and dollar lines) will be submitted to DSAA by the MILDEP offering the training course, and should conform to the instructions on MASL data submission contained in paragraph 150308.

a. **Current Year Training MASL.** The current year MASL should be continuously updated throughout the applicable FY to add new courses which become available for programming during that FY and to incorporate significant changes such as course costs or duration of training.

b. **Budget Year Training MASL.** During the second quarter of each new FY the budget year MASL data are developed by the MILDEPs and submitted to DSAA based on

guidance furnished by DSAA. Once the budget year MASL is established, this data will be continuously updated. On 1 October of each year the budget year MASL becomes the new current year MASL.

6. **Review of Training MASL Data.** It is the sole responsibility of the appropriate MILDEP to review MASL training lines for accuracy and item content.

7. **Training MASL Input and Output Processing.**

a. **Updates.** The training MASL is updated weekly along with the master program file.

b. **Output.** Feedback from each update is provided to the applicable MILDEP as requested either as printed output or via AUTODIN. Errors (input not passing the update edits) are furnished to the appropriate MILDEP as printed output.

150304 MASL RELATIONSHIPS TO DSAA PROGRAM DATA

A. **MAP and IMET Programs.** All program data (Card Formats 3 and 4) which constitute the addition of items to the program-master file, regardless of the program year, and those program change cards (Card Format P and Q) which contain data punches in card columns 8 through 21 are matched against the appropriate MASL during the master file update process. This MASL match accomplishes the following:

1. **Verification of Data.** The match determines that the program requirement being added is a valid line in the MASL.

2. **Description/Unit of Issue Information.** Provides a description and U/I for items being added to the program file, and verifies the MRI and Execution Agency (EXA) codes and assigns IA codes consistent with the MRI and EXA codes.

3. **Data Error Feedback.** Provides the program originator a list of all input (3/4/P/Q cards) which fail to match the MASL.

4. **Implementing Service.** Assures the issuance of MAP and IMET Orders to the correct IA or EXA.

5. **Course Cost and Duration.** The match posts the most up-to-date IMET course and duration information to each unfunded record of the program master file.

B. **FMS, FMCS, and FMS Training.**

1. **FMS and FMCS 1200 System.** The materiel MASL is used by DSAA in the 1200 system updating process as follows:

a. **Verification of Data.** The defined generic code and NSN entered on the DD Form 1513, LOA, must be reflected in the MASL before the LOA is countersigned. Once offers are tendered, the MASL is used to screen incoming detail records from SAAC to ensure that the correct NSN and generic code have been used in each record. All item detail transactions which do not match the MASL are rejected in the 1200 system updating process and SAAC is notified of each rejection.

b. **Description/Unit of Issue Information.** The MASL match provides a description of each item entered into the 1200 system and also provides information on the U/I in each record.

2. **FMS Training 1000 System.** All input data cards which constitute an addition of training (Card format 4) to the FMS training program are matched against the appropriate FY MASL for that category of training and the following is accomplished:

a. **Verification of Data.** The MASL match determines that the program requirement is a valid line in the MASL.

b. **Description/Unit of Issue Information.** The MASL match provides a description and U/I of each course being added to the program master file for FMS training.

c. **Course Cost and Duration.** The match ensures that the most up-to-date course cost and duration information is used in each record being added.

C. **Summary MASL.** The Summary MASL is used along with the regular MASL data to assign supplemental information to each record in the master program file to facilitate subsequent preparation of reports.

150305 MASL DISTRIBUTION.

A. **Schedule.** The Training MASLs are printed and distributed to all MILDEPs, UCOMs, SAOs, and numerous other activities, including schools and component commands, on a semi-annual basis. Materiel MASLs are no longer provided by DSAA and each MILDEP is required to maintain a Materiel MASL database with transaction data provided by DSAA and is responsible for distributing copies to their user activities.

B. **Requests for MASL Information.** Materiel or training MASL data may be obtained by submitting a request to the Office of the Comptroller, DSAA, Washington, D.C. 20301-2800. Requests should specify the particular MASL(s) desired and the format; i.e., punched card, magnetic tape, microfiche, or in printed form. (Sample MASL reports are shown in Tables 1503-1 through 1503-5 and abbreviated titles in Table 1503-1 of this section.) *
*

150306 INQUIRIES ON MASL CONTENT.

A. MATERIEL INQUIRIES.

1. **Clarification of Data.** All requests pertaining to the source of supply and availability of items should be directed to the MILDEP indicated by the MRI Code of the item as having inventory management responsibility.

2. **New Major Items.** Requests for addition of major items to the MASL should be forwarded to the MILDEP to which single-service wholesale inventory management responsibility has been assigned. When the assignment is not known, requests should be directed to the MILDEP indicated in the MASL as having responsibility for a similar type item.

3. **Other Requests.** All requests pertaining to the materiel MASL, except those listed above, should be directed to the DSAA, Data Management Division, Office of the Comptroller, Washington, D. C. 20301-2800.

B. **Training Inquiries on MASL Content.** All inquiries regarding training MASL data content should be directed to the appropriate IA indicated by the first position of the EXA Code.

150307 MASL DATA SUBMISSION.

A. **Additions to the MASL Master File.** MILDEPs will submit transactions (additions and changes) to, and deletions from, the MASL on one of the appropriate card formats illustrated in Table 1503-6.

B. **Method of Submission.** MASL data in Card 1 (materiel) and Card 2 (training) format may be transmitted to DSAA using AUTODIN-call DSAA for Routing Identifier. (Preferred Method)

150308 DATA SUBMISSION INSTRUCTIONS AND FORMATS.

A. **Additions to the MASL Master File.** For new items recommended for addition to the MASL, complete all appropriate card columns in accordance with the following instructions:

1. Card 1 - Materiel (Defense Articles and Defense Services (all Generic Codes except for Generic Code N)).

Card Column	Data	Instruction
1	Card Code	The card code is used to signify the type of card being processed. A "1" in this column signifies that the card is a MASL card for materiel and services other than training. Code "G" through O in this column identify "trailer cards" used to amplify the description of a dollar line. (Trailer cards contain only Control Code, NSN, Generic Code, and a continuation of the description.)
2-3	Footnote Code	The footnote code is used in the MASL to provide significant information on availability of military articles and services. See Appendix D, Table D-8 for explanation and list of footnote codes.
4-6	MILSTRIP Routing	MILSTRIP routing identifier code is the abbreviation Identifier Code for military standard requisitioning and issue procedures routing identifier, commonly referred to as the "MRI". The MRI identifies the headquarters within the MILDEPs which has provided the MASL data. A complete listing of MRIs (except FAO which is used for U.S. Air Force MASL lines and identifies Headquarters, USAF) is contained in the MILDEP implementation of DOD MILSTRIP Procedures as follows:

Army -- Army Regulation AR 725-50
 Navy -- NAVSANDA Publication 437
 Air Force -- AFM 67-1, Vol. 1

For most dollar value lines, the MRI entry is blank and the MASL line has a "K" in the footnote code column. See Appendix D for an explanation of how to determine the correct MRI.

7	Action Code	Enter "D" for deletions, "s" for changes and leave blank for additions.										
8-20	National Stock Number	GP CL NCB ITEM-ID is the abbreviation for FSG, FSC, FSC, NCB Code, and NIIN. Where cards are submitted, ensure that O's are punched as numeric zeroes and 1's are punched as numeric ones. In generic code G, where the DOD ammunition code is used in lieu of NIIN, right justify and punch zeros in unused columns.										
21-23	Generic Code	A description of each generic code is contained in Appendix D, Table D-9.										
24	Classification Code	The code appearing in this column indicates the security classification of the item for guidance in complying with NDP-1 and MILDEP security regulations.										
		<table border="0"> <thead> <tr> <th style="text-align: center;"><u>Code</u></th> <th style="text-align: center;"><u>Classification</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">T</td> <td style="text-align: center;">Top Secret</td> </tr> <tr> <td style="text-align: center;">S</td> <td style="text-align: center;">Secret</td> </tr> <tr> <td style="text-align: center;">C</td> <td style="text-align: center;">Confidential</td> </tr> <tr> <td style="text-align: center;">U</td> <td style="text-align: center;">Unclassified</td> </tr> </tbody> </table>	<u>Code</u>	<u>Classification</u>	T	Top Secret	S	Secret	C	Confidential	U	Unclassified
<u>Code</u>	<u>Classification</u>											
T	Top Secret											
S	Secret											
C	Confidential											
U	Unclassified											
25-26	Unit of Issue	The abbreviation in this column represents the standard U/I to be used for programming the related MASL item. Appendix D, Table D-15 contains the abbreviations appearing in the unit of issue column of the MASL.										
27-52	Description	The entry in this column is the description of the item. It is necessary, for mechanical reasons, that the description be 26 characters or less. For this reason, numerous abbreviations and mnemonic words have been used. Where an item in the MASL is described by a NSN, reference to the appropriate catalog will provide a more detailed description. Where more than 26 characters are re-quired for dollar lines, trailer cards may be submitted (see card code, Card Column 1).										
53	Control Code	Enter "K". Must be filled.										
54-55	Blank	Leave blank.										

56-58	Selected Item Sequence Number	Leave blank. DSAA will assign.
59	Quantity Control Code	Leave blank. The code in this column will be entered by the DSAA to determine quantity count for summarizing data. See Appendix D for explanation of codes.
60	Major Defense Equipment Indi- cator Code	The MDE indicator code must be filled in for all major items. A code of "Y" should be used to indicate that an item is MDE and a code of "N" to indicate that a line is non-MDE.
61	Blank	Leave blank.
62-64	Selected Item Description	Leave blank. The Selected Item Description Number (SIDN) will be entered by DSAA to provide a means for identification and rollup of detail records into standard groups or categories for the preparation of summary documents and Congressional data. (See Appendix D.)
65-80	Blank	Leave blank.

2. Card 2 - Training (Generic Code "N" only)

<u>Card Column</u>	<u>Data</u>	<u>Instruction</u>
1	Card Code	The Card Code is used to signify the type of card being processed. A "2" in this column signifies that the card is a MASL card (training).
2-3	Duration	Enter duration of course, expressed in number of weeks. Leave blank for all categories of training except individual courses. Precede significant digits with a zero; e.g., 09. For courses in excess of 99 weeks, see Appendix D. Where duration is variable because the training line has a non-specific variable duration which should be determined separately, enter the code VA.
4-6	Execution Agency Code	Enter the execution agency code as described in Chapter 10.
7	Action Code	Enter "D" for deletions, "S" for changes and leave blank for additions.
8-13	ECL/SET Requirement	Enter the required English Comprehension Level/ Specialized English Training requirement (e.g. 8OSA).

14-20	Item Identification Number	A seven-digit number used to identify each specific training item. The first four digits are prescribed by DSAA and are listed in Appendix D, Table D-9. These four digits will be used as a "root" by the MILDEP which adds the last three digits to complete the seven digit identification number.
21-23	Generic Code	Enter the appropriate generic code prescribed in Appendix D, Table D-9.
24	Classification Code	Enter the appropriate classification code prescribed in Appendix D. Classified training requires the execution of disclosure authority prior to implementation.
25-26	Unit of Issue	Enter "EA" (each) for student training (formal training, mobile training teams-detachments and field training services). Enter "XX" (dollars) for training support, personnel training, and extraordinary expenses.
27-52	Course Title	Enter the abbreviated course title (26 spaces or less). Insure that course titles are as uniform as possible.
53	Control Code	Must be entered -- the control code is used to designate the program year to which the MASL entry applies. DSAA will specify this code annually.
54-60	Prerequisite Course Number	Enter the MASL item identification number of any required prerequisite training. Assigned by the MILDEP.
61-72	Service Course Identification Number	Enter the appropriate service course identification number. The Air Force and Navy also enter their course location code in columns 70-72.
73-80	Unit Price	An amount entered in this field represents the unit or contract cost for an individual course to be charged by the MILDEP. "N/C" entered in this column signifies that no charge is made by the MILDEP. "EST" entered in this field signifies that unit price must be estimated. The basis for estimating the U/P is contained in MILDEP publications.

B. **Changes.** To submit changes to existing MASL lines, the following fields must be completed:

Columns

Field Definition

1	Card Code
7	Action Code - Always use "S"
8-20	National Stock Number (Materiel only)
14-20	Item Identification Number (Training only)
53	Control Code

Entries in fields other than the above are required only where a change is intended; e.g., U/P duration, etc. When a change is required, enter the new data for that field. When changing a MASL line you may desire to blank certain fields. The fields listed below may be blanked by entering an asterisk (*) in the right-most column of the field to be blanked:

<u>Columns</u>	<u>Field Definition</u>
2-3	Footnote Code (Materiel only)
2-3	Duration (Training only)
4-6	MRI (Materiel only)
54-60	Prerequisite course number (Training only)
61-72	Service Course Identification Number (Training only)
73-80	Unit Price (Training only)

C. Deletions. To delete an existing line from the MASL the following fields must be completed. All other columns should be left blank.

<u>Columns</u>	<u>Field Definition</u>
1	Card Code
7	Action Code - Always use "D"
8-20	National Stock Number (Materiel only)
14-20	Item Identification Number (Training only)
21-23	Generic Code
53	Control Code

DSAA MILITARY ARTICLES AND SERVICES LIST

MILITARY ASSISTANCE/FOREIGN MILITARY SALES - MATERIEL

G	FT	A	GEN	C	CTL	Q	C									
C	NT	MRI	C	GP	CL	NCB	ITEM-ID	CODE	L	UI	----- DESCRIPTION -----	CODE	SISC	MDE	SIOM	E
1	YY	B33	15	20	00	5747951	A4L	U	EA		HELICOPTER OH-13G	K	1	N	262	1
1	YY	B33	15	20	00	5747952	A4L	U	EA		HELICOPTER OH-13H	K	1	N	262	1
1	NN	B33	15	20	00	9181523	A4L	U	EA		HELICOPTER OH-6A	K	1	N	345	1
1	YY	B33	15	20	00	9731227	A4L	U	EA		HELICOPTER OH-13S	K	1	N	262	1
1	NN	N21	15	20	00	00SH34J	A4S	U	EA		HELICOPTER SH-34J	K	1	N	292	1
1	A	N21	15	20	00	00SH60B	A4S	U	EA		HELICOPTER SH-60B	K	1	Y	370	1
1	N21	15	20	00	000SH04	A4S	U	EA			HELICOPTER SH-34	K	1	N	292	1
1	NN	N21	15	20	00	000SH3A	A4S	U	EA		HELICOPTER SH-3A	K	1	Y	263	1
1	J	N21	15	20	00	000SH3D	A4S	C	EA		HELICOPTER SH-3D	K	1	Y	263	1
1	NN	N21	15	20	00	00H47J2	A4T	U	EA		HELICOPTER TH-13N	K	1	N	264	1
1	NN	N21	15	20	00	00TH13L	A4T	U	EA		HELICOPTER TH-13L	K	1	N	264	1
1	XX	N21	15	20	00	000TH13	A4T	U	EA		HELICOPTER TH-13	K	1	N	264	1
1	YY	B33	15	20	00	7603333	A4T	U	EA		HELICOPTER TH-13T	K	1	N	264	1
1	NN	FA0	15	20	00	00UH19A	A4U	U	EA		HELICOPTER UH-19A	K	1	N	258	1
1	NN	FA0	15	20	00	00UH19B	A4U	U	EA		HELICOPTER UH-19B	K	1	N	253	1
1	J	N21	15	20	00	00UH34D	A4U	U	EA		HELICOPTER UH-34D	K	1	N	266	1
1	BO	N21	15	20	00	00UH34G	A4U	U	EA		HELICOPTER UH-34G	K	1	N	266	1
1	XX	B33	15	20	00	000A205	A4U	U	EA		HELICOPTER BELL UTIL 205A1	K	1	N	275	1
1	FA0	15	20	00	000HH43	A4U	U	EA			HELICOPTER HH-43	K	1	N	259	1
1	B33	15	20	00	000UH1H	A4U	U	EA			HELICOPTER UH-1H COMH	K	1	Y	265	1
1	NN	N21	15	20	00	000UH1N	A4U	U	EA		HELICOPTER UH-1N	K	1	Y	265	1
1	FA0	15	20	00	002145T	A4U	U	EA			HELICOPTER BELL 2145T	K	1	N	275	1
1	O	B33	15	20	00	0377637	A4U	U	EA		HELICOPTER UH-1H	K	1	Y	265	1
1	NN	N21	15	20	00	1339286	A4U	U	EA		HELICOPTER UH-1N	K	1	Y	265	1
1	NN	B33	15	20	00	7139912	A4U	U	EA		HELICOPTER UH-1B	K	1	N	265	1
1	NN	B33	15	20	00	8092631	A4U	U	EA		HELICOPTER UH-1M W/AVNCS	K	1	N	265	1
1	NN	B33	15	20	00	8592670	A4U	U	EA		HELICOPTER UH-1D	K	1	N	265	1
1	B33	15	20	01	0350266	A4U	U	EA			HELICOPTER UH-60A	K	1	Y	395	1
1	YY	N21	15	00	00	0000E2C	A5E	U	EA		AIRCRAFT ELECTRONIC E-2C	K	1	Y	366	1
1	XX	FA0	15	00	00	0000E3A	A5E	U	EA		AIRCRAFT ELECTRONIC E-3A	K	1	Y	374	1
1	XX	N21	15	10	00	0000E2C	A5E	U	EA		AIRCRAFT AEW E-2C	K	1	Y	366	1
1	FA0	15	10	00	ACFTREC	A5L	U	EA			AIRCRAFT ATLANTIQUE	K	1	N	275	1
1	B33	15	10	00	000L19A	A5L	U	EA			AIRCRAFT OBSERVATION L19A	K	1	N	275	1
1	NN	FA0	15	10	00	000001A	A5L	U	EA		AIRCRAFT OBSERVATION O-1A	K	1	N	235	1
1	NN	FA0	15	10	00	01F0000	A5L	U	EA		AIRCRAFT OBSERVATION O-1F	K	1	N	235	1
1	FA0	15	10	00	02A0000	A5L	U	EA			AIRCRAFT OBSERVATION O-2A	K	1	N	263	1
1	NN	FA0	15	10	00	02B0000	A5L	U	EA		AIRCRAFT OBSERVATION O-2B	K	1	N	263	1
1	YY	B33	15	10	00	5910565	A5L	U	EA		AIRCRAFT OBSERVATION O-1E	K	1	N	235	1
1	XX	N21	15	10	00	000P91W	A5P	U	EA		AIRCRAFT PATROL PB-1W	K	1	N	275	1
1	NN	N21	15	10	00	000SP2E	A5P	U	EA		AIRCRAFT SP-2E	K	1	N	270	1
1	N21	15	10	00	000SP2H	A5P	U	EA			AIRCRAFT PATROL SP-2H	K	1	N	279	1
1	NN	N21	15	10	00	0000P9M	A5P	U	EA		AIRCRAFT PATROL P9M	K	1	N	275	1

SEQUENCE: GENERIC CODE, NATIONAL STOCK NUMBER

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TABLE 1503-1
MATERIEL MASL

DOD 5105.38-M

TABLE 1503-1. Materiel MASL.

1503-14

OSAA MILITARY ARTICLES AND SERVICES LIST

INTERNATIONAL MILITARY EDUCATION AND TRAINING (IMET)

C	C	OUR	EXA	A	C	GEN	C	UI	DESCRIPTION	CTL	PRE-REQ	SERVICE - ID	UNIT PRICE
						ITEM-ID	CGO	L		CODE	COURSE	NUMBER	
2	10		BCA			8112010	N1A	U	EA	F	ECL80SA	2B-15A	18005
2	06		BCA			8113002	N1A	U	EA	F	ECL9CSA	2C-F2X	5063
2	13		BCA			8113213	N1A	U	EA	F	ECL80SR	2C-15A-I	8163
2	24		BCA			8113014	N1A	U	EA	F	ECL-80	2C-15A-II	52819
2	12		BCA			8113224	N1A	U	EA	F	ECL80SA	2C-ASI10	20335
2	34		BCA			8113227	N1A	U	EA	F	ECL80SA	2C-F23	5146
2	06		BCA			8113031	N1A	U	EA	F	ECL80SA	2C-ASI1M	37451
2	04		BCA			8113037	N1A	U	EA	F	ECL80SA	2C-ASI1M	15468
2	02		BCA			8114005	N1A	U	EA	F	ECL70SA	7K-F14	72
2	18		BCA			8114006	N1A	U	EA	F	ECL80SA	7K-F12	282
2	07		BCA			8114044	N1A	U	EA	F	ECL70SA	51-71P10	344
2	13		BCA			8114045	N1A	U	EA	F	ECL80SA	222-93H10	607
2	15		BCA			8114046	N1A	U	EA	F	ECL80SA	222-93J10	690
2	02		BCA			8114047	N1A	U	EA	F	ECL-70	2C-F43	118
2	04		BCA			8114048	N1A	U	EA	F	ECL-80	2C-F31	7031
2	07		BCA			8114049	N1A	U	EA	F	ECL70SA	2G-F35	307
2	04		BCA			8115003	N1A	U	EA	F	ECL80SA	2C-F3-I	9920
2	02		BCA			8115004	N1A	U	EA	F	ECL80SA	2C-F3-II	21276
2	06		BCA			8115005	N1A	U	EA	F	ECL80SA	2C-F35	35098
2	06		BCA			8115017	N1A	U	EA	F	ECL80SA	2C-F27	13109
2	06		BCA			8115018	N1A	U	EA	F	ECL80SA	2C-F10	66639
2	06		BCA			8115019	N1A	U	EA	F	ECL80SA	2B-F5	40318
2	07		BCA			8115220	N1A	U	EA	F	ECL80SA	2C-120C-B	36122
2	07		BCA			8117006	N1A	U	EA	F	ECL80SA	2BAS12K-13CR	44291
2	06		BCA			8118132	N1A	U	EA	F	ECL80SA	2B-F11	21923
2	04		BZZ			8119900	N1A	U	EA	F	ECL-80		EST
2	04		BZZ			8119901	N1A	U	EA	F	ECL80SA		EST
2	04		BZZ			8119902	N1A	U	EA	F	ECL80SA		EST
2	15		BCF			8121065	N1B	U	EA	F	ECL-70	4-5-C20-21A	815
2	18		BCF			8121130	N1B	U	EA	F	ECL70SA	2-6-C20	7795
2	09		BCF			8121142	N1B	U	EA	F	ECL70SA	2E-130	677
2	09		BCF			8121148	N1B	U	EA	F	ECL70SA	420-93F1J	428
2	11		BCF			8121150	N1B	U	EA	F	ECL70SA	412-82C1J	432
2	07		BCF			8121152	N1B	U	EA	F	ECL70SA	221-17910	333
2	07		BCF			8121161	N1B	U	EA	F	ECL70SA	412-17C1J	399
2	11		BCR			8121165	N1B	C	EA	F	ECL70SA	2-44-C20	515
2	07		BCF			8121166	N1B	U	EA	F	ECL70SA	250-13F10	5804
2	13		BCF			8121167	N1B	U	EA	F	ECL70SA	423-ASIH1	543
2	16		BCG			8121175	N1B	U	EA	F	ECL-70	2-7-C20(N)	1629
2	16		BCG			8121177	N1B	U	EA	F	ECL-70	2-7-C20(L)	1777
2	03		BCG			8121180	N1B	U	EA	F	ECL80SA	2E-F3/SQIV	297
2	09		BCG			8121181	N1B	U	EA	F	ECL80SA	2E-F2/C11-F2	1765
2	05		BCG			8121182	N1B	U	EA	F	ECL-80	2E-F1/C11-F1	283
2	06		BCG			8121183	N1B	U	EA	F	ECL-70	2E-ASI32/F1	1179
2	17		BCX			8121200	N1B	U	EA	F	ECL-70	4-3-C20-74A	2281
2	21		BCX			8121204	N1B	C	EA	F	ECL-70	4-9-C20-73A	1120
2	21		BCX			8121206	N1B	U	EA	F	ECL-70	4-9-C20-75A	1121
2	09		BCX			8121207	N1B	U	EA	F	ECL-70	4-9-C20	500

SEQUENCE: EXECUTION AGENCY (1ST POS), GENERIC, NSN

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TABLE 1503-2. Training MASTL (IMET).

TABLE 1503-2
TRAINING MASTL (IMET)

1503-15

DOD 5105.38-M

DSAA MILITARY ARTICLES AND SERVICES LIST

FOREIGN MILITARY SALES - NATO TRAINING (FMS-NATO)

C	DUR	EXA	A	GEN	C	CTL	PRE-REQ	SERVICE - ID	UNIT	PRICE			
C			C	ITEM-ID	CODE	L	UI	DESCRIPTION	CODE	COURSE	NUMBER		
2	32	BCX		E195205	N1J	C	EA	LND COMBAT SPT SYS TEST SP	6	ECL70SA	121-27B10		20810
2	43	BCX		B199274	N1J	C	EA	NIKE RADAR + COMPT REPAIR	6	ECL70SA	104-23M10		38203
2	36	BCX		B199275	N1J	S	EA	NIKE HIPAR + RACAR SIM RPR	6	ECL70SA	104-23U10		23400
2	33	BCX		B199276	N1J	C	EA	NIKE TEST EQUIP REPAIR	6	ECL70SA	121-22L10		22728
2	32	BCX		B199278	N1J	C	EA	NIKE MSL/LAUNCHER REPAIR	6	ECL70SA	121-22M10		20072
2	37	BCR		B199672	N1J	C	EA	AD ACQUISITION RADAR MAINT	6	ECL70SA	104-24P10		25300
2	08	BCR		B199676	N1J	U	EA	AD ACQ RADAR CREW MEMBER	6	ECL70SA	221-16J10		4701
2	02	BCR		B199702	N1J	C	EA	REDEYE GUNNER + CONTROLLER	6	ECL70SA	250-F4		1821
2	24	BCX		B199705	N1J	C	EA	CHAPARRAL/REDEYE SYS RPR	6	ECL70SA	121-27G10		14632
2	14	BCR		B199706	N1J	U	EA	VULCAN SYSTEMS MECHANIC	6	ECL70SA	121-24M10		10207
2	15	BCX		B199707	N1J	C	EA	SHILLELAGH MSL SYS REPAIR	6	ECL70SA	121-27H10		9553
2	12	BCR		B199709	N1J	C	EA	CHAPARRAL SYSTEMS MECHANIC	6	ECL70SA	121-24M10		7830
2	04	BCR		B199710	N1J	C	EA	ADA SHCRAD CREW MEMBER-(T)	6	ECL70SA	43-16P46-T		1344
2	08	BCR		B199711	N1J	C	EA	ADA SHCRAD - VULCAN	6	ECL70SA	43-16R10		4701
2	06	BCR		B199712	N1J	C	EA	FAA SYSTEM MECHANIC	6	ECL-70	121-ASIX-7		5747
2	18	BCX		B199713	N1J	C	EA	TOW/DRAGON REPAIR - NON-US	6	ECL-70	121-27E1GX		13624
2	19	BCR		B199716	N1J	S	EA	SHORT RANGE AD SYS TECH	6	ECL-70	4F-224B		13242
2	05	BCX		B199717	N1J	C	EA	CHAP/VUL OFF QUAL - I	6	ECL-70	2E-149		4920
2	23	BCX		B199719	N1J	C	EA	VULCAN REPAIR	6	ECL70SA	121-27F10		13236
2	07	BCR		B199721	N1J	C	EA	CHAPARRAL CREW MEMBER	6	ECL-70	043-16P10		2688
2	16	BCX		B199724	N1J	C	EA	BAS EL/TOW RPR - NON-US	6	ECL-70	121-27E10X		8276
2	12	BCX		B199725	N1J	C	EA	BAS EL/DRAGON RPR - NON-US	6	ECL-70	121-27E10X		6944
2	VA	BZZ		B199900	N1J	U	EA	CONTRACT MISSILE TNG-CONUS	6	ECL-70	UNNUMBERED	EST	
2	VA	BZZ		B199901	N1J	U	EA	OJT MISSILE TNG-CONUS	6	ECL-70	UNNUMBERED	EST	
2	VA	BZZ		B199902	N1J	U	EA	GBS MISSILE TNG-CONUS	6	ECL-70	UNNUMBERED	EST	
2	VA	BZZ		B219901	N1N	U	EA	OJT FLYING TNG-OS	6	N/A	UNNUMBERED	EST	
2	C2	BMM		B227061	N1P	S	EA	NBC DEFENSE OFF-NCO	6	ECL-70	NBC-54		382
2	VA	BZZ		B229902	N1P	U	EA	OBS OPERATIONS TNG-OS	6	N/A	UNNUMBERED	EST	
2	C5	BMM		B232485	N10	S	EA	TACTICAL COMMO OFF/CHIEF	6	ECL-70	E-SIG-29-E		926
2	C1	BMM		B232487	N10	U	EA	MEDCAP MCHAN COMM SYS SPR	6	ECL-70	E-SIG-24-E		1382
2	C1	BMM		B232494	N10	U	EA	LOWCAP MCHAN COMM SYS SPR	6	ECL-70	E-SIG-25-E		1382
2	03	BMM		B232498	N10	S	EA	RTT OPERATOR	6	ECL-70	E-SIG-7-E		826
2	VA	BZZ		B239902	N10	U	EA	OBS COMM/ELECT TNG-OS	6	N/A	UNNUMBERED	EST	
2	02	BMM		B242335	N1R	U	EA	SMALL ARMS ORG MAINT	6	ECL-70	E-SAM-31-EC		507
2	04	BMM		B242336	N1R	U	EA	M60/M113A1 VEHICLE MAINT	6	ECL70SA	TVM-13		871
2	02	BMM		B242339	N1R	U	EA	M113A1 VEHICLE MAINT	6	ECL70SA	TVM-14B		1599
2	04	BMM		B242350	N1R	U	EA	M60A3 ORG TURRETT MAINT	6	ECL70SA	TRT-213		14073
2	02	BMM		B243328	N1R	U	EA	WHEELED VEHICLE MAINT	6	ECL-70	WTT-25-EC		1219
2	02	BMM		B244348	N1R	U	EA	MOTOR SERGEANT	6	ECL-70	LOG-213		403
2	04	BMM		B252813	N1S	U	EA	GRG SUPPLY PROCEDURES	6	ECL-70	E-LOG-73-CEC		539
2	01	BMM		B252817	N1S	U	EA	MOTOR OFFICER	6	ECL-70	LOG-214		254
2	02	BMM		B271769	N1U	U	EA	INSTAL SECURITY	6	ECL-70	E-MP-30-OEC		479
2	04	BMM		B273591	N1U	U	EA	MP INVESTIGATOR	6	ECL-80	MP-94		1282
2	05	BMM		B273600	N1U	U	EA	CGSC OFF-NR, EUR, PH I/II	6	ECL-80	1-250-C3E1		595
2	05	BMM		B273601	N1U	U	EA	CGSC OFF-NR, EUR, PH III/IV	6	ECL-80	1-250-C3E2		595
2	05	BMM		B273602	N1U	U	EA	CGSC OFF-NR, EUR, PH V/VI	6	ECL-80	1-250-C3E3		595
2	VA	BZZ		B304400	N20	U	EA	MTT-MAINTENANCE	6	N/A	UNNUMBERED	EST	
2	VA	BZZ		B304600	N20	U	EA	MTT-EQUIPMENT OPERATIONS	6	N/A	UNNUMBERED	EST	

SEQUENCE: EXECUTION AGENCY (1ST POS), GENERIC, NSN

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TABLE 1503-3
TRAINING MASL (FMS-NATO)

DOD 5105.38-M

TABLE 1503-3, Training MASL (FMS-NATO).

1503-16

OSAA MILITARY ARTICLES AND SERVICES LIST

FOREIGN MILITARY SALES/INTERNATIONAL MILITARY EDUCATION + TRAINING (FMS/IMET)

C	OUR	EXA	A	GEN	C	UI	DESCRIPTION	CTL	PRE-REQ	SERVICE -	ID	UNIT PRICE
C			C	CODE	L			CODE	COURSE	NUMBER		
2	VA	PCT		P179025	N1G	U	EA	I	ECL 80	P00-2001	PGS	EST
2	A4	PCT		P179026	N1G	U	EA	I	ECL 80	P00-2001	PGS	24218
2	14	PCG		P179027	N1G	U	EA	I	ECL 70		CGR	2058
2	F6	PCT		P179030	N1G	U	EA	I	ECL 80	P00-2001	PGS	36328
2	VA	PCG		P179040	N1G	U	EA	I	ECL 70	FORMAT		EST
2	22	PCT		P179049	N1G	C	EA	I	ECL 80	A26-0029	SWS	4656
2	VA	PCG		P179060	N1G	U	EA	I		FORMAT		EST
2	13	PCT		P179101	N1G	U	EA	I	ECL 80	A4330022	DIV	2800
2	03	PCG		P179104	N1G	U	EA	I	ECL 70		CGR	443
2	78	PCT		P179105	N1G	U	EA	I	ECL 80	P00-2001	PGS	18164
2	78	PCT		P179106	N1G	U	EA	I	ECL 80	P00-2001	PGS	18164
2	01	PCT		P179108	N1G	U	EA	I	ECL 80	P00-2001	PGS	30273
2	A4	PCT		P179109	N1G	U	EA	I	ECL 80	P00-2001	PGS	24218
2	23	PCT		P179111	N1G	U	EA	I	ECL 70	A4500012	MUS	1577
2	B7	PCT		P179112	N1G	U	EA	I	ECL 80	P00-2001	PGS	27246
2	VA	PCT		P179113	N1G	U	EA	I	ECL 80	P00-2001	PGS	EST
2	VA	PCT		P179114	N1G	U	EA	I	ECL 80	P00-2001	PGS	EST
2	A4	PCT		P179115	N1G	U	EA	I	ECL 80	P00-2001	PGS	24218
2	14	PCT		P179116	N1G	U	EA	I	ECL 80	P00-2001	PGS	24218
2	22	PCT		P179117	N1G	U	EA	I	ECL 80	A26-0036	COR	5861
2	A4	PCT		P179119	N1G	S	EA	I	ECL 80	P00-2001	PGS	24218
2	A4	PCT		P179120	N1G	U	EA	I	ECL 80	P00-2001	PGS	24218
2	13	PCG		P179121	N1G	U	EA	I	ECL 70		CGR	1773
2	97	PCT		P179122	N1G	U	EA	I	ECL 80	P00-2001	PGS	27246
2	B7	PCT		P179123	N1G	U	EA	I	ECL 80	P00-2001	PGS	27246
2	05	PCT		P179125	N1G	U	EA	I	ECL 80	A4330223	DIV	1986
2	A4	PCT		P179126	N1G	U	EA	I	ECL 80	P00-2001	PGS	24218
2	78	PCT		P179127	N1G	U	EA	I	ECL 80	P00-2001	PGS	18164
2	78	PCT		P179128	N1G	U	EA	I	ECL 80	P00-2001	PGS	18164
2	VA	PCG		P179202	N1G	U	EA	I	ECL 70	DD 2060/2061		EST
2	VA	PCG		P179203	N1G	U	EA	I	ECL 70	DD 2060/2061		EST
2	VA	PCG		P179204	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179205	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179206	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179207	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179208	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179209	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179210	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179211	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179212	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179213	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179214	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179215	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179216	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179217	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179218	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179219	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179220	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179221	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179222	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179223	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179224	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179225	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179226	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179227	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179228	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179229	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179230	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179231	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179232	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179233	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179234	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179235	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179236	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179237	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179238	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179239	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179240	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179241	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179242	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179243	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179244	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179245	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179246	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179247	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179248	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179249	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179250	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179251	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179252	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179253	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179254	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179255	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179256	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179257	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179258	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179259	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179260	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179261	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179262	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179263	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179264	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179265	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179266	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179267	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179268	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179269	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179270	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179271	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179272	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179273	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179274	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179275	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179276	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179277	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179278	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179279	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179280	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179281	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179282	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179283	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179284	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179285	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179286	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179287	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179288	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179289	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179290	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179291	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179292	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179293	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179294	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179295	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179296	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179297	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179298	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179299	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179300	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179301	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179302	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179303	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179304	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179305	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179306	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179307	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179308	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179309	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179310	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179311	N1G	U	EA	I		FORMAT		EST
2	VA	PCG		P179312	N1G	U						

CSAA MILITARY ARTICLES AND SERVICES LIST

FOREIGN MILITARY SALES TRAINING (FMS)

C	A	GEN	C	CTL	PRE-REQ	SERVICE - ID	UNIT	PRICE				
C	QUA	FRA	C	CGDE	L	UI	----- DESCRIPTION -----	CODE	COURSE	NUMBER	UNIT	PRICE
2	12	000		D155725	N1E	U	EA	MGTOP VEH OPERATIONS MGT	H	J3AZR	SHE6E370-000	1200
2	VA	000		D156703	N1E	U	EA	BUDGET/ *	H	410/WK	VAR	EST
2	18	000		D156706	N1E	U	EA	BUDGET OFF	H	J30BR	SHE 6731-000	7170
2	10	000		D156707	N1E	U	EA	ACCOUNTING & FINANCE OFF	H	J30BR	SHE 6721-501	8260
2	VA	000		D156709	N1E	U	EA	DATA SERVICES/ *	H	410/WK	VAR	EST
2	VA	000		D156710	N1E	U	EA	ACCOUNTING * FINANCE/ *	H	410/WK	VAR	EST
2	05	000		D156711	N1E	U	EA	COMPUTER OPERATOR	H	E3ABR	KEE51130-002	2880
2	VA	000		D156712	N1E	U	EA	ELECT DATA PROCESSING/ *	H	410/WK	VAR	EST
2	12	000		D156713	N1E	U	EA	FINANCIAL MANAGEMENT SPECL	H	J3ABR	SHE67231-001	6340
2	11	000		D156716	N1E	U	EA	PROGRAMMING SPECL	H	E3ABR	KEE51131-002	6340
2	17	000		D156729	N1E	U	EA	COMPTROLLER STAFF OFF	H	J30AR	SHE 6751-000	5230
2	07	000		D156730	N1E	U	EA	COMPUTER SYSTEMS OPN OFF	H	E30BR	KEE 5151-002	5930
2	06	000		D156732	N1E	U	EA	COMPUTER SYSTEMS ANALYST	H	E30ZR	KEE51356-002	4050
2	13	000		D156733	N1E	U	EA	COMPUTER SYS DEV OFF/APPL	H	E30ZR	KEE51318-000	7270
2	07	000		D156735	N1E	U	EA	SUPPLY SYSTEM SUPV	H	63AAR	LOW64572-000	6250
2	06	000		D156740	N1E	U	EA	COMPUTER SYS STAFF OFF	H	E30AR	KEE 5111-001	3040
2	13	000		D156745	N1E	U	EA	COMPUTER SYS DEV OFF	H	E30BR	KEE51318-000	10100
2	06	000		D161002	N1F	U	EA	PERSONNEL PROGRAM OFFICER	H	E30BR	KEE 7321-000	4210
2	VA	000		D161003	N1F	U	EA	PERSONNEL/ *	H	410/WK	VAR	EST
2	06	000		D161005	N1F	U	EA	ADMIN MGT SPECL	H	E3ABR	KEE 7023CA-0	3460
2	06	000		D161006	N1F	U	EA	PERSONNEL SPECL	H	E3ABR	KEE73230-000	4500
2	VA	000		D161007	N1F	U	EA	RESEARCH * TESTING/ *	H	410/WK	VAR	EST
2	05	000		D161010	N1F	U	EA	ADMINISTRATION OFFICER	H	E30BR	KEE 7000-000	3740
2	VA	000		D161011	N1F	U	EA	ADMINISTRATION/ *	H	410/WK	VAR	EST
2	06	000		D161013	N1F	U	EA	ADMIN SPECL/STF SPT ADMIN/	H	E3ABR	KEE 70230B-0	3350
2	03	000		D161016	N1F	U	EA	CBPO CHIEF MANAGEMENT	H	E30ZR	KEE 7311-000	1680
2	09	000		D162002	N1F	U	EA	MANAGEMENT ANALYSIS OFF	H	J30BR	SHE 6921-000	8060
2	VA	000		D162003	N1F	U	EA	DATA SERV * MANAGEMENT/ *	H	410/WK	VAR	EST
2	VA	000		D162006	N1F	U	EA	MAINTENANCE SCHEDULING/ *	H	410/WK	VAR	EST
2	10	000		D162007	N1F	U	EA	MANPOWER MGT SPECL	H	E3ALR	KEE73331-001	11530
2	VA	000		D162008	N1F	U	EA	MANPOWER MANAGEMENT/ *	H	410/WK	VAR	EST
2	VA	000		D162009	N1F	U	EA	TNG ANALYSIS * DEVELOP/ *	H	410/WK	VAR	EST
2	VA	000		D162010	N1F	U	EA	T.O.PUBLICATIONS/**	H	430/WK	VAR FTD/SPEC	EST
2	08	000		D162011	N1F	U	EA	MAINT MGT SPECL	H	E3ALR	CHA39230-000	6100
2	10	000		D162013	N1F	U	EA	MANAGEMENT ANALYSIS SPECL	H	J3ABR	SHE69130-000	5650
2	10	000		D162014	N1F	U	EA	MANPOWER MANAGEMENT OFF	H	E30BR	KEE 7421-001	7770
2	01	000		D162015	N1F	U	EA	DEV & MGT OF INSTRUC SYS	H	J30ZR	SHE 7500-003	750
2	04	000		D162022	N1F	U	EA	BASE COMDR S MGT CRS	H		MAXLMDC 810	6110
2	VA	000		D166005	N1F	U	EA	TRAINING SUPERVISOR/ *	H	410/WK	VAR	EST
2	03	000		D166007	N1F	U	EA	ATC INSTRUCTOR/NAVIGATOR	H		MAT SP/BV7DA	1960
2	01	000		D166009	N1F	U	EA	INSTRUCTIONAL SYS DEV	H		VARSPEC751XX	870
2	01	000		D166010	N1F	U	EA	TESTS * MEASUREMENT	H		VAR 75120X	870
2	04	000		D166011	N1F	U	EA	TRAINING SUPERVISOR	H		VAR 75140X	3590
2	01	000		D166012	N1F	U	EA	ACADEMIC COUNSELING	H		VAR 75110X	1870
2	03	000		D166014	N1F	U	EA	AUDIOVISUAL METHODS	H	J3AZR	SHE75000-006	2220
2	VA	000		D166020	N1F	U	EA	AIRCREW LIFE SUPT SUPV	H	396/WK	VAR	EST
2	01	000		D166021	N1F	U	EA	COMDR/STF/SR NCO DJT BRF**	H	430/WK	VARFTD7500-8	EST
2	04	000		D166023	N1F	U	EA	INSTRUCTIONAL SYS DESIGNER	H	J3AZR	SHE75133-000	3400

SEQUENCE: EXECUTION AGENCY (1ST POS), GENERIC, NSN

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AS OF 07 JUN 82

TABLE 1503-5
TRAINING MASL (FMS)

DOD 5105.38-M

TABLE 1503-5. Training MASL (FMS).

1503-18

TABLE 1503-7

ABBREVIATED TITLES USED IN THE MILITARY ARTICLES
AND SERVICES LIST (MASL) OUTPUT REPORTS

ABBREVIATED TITLES. The following abbreviated titles are used in output products prepared from the MASL master file:

<u>Abbreviation</u>	<u>Meaning</u>
C C	Card Code
C E	Ceiling Code
CL	Federal Supply Class
C L	Classification Code
CTL CODE	Control Code
COURSE TITLE	Title of Training Course
DESCRIPTION	Description of the materiel item
DUR	Duration of training course
ECL/SET REQ	English Comprehension Level/Specialized English Training Requirement
EXA	Execution Agency Code
FT NT	Footnote Code
GEN CODE	Generic Code
GP	Federal Supply Group
ITEM-ID	Item Identification Number
MDE	Major Defense Equipment Indicator Code
MRI	MILSTRIP Routing Identifier Code
NCB	National Codification Bureau Code

TABLE 1503-7. Abbreviated Titles Used in the MASL Output Reports.

<u>Abbreviation</u>	<u>Meaning</u>
PRE-REQ COURSE	Item Identification Number of prerequisite training course
SERVICE-ID NUMBER	Military service course identification number
SIDN	Selected Item Description Number
Q SISC	Selected Item Sequence Number and Quantity Control Code
UNIT PRICE	training course cost
UI	Unit of Issue

TABLE 1503-7. (Continued)

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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 User's Handbook which compiles database system descriptions, security procedures, and product formats. Portions of this section will be moved to that 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. **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. **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.** 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.

G. **SAN Software Programs.**

**

1. **Use.** Selected desktop computer software programs (e.g., TMS, SAARMS) are developed, tested, supported, and updated under the direction of the SAN Policy Steering Board. These officially-promulgated software programs are designed to assist the SAO and other users by providing the benefits of automation, while incorporating essential controls for program standardization and management. They should be used for tracking transactional entries and generating documents and reports with standard formats (e.g., Invitational Travel Orders, Status of Funds Reports). These programs are described in SAN user handbooks and are incorporated within the DISAM curriculum for student instruction.

2. **Software Managers.** Managers for SAN software programs are listed in Table 1504-1.

H. **SAN Electronic Mail (E-Mail).** E-Mail use is encouraged by the SA community ** where technical communication and cost factors warrant. IDSS/DDN E-Mail carries the same official status as telephone calls and data faxes. E-Mail remains the property of the USG and is subject to oversight by organizational managers and designated system administrators.

150404 RESPONSIBILITIES. The following organizational responsibilities apply to the SAN.

A. **Policy Steering Board.** The Steering Board shall consist of the DSAA Comptroller (Chairperson), DISAM, and DFAS-DE (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. Database Owners Work Group. 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 IRM (Chairperson), DISAM, DFAS-DE (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 Comptroller. 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 SAOs' 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. Establish procedures to insure data transmission validity and 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.

System**Manager****A. Financial Management**

- Foreign Military Financing/
Credit System Defense Security Assistance Agency
(DSAA), Washington DC
- Defense Integrated Financial
System (DIFS) Defense Finance and Accounting
Service-Denver Center (DFAS-DE/F),
(SAAC) Denver CO.

B. Logistics Management

- Centralized Integrated System
For International Logistics (CISIL) U.S. Army Security Assistance Command
(USASAC) Deputy for Operations,
New Cumberland, PA
- Management Information System
For International Logistics (MISIL) Naval Supply Systems Command
(NAVSUPSYSCOM), Washington DC
- Security Assistance Management
Information System (SAMIS) Air Force Materiel Command
Air Force Security Assistance Center
(AFMC-AFSAC),
Wright-Patterson AFB, OH
- Supply Tracking and Repairable Return/
Personal Computer (STARR/PC) USASAC (Army) **
NAVSUPSYSCOM (Navy)
AFMC-AFSAC (Air Force)

C. Training Management

- Training and Doctrine Command
Security Assistance Supporting
System (TSASS) Security Assistance Training Field Activity
(SATFA), Hampton VA
- Foreign Military Training Management
Information System (FMTMIS) Naval Education and Training Security
Assistance Field Activity (NETSAFA),
Pensacola, FL
- Training Control System (TRACS) Air Force Security Assistance Training
Group (AFSAT), Randolph AFB, TX.
- Integrated Standardized Training List
(ISTL) IDSS Application Institute for Defense Analyses (IDA)
Alexandria VA
- Training Management System (TMS)
(PC Software Maintenance) DISAM/DII
Wright-Patterson AFB OH

Table 1504-1. SAN Systems and Associated Managers (Page 1 of 2)

D. Resource Management

- SA Automated Resource Management System (SAARMS)
(PC Software Maintenance) DISAM/DII
Wright-Patterson AFB OH

E. International Cooperative Programs/
Armaments Cooperation Database

Office of the Deputy Under Secretary of
Defense (International Programs)
Washington DC

F. Bulletin Boards on IDSS

- DSAA - Security Assistance DSAA
Washington DC
- ISTL DISAM
Wright-Patterson AFB OH
- UCOM Individual UCOMs

G. Telecommunications Gateway

- Interoperability Decision Support System (IDSS) Institute for Defense Analyses (IDA),
Alexandria VA
 - IDSS Access Protocol
 - Electronic Mail (E-Mail)
- International Logistics Communications System (ILCS) Defense Automatic Addressing
System Center (DAASC) **
Gentile AFS, Dayton OH

Table 1504-1. SAN Systems and Associated Managers (Page 2 of 2)

The Security Assistance Database Programs (TMS, SAARMS) and the IDSS communications software (LINKPC) were developed to only operate on IBM PC compatible systems utilizing the 80386 (or higher) microprocessor, and running under the Microsoft Disk Operating System (MS-DOS) version 5.0 or 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 minimum specifications apply:

1. PERSONAL COMPUTER SYSTEM

- a. IBM compatible with PENTIUM® Processor.
- b. 100MHz operating speed with minimum 256K hardware cache.
- c. 16 Megabytes Random Access Memory (RAM) (70ns or faster).
- d. 540 megabyte (MB) hard drive (less than 15 millisecond access speed, auto-locking heads). Equivalent removable media may be used.
- e. Super VGA color monitor. Minimum 15" diagonal screen measurement. (.28mm dot pitch). Capable of 1024x768 resolution non-interlaced and compatible video display adapter card with 64 bit operation and minimum 1MB on-board video RAM. Video card should also include appropriate video display driver software.
- f. One 5.25 inch high density 1.2MB floppy drive and one 3.5 inch high density 1.44MB floppy drive. 5.25 inch floppy drive may be omitted if there is no requirement to use 5.25 inch floppy disks.
- g. Full size desktop case or floor standing tower case. Eight internal expansion slots, (6/16 bit, 2/8 bit slots).
- h. Microsoft compatible mouse with software drivers or other pointing device with software drivers.
- i. Two serial ports, one parallel port.
- j. Full size 101 key keyboard.
- k. Surge protection power strip or other power protection device capable of delivering constant voltage and providing voltage spike protection. An uninterruptible power supply (UPS) is strongly recommended for use in locations where there are known electrical power supply problems; surges, brownouts, or unscheduled outages.

2. PRINTER

Hewlett-Packard Laserjet Series 5 or 100% compatible.

- a. Serial port and parallel port.
- b. Minimum 4MB memory.

- c. (OPTIONAL): OCR-A and OCR-B font print capability. Fonts may be permanently resident in the printer or installed with removable cartridges.

3. COMMUNICATIONS EQUIPMENT

Modems must conform to the current ITU (formerly CCITT) specifications for V.32bis/V.42bis and MNP Level 5 operation.

- a. Compatible with the full Hayes "AT" command set and support the special extended command set, as applicable.
- b. Support 300-14400 bits per second (bps). 28800 bps modems are also acceptable; however, it should be noted that connections from overseas locations cannot be reliably maintained at that speed.
- c. Combination data/fax modems are acceptable.

4. SYSTEMS SOFTWARE

Microsoft Disk Operating System (MS-DOS) version 6.22 or higher. The Security Assistance database programs have not been designed for or tested with non-MSDOS operating systems, to include, OS/2 Warp, or UNIX (and UNIX derivatives). The database programs also have not been tested for use with any disk compression programs (DOUBLESPEACE, STACKER, etc.) They have also not been tested under either the Microsoft WINDOWS 95 or WINDOWS NT operating system environments. They will operate under Microsoft WINDOWS 3.1 or WINDOWS for WORKGROUPS 3.11.

5. OPTIONAL EQUIPMENT/STANDARDS

- a. If a CD-ROM reader is acquired it should conform to the ISSO 9660 standard as a minimum. Access time should be less than 200 milliseconds and effective throughput should be 350 KBPS or greater. The interface bus should conform to the latest SCSI or enhanced IDE standards. Drives with a commercial designation of "triple speed," "quad speed," or higher speed designations are acceptable.
- b. Network architectures should conform to the ETHERNET standard (IEEE 802.3). Network operating systems shall be compliant with existing DoD and Federal standards. Architectural designs and design proposals for networks will be submitted to DSAA for approval prior to the expenditure of FMS and FMF administrative funds for acquisition.

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 USACOM AOR**

HQ, USACOM (J5NA)

Norfolk VA 23511-5000

DSN 438-5740; Commercial (804) 445-5740; DATA FAX Ext. 5746

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

Table 1504-3. SAN-Organization Points of Contact (Page 1 of 3)

IDSS Administrator for DFAS Activities; DIES 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

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

ILCS Administrator

Defense Automatic Addressing System Center (DAASC)

Gentile AFS, Dayton OH 45444-5320

DSN 986-6395; Commercial (513) 296-6395; DATA FAX Ext. 5186

Table 1504-3. SAN-Organization Points of Contact (Page 3 of 3)

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APPENDIX A ABBREVIATIONS AND ACRONYMS

A

AAO	Authorized Acquisition Objective	
ACDA	Arms Control and Disarmament Agency	
ACOCS-FMS	Army Customer Order Control System for FMS	
ACOM	Atlantic Command (formerly LANTCOM)	
ADP	Automatic Data Processing	
AECA	Arms Export Control Act, as amended	
AECB	Arms Export Control Board	
AFAO	Approved Force Acquisition Objective	
AFMC	Air Force Materiel Command	
AFR	Air Force Regulation	
AIASA	Annual Integrated Assessment of Security Assistance (see FYPA)	*
AID	Agency for International Development	
AMC	Army Materiel Command or Air Mobility Command (Air Force) (in context)	*
AOR	Area of Responsibility	
AR	Army Regulation	
ASD	Assistant Secretary of Defense	*
ASD(C)	Assistant Secretary of Defense (Comptroller)	
ASD(P&L)	Assistant Secretary of Defense (Production and Logistics)	
ASD(ISA)	Assistant Secretary of Defense (International Security Affairs)	

B

BO	Back Order (Supply), Blanket Order (FMS Case)
----	---

C

CAD PAD	Cartridge Actuated Devices/Propellant Actuated Devices
CAS	Contract Administrative Services, or Cost Accounting Standard (in context)
CBL	Commercial Bill of Lading
CC	Customer-Within-Country (Transportation Code)
CCBL	Collect Commercial Bill of Lading
CENTCOM	US Central Command (MacDill AFB FL)
CETS	Contractor Engineering Technical Services
CFS	Contract Field Services
CIA	Central Intelligence Agency
CICA	Competition in Contracting Act
CISIL	Centralized Integrated System International Logistics (US Army)
CLSSA	Cooperative Logistics Supply Support Arrangements
CMS	Contractor Maintenance Services
CNAD	Conference of National Armament Directors
CNO	Chief of Naval Operations
CO	Contracting Officer
COCOM	Coordinating Committee of the Consultative Group
COCP	Customer Order Control Point (US Army)
COE	Corps of Engineers (US Army)
COMSEC	Communications Security Equipment
CONUS	Continental United States
CPD	Congressional Presentation Document

CRA Continuing Resolution Authority
 CSP Concurrent (initial) Spare Parts

D

DAAS	Defense Automatic Addressing System
DAASO	Defense Automatic Addressing System Office
DAD	Defense Acquisition Deskbook
DAO	Defense Attache Office
DATT	Defense Attache
DBOF	Defense Business Operations Fund (see DWCF)
DCA	Defense Cooperation in Armaments
DCAA	Defense Contract Audit Agency
DCASR	Defense Contract Administration Services Region
DCM	Deputy Chief of Mission (US Embassy)
DCS	Deputy Chief of Staff
DDN	Defense Data Network
DEA	Data Exchange Agreement or Drug Enforcement Agency (in context)
DepSecDef	Deputy Secretary of Defense
DFAS	Defense Finance and Accounting Service
DFAS-DE/	Defense Finance and Accounting Service-Denver Center/SAAC
DFARS	Defense Federal Acquisition Regulation Supplement
DIA	Defense Intelligence Agency
DICA	Defense Industrial Cooperation Agreement
DIC	Document Identifier Code or Defense Industrial Cooperation (in context)
DIFS	Defense Integrated Financial System
DIS	Defense Investigative Services
DISA	Defense Information Systems Agency
DISAM	Defense Institute of Security Assistance Management
DLA	Defense Logistics Agency
DLIELC	Defense Language Institute English Language Center
DLSC	Defense Logistics Services Center
DLSSO	Defense Logistics Standards Systems Office
DO	Defined Order (FMS Case)
DoD	Department of Defense
DoDAADS	DoD Activity Address Directory System
DoDAC	DoD Address Code
DoDD	DoD Directive
DoDI	DoD Instruction
DoDIG	DoD Inspector General
DoDISS	DoD Index of Specifications and Standards
DoE	Department of Energy
DoS	Department of State
DRMO	Defense Reutilization Marketing Office
DRMS	Defense Reutilization Marketing Service
DSAA	Defense Security Assistance Agency (DSCA 1 October, 1998)
DSARC	Defense Systems Acquisition Review Council
DSB	Defense Science Board
DSC	Defense Supply Center or Delivery Source Code (in context)
DSCA	Defense Security Cooperation Agency (Formerly DSAA)
DSN	Defense Switched Network
DSWA	Defense Special Weapons Agency (formerly DNA)
DT&E	Development, Test, and Evaluation
DTC	Delivery Term Code

DTS	Defense Transportation System
DTSA	Defense Technology Security Administration
DU	Dependable Undertaking
DUSD(IP)	Deputy Under Secretary of Defense (Industrial and International Programs)

E

EA	Expenditure Authority
EAA	Export Administration Act
ECL	English Comprehension Level
ECP	Engineering Change Proposal
EDA	Excess Defense Articles
EDD	Estimated Delivery Date
ELT	English Language Training
EOQ	Economic Order Quantity
ESF	Economic Support Fund
ETSS	Extended Training Service Specialist
EUCOM	US European Command
EXA	Execution or Implementing Agency

F

FAA	Foreign Assistance Act of 1961, as amended or Federal Aviation Administration (in context)
FAD	Force Activity Designator
FAO	Foreign Area Officer (US Army) or Finance and Accounting Officer
FAR	Federal Acquisition Regulation
FAS	Free Alongside Ship
FAST LINE	FMS Acquisition Services Team Line (USN nonstandard item support process)
FAW	Financial Analysis Worksheet (SDAF)
FFB	Federal Financing Bank
FLO	Foreign Liaison Office (located within CONUS)
FMF/FMFP	Foreign Military Financing/FMF Program
FMCS	Foreign Military Construction Sales
FMR	Financial Management Regulation (DoD 7000.14-R, Volume 15)
FMS	Foreign Military Sales
FMSO	Fleet Material Support Office or Foreign Military Sales Order (in context)
FMSO I	Foreign Military Sales Order Stock Level Sales Case
FMSO II	Foreign Military Sales Order Requisition/Consumption Sales Case
FMT	Foreign Military Trainee
FMTMIS	Foreign Military Training Management Information System (US Navy)
FOB	Free On Board
FOIA	Freedom of Information Act
FORDTIS	Foreign Disclosure and Technical Information System
FRB	Federal Reserve Bank
FSC	Federal Supply Classification
FSG	Federal Supply Group
FSL	Foreign Service Local (embassy employee)
FSO	Foreign Service Officer (Department of State)
FST	Field Service Team
FTO	Foreign Training Officer (US)
FTS	Field Training Service
FY	Fiscal Year
FYDP	Five Year Defense Program or Fiscal Year Defense Program

FYPA Fiscal Year Planning Assessment (formerly AIASA)

G

G&A	General and Administrative (costs)
GA	Grant Aid
GAO	General Accounting Office
GATT	General Agreement of Tariffs and Trade
GBL	Government Bill of Lading
GFE	Government Furnished Equipment
GFM	Government Furnished Materiel
GRL	Gross Requirement List
GSA	General Services Administration
GSE	Ground Support Equipment
GSOIA	General Security of Information Agreement

H

HNS	Host Nation Support
HPA	Head of Procuring Activity

I

IA	Implementing Agency
IAAFA	Inter-American Air Forces Academy
IAGS	Inter-American Geodetic School
ICP	Inventory Control Point
IFB	Invitation For Bid
IG	Inspector General
IL	International Logistics
ILCS	International Logistics Communication System
ILS	Integrated Logistics Support or Instrument Landing System (in context)
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
INC	International Narcotics Control
IP	Informational Program or Intellectual Property (in context)
IPD	Issue Priority Designator
IPO	(Navy) International Programs Office
ISSL	Initial Spares Support List (see CSP)
ITAR	International Traffic in Arms Regulations
ITO	Invitational Travel Order

J

JCS	Joint Chiefs of Staff
JLC	Joint Logistics Commanders
JMP	Joint Manpower Program
JSAT	Joint Security Assistance Training
JTD	Joint Table of Distribution
JTR	Joint Travel Regulation

K

[None at this time.]

L

LANTCOM	US Atlantic Command (see ACOM)
LOA	Letter of Offer and Acceptance (replaced LOA, 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
MAG	Military Assistance Group
MAJCOM	Major Command (US Air Force)
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
MDE	Major Defense Equipment
MFP	Major Force Program
MFO	Multinational Force and Observers
MILDEPs	US 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 (US Navy)
MOA	Memorandum of Agreement
MOD	Ministry of Defense (International equivalent of US DoD)
MOU	Memorandum of Understanding
MPS	Military Postal Service
MRI	MILSTRIP Routing Identifier
MSC	Military Sealift Command (US Navy)
MTBF	Mean Time Between Failure
MTMC	Military Traffic Management Command (US Army)
MTT	Mobile Training Team
MTTR	Mean Time to Repair or Return
MWO	Modification Work Order

N

NAD(S)	National Armaments Director(s) or Naval Aviation Depot (in context)
NAMSA	NATO Maintenance and Supply Agency
NAMSO	NATO Maintenance and Supply Organization
NATO	North Atlantic Treaty Organization
NAVCOCS	Navy Case Obligation Control System
NAVFAC	Naval Facilities Engineering Command
NAVILCO	Navy International Logistics Control Office (Philadelphia, Pennsylvania)
NC	Nonrecurring Cost
NCB	National Codification Bureau
NDP-1	National Disclosure Policy
NDPC	National Disclosure Policy Committee
NGO	Non-Governmental Organization (pertains to peacekeeping)
NICP	National Inventory Control Point (US Army)
NIIN	National Item Identification Number
NIMA	National Imaging and Mapping Agency (formerly DMA)
NMDL	Navy Management Data List
NSA	National Security Agency
NSC	Naval Supply Center or National Security Council (in context)
NSN	National Stock Number

O

OA	Obligation Authority
OBT	Observer Training
ODC	Office of Defense Cooperation
OJCS	Office of the Joint Chiefs of Staff (now Joint Staff)
OJT	On-the-Job Training
O&M	Operation and Maintenance
OMB	Office of Management and Budget
OSD	Office of the Secretary of Defense
OSP	Offshore Procurement
OT	Orientation Tour
OPR	Office of Primary Responsibility

P

PA	Procurement Appropriation or Pacific Command (in context)
PACAMS	Panama Canal Area Military Schools
PACOM	US Pacific Command
P&A	Price and Availability Data
PC&H/PCH&T	Packaging, Crating, & Handling, PC&H and Transportation
PCS	Permanent Change of Station
PD	Presidential Determination
PDM	Programmed Depot Maintenance or Program Decision Memoranda (in context)
PKO	Peacekeeping Operations
PL	Public Law
PLOA	Pseudo Letter of Offer and Acceptance (FAA sales)
PLT	Procurement Lead Time
PM	Bureau of Politico-Military Affairs (Department of State) or Program/Project Manager
PME	Professional Military Education
POC	Point of Contact

POD	Port of Debarkation
POE	Port of Embarkation
POM	Program Objective Memorandum
PPBS	Planning, Programming, and Budgeting System
PROS	Parts and Repair Ordering System (USAF nonstandard item support process)

Q

QA	Quality Assurance
QAT	Quality Assurance Team
QTY	Quantity
QRR	Quarterly Requisition Report

R

RAD	Required Availability Date
R&D	Research & Development
RCN	Record Control Number
RCS	Report Control Symbol
RDD	Required Delivery Date
RDT&E	Research, Development, Test, and Evaluation (Engineering)
RFP	Request for Proposals
RMS	Resource Management Systems
ROD	Report of Discrepancy (see SDR)
RSI	Rationalization, Standardization, Interoperability
RSN	Record Serial Number

S

SA	Security Assistance
SAAC	Security Assistance Accounting Center (part of DFAS-DE/T)
SAAM	Special Assignment Airlift Mission
SAMAS	Security Assistance Manpower Accounting System
SAMIS	Security Assistance Management Information System (US Air Force)
SAMM	Security Assistance Management Manual (DOD 5105.38-M)
SAN	Security Assistance Network
SAO	Security Assistance Organization/Office
SAPRWG	Security Assistance Program Review Working Group
SAR	Selected Acquisition Report
SATP	Security Assistance Training Program
SDAF	Special Defense Acquisition Fund
SDR	Supply Discrepancy Report (replacing ROD)
SecDef	Secretary of Defense
SecNav	Secretary of the Navy
SET	Specialized English Training
SII	Special Instructions Indicator
SME	Significant Military Equipment
SNAP	Simplified Nonstandard Acquisition Process (Army process)
SOCOM	US Special Operations Command
SOFA	Status of Forces Agreement
SOUTHCOM	US Southern Command
STL	Standardized Training Listing

T

TAC	Type of Address Code
TAFT	Technical Assistance Field Team
TAT	Technical Assistance Team
TCN	Transportation Control Number
TDP	Technical Data Package
TDY	Temporary Duty
TL/TLW	Termination Liability/ TL Worksheet
TLA	Travel and Living Allowance
TO	Technical Order
TOA	Total Obligational Authority or Transportation Operating Agency (in context)
TOR	Terms of Reference
TPA	Total Package Approach
TRADOC	Training and Doctrine Command (US Army)
TRANSCOM	US Transportation Command (includes Air Mobility Command, MSC, MTMC)

*

U

UCOM	US Unified Command
U/I	Unit of Issue
U/P	Unit Price
UMMIPS	Uniform Materiel Movement and Issue Priority System
UN	United Nations
UND	Urgency of Need Designator
UNLOA	United Nations Letter of Assistance
USA	US Army
USAF	US Air Force
USAMC	(see AMC)
USARSA	US Army School of the Americas
USASAALA	US Army Security Assistance Agency - Latin America
USASAC	US Army Security Affairs Command
USC	US Code (as in law)
USCENTCOM	US Central Command
USDP	US Disclosure Policy
USD(A&T)	Under Secretary of Defense for Acquisition and Technology
USD(P)	Under Secretary of Defense for Policy
USG	US Government
USMC	US Marine Corps
USML	US Munitions List
USN	US Navy

V

[None at this time.]

W

WCF	Working Capital Funds (replaced DBOF, consists of Army, Navy, Air Force, and DoD WCF)
WCN	Worksheet Control Number

*

XYZ

[None at this time.]

APPENDIX B GLOSSARY OF SELECTED TERMS

A

Acceptance Date - The date which appears on the acceptance portion of LOAs and indicates the calendar date on which a foreign buyer agrees to accept the items and conditions contained in the FMS offer.

Acceptance, Letter of Offer and - US document by which the USG 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 LOA 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. May be referred to as "DD Form 1513," which is now replaced but may remain in effect for many programs.

Accepted LOA (Case) - An FMS offer and acceptance for definitized requirements which has been signed by the designated representative of the eligible recipient and for which the initial deposit or other financial arrangements have been completed by the Purchaser.

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 DFAS-DE/I via the Delivery transaction. 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 DFAS-DE/I by the Implementing Agency in FMS Delivery/Performance Reports. Items with valid ARCs are matched to the SDR (ROD) file to create "FKG" reply transactions.

Administrative Agency - The Military Department responsible 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. Expenses charged directly to the LOA are not included. May be commonly referred to by the generic code "L6A" for administrative costs.

Amendment, LOA - A contracted scope change to an existing LOA.

Annual Integrated Assessment of Security Assistance (AIASA) - Report submitted annually by the US 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 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 USG under the FAA, as amended, or the 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 USG referred to in the 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 - An agreement between a foreign customer and the USG for a specific category of items or services (including training) with no definitive listing of items or quantities. The LOA specifies a dollar ceiling against which orders may be placed.

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

C

Cancelled LOA - An LOA which was not accepted or funded within prescribed time limitations, or was cancelled by the requesting country or the USG. In the latter case, the USG or purchaser electing to cancel all (or part) of the LOA prior to delivery of defense articles or performance of services shall be responsible for all (or associated) termination costs.

Case - An LOA which has been accepted by an authorized customer. A contractual sales agreement between the US and an eligible foreign country or international organization. One FMS LOA identifier is assigned for the purpose of identification, accounting, and data processing for each Offer.

Cash in Advance - US 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 - US 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 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 US dollar currencies, checks, or other negotiable instruments from a customer country to pay for defense articles or services, based on accepted LOAs.

Commercial Sale - Sale made by US 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 or exported through normal international trade channels.

Commitment - Any communication between a responsible US 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 US 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.

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 programed 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 SA programs, for Congressional authorizations and appropriations.

Consolidated Data Report (CDR) - Report submitted by the US Diplomatic Mission, which updates the information contained in the previously submitted FYPA, for preparation of the CPD. The CDR also is known as the CPD update.

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.

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 US has viewed arms transfers as a useful foreign policy instrument to: strengthen collective defense arrangements, maintain

regional military balances, secure US bases, and compensate for the withdrawal of troops. US arms are transferred by grants, by government-to-government sales under FMS, and by private commercial sales.

Cooperative Logistics Supply Support Arrangements (CLSSA) - FMSO I pre-stockage and storage and FMSO II consumption LOAs designed to provide responsive standard secondary item supply support for US-origin equipment which is in allied and friendly country inventories. [See SAMM Chapter 7]

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 US and a friendly foreign government under peacetime conditions. [JCS Pub 1]

Cooperative Projects - Jointly managed arrangements between the US 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 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 to be in a trainee status.

Country Team - Senior members of USG agencies assigned to a US diplomatic mission overseas, and subject to the direction and supervision of the Chief, US Mission (Ambassador). Team members coordinate USG 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 the US will advance a stipulated amount of credit for financing 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 US (excluding USG agencies other than the Federal Financing Bank) against 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 (1 October - 30 September) in progress.

D

Defense Article - 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 USC 7307), or as defined by the Atomic Energy Act of 1954, as amended (42 USC 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 US diplomatic mission overseas for the purposes of overt gathering of military information, representing DoD in the conduct of military liaison activities, and performing as a member of the US country team. Some DAOs 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 - US 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 but does not include military education and training activities. [Section 644(f), FAA] For FMS, defense services also include training (AECA Section 47(4)). For purposes of guidance within this manual, includes military education and training activities and military design and construction services.

Defined Order LOA - These LOAs are characterized by separately identified line items, which may include individually listed items or dollar value lines for which requisitions (for hardware lines) are initiated by the IA following LOA acceptance.

Delivered Case - [See Completed Case]

Delivery, Constructive - Constructive: Delivery of materiel to a carrier for transportation to the consignee, or delivery to a US post office for shipment to the consignee. Actual: Delivery is evidenced by completed shipping documents or listings of delivery at the US 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. The performance of services for the Purchaser.

Dependable Undertaking - A firm commitment by the Purchaser to pay the full amount of a contract for new production or for the performance of defense services which will assure the US 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 DoD there is sufficient likelihood that the Purchaser will have the economic resources to fulfill the commitment. [Section 22, AECA]

Designated Country Representative - Person(s) duly authorized by a foreign government to act on behalf of that government to negotiate, commit, sign contractual agreements, or accept delivery of materiel.

Designator, LOA - A unique three-letter designator assigned by the IA to each LOA.

Disclosure Authorization - Authorization by appropriate 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.

Disposable MAP Property - MAP property for which no further SA requirement exists, including MAP property which does not meet the criteria for utilization screening.

DoD Activity Address Directory System (DoDAADS) - Provides data elements, identification codes, and clear text addresses 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 - The joint production of defense articles in both the US and other countries. Includes independent production lines for entire weapon systems, and interdependent production whereby participants produce 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 which are of strategic concern to the US. ESF is used to finance imports of commodities, capital, or technical assistance in accordance with terms of a bilateral agreement or for budgetary support. This enables recipients to devote more resources to defense and security purposes without serious economic or political consequences.

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, or other materiel which is ready for its intended use; e.g., ship, tank, mobile machine shop, aircraft. [JCS Pub 1]

Eurogroup - European nations working together within NATO to make a better coordinated contribution to the common defense effort and thus strengthen the Alliance.

Extended Training Service Specialists (ETSS) - 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 but are not listed on the Joint Table of Distribution (JTD). ETSS may be provided for up to one year, unless a longer period is specifically approved by DSAA.

English Comprehension Level (ECL) Examination - A test of foreign military student proficiency in English listening and reading. A minimum entry level for each course is set by the MILDEPs on the basis of course difficulty and hazard factors.

Excess Defense Articles - Defense articles owned by the 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 AFAO and Approved Force Retention Stock of all DoD components at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations. [Sec. 644(g), FAA]

Expendables - 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. Sometimes referred to as consumable supplies and material. [JCS Pub 1]

Expenditure Authority (under FMS) - A document or authority from DFAS-DE to the IA 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.

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 - Carried out by industry, government agencies, or a combination of both to determine the feasibility of developing and producing a defense article within available resources. The study identifies areas of technical risk, recommends characteristics, and gives the optimum balance between performance, cost, and development time. The study also indicates areas where advances are likely to be necessary for success. 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 or services financed by credit supplied by the Federal Financing Bank. The sale may be made by DoD or directly by US industry. US industry sales are subject to DoD approval.

Field Training Services or FTS - Engineering and technical services or contract field services.

Financing, Type of - The method by which the USG is authorized to sell defense articles and services under the AECA (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 LOA.

Five-Year Defense Program or FYDP - The program summarizing the SECDEF's plans and programs for DoD.

Foreign Affairs Administrative Support or FAAS - Provides, on a reimbursable basis at the Washington level, administrative services to USG offices, including SAOs, located overseas. Services are provided by FAAS personnel of DoS, including: personnel, budget and fiscal, general services, communications, security and guard, and management. 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.

Foreign Liaison Officer or FLO - An official representative, either military or civilian, of a foreign government or international organization stationed in the US normally for the purpose of managing or monitoring SA programs.

Foreign Military Sales or FMS - That portion of US security assistance authorized by the AECA, as amended, and conducted on the basis of formal contracts or agreements between the USG 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.

Foreign Military Trainees or FMT - Foreign military and associated civilian defense personnel receiving training under FMS or IMET, also referred to as International Military Students (IMS).

Foreign Training Officer or FTO - The US 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 (IMSO).

Formal Training - Training (including special training) in an officially designated course, 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 - Represents the type of materiel or services according to budget activity or project account classification.

Grant Aid - Assistance rendered under authority of the FAA for which the US receives no dollar reimbursement. Currently consists of nonreimbursable MAP and IMET. Also see Military Assistance Program.

H

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 - 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.

I

Identifier, LOA - A unique identifier assigned to an LOA for the purpose of identification, accounting, and data processing of each accepted Offer. The identifier consists of the country code, implementing agency code, and the LOA designator.

IMET Order - Document issued by DSAA to authorize the MILDEPs to expend funds for IMET funded training including English language equipment and materiel.

Implementation Date - Date on which FMS case supply action is first authorized.

Implementing Agency - The DoD Component responsible for the execution of programs under the AECA or FAA of 1961, as amended.

Informational Program or IP - Provides for foreign students, information pertaining to the United States; its social, cultural, and political institutions; and its people and their ways of life. It further increases foreign students' awareness of US commitment to basic principles of internationally-recognized human rights.

Interchangeability - Two or more items possess such functional and physical characteristics as to be equivalent in performance, fit, and durability, and either is capable of being used without alteration of the items or of adjoining items, except for adjustment.

Initial Deposit - Money furnished to the USG for the credit of the Treasurer of the United States at the time of acceptance of an LOA or Amendment.

Interfund Billing System or IBS - Under IBS, the selling activity will credit the appropriation or fund which owns the materiel or finances the accessorial charges at the time of billing the ordering activity and charge the funds of the ordering activity. IBS normally encompasses 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, 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 US 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 US logistics, policies, systems, or procedures to meet requirements of foreign governments, international organizations, or forces. [JCS Pub. 1]

International Military Education and Training Program - Provides training to selected foreign military and defense associated civilian personnel on a grant basis. IMET is authorized by the Foreign Assistance Act of 1961, as amended.

International Traffic in Arms Regulation or ITAR - A document prepared by the Bureau of Politico-Military Affairs, Department of State, providing licensing and regulatory provisions for the export of defense articles, technical data and services. The ITAR also contains the US Munitions List. (22 CFR 120-130).

Invitational Travel Orders or ITOs - A written authorization for foreign personnel to travel to, from, and between US activities for training under a funded IMET or FMS program.

J

Joint Security Assistance Memorandum - A Joint Strategic Planning System document providing US military views on alternate funding levels projected for US financed SA program elements. The JSAM is based on individual US Diplomatic Mission and SAO submissions of the FYPA and the JSPD/SA, as well as Unified Command comments on both.

Joint Strategic Planning Document - This document contains a comprehensive appraisal of the military threat to the US, 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 SAO to address planning within a specific country.

L

Language Training Detachment - 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 defense article to an FMS eligible foreign government or international organization, with the transferee agreeing to maintain, protect, repair, or restore the article, under authority of Chap 6, AECA.

Letter of Offer and Acceptance or LOA - See Acceptance, Letter of Offer and.

Letter of Request or LOR - A written message or letter request from eligible FMS participants for the purchase of defense articles or services.

License, Exclusive; Non-Exclusive - A license covering a patent, technical or proprietary data, technical assistance, know-how, or any combination of these, granted by a US 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 or the licensor.

Licensed Production - Production based on agreements by US commercial firms with international organizations, foreign governments, or foreign commercial firms. 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.

Loan - An agreement for temporary transfer of the right of possession and use of a defense article not acquired with military assistance funds to a foreign government or international organization, at no rental charge to the transferee, with the transferor US Military Department being reimbursed from MAP funds, under authority of FAA Section 503.

Logistics Support Charge 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 DFAS-DE to delivery costs for those lines in FMS cases which have been identified as support lines based on the generic code.

M

Major Defense Equipment - Any item of significant military equipment on the USML having a nonrecurring research and development cost of more than \$50 million or a total production cost of more than \$200 million.

Major Item Line - A program line for which the requirement is expressed in quantity and in dollars. These lines are identified in the MASL by a unit of issue other than dollars (XX).

Major Non-NATO Ally - A country designated in accordance with FAA Sec 517 as a major non-NATO ally for the purposes of the FAA and AECA. Initial designations are Australia, Egypt, Israel, Japan, the Republic of Korea, and New Zealand. **

MAP Order - Document formerly issued by DSAA to authorize and direct the delivery of defense articles or services to designated recipients. MAP orders were issued for approved and funded MAP and IMET articles and services (e.g., materiel, training, construction, supply operations, administrative expenses).

Memorandum of Understanding - A written understanding between governments 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 elements concerned with the performance of the program.

Military Articles and Services List or MASL - Catalog of materiel, services, and training used in the planning and programming of MAP, IMET, and FMS. Separate MASLs are maintained for IMET and FMS training to disseminate course availability, price, and duration.

Military Assistance Program or MAP - That portion of the US SA authorized by the FAA of 1961, as amended, which provides defense articles or commodities and defense services to recipients, generally on a nonreimbursable (grant) basis. Also see Grant Aid.

Military Assistance Program Address Directory or MAPAD - See DoD Activity Address Directory System.

Military Civic Action - The use of preponderantly indigenous military forces on projects useful to the local population at all levels in education, training, public works, agriculture, transportation, communications, health, sanitation, and other areas contributing to economic and social development, which also improve the standing of the local military forces with the population.

Military Export Sales - Sales of defense articles and services made from US sources to foreign governments, foreign private firms, and international organizations, whether made by DoD or by US industry. Such sales generally fall into two major categories: Foreign Military Sales and Commercial Sales.

Military Standard Billing System or 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 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 or 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 or MILSTRIP - A uniform DoD procedure to govern requisition and issue of materiel within standardized priorities. [JCS Pub 1]

Military Standard Transaction Reporting and Accounting Procedures or MILSTRAP - prescribes uniform procedures, data elements, 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]

Military Standard Transportation and Movement Procedures or MILSTAMP - Standard transportation data, documentation, and control procedures applicable to cargo movements in the DoD transportation system. [JCS Pub 1]

Military Supply and Transportation Evaluation Procedures or 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 or postulated threat with an acceptable degree of risk. Having ascertained 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 or equipment.

Mobile Training Team or MTT - Team of US DoD personnel on temporary duty in a foreign country for the purpose of training foreign personnel in the operation, maintenance, or support of defense equipment, as well as training for general military operations. MTTs may be funded from either FMS or IMET Programs. [AFM 50-29]

Modification, LOA - An administrative or price change to an existing LOA, without revising the scope.

Munitions List - The USML is an enumeration of defense articles and defense services published in the ITAR (22 CFR 121).

N

NDP-1 or National Policy and Procedures for the Disclosure of Classified Military Information to Foreign Governments and International Organizations (U) [Short Title: National Disclosure Policy - National policy, including disclosure criteria and limitations, definitions of terms, release arrangements, and other guidance required to release classified US military information to foreign governments and international organizations. Provides for interagency procedures for implementation of that policy.

O

Obligational Authority or OA - Under FMS, authority in DD Form 2060 format for a given FMS case, passed from DFAS-DE to the IA which allows obligations to be incurred against a country's Trust Fund in an amount not to exceed the value of the OA.

Obligations - Dollar values of orders placed, contracts awarded, services received, and similar transactions during a given period requiring future payment of money. Such amounts include payments for which obligations previously have not been recorded, and adjustments for differences between obligations previously recorded and actual payments to liquidate those obligations.

Observer Training - Special training conducted to permit foreign students to observe US military techniques and procedures.

Offer Date - The date which appears on the offer portion of LOAs and which indicates the date on which an FMS offer is made to a foreign buyer.

Offset Agreement - An agreement, arrangement, or understanding between a US supplier and a non-US Purchaser under which the supplier agrees to purchase or acquire, or to promote the purchase or acquisition by other US persons of, goods or services produced, manufactured, grown, or extracted, in whole or in part, outside the US in consideration for purchases of defense articles or services from the supplier. A US person means an individual who is a national or permanent resident alien of the US and any corporation, business association, partnership, trust, or other judicial entity incorporated, or permanently residing, in the US. (reference Sec 732, PL 103-236)

On-the-Job Training or OJT - 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: that is, 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 and Maintenance, or O&M, Costs - 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.

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, Programing, and Budgeting System - An integrated system for the establishment, maintenance, and revision of the FYDP and the DoD budget.

Price and Availability, or 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 - A document which provides SECDEF decisions on the POM and the Joint Program Assessment Memorandum (JPAM).

Progress Payments - Payments to contractors or DBOF 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.

Pseudo Letter of Offer and Acceptance, or PLOA - An LOA, designed for sales of defense articles or services under the AECA, which has been modified to accommodate sale of defense commodities or services under the FAA of 1961, as amended.

R

Reappropriation - Process whereby Grant Aid funds, which at the end of the fiscal year are not reserved or obligated, are made available by the Congress for use in the subsequent fiscal year.

Reciprocal Defense Procurement - Procurement actions which are implemented under MOUs between the US and participating nations whereby the participants agree to effect complementary acquisitions of defense articles from each other's country.

Record Serial Number or RSN - A line item indicator on the LOA which 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 current year operations.

Redistributable MAP Property - MAP property which has been declared by the recipient to the US 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 programing.

Repair and Replace - Procedure whereby CLSSA customers return repairable carcasses to the US and receive a serviceable replacement without awaiting the normal repair cycle timeframe. Replacement involves an exchange of a customer-owned unserviceable item with a serviceable customer-owned item held by the US. Countries are initially charged the estimated repair cost, with adjustment to the actual repair cost upon completion of repair of the unserviceable item.

Repair and Return - Procedure by which eligible foreign countries return unserviceable repairable items for entry into the US MILDEP 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.

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 - Group of programs authorized by the FAA of 1961, as amended, and the AECA as amended, or other related statutes by which the US 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]

Significant Military Equipment or SME - Those defense articles and services on the USML in the 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.

Specialized English Terminology - 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 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.

T

Teaming Arrangement - A agreement of two or more firms to form a 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 TAFT - Team of DoD personnel deployed under FMS on PCS status, normally for one year or longer, to a foreign country to train local defense cadre personnel to operate, maintain, and employ defense equipment, and in other non-equipment specific military skills.

Technical Assistance Team or TAT - Team of DoD personnel deployed to a foreign country on TDY status to place into operation, maintain, and repair equipment provided under FMS or MAP programs.

Technical Data - @@Recorded information, regardless of form or the method of recording, of a scientific or technical nature. Examples of technical data 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. Computer software financial, administrative, cost and pricing, or other information incidental to contract administration are excluded.@@(Changed 12 Aug 98)

Technical Data Package or TDP - The most prominent category of technical data is described as a TDP. The TDP normally includes technical design and manufacturing information to enable the construction or manufacture of a defense item component, 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 defense items or technology.

Test Control Officer or TCO - US military or civilian personnel designated to administer, supervise, and control ECL testing and test materials. Must be a US citizen, not a foreign national "local hire" civilian or foreign military officer or NCO.

Total Package Approach - A means of ensuring that FMS customers 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.

Training (FMS) - Formal or informal instruction of foreign students in the US or overseas by officers or employees of the US, 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 or 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 USG for use in carrying out specific purposes and programs in accordance with an agreement.

V

Value -

Under Section 644(m), FAA:

- (1) With respect to an EDA, the actual value of the article plus the gross cost incurred by the USG 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 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-EDA 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-EDA 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 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.

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APPENDIX C

DoD DIRECTIVES, INSTRUCTIONS, AND MANUALS

The following is a list of DoD directives, instructions, and manuals pertaining to the security assistance program.

DoD Federal Acquisition Regulation Supplement

DoD Directive 1130.2 - *Management and Control of Engineering and Technical Services*

DoD Directive 1315.7 - *Military Personnel Assignments*

DoD Directive 1400.6 - *Civilian Employees in Overseas Areas*

DoD Instruction 1400.10 - *Employment of Foreign Nationals in Foreign Areas*

DoD Instruction 1400.11 - *Payments to Civilian Employees and Their Dependents During an Evacuation*

DoD Directive 2000.9 - *International Co-Production Projects and Agreements Between the US and Other Countries or International Organizations*

DoD Directive 2010.1 - *Support of International Military Activities*

DoD Directive 2010.5 - *DoD Participation in the NATO Infrastructure Program*

DoD Directive 2010.6 - *Standardization and Interoperability of Weapon Systems and Equipment Within the North Atlantic Treaty Organization*

DoD Directive 2010.8 - *Department of Defense Policy for NATO Logistics*

DoD Directive 2010.9 - *Mutual Logistics Support Between the United States and Other NATO Forces*

DoD Instruction 2010.10 - *Mutual Logistics Support Between the United States and Other NATO Forces - Financial Policy*

DoD Instruction 2030.6 - *Implementing Procedures for Security Trade Controls on Sales for Foreign Excess Personal Property*

DoD Instruction 2045.2 - *Agreements with Australia and Canada for Qualification of Products of Non-Resident Manufacturers*

DoD Directive 2055.3 - *Manning of Security Assistance Organizations and Selection and Training of Security Assistance Personnel*

DoD Instruction 2110.32 - *Foreign Military Sales Between the United States and the Federal Republic of Germany*

DoD Directive 2140.2 - *Recoupment of Nonrecurring Costs on Sales of USG Products and Technology*

DoD Directive 2140.5 - *Defense Institute of Security Assistance Management*

DoD Directive 4000.21-1-M - *Military Standard Requisitioning and Issue Procedures (MILSTRIP)*

DoD Directive 4000.25-8-M - *Military Assistance Program Address Directory*

DoD Directive 4100.37 - *Retention and Transfer of Materiel Assets*

DoD Directive 4140.22-M - *Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP)*

DoD Instruction 4140.42 - *Determination of Initial Requirements for Secondary Item Spare and Repair Parts*

DoD Instruction 4155.19 - *NATO Quality Assurance*

DoD Directive 4160.21 - *DoD Personal Property Utilization Disposal Program*

DoD Directive 4160.21-M - *Defense Reutilization and Marketing Manual*

DoD Directive 4160.21-M-1 - *Defense Demilitarization Manual*

DoD Directive 4165.6 - *Real Property Acquisition, Management, and Disposal*

DoD Directive 4410.6 - *Uniform Material Movement and Issue Priority System (UMMIPS)*

DoD Directive 4500.9 - *Transportation and Traffic Management*

DoD Directive 5000.1 - *Major and Non-Major Defense Acquisition Programs*

DoD Directive 5000.2 - *Defense Acquisition Program Procedures*

DoD Directive 5000.7 - *Official Temporary Duty Travel Abroad*

DoD Instruction 5000.33 - *Uniform Budget/Cost Terms and Definitions*

DoD Directive 5000.35 - *Defense Acquisition Regulatory System*

DoD Instruction 5010.12 - *Defense Technical Data Management Program*

DoD Directive 5030.14 - *Disclosure of Atomic Information to Foreign Governments and Regional Defense Organizations*

DoD Directive 5100.2 - *Support of Headquarters of Unified, Specified, or Subordinate Joint Commands*

DoD Directive 5100.55 - *United States Security Authority for NATO Affairs*

DoD Directive 5105.36 - *Defense Contract Audit Agency*

DoD Directive 5105.38 - *Defense Security Assistance Agency*

DoD Directive 5105.40 - *Defense Mapping Agency (DMA)*

DoD Directive 5123.3 - *DoD Policy and Responsibilities Related to International Security Assistance (ISA)*

DoD Directive 5128.1 - *Assistant Secretary of Defense (Production and Logistics)*

DoD Directive 5132.2 - *Assistant Secretary of Defense (International Security Affairs)*

DoD Directive 5132.3 - *Department of Defense Policies and Responsibilities Relating to Security Assistance*

DoD Directive 5132.11 - *Security Assistance Accounting Center*

DoD Directive 5160.41 - *Defense Language Program*

DoD Directive 5200.12 - *Conduct of Classified Meetings*

DoD Industrial Security Manual 5220.22-M - *Industrial Security Manual for Safeguarding Classified Information*

DoD Directive 5230.11 - *Disclosure of Classified Military Information to Foreign Governments and International Organizations*

DoD Instruction 5230.17 - *Procedures for Disclosure of Classified Military Information to Foreign Governments and International Organizations*

DoD Instruction 5230.20 - *Control of Foreign Representatives*

DoD Directive 5410.17 - *Informational Program for Foreign Military Trainees in the United States*

DoD Directive 5500.7 - *Standards of Conduct*

DoD Directive 5530.3 - *International Agreements*

DoD Directive 7000.14-R - *Financial Management Regulation, Volume 15, Security Assistance Policy and Procedures*

DoD Instruction 7230.7 - *User Charges*

DoD Directive 7460.2 - *Regulations Governing the Use of Management Funds*

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APPENDIX D

DSAA INFORMATION SYSTEMS DATA ELEMENT DICTIONARY

A. PURPOSE. The purpose of this appendix is to provide the users of the DSAA 1000, DSAA 1200, and other DSAA directed computer systems with information about the data elements used in those systems.

B. DESCRIPTION. All codes listed in this appendix are used in either of the two systems as processing tools or as a means of segregating and recording essential data pertaining to the program involved, thereby according a means of retrieving data to satisfy management level officials.

C. ALPHABETIC LIST OF CODES WITH DEFINITIONS.

1. Acceptance Date - 1200 System. The date a country representative signs the formal United States Department of Defense Letter of Offer and Acceptance (LOA), DD Form 1513. It indicates the calendar date on which a foreign buyer agrees to accept the terms and conditions contained in the offer portion of the LOA. This date is expressed in a year, month, and day (YYMMDD) format.

2. Acceptance Fiscal Year/Quarter - 1200 System. A three digit numeric code contained in the data base and generated from the Acceptance Date of the case (e.g., 794 is generated for the fourth quarter of fiscal year 1979).

3. Action Code - 1000 System. A single digit alpha code used in conjunction with the updating of the master program file. MILDEPs are furnished advice on program changes originating within their respective agency based on this code. It advises the program originator of exactly what action was taken by DSAA on the input submitted to update the master program file. The action code is used in the ADP feedback and is reflected in column 7 of cards, card images, and printed detail listings. The feedback procedure provides input error, program feedback listings, and cards or card images reflecting errors in input and the action taken by DSAA on the program change data. Approved data appears on the MAP and IMET orders and in all MAP/IMET order cards or card images. The following action code advice is furnished to the MILDEPs following each update, as applicable. Rejects: Action Code D, G, H, I, M, Q, V, and Y. Disapprovals: Action Code X only. (For a list of all action codes and their meaning, see Table D-1.)

4. Advance Notification to Congress Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the calendar date on which an advance notification of a potential major foreign military sale or foreign military construction sale is furnished to Congress.

5. Area Code - All Systems. The area code is a single digit numeric code assigned as supplemental data in the DSAA data bases for used in selecting and sorting data by geographical area. Country/Activity codes for each area are shown in Table D-7 of this appendix. Applicable codes are as follows:

<u>Code</u>	<u>Meaning</u>
1	East Asia and Pacific (EAP)
2	Near East and South Asia (NESAs)
3	Europe and Canada (EUR)
4	Africa (AFR)
5	American Republics (Latin America) (AR)
7	Non-Regional (NR)

6. Availability Reporting Quarter - 1000 System. A single digit numeric code used in training programs to indicate the quarter in which the student availability reporting date occurs. Applicable codes are 1 through 4 representing the four quarters of a fiscal year, plus code 5 which represents the period of 1 October through 30 December of the next fiscal year, thus providing a "fifth quarter" in which to implement training (under IMET) in a given fiscal year.

7. Cancellation Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the calendar date the LOA (or request for LOA) was actually cancelled.

8. Card Code/Transaction Type.

a. 1000 System. A single digit alpha or numeric code which identifies each card or card image that can be used in the updating of data in the 1000 system. See Table D-15 for complete card formats.

<u>Code</u>	<u>Meaning</u>
3	MAP Program addition/amendment transaction (Defense Articles and Services)
4	Training Program addition/amendment (IMET and FMS)
8	MAP Delivery transaction (Defense Articles and Services)
P	MAP change transaction (Defense Articles and Services)
Q	Training change transaction (IMET and FMS)
R	MAP Training program deletion (Defense Articles and Services, IMET, FMS)

b. Transaction Type -1200 System. A two position code assigned to each card or card image used in the 1200 System data base. The first digit is a constant "S" (system code) and is used to distinguish data in the 1200 System from other card or tape data used by DSAA in other security assistance operations. The second digit is numeric and identifies the type of data being processed.

<u>Code</u>	<u>Meaning</u>
S1	Letter of Request Format -- this transaction is used for additions, changes, and deletions to the data base.
S2	Congressional Transaction Format -- this transaction is used for processing status changes and/or deletions to the Congressional cycle of the data base.
S3	DD Form 1513 Format -- this transaction is used for recording LOAs when countersigned and for processing changes and/or deletions at the offer, acceptance, implementation, and closure stage of the LOA cycle.
S4	Implementing Agency Format -- this transaction is used to record pertinent implementation actions to an accepted case record.
S5	Redesignating Key Format -- this transaction is used to change (convert) a control field in a previously established record.
S6	Under DOD Preparation Format -- this transaction is used to add/change data in the system relative to the Congressional cycle portion of the data base.
S7	Under DOD Preparation Format -- this transaction is used to change data relative to the Congressional cycle portion of the data base.

c. Military Articles and Services List (MASL) - 1000/1200 System. The following cards or card images are approved for use when processing data to the MASL data base:

<u>Code</u>	<u>Meaning</u>
1	Use to add, change and/or delete a record in the Materiel MASL.
2	Use to add, change and/or delete a record in the training MASLs.
G-0	Trailer cards used in the Materiel MASL to add supplemental data and/or a brief description to a record

9. LOA Amendment Number - 1200 System. A two position numeric code assigned by the Implementing Agency (IA) to identify and distinguish between the basic FMS or Foreign Military Construction (FMCS) LOA and subsequent amendments thereto. All amendment numbers must fall in the range of 01 through 99.

10. LOA Description - 1200 System. A short title specifically prepared for each LOA and containing from 15 to 40 characters. In the case of ships, combat vehicles, aircraft, and other designated major defense equipment (MDE), the description will contain the quantity of the MDE item in parenthesis. Data entered in this field should be as descriptive as possible. Any special characters used are restricted to the character set used in the 1200 system.

11. LOA Designator - 1200 System. A unique designation within a single country and implementing agency, assigned by the IA to each FMS or FMCS LOA, consisting of a three digit code to identify a specific offer to a country customer. This designator, assigned upon receipt of the Letter of Request (LOR), permanently identifies the sale or offer unless deleted jointly by DSAA and the IA. The first character is always alpha and the second and third characters may be alpha or numeric (see Table D-16).

12. LOA Establishment Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the actual date a country customer is notified that FMS or FMCS LOA is implemented on its behalf.

13. LOA Identifier - 1200 System. The LOA identifier is a means of identifying an LOA throughout its existence. It consists of the country code, implementing agency code, LOA designator, and the amendment number if any.

14. Change Originator Code.

a. 1000 System. The change originator code identifies the organization originating a change (add, change, or delete card) to the DSAA master program file. Changes originated by an overseas Security Assistance Organization (SAO) are required to be submitted through a military department. The Military Department enters change originator codes A, N, or F, as appropriate, prior to forwarding the card to DSAA. Approved codes are as follows:

<u>Code</u>	<u>Explanation</u>
A	Department of the Army
C	Coast Guard
F	Department of the Air Force
J	Department of the Air Force (Headquarters and Foreign Military Training Affairs Group - IMET)
K	Marine Corps
N	Department of the Navy
S	Defense Security Assistance Agency (DSAA)
U	Unified Command

b. 1200 System. Change originator codes identify the organization originating a change (add, change or delete) in the 1200 system.

<u>Code</u>	<u>Meaning</u>
A	Department of the Army
C	Department of the Navy (CNO)
F	Department of the Air Force
J	Department of the Air Force (Hdqtrs)
K	Defense Information Systems Agency (DISA)
M	Department of the Navy (Naval Materiel)
N	Navy Inventory Control Point (NAVICP)
R	Defense Logistics Agency (DLA)
S	Defense Security Assistance Agency (DSAA)
U	National Imaging and Mapping Agency (NIMA)
V	Defense Contract Audit Agency (DCAA)
W	Defense Advanced Research Projects Agency (DARPA)
Z	Defense Special Weapons Agency (DSWA)

15. Classification Code. An alphabetic code assigned by the cognizant MILDEP or Agency which designates the Security classification of that particular line item.

<u>Code</u>	<u>Classification</u>
C	Confidential
D	Confidential - classified for national defense purposes
U	Unclassified

16. Closure Date - 1200 System. A six position numeric code, reported by SAAC, expressed in a YYMMDD format, which reflects the calendar date an LOA was officially closed by DFAS-DE. *

17. Commercial Item - 1000 System. The use of a numeric "1" in column 53 of the Materiel Card 3 indicates DSAA prior approval of a commercial type item. (See Chapter 11 for detailed instructions on the programming of commercial type items.)

18. Commitment Code - 1000 System. A single position numeric code used to describe the U.S. commitment, by type (see definition), for each defense article and defense service programmed. (For a list of commitment codes with an explanation of each, see Table D-2 of the appendix.)

19. Communications/Ancillary Item/Concurrent Spare Parts Code -- 1000 System. A single position alpha code used in column 54 of the Program Materiel Card 3 to alert supply agencies that specific items of communications or other ancillary equipment are not to be shipped directly to the recipient country/activity, but are to be mounted on or installed in a major piece of equipment also programmed for the recipient. In addition the code identifies the major items of equipment which are to have separately programmed CSP, communications, or ancillary equipment installed prior to delivery.

<u>Code</u>	<u>Explanation</u>
A	Communications or other ancillary equipment to be mounted on or installed in a major piece of equipment prior to shipment of the latter.
M	This piece of equipment should have separately programmed communications or other ancillary equipment installed prior to shipment.
N	This piece of equipment should have CSP separately programmed.
P	This piece of equipment should have separately programmed CSP, and communications or other ancillary equipment installed prior to shipment.

20. Completed Line Item Code - 1200 System. An optional alpha code "C" entered in the item detail data by the implementing agency through DFAS-DE to indicate that all defense articles have been delivered or all defense services have been performed against the line. *

21. Condition Code - 1000 System. An alpha code is entered in column 53 of the materiel Card 3 to assign condition codes to all items programmed under MAP and available as excess Defense Articles (EDA). Codes are used to reflect the degree of serviceability, condition, and completeness in terms of readiness for issue and use. A list of all condition codes is contained in Table D-3 of the chapter. For non-excess entries, column 53 is used to indicate commercial type items which are programmed under MAP. (See Commercial Item - 1000 System, above.) *

22. Congressional Approval Date - 1200 System. A computer generated six position numeric code expressed in a YYMMDD format which reflects the final date of the statutory Congressional review period for a 36(b) case. This date is based on the statutory notification date that a 36(b) was forwarded to Congress.

23. Congressional Year of Interest - 1200 System. A two position numeric code, generated by the computer, which reflects the probable fiscal year projected for an FMS or FMCS case acceptance.

24. Congressional Notification Transmittal Number - 1200 System. A five position alpha-numeric code assigned by the DSAA and used for tracking notifications sent to the Congress. The first two characters always represent the fiscal year in which the notification was made. In advance notifications, the last three positions are alpha characters. In statutory (formal) notifications, the last three positions are numeric characters.

25. Construction Indicator - 1200 System. A single digit alpha code entered in case transactions or generated by the computer to identify a Foreign Military Construction Sale, FMCS.

26. Continuing Resolution Authority (CRA) Code - 1000 System. All initial input for materiel must contain a CRA code. The CRA codes listed below indicate that amount of "continuing resolution" funds required to preclude disruption of essential activities of a continuing nature. These codes are used in conjunction with funding priority codes to determine (a) the program lines to be funded, and (b) the percentage of each line to be funded. All training "each" lines must contain the code 0 (zero) for program years prior to 78. For IMET beginning with fiscal year 78 and for subsequent years, this field in the Card 4 is used for requirements priority. (See Requirements Priority - 1000 System of this appendix.)

<u>Code</u>	<u>Amount Required</u>
0	None
1	10%
2	20%
3	30%
4	40%
5	50%
6	60%
7	70%
8	80%
9	90%
T	Total
M	Used for prior years
O (alpha)	Used for prior years

27. Control Code - 1000/1200 System. A alphabetic code assigned to all MASL data. All material MASL records are distinguished by a Code of "K" which is entered in card column 53 of the card 1 format. All training records contain a code based on the type of training (i.e., IMET, FMS, FMS/IMET, or FMS-NATO) and the PY.

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 Code - All Systems. See Table 600-1.

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 LOA 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
R	Other Waivers
S	Combined Strategic Intelligence Training Program (Air Force unique).

35. Duration Code - 1000 System. The duration code is a two position alpha/numeric code which appears in the training MASL and detail records. It indicates, where applicable, the course length in weeks for formal training and should be expressed in man weeks for teams and man months for field training services. Courses that exceed 99 weeks should be coded as follows.

<u>Code</u>	<u>Weeks</u>
A0-A9	100-109
B0-B9	110-119
C0-C9	120-129
D0-D9	130-139 etc.

When the duration in the MASL is coded as "VA" (variable), it signifies that the training line item has a nonspecific variable duration which should be determined separately.

36. End Use Code - 1000 System. The following codes identify end use of the defense articles and defense services programmed for MAP prior to FY 78. For FY 78 and subsequent years, this field was redesignated to fiscal code. (See Fiscal Code - 1000 System of this appendix.)

<u>Code</u>	<u>Meaning</u>
A	Naval Defense Forces (CINCS only)
B	Civil Action
C	Internal Security
D	Western Hemisphere Defense

37. English Comprehension Level/Specialized English Training Requirement - 1000 System. This data element is used in the training MASL to provide the required English Comprehension Level (ECL) and Specialized English Training (SET) requirement for course attendance. The ECL is entered as -- 60, 70, 80, etc.. The SET requirement is indicated as SET advised -- SA or SET required -- SR, etc.

38. Excess Offer Number Code - 1000 System. This code is used to identify transferable assets to countries which are eligible to receive Grant Aid defense articles through MIMEX, MAPEX, and MASFEX. Columns 60-64 of the Materiel Card 3 should be used to identify the MILDEP MIMEX Offer Number, Defense Property Disposal Service (DPDS) listing or flyer number, and the MAPEX or MASFEX project numbers. For card column 60, one of the following codes should be used for all items programmed from transferable assets. For card columns 61-64, enter the serial number of the offer assigned by the MILDEP, flyer/listing number as assigned by DPDS, or the MAPEX/MASFEX project number as assigned by CINCPAC. Right justify and zero fill the field. Examples: Army MIMEX Offer 194, enter A0194. DPDS listing number 71/D-11, enter L0011. On non-excess items, columns 60-64 may be used to identify Issue Priority/Required Delivery Date codes. (See Issue Priority/Required Delivery Date Code-1000 System, of this appendix.)

<u>Code</u>	<u>Meaning</u>
A	Army
D	DPDS flyer
F	Air Force
L	DPDS listing
N	Navy
X	MAPEX/MASFEX

39. Execution Agency (EXA) Code - 1000 System. A three digit code used with all training program lines to identify the MILDEP providing the training, the funding command or agency, and the school or training activity at which training is to be performed. The first digit of the EXA code corresponds to the Implementing Agency Code - 1000 System and is used to identify the MILDEP other agency responsible for providing the training. The second digit is an alpha character assigned to identify each funding command or agency, as applicable. The third digit is an alpha or numeric character that can be assigned to identify each school or training activity within the MILDEP. Not all MILDEPs identify individual schools with the EXA code. Table D-13 provides a breakdown of Execution Agency Codes by MILDEP.

40. Federal Supply Group (FSG) - All Systems. The first two positions of the Federal Supply Classification Code (FSC) identifies the specific group of commodities of supply.

41. Federal Supply Classification Code (FSC) - All Systems. A four digit code which identifies the supply classification of an item of supply identified under the Federal Cataloging Program as an item of production, and/or a homogeneous area of commodities with respect to their physical or performance characteristics. The first two digits identify the federal supply group and the last two digits identify the federal supply classification within each group.

42. Fiscal Code - 1000 System. A single digit numeric code used to identify the fund source for each program line. For example:

<u>Code</u>	<u>Meaning</u>
2	1982
3	1983
4	1984
etc.	

43. Footnote Code - 1000 System. A two digit alpha code used to provide significant supply information on defense articles and defense services. (See Table D-8 of this appendix for a complete list of codes.)

44. Formal (Statutory) Notification to Congress Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date on which the statutory notification of a 36(b) case was forwarded to Congress.

45. Funding Date/Case -1000 System. This data element is used in the IMET detail training records to indicate the date by which the individual training line must be funded. The date is entered by the appropriate Military Department in a MM/DD format. In the FMS training records, the second, third, and fourth digits of this data element are used to record the FMS case designator.

46. Funding Priority Code - 1000 System. The funding priority code identifies the order in which materiel items and services (groups of interrelated items and services) are to be funded in the event limited funds are available. All program lines other than training and supply operations must contain this code. The code consists of two alphabetic characters indicating the sequence of funding. For example:

<u>Funding Priority</u>	<u>Code</u>
1	AA
3	AC
26	AZ
27	BA

47. Generic Code - All Systems. A three digit code assigned to each item in the MASL and perpetuated throughout program data to classify defense articles, services, and training according to the budget activity/project account classification and to aggregate articles, services, and training into generic groupings for reporting and management purposes. The first digit of the generic code is an alpha character identifying one of the following budget activities. The second digit is a numeric assigned each Budget Project (BP). The BP is classified at the second level of aggregation in the generic code. The third digit is an alpha character assigned each generic grouping of defense articles, services, and training with similar characteristics. The generic grouping is classified at the third level aggregation in the generic structure. A complete list of generic codes is shown in Table D-7 of this appendix.

<u>Code</u>	<u>Meaning</u>
A	Aircraft
B	Missiles
C	Ships
D	Combat Vehicles
E	Tactical and Support Vehicles
F	Weapons
G	Ammunition
H	Communications Equipment
J	Other Support Equipment
K	Supplies
L	Supply Operations
M	Maintenance of Equipment
N	Training
P	Research and Development
Q	Construction
R	Special Activities
T	Administration
U	Foreign Military Sales Order (FMSO)

48. IA Completion Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date on which the implementing agency completed preparation of the LOA documentation.

49. IMET Order - 1000 System. The document issued by DSAA which authorizes and directs the furnishing of military training to the designated IMET recipient. The IMET order identifies the fund source for each program line (FY 1984 funding is indicated by a "4" in the fiscal code -- column 71).

50. IMET Order Adjustment - 1000 System. This data element contains the last two positions of the latest IMET order number that either funds, unfunds, or modifies an IMET record.

51. Implementing Agency (IA) Code.

a. 1000 System. A single digit alpha code assigned by the DSAA and identifying the Military Department or agency to be the recipient of the MPA/IMET Order.

<u>Code</u>	<u>Meaning</u>
B	Department of the Army
C	Defense Information Systems Agency
D	Department of the Air Force
P	Department of the Navy
S	Office of Secretary of Defense.

b. 1200 System. A single digit alpha code identifying the Military Department or agency which has made the sale on behalf of the U.S. Government.

<u>Code</u>	<u>Meaning</u>	
B	Department of the Army	
C	Defense Information Systems Agency (DISA)	*
D	Department of the Air Force	
E	U.S. Army Corps of Engineers	
K	U.S. Marine Corps	
L	Defense Audiovisual Agency (DAVA) (Transactions prior to 1 Oct 85)	
M	Army (Other)	
P	Department of the Navy	
Q	Defense Security Assistance Agency (DSAA)	
R	Defense Logistics Agency (DLA)	
U	National Imaging and Mapping Agency (NIMA)	*
V	Defense Contract Management Command (DCMC), DLA	*
W	Defense Advance Research Projects Agency (DARPA)	
X	Defense Finance and Accounting Service-Denver (DFAS-DE)	*
Z	Defense Special Weapons Agency (DSWA)	*

52. Item Detail Data Flags - 1200 System. A one position alpha code created during item detail processing indicating that an error or possible error condition exists in the data provided by DFAS-DE. These codes, contained in a listing of data for which they apply, are furnished to DFAS-DE on a monthly basis after the 1200 updating cycle has been completed. The following codes may appear in these listings:

<u>Code</u>	<u>Explanation</u>
B	Purchased quantity or delivered quantity is inconsistent with the unit of issue code in MASL.
E	Completed line code is inconsistent with data reported in the purchase/delivery fields.
J	No master file case record exists for the corresponding item detail data as provided.
L	The item detail submission contains duplicates (multiple) records for the same control fields.
M	The item detail record is unmatched to the materiel MASL or generic code and NSN.
P	The item detail line contains a delivered value but no quantity delivered for a non-dollar (XX) line.
V	The delivered value for a specific line exceeds the purchase value.

53. Item Identification Number (IIN) - 1000 System. A seven digit number used to identify each specific training item available for IMET or FMS training programming. The first digit represents the MILDEP supplying the training (see IA Code - 1000 System above).

54. Issue Priority/Required Delivery Date Code - 1000 System. Provision is made in the Materiel Card 3 format for inclusion of issue priority and required delivery date (RDD) codes. The purpose is to provide all necessary data to the implementing agency for use in the preparation of requisitions for definitized items by the Military Departments upon receipt of the MAP Order Materiel Card 5. Issue priority codes used for MAP are those prescribed in the MILSTRIP regulations and are entered into the system by using columns 60-61 of the Materiel Card 3. The RDD is entered by using columns 62-64 of the Materiel Card 3. The first position indicates the last digit of the calendar year the item is required and the second and third digits indicate the month of the calendar year. Military Departments can convert the RDD to

MILSTRIP system when the requisition is prepared. Columns 60-64 are used to identify the MIMEX excess offer number on items that are available from excess stocks. (See Excess Offer Number Code - 1000 System in this appendix.)

55. Lead Time Code - 1000 System. A single digit numeric code used in the materiel portion of MAP to identify the interval between the initiation of a procurement request and receipt of an item in the supply system.

<u>Code</u>	<u>Lead Time</u>	<u>Explanation</u>
0	0 - 12 months	Delivery (articles) or expenditure of funds (services) during the same FY as programmed.
1	13-24 months	Delivery (articles) or expenditure of funds (services) during the FY following the one in which programmed.
2	25 - 36 months	Delivery (articles) or expenditure of funds (services) during the second FY following the one in which programmed.
3	37-48 months	Delivery (articles) or expenditure of funds (services) during the third FY following the one in which programmed.
4	49-60 months	Delivery (articles) or expenditure of funds (services) during the fourth FY following the one in which programmed.

56. Letter of Request (LOR) Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date shown on the LOR for defense articles and defense services as received from the country customer and as entered into the 1200 system.

57. LOR IA Receipt Date (Complete) - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date on which the IA received an LOR which is complete with respect to definition of the defense articles, defense services, and related elements of the LOA.

58. LOR IA Receipt Date (Incomplete) - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date on which the IA received an LOR which is incomplete with respect to defense articles, defense services, and/or terms desired by the potential customer.

59. Major Defense Equipment (MDE) Indicator - MASL. A single digit numeric code which indicates that the item is on the MDE List contained in Chapter 7. A "Y" indicates the item is on the list and "N" indicates that the item is not on the list.

60. MPA Element Code - 1000 System. A four digit code that defines intermediate levels of forces and activities or support requirements in descending order of detail for which requirements are programmed. The code is patterned after the major program and program element structure for the U.S. forces in the DOD Five Year Forces Structure and Financial Program. The first digit is numeric and identifies the Military Assistance major program. The second and third digits are alpha characters and further define sub-divisions of forces or activities within the major program. The fourth digit normally will be the numeral 0 (not the letter O). An alpha may be substituted for the zero in the fourth digit when it is necessary to relate programmed requirements to specific force units or when specific unit identification is of particular importance to decision-making and control over program execution. The structure of the MAP Element Code is shown in Table D-8 of this appendix.

<u>Code</u>	<u>Meaning</u>
2	Air and Missile Defense Forces
3	General Purpose Forces
4	Airlift and Sealift Forces
5	Reserve Forces
6	Research and Development
7	General Support

For Section 506(a), Presidential Determinations, the four digits of the MAP Element Code will reflect the number of the appropriate Presidential Determination as shown in Table D-8 of this appendix.

61. Method of Funding - 1000 System. A numeric code assigned only by the DSAA indicates the following:

<u>Code</u>	<u>Meaning</u>
0	No funds required
1	.001 fund appropriation
2	.002 fund appropriation
3	.003 fund appropriation
4	Contract Authority
5	Currency other than those appropriations used for MAP/IMET.

62. MILSTRIP Routing Identifier Code (MRI) - All Systems. A three digit code used in MILSTRIP, and to be found in Military Department and DLA supply publications which defines a specific supply and distribution organization and its address. In the MAP 1000 system, the first digit of the MRI code, as shown in all MASL data and in all MAP program data records, is used to identify the MILDEP or other agency that, under normal circumstances, will be the recipient of MAP Orders for the items programmed. In the FMS 1200 system, the first digit of the MRI code as shown in all MASL data, indicates the supplying agency of the item programmed. The second and third digits of the MRI are selected by the agency preparing and submitting the MASL input to the system, and may or may not correspond to pertinent MRI codes used in the MILSTRIP system.

<u>Code</u>	<u>Meaning</u>
A, B, or W	Army
M, N, or P	Navy
D or F	Air Force
S	OSD
Y	Department of State

63. National Codification Bureau Code (NCB) - All Systems. A two position code used in the Federal Cataloging Program to identify the NATO country or other foreign country which originally cataloged an item of supply. This code appears as the fifth and sixth digit of all National Stock Numbers. Following are applicable codes extracted from DOD 4100.38-M, Appendix III A, Table 9:

<u>Code</u>	<u>Country</u>
00	United States
01	United States
11	NATO
12	Germany
13	Belgium
14	France

15	Italy
17	Netherlands
21	Canada
22	Denmark
23	Greece
24	Iceland
25	Norway
26	Portugal
27	Turkey
28	Luxembourg
29	Argentina
30	Japan
31	Israel
32	Singapore
66	Australia
98	New Zealand
99	United Kingdom

64. National Item Identification Number (NIIN) - All Systems. A nine digit numeric code assigned to each approved item of supply in the Federal Cataloging Program. The NCB code described above makes up the first two positions of this number and the last seven digits represent a specific number assigned to each item of supply for unique identification.

65. National Stock Number (NSN) - All Systems. The NSN for an item of supply in the Federal Cataloging Program is comprised of the applicable four position FSC plus the applicable nine position NIIN assigned to each item of supply. All standard items in the U.S. supply system are assigned an NSN which permits precise identification of each item in an abbreviated format. The 13 position standard NSNs are used in both the 1000 and 1200 system Master Program Files along with pseudo-NSNs, assigned by the DSAA or the Military Departments, for groups of secondary items, services, some aircraft, ships and ammunition.

66. Notification to State Department Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date on which a proposed Congressional notification of a 36(b) case was forwarded to the State Department for coordination and clearance.

67. Obligation Authority Date (Implementation Date) - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date on which SAAC, after receipt of an accepted LOA, issues funding authority to the Implementing Agency.

68. Offer Date (Countersignature) - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date the authorized representative of DSAA, Comptroller, countersigns the LOA on which defense articles and defense services are formally offered to an eligible buyer.

69. Offer Expiration Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date that the formal offer on the LOA expires.

70. Prerequisite Course Number - 1000 System. This data element is used in the training MASL by the Military Departments to provide the MASL item identification number of required prerequisite training.

71. Program Directive Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date that the implementing directive is issued to the activity(ies) responsible for procurement/supply action on a specific case.

72. Program Originator Code - 1000 System. The Program Originator Code identifies the SA element corresponding to the country using service or the country service responsible for storage and distribution of articles for two or more using services. With reference to cross-service training, the Program Originator Code identifies the country using the service rather than the U.S. military service providing the training. Program Originator Codes determine the content of, and page breaks in, information copies of MAP/IMET Orders mailed to the overseas Security Assistance Organizations (SAO). Therefore, the use of program originator code "S" on country programs will be limited to lines showing distributed Supply Operations Cost (SOC) and for program lines originated by DSAA in activity accounts.

<u>Code</u>	<u>Meaning</u>
B	SA (Army)
C	SA (Coast Guard)
P	SA (Navy)
D	SA (Air Force)
K	SA (Marine Corps)
S	OSD
T	SA (Joint Service)
X	SA (Other Defense Organizations/Activities)

73. Program Year Code - 1000 System. A two digit numeric code appearing in all records in the Master Program File. It reflects the fiscal year in which the item is programmed or is to be programmed. In the IMET training program, the program year consists of five fiscal year quarters--the fifth quarter being the first quarter (Oct-Dec) of the following fiscal year.

74. Quantity - 1000 System. This data element is used in the detail training records to indicate the number of students, or in the case of a training team, the number of personnel on the team. For a training program dollar value line, no entry is made. As used in the MAP materiel listings, it indicates the quantity of equipment items.

75. Reason for Change Code - 1000 System. This code is used to identify the purpose of the change to a MAP, IMETP, or FMS training program record. The following represent the codes that should be used by the MILDEPs in transactions submitted to the DSAA:

<u>Code</u>	<u>Meaning</u>
B4	Add/Change/Delete action to a programming line currently in unfunded status.
D4	Change/Delete action to a programming line currently in funded status.
P3	Deviation action used to prevent the computer from performing standard computations (i.e., (unit price + TLA) x Qty). The line must be deleted and re-submitted in order to remove the P3 (e.g., used to reflect penalties).

The following codes will be used only by the DSAA:

M3	Change/Delete transaction generated as a result of a MASL change/delete action. These changes are generated only for unfunded status lines.
S1	Add/Change/Delete action taken for funding/management purposes.

76. Record Control Number (RCN) - 1000 System. A four position alpha/numeric code assigned each record in the 1000 system data base. The RCN, combined with Country/Activity Code and Program Year, constitutes an identification number for each record which is

perpetuated on all MAP/IMET/FMST transactions, including MILSTRIP documentation. This number may be computer assigned or manually assigned by those offices inputting data into the system. The first and second digits must be alpha characters and the third and fourth digits must be numeric. DSAA has allocated blocks of numbers as indicated below:

AA00 -AZ99	Reserved for DSAA. Use of any RCN in this block requires DSAA approval.
BA00 - DZ99	This block may be used by anyone desiring to enter an RCN in their initial submission.
EA00 - GZ99	Reserved for Navy/Chief, Naval Education and Training.
HA00 - JZ99	Reserved for the Air Force/Foreign Military Training Affairs Group.
KA00 - MZ99	Reserved for the Army/Security Assistance Training Field Activity.
NA00 - ZZ99	Reserved by the DSAA for computer assignment.

77. Record Serial Number - 1200 System. A three position alpha/numeric code assigned by the IA and used to identify individual item records within a FMS or FMCS case.

78. Requirements Priority Code - 1000 System. A code assigned by the SAO to identify the importance of an individual student's training within a country's training program. The valid codes are "A" through "E" with "A" as the highest priority and "E" as the lowest.

79. Selected Item Description Number/Selected Item Sequence Number and Quantity Control Code - All Systems. The Selected Item Description Number is a three digit numeric code assigned by DSAA to each materiel MASL line and appears in columns 62-64 of the Materiel MASL Card 1. This code does not appear in program listings or program cords, but is contained in each Master File Record to provide a means for identification and roll-up of detail records into standard groups or categories (summary level) for the preparation of summary documents and Congressional data. The Selected Item Sequence Number is a three digit alpha-numeric code assigned to each summary MASL line by DSAA and is used to arrange summary data in a sequence prescribed by DSAA. The Quantity Control Code is also assigned by the DSAA and appears in column 59 of the Materiel MASL Card 1. This code is used to determine the quantity count in reports as follows: 1 - quantity is counted and accumulated into the summary line, and 2 - quantity is dropped when item is accumulated to the summary line.

80. Service Course Identification Number - 1000 System. This number is used in the training MASL assigned by the Military Departments to provide the military service course identification number. The last three digits are used to provide a course location code (Air Force and Navy only).

81. Source of Supply - 1000 System. A single digit alpha code used to identify the source from which the supply of a defense article or defense service is anticipated. For a complete list of codes with an explanation of each, see Table D-12 of this appendix.

82. Spare Parts, Ground Support Equipment (GSE), and Equipment Attachment Codes - 1000 System. The following codes are used in the Materiel 3 Card when programming concurrent spare parts (CSP) packages, AGE packages, or equipment attachments for certain engineer equipment.

<u>Code</u>	<u>Meaning</u>
A	Ground Support Equipment (GSE)
E	Equipment Attachments
N	Concurrent (initial issue) Spare Parts (CSP)

83. Special Supply Procedures Code - 1000 System. A single digit alpha code used in column 34 of the Materiel 3 Card which signifies application of a special supply procedure and/or a different and unusual procedure.

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

84. State Department Approval Date - 1200 System. A six position numeric code expressed in a YYMMDD format which reflects the date on which the State Department approves a 36(b) case.

85. Status Code.

a. 1000 System. A single digit alpha code used to indicate the approval, funding or deferral action of a program line.

<u>Code</u>	<u>Explanation</u>
A	Approved Requirement. Implementation is not authorized until a MAP or IMET Order is issued and financed.
D	Deferred by MILDEP.
F	Funded requirement which has been released via MAP/IMET Order for implementation.
S	Deferred by DSAA.
U	Item is posted to the master program file indicating a requirement over and above the ceiling of the program currently approved by the Secretary of Defense.

b. 1200 System. A single digit alpha code used to denote the status of a FMS or FMCS case from its inception as a letter of request to a foreign government until all deliveries and financial transactions have been completed. (For a list of all codes along with the explanation for each code, see Table D-10 of this appendix).

87. Student Code - 1000 System. A single digit alpha code designating the civilian or military category of students as follows:

<u>Code</u>	<u>Meaning</u>
S	Senior Officer
O	Officer
C	Civilian
E	Enlisted
I	Interpreter - Officer
J	Interpreter - Enlisted

D DOD Engineering and Technical Service Specialists (ETSS). This code is used in Field Training Services - Budget Project N3 program lines to indicate that the service will hire civilian personnel of the Department of Defense.

88. Sub-Agency Code - 1200 System. A single position field set aside for the use of the Implementing Agency for identifying the subordinate activity, which has been assigned by the IA, to implement a FMS case.

89. Summary Control Record (SCR) Serial Number - 1200 System. The serial number precedes the assignment of a case number and identifies those potential 36(b) cases which are entered into the system prior to an official letter of request, i.e., prior to case designator assignment.

90. Supply Completion Date - 1200 System. A six position numeric field expressed in a YYMMDD format, which reflects the date on which supply of defense article/services are provided complete with respect to an FMS or FMCS case. This date is reported to the system by the IA.

91. System Identifier Code - 1000 System. A single digit alpha or numeric code used in the materiel program by the SAOs for special purpose identification of a "package" of items which are in some way related to one another. Any one of the full range of alphabetic or numeric digits may be used to identify a given "package".

92. Training Analysis Code - 1000 System. Training analysis codes are used in management of the IMET program to group training program data by categories that facilitate analysis by overall IMET program objectives. They are used in preparation of two-year training plans (for submission at annual Unified Command training workshops) and in preparation of training AIASAs. See Table D-14.

93. Travel and Living Allowance (TLA) - 1000 System. This data element is used in the IMET detail training records to record the dollar amount that is programmed (budgeted) to pay the travel and living allowance expense for an individual line of training. See Chapter 10 for the cost computation procedures.

94. Travel and Living Allowance (TLA) Command - 1000 System. A single digit code used by the Army to indicate the command to receive the TLA funds.

95. Transaction Type - 1200 System. (See Card Code/Transaction Type above.)

96. Type of Assistance Code - 1000 System. The type of assistance code is used in the MILSTRIP system to distinguish between various types of U.S. military assistance transactions. In MAP and IMET, the code is used to distinguish the various types of military assistance, as well as to identify certain military assistance requirements programmed under special financing (e.g., Code "C" denotes that the item has been programmed under Section 506 of the Foreign Assistance Act). (For a complete list of codes along with an explanation of each code, see Table D-11 of this appendix.)

97. Under DOD Preparation Receipt Date (DSAA Operations) - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date of receipt in the DSAA, Operations Directorate of a 36(b) sale or a potential 36(b) sale.

98. Under DOD Preparation Receipt Date (DSAA Comptroller) - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date of receipt from the Military Department/IA of an advance Congressional notification of a potential 36(b) sale.

99. Unified Command Code - All System. Unified Command codes are not contained in cards or card images but are assigned as supplemental data in master program records for used in selecting and sorting program data by Unified Command. This code identifies the Unified Command having responsibility for each recipient, except non-regional, and is the key for segregating ADP listings and feedback card data by Unified Command.

<u>Code</u>	<u>Meaning</u>
L	Central Command
E	European Command
C	Atlantic Command
P	Pacific Command
S	Southern Command
N	Non-Regional

100. Unit of Issue - All System. See Table D-12 of this appendix for a list of approved unit of issue codes that can be used in both the 1000 and 1200 system. This code designates the unit of measurement to be used in programming defense articles, services and training and in shipping items of supply.

101. Unit Price - 1000 System. This data element is used in the detail training records to indicate the unit price per student (team member, etc.) as listed in the training MASL or as determined by the Military Department.

102. Worksheet Control Number (WCN) - 1000 System. A code which identifies an individual student or service (unique within MILDEP). The first four positions of the code represent the student or service and the last position identifies the student's sequence of training, if more than one applies. (See Chapter 10, paragraph 100012.D.3.a. for additional guidance.)

103. 36(b) Indicator - 1200 System. A single digit alpha code used to identify a 36(b) case. The code "Y" indicates the record is a 36(b) case, and the code "N" indicates the record is a non-36(b) case.

TABLE D-1
ACTION CODE -- 1000 SYSTEM

Card Code	Action Code	Meaning	
A. <u>CHANGES MECHANICALLY REJECTED</u>			
(Change was rejected during edit.)			
3-4-P-Q-R	Y	Card not properly prepared.	
3-4-P-Q	U	Does not match the MASL.	*
(Change was rejected during update.)			
3-4-P-Q-R	L	Duplicate transaction in the same input group (first card accepted, all others rejected).	*
3-4	P	Add has RCN which already exists on master file.	*
P-Q-R	M	Unmatched change or delete.	
P-Q	V	Proposed change is rejected because it results in no change to the program line.	
P-Q	D	Invalid action code (code for approval or disapproval) but no proposed change, add, or delete pending in the Master File. This code pertains only to input created by the DSAA.	
(Change was rejected because the system cannot process a proposed change when a previous change against same program line is still pending.)			
P-Q	G	Proposed delete is rejected because an add, delete, or change is pending.	
P-Q	H	Proposed change is rejected because an add, change, or delete is pending.	
P-R	Q	Proposed decrease or deletion is rejected because delivery has been reported.	
B. <u>CHANGES PRESENTED TO PROGRAM MANAGER FOR DECISION</u>			
3-4-R	A	CHANGE APPROVED FOR ENTRY IN MASTER FILE..	
3-4-R	X	Change disapproved (2 cards showing record before and after change). Add, delete disapproved.	

TABLE D-1. (Continued) [Page 1 of 2]

Card Code	Action Code	Meaning
(Program Manager has suspended action. Do not submit additional changes until action completed on these pending changes.)		
3-4-R	B	Delete pending.
3-4-R	C	Change pending (record after change has been applied).
3-4-R	D	Change pending (record before change has been applied).
3-4	E	Addition pending.
(Program Manager has taken a different action. Look at program amendment for action taken.)		
3-4-R	F	Proposed delete superseded by an approved change.
3-4-R	J	Proposed change superseded by approved delete (2 cards).
3-4-R	K	Change approved but in modified form (2 cards).
3-4	N	Add approved but in modified form.
(Proposed change reflected a reduction in excess of the dollar value of the line.)		
P-Q	S	Proposed change has been modified to reflect reduction equal to the existing dollar value of the program line.
<u>C. CODES TO FACILITATE MACHINE IDENTIFICATION AND PROCESSING.</u>		
(These codes appear on MAP, IMET Order cards only, and consequently indicate an approved item.)		
5-6	T	MAP/IMET Order add. Indicates this line is appearing on the Order for the first time.
5-6-R	W	MAP/IMET Order change. This code appears on both of the cards documenting a change to a MAP/IMET Order line previously issued.
R	R	MAP/IMET order delete. Indicates deletion of a MAP/IMET Order line previously issued.

TABLE D-1. (Continued) [Page 2 of 2]

TABLE D-2

COMMITMENT CODE - 1000 SYSTEM

<u>Code</u>	<u>Commitment</u>
0	No U.S. commitment involved.
2	The U.S. commitment involves the furnishing of this specific article or service but is such that price, source, and required delivery date adjustment can be made in the normal manner should they occur.
3	The U.S. commitment involves the furnishing of this specific article or service and requires that no adjustment be made in price, source, or required delivery date.
4	No U.S. commitment involved. Specific DOD or MILDEP instructions involved the initial programming of this specific article or service at an agreed unit price other than that stated in the MASL. This unit price may be adjusted at a later date pursuant to supply execution action.
5	The U.S. commitment requires that this article or service must be furnished on or before the required date. Price and source adjustments can be made in the normal manner.
6	No U.S. commitment involved. This article or service is not to be delivered prior to the required delivery date.
9	No U.S. commitment involved. Unit price, supply source, and leadtime for this article or service is based on price and availability data received from the Implementing Agency.

TABLE D-2. COMMITMENT CODE - 1000 SYSTEM

TABLE D-3
CONDITION CODE - 1000 SYSTEM

<u>Code</u>	<u>Title</u>	<u>Explanation</u>
A	Serviceable (issuable without qualification)	New, used, repaired, or reconditioned material which is serviceable and issuable to all customers without limitation or restriction.
B	Serviceable (issuable with qualification)	New, used, repaired, or reconditioned materiel which is serviceable and issuable for its intended purpose but which is restricted from issue to specific units, activities, or geographical areas by reason of its limited usefulness or short service life expectancy.
C	Serviceable (test modifi- cation)	Items which are serviceable and issuable to selected customers, but which must be issued before condition A and B materiel to avoid loss as a usable asset.
D	Serviceable (test modifi- cation)	Serviceable materiel which requires test, alteration, modification, conversion or disassembly.
E	Unserviceable (limited restoration)	Materiel which involves only limited expense or effort to restore to serviceable condition and which is accomplished in the storage activity.
F	Unserviceable (reparable)	Economically reparable materiel which requires repair, reconditioning or overhaul.
G	Unserviceable (incomplete)	Materiel requiring additional parts or components to complete the end item prior to issue.
H	Unserviceable (condemned)	Materiel classified by inspection, teardown analysis or engineering decision to be uneconomically reparable and of no value to the Government, except for value of materiel content.
1		A numeric 1 will be used to identify all commercial items programmed.

TABLE D-3. CONDITION CODE - 1000 SYSTEM.

TABLE D-4
COST CODE - 1000 SYSTEM

<u>Code</u>	<u>Cost Category</u>
I	Investment Cost - The term "Investment Cost" (Code I) is used to identify equipment, supplies, and services that will improve the forces' capabilities and includes such items as initial unit equipment, reserves of equipment and ammunition, concurrent spares and initial stockages of spare parts, replacement of obsolescent equipment to include that lost through attrition, overhaul and rebuild of equipment prior to initial issue, construction, equipment installed in facilities, projects such as communication systems, programmed as dollar value lines to facilitate implementation, and training associated with the introduction of new equipment or an improved capability.
O	Operating Cost - The term "Operating Cost" (Code O) is used to identify equipment, supplies, and services needed to train, operate, and maintain forces in being and includes such items as spare parts other than initial stockages, ammunition and missiles used in training or to replace such items consumed in training and operations, rebuild and overhaul (excludes overhaul modernization) of equipment subsequent to initial issue, training and other services that do not constitute investment costs, and administrative costs associated with overhaul program management administration.

The following examples are provided as guidance for the selected items listed below:

<u>Requirement</u>	<u>Investment</u>	<u>Operating</u>
<u>Materiel:</u>		
Ammo components or raw materiel:		
For local manufacturing ammo	--	X
For local manufacture W/R ammo	X	--
For ammo maintenance	--	X
Class IV mods	--	X
Class V mods	X	--
Component of an aircraft, missile, Aircraft Control and Warning System (AC&W), fire control, communication or other system investment.	X	--
Equipment attachments		
Replacement of ships	X	--
Replacement of attrition losses	X	--
UN Forces support in Korea	--	X
<u>Services:</u>		
Contract technicians and contract services:		
Associated with introduction of investment items	X	--
Construction	X	--
Ship overhauls	X	--
<u>Training:</u>		
Training (Generic Codes N-10 through N-30)	X	--
Training Support (Generic Codes N-60 through N-70)	--	X

TABLE D-4. COST CODE - 1000 SYSTEM

TABLE D-5
COUNTRY/ORGANIZATION CODE - ALPHABETIC

**

Data moved to Table 600-1.

TABLE D-6

FOOTNOTE CODE - MASL

<u>Code</u>	<u>Explanation</u>
A	Availability associated with production capability.
B	No assets currently available for delivery to MAP. Available for future delivery only.
C	Under study by R&D (Research & Development).
D	Limited supply available. Replacement or preferred item, if any, is also listed in the MASL. Under normal circumstances, preferred item should be programmed.
H	Ancillary equipment must be programmed separately.
J	Spell out desired configuration in separate correspondence.
K	MILSTRIP Routing Identifier data field in the MASL has been left blank because this is a dollar value line for which the program originator is required to select the appropriate implementing agency. Program originators will enter the appropriate MRI in columns 66-68 of Card 3 as follows:

<u>Implementing Agency</u>	<u>MRI</u>
Army	BY7
Navy	NBZ
Air Force	FAO

In selecting the Implementing Agency, the objective is to identify the Military Department best positioned to provide the required articles or service. As a general rule, the Military Department which is the normal recipient of MAP orders for the related end item (as indicated by the MRI assigned to the end item in the MASL) is in the best position to provide ancillary equipment and efficient and effective follow-on support. Source of supply codes B, F, J, N, O, R, S, or T require the use of specific MRIs. Where the source code is J, always use MRI code W03. Where the source code is S, always use MRI code FAO. Program originators will determine the proper MRI from the headquarters directing the use of source codes B, F, N, O, R, or T.

L	Items supplied in a variety of voltages and configurations. If shipment is to be effected direct to country without mounting in a vehicle or aircraft within CONUS, spell out the required voltage of the item by separate correspondence.
---	--

<u>Code</u>	<u>Explanation</u>
NN or N	No source of supply normally available to MAP. However, in special circumstances, Military Department assets are made available to meet MAP requirements. SAOs should not program articles footnote coded NN unless previously advised of specific availability and price by the supply MILDEP (Implementing Agency).
PP or P	For use by the DSAA. Indicates a summary line.
RR or R	Prior authority to program must be obtained by separate correspondence between the SAO and the DSAA.
TT	For use in processing records in the Republic of Korea (ROK) Equipment Transfer Program.
W	Special Navy requisitioning procedures apply.
XX	Items available for sales only.
YY	Items used in the FMS system not authorized for current programming.

TABLE D-6. (Continued) [Page 2 of 2]

@@TABLE D-7, GENERIC CODES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
A	AIRCRAFT				
1	<u>Combat Aircraft:</u>				
A	Attack	FSC 1510		X	
B	Bomber	FSC 1510		X	
F	Fighter	FSC 1510		X	
S	Anti-Submarine	FSC 1510		X	
V	VTOL & VSTOL	FSC 1510		X	
2	<u>Airlift Aircraft:</u>				
C	Cargo Transport	FSC 1510		X	
3	<u>Trainer Aircraft:</u>				
T	TRAINER	FSC 1510		X	
4	<u>Helicopters:</u>				
A	Attack	FSC 1520		X	
C	Cargo Transport	FSC 1520		X	
H	General Purpose	FSC 1520		X	
L	Observation	FSC 1520		X	
S	Anti-Submarine	FSC 1520		X	
T	Trainer	FSC 1520		X	
U	Utility	FSC 1520		X	
5	<u>Other Aircraft:</u>				
E	Special Electronic Installation	FSC 1500, 1510		X	
G	Glider	FSC 1540		X	
K	Tanker	FSC 1510		X	
L	Observation	FSC 1510		X	
P	Patrol	FSC 1510		X	
R	Reconnaissance	FSC 1510		X	
U	Utility	FSC 1510		X	
X	Research	FSC 1510		X	
Z	Airship	FSC 155Z		X	
6	<u>Modification of Aircraft:</u>				
A	Minor Modification/Class IV			X	
B	Major Modification/Class V			X	
7	<u>Aircraft Support Equipment:</u>				
A*	Ground Handling Equipment	FSC 1730, 4920		X	
B*	Arresting Barrier & Barricade Equipment	FSC 1710		X	
C*	Launching Equipment	FSC 1720		X	
D*	Specialized Trucks & Trailers (Including Modifications)	FSC 1740		X	
E	Contractor-Provided Support Equipment			X	

*One dollar line provided for initial stockage and for follow-on.

*One dollar line provided for initial stockage and for follow-on.

TABLE D-7. GENERIC CODES - ALL SYSTEMS. PAGE 1 of 23

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TABLE D-7, GENERAL CODES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
9	<u>Aircraft Components and Spare Parts:</u>				
A	Gasoline Reciprocating Engines, Complete	FSC 2810	X		
B	Gas Turbines & Jet Engines, Complete	FSC 2840	X		
C	Aircraft Components, Parts & Accessories	FSG 16XX (except 1670), FSC 1270, 12801290, 1377, 1560, 2620, 2810 (Components), 2840 (Components), 2915, 2925, 2935, 2945, 2950, 2995, 6340, 6605, 6610, 6615 6620		X	May include other FSG when supplied for aircraft.
D	Contractor-Provided Aircraft Components, Spares & Accessories .....	.....		X	
B	MISSILES				
1	<u>Ground Launched Missiles:</u>				
	Missiles, Major Components, Class V Mods .....	.....	X		
	Missile Shop Sets, Test Equipment, Trailers, Vans, Mod Kits, Other Components & Support Equipment .....	.....		X	
2	<u>Air Launched Missiles:</u>				
	Missiles, Major Components, Class V Mods .....	.....	X		
	Missile Shop Sets, Test Equipment Trailers, Vans, Mod Kits, Other Components & Support Equipment .....	.....		X	
3	<u>Sea Launched Missiles:</u>				
	Missiles, Major components, class V Mods .....	.....	X		
	Missile Shop Sets, Test Equipment, Trailers, Vans, Mod Kits, Other Components & Support Equipment .....	.....		X	

The alpha codes indicated will be used by the Military Departments when submitting MASL data for **ground launched missiles** or associated dollar lines:

A Nike	G Pershing	N Lance	V Viper
B Redeye	H Entac	P Stinger	W Roland
C Hawk	J Tow	Q Javelin **	X Patriot
D Mauler	K Dragon	R Chaparral	Y ATACMS
E Jupiter	L Lacrosse	S Shillelagh	
F Sergeant	M Thor	T Rapier (UK)	

The alpha codes indicated will be used by the Military Departments when submitting MASL data for **air launched missiles** or associated dollar lines:

A Shrike	F Aerial target Msl	L Have Nap **	T Phoenix
B Harm	G Maverick	N Falcon	V Corporal
C Standard Arm	H Hellfire	P ATAS (Stinger)	W Sparrow
D Standard	J Air-Launched TOW	R Sidewinder	Y Matador
E Walleye	K AGM-130**	S Bullpup	Z AMRAAM

TABLE D-7, GENERIC CODES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
The alpha codes indicated will be used by the Military Departments when submitting MASL data for sea launched missiles or associated dollar lines:					
	K Polaris	Q Tartar			
	L Trident	R Harpoon			
	M UK Fleet Ballistic Missile	S Tomahawk			
	N Rolling Airframe Missile (RAM)	W Seasparrow			
	P Terrier				
4	Q Drones	FSC 1520, 1550		X	
6	A <u>Modification of Missiles</u>			X	
8	<u>Multipurpose Missile Equipment:</u>				
A	Multipurpose Missile Equipment (include FAAR)	FSC 1410, 1425, 1430, 1440, 4935		X	
B	Multipurpose Missile Equipment Parts (includes FAAR)			X	
9	<u>Missile Spares & Spare Parts:</u>				
A	Guided Missile Parts	FSG 14XX, FSC 1190, 1195, 4935		X	
B	Guided Missile Warhead	FSC 1336, 1337, 1338		X	
C	Free Missile Parts	FSC 1055, 1190, 1195, 1340		X	
D	Contractor-Provided Guided Missile Parts, Components and Parts for Guided Missile Support Eqp			X	
C	SHIPS				
1	<u>Warships:</u>				
A	Destroyer (DD)	FSC 1905		X	
B	Submarine (SS)	FSC 1905		X	
C	Ocean Escort (DE)	FSC 1905		X	
D	Light Aircraft Carrier (CVL)	FSC 1905		X	
E	Light Cruiser (CL)	FSC 1905		X	
F	Guided Missile Frigate (FFG)	FSC 1905		X	
2	<u>Amphibious Ships:</u>				
A	Tank Landing Ship	FSC 1905		X	
B	Medium Landing Ship (LSM/LSSL)	FSC 1905		X	
C	Medium Landing Ship, Rocket (LSMR)	FSC 1905		X	
D	Utility Landing Craft (LCU)	FSC 1905		X	
E	Transport (AKA/AP/APA/APC/APD)	FSC 1910		X	

TABLE D-7, GENERIC CODES - ALL SYSTEMS. Page 3 of 23
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TABLE D-7, GENERIC CODES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
3	<u>Mine Warfare Ships:</u>				
A	Coastal Minelayer (MMC)	FSC 1905		X	
B	Ocean Minesweeper (MSO)	FSC 1905		X	
C	Coastal Minesweeper (MCS)	FSC 1905		X	
D	Inshore Minesweeper (MSI/MSB)	FSC 1905		X	
E	Fleet Minesweeper (MSF)	FSC 1905		X	
G	Mine Countermeasure Support (MSC)	FSC 1905		X	
H	Auxiliary Mineplanter (YMP)	FSC 1905		X	
4	<u>Patrol Ships:</u>				
A	Patrol Frigate (PF)	FSC 1905		X	
B	Patrol Craft (PC)	FSC 1905		X	
C	Patrol Craft Escort (PCE)	FSC 1905		X	
D	Patrol Gunboat (PGM)	FSC 1905		X	
E	Seaward Defense Craft (SDC)	FSC 1905		X	
F	Fast Patrol Boat	FSC 1905		X	
G	Patrol Torpedo Boat (PT)	FSC 1905		X	
5	<u>Auxiliaries and Craft:</u>				
A	Net Laying Ship (AN)	FSC 1925		X	
B	Oiler (AO)	FSC 1915		X	
C	Gasoline Tanker (AOG)	FSC 1915		X	
D	Fuel Oil Barge (YO/YSR)	FSC 1915		X	
E	Gasoline Barge (YOG)	FSC 1915		X	
F	Water Barge (YW)	FSC 1915, 1935		X	
G	Light Cargo Ship (AKL)	FSC 1925		X	
H	Auxiliary Ocean Tug (ATA/ATR)	FSC 1925		X	
K	Submarine Rescue Ship (ASR)	FSC 1925		X	
L	Seaplane Tender (AVP)	FSC 1925		X	
M	Small Harbor Tug (YTL)	FSC 1925		X	
N	Rescue Boat (AVR)	FSC 1940		X	
P	Medium Landing Craft (LCM)	FSC 1905		X	
Q	Vehicle/Personnel Landing Craft (LCVP)	FSC 1905		X	
R	Surveying Ship (AGS)	FSC 1990		X	
S	Landing Craft Repair Ship (ARL)	FSC 1925		X	
T	Large Harbor Tub (YTB)	FSC 1925		X	
V	Repair Ship (ARB)	FSC 1925		X	
W	Submarine Tender (AS)	FSC 1925		X	
X	Floating Drydock (AFDL/SRD)	FSC 1950		X	
Z	Miscellaneous Boats & Craft	FSC 19XX		X	

TABLE D-7, GENERIC CODES - ALL SYSTEMS.
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TABLE D-7, GENERIC CODES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
C 6	<u>Ships Support Equipment:</u>				
A	Ship Overhaul/Modernization/Construction (In Country)				X
B	Shipbuilding Cost Sharing.....				X
9	<u>Ships Spares & Spare Parts:</u>				
A	Ship Spare Parts, Components, & Accessories	FSG 20XX (except 2050), 30XX, FSC 6320			X
B	Gas Turbine Engines, Complete.....	FSC 2835			X
D	COMBAT VEHICLES				
1	<u>Armored Carriers:</u>				
A	Personnel Carriers, Full Track	FSC 2350			X
B	Personnel Carriers, Half Track.....	FSC 2350			X
C	Armored Cars.....	FSC 2320, 2350			X
D	Cargo Carriers.....	FSC 2320, 2350			X
E	Weapons Carriers	FSC 2320, 2350			X
2	<u>Self-Propelled Artillery:</u>				
A	Anti-Aircraft	FSC 2350			X
B	Anti-Tank.....	FSC 2350			X
C	105mm Howitzer	FSC 2350			X
D	155mm Howitzer	FSC 2350			X
E	4.2 Inch Mortar.....	FSC 2350			X
F	8 Inch Howitzer	FSC 2350			X
G	175mm Gun	FSC 2350			X
Z	Other Self-Propelled Artillery	FSC 2350			X
3	<u>Tanks:</u>				
A	Light Tank	FSC 2350			X
B	Medium Tank	FSC 2350			X
4	<u>Tank recovery Vehicles:</u>				
A	Tank Recovery Vehicles	FSC 2350			X
5	<u>Other Combat Vehicles:</u>				
A	High Speed Tractors.....	FSC 2430			X
B	Amphibious Landing Vehicles.....	FSC 2320, 2350			X
C	Tank Mounted Bulldozers	FSC 2590			X

May include other FSG when supplied for ships and crafts

All spare parts for Combat Vehicles should be Programmed under Generic Code K8A

TABLE D-7, Generic Codes - ALL SYSTEMS.

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TABLE D-7, GENERAL SCHEDULES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
E	TACTICAL AND SUPPORT VEHICLES				All spare parts for Tactical & Support Vehicles should be programmed under Generic Code K8A
1	<u>Semi-Trailers:</u>				
A	Tank	FSC 2330		X	
B	Stake	FSC 2330		X	
C	Van	FSC 2330		X	
D	Low Bed	FSC 2330		X	
E	Transporter	FSC 2330		X	
Z	Other Semi-Trailers	FSC 2330		X	
2	<u>Trailers:</u>				
A	Cargo	FSC 2330		X	
B	Tank	FSC 2330		X	
C	Ammunition	FSC 2330		X	
D	Fuel Service	FSC 2330		X	
E	Low Bed	FSC 2330		X	
F	Flat Bed	FSC 2330		X	
G	Bolster	FSC 2330		X	
H	Dolly	FSC 2330		X	
Z	Other Trailers	FSC 2330		X	
3	<u>Trucks:</u>				
A	1/4 Ton Cargo	FSC 2320		X	
B	1/4 Ton Ambulance	FSC 2310		X	
D	3/4 Ton Cargo	FSC 2320		X	
E	3/4 Ton Ambulance	FSC 2310		X	
G	1 Ton Cargo	FSC 2320		X	
K	2 1/2 Ton Cargo	FSC 2320		X	
L	2 1/2 Ton Dump	FSC 2320		X	
M	2 1/2 Ton Special Purpose	FSC 2320		X	
N	2 1/2 Ton Tank	FSC 2320		X	
Q	2 1/2 Ton Truck-Tractor	FSC 2320		X	
R	2 1/2 Ton Wrecker	FSC 2320		X	
T	5 Ton Cargo	FSC 2320		X	
U	5 Ton Dump	FSC 2320		X	
W	5 Ton Truck-Tractor	FSC 2320		X	
X	5 Ton Wrecker	FSC 2320		X	
Z	Other Trucks	FSC 2320		X	
4	<u>Support Vehicles:</u>				
A	Station Wagons	FSC 2310		X	
B	Sedans	FSC 2310		X	
C	Buses	FSC 2310		X	
D	Motorcycles & Motor Scooters	FSC 2340		X	
E	Ambulances	FSC 2310		X	
F	Commercial Trucks	FSC 2320		X	
Z	Other Support Vehicles	FSC 2310, 2320		X	

TABLE D-7, GENERIC CODES - ALL SYSTEMS.
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TABLE D-7, GENERIC CODES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
F	WEAPONS				
1	<u>Weapons, up to 75mm:</u>				
A	Pistols.....	FSC 1005.....		X	
B	Carbines.....	FSC 1005.....		X	
C	Rifles.....	FSC 1005.....		X	
E	Sub-Machine Guns.....	FSC 1005.....		X	
F	Machine Guns.....	FSC 1005.....		X	
G	Mounts.....	FSC 1005, 1015, 1090.....		X	
H	Shotguns.....	FSC 1005.....		X	
J	Sub-Caliber Weapons.....	FSC 1005, 1010.....		X	
K	Anti-Aircraft Guns.....	FSC 1005, 1010.....		X	
L	Launchers.....	FSC 1005, 1010, 1055.....		X	
M	Mortars.....	FSC 1010.....		X	
Z	Other Weapons (up to 75mm).....	FSC 1005, 1010, 1090.....		X	
2	<u>Artillery, 75mm & Over:</u>				
A	75mm Guns.....	FSC 1015.....		X	
B	76mm Guns.....	FSC 1015.....		X	
C	90mm Guns.....	FSC 1015.....		X	
D	105mm Guns.....	FSC 1015.....		X	
E	155mm Guns.....	FSC 1025.....		X	
F	175mm Guns.....	FSC 1025.....		X	
G	75mm Howitzer.....	FSC 1015.....		X	
H	105mm Howitzer.....	FSC 1015.....		X	
J	155mm Howitzer.....	FSC 1025.....		X	
K	8 Inch Howitzer.....	FSC 1030.....		X	
L	75mm Recoilless Rifles.....	FSC 1015.....		X	
M	90mm Recoilless Rifles.....	FSC 1015.....		X	
N	105mm Recoilless Rifles.....	FSC 1015.....		X	
P	106mm Recoilless Rifles.....	FSC 1015.....		X	
Q	120mm Recoilless rifles.....	FSC 1015.....		X	
R	155mm Recoilless Rifles.....	FSC 1025.....		X	
S	81mm Mortar.....	FSC 1015.....		X	
T	107mm/4.2 Inch Mortar.....	FSC 1015.....		X	
U	120mm Mortar.....	FSC 1015.....		X	
Z	Other Weapons (75mm & over).....	FSC 1015, 1020, 1025, 1030, 1035.....		X	
3	<u>Naval Ordnance Weapons:</u>				
A	20mm Mounts.....	FSC 1005.....		X	
B	40mm mounts.....	FSC 1010.....		X	
C	3 Inch/50 Mounts.....	FSC 1015.....		X	
D	5 Inch/25 Mounts.....	FSC 1020.....		X	
E	5 Inch/38 Mounts.....	FSC 1020.....		X	
F	5 Inch/54 Mounts.....	FSC 1020.....		X	
G	Loading Machines (all calibers).....	FSC 1010, 1015, 1020.....		X	

TABLE D-7, GENERIC CODES - ALL SYSTEMS.
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TABLE D-7, GENERAL DES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
F 3 H	Torpedo Launchers.....	FSC 1045.....	X		
J	Depth Charge Launchers.....	FSC 1045.....	X		
K	ASW Rocket Launchers.....	FSC 1055.....	X		
L	Harbor Nets, Booms, & Buoys.....	FSC 1070, 2050.....		X	
M	Degaussing & Minesweeping Equipment.....	FSC 1075.....		X	
N	Naval Fire Control Directors.....	FSC 1210.....	X		
P	Naval Fire Control Computing Sights.....	FSC 1220.....	X		
Q	ASW Fire Control Systems.....	FSC 1230.....	X		
R	Gunfire Control Systems.....	FSC 1230.....	X		
S	Torpedo Fire Control Systems.....	FSC 1210, 1220, 1230.....	X		
T	Submarine Fire Control Systems.....	FSC 1230.....	X		
U	Target Designating System.....	FSC 1260, 1265.....	X		
V	Fire Control Radar.....	FSC 1285.....	X		
W	Close-in Weapon Systems.....	FSC 1230.....	X		
X	Multi-Weapon Defense Systems.....	FSC 1230.....	X		
Y	Missile Fire Control Systems.....	FSC 1230.....	X		
Z	Other Naval Ordnance Weapons.....	FSG 10 (except 1070, 1075), FSC 1240, 1250, 1260, 1265, 1270, 1280, 1287, 1290.....	X	X	(1)
4	<u>Other Weapons:</u>				
A	Chemical Weapons & Equipment.....	FSC 1040.....	X	X	(1)
B	Camouflage & Deception Equipment.....	FSC 1080.....		X	
D	Fire Control Equipment (other than Naval Ordnance).....	FSC 12.....	X	X	(1)
Y	Non-Standard Weapons.....			X	
Z	Miscellaneous Other Weapons & Interchangeable Assemblies.....	FSC 1020, 1055, 1090, 1095.....	X	X	(1)
9	<u>Weapon Spare Parts, Components, & Accessories:</u>				
A	Weapons.....	FSG 11XX, 12XX, FSC 1005, 1010, 1015, 1020, 1025, 1030, 1035, 1055, 1090, 1095, 2845 (other than Naval Ordnance).....		X	
B	Naval Ordnance Weapons.....	FSG 10XX, 12XX, FSC 2845.....		X	
C	Non-Standard Weapon Spare Parts, Components & Accessories.....			X	
G	AMMUNITION				
1	<u>Ammunition (up to 75mm) & Grenades:</u>				
A	5.56mm/22 Caliber.....	FSC 1305.....	X		
B	30 Caliber.....	FSC 1305.....	X		
C	7.62mm.....	FSC 1305.....	X		
D	38 Caliber.....	FSC 1305.....	X		
E	45 Caliber.....	FSC 1305.....	X		
F	50 Caliber.....	FSC 1305.....	X		
G	60 Caliber.....	FSC 1305.....	X		
H	20mm.....	FSC 1305.....	X		

TABLE D-7, GENERIC CODES - ALL SYSTEMS.
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TABLE D-7, GENERIC CODES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
G 1	I	22mm FSC 1305	X		
	J	37mm FSC 1310	X		
	K	40mm FSC 1310	X		
	L	57mm FSC 1310	X		
	M	60mm Mortar..... FSC 1310	X		
	N	Shotgun Ammunition..... FSC 1305	X		
	P	Grenades FSC 1330	X		
	Z	Other Ammunition FSC 1305, 1310, 1330	X	X	(1)
2	<u>Ammunition, 75mm & Over:</u>				
	A	75mm FSC 1315	X		
	B	76mm FSC 1315	X		
	C	81mm Mortar..... FSC 1315	X		
	D	90mm FSC 1315	X		
	E	105mm FSC 1315	X		
	F	106mm FSC 1315	X		
	G	4.2 Inch Mortar..... FSC 1315	X		
	H	3 Inch/50 FSC 1315	X		
	J	5 Inch/25 FSC 1320	X		
	K	5 Inch/38 FSC 1320	X		
	L	5 Inch/54 FSC 1320	X		
	M	155mm FSC 1320	X		
	N	8 Inch FSC 1320	X		
	P	175mm FSC 1320	X		
	Z	Other Ammunition FSC 1315, 1320	X	X	(1)
3	<u>Land Mines & Explosives:</u>				
	A	Anti-personnel Mines FSC 1345	X		
	B	Anti-tank Mines FSC 1345	X		
	C	Demolition Kits FSC 1375	X		
	D	Charges..... FSC 1375	X		
	Z	Other Explosives & Land Mine Components... FSC 1345, 1375, 1376, 1377	X	X	(1)
4	<u>Naval Ordnance Ammunition:</u>				
	A	Service Mines, complete..... FSC 1361	X		
	B	Drill Mines, complete..... FSC 1350, 1351	X		
	C	Mine Components..... FSC 1350, 1351		X	
	D	Torpedo Exercise Heads FSC 1355, 1356	X		
	E	Anti-surface Torpedoes..... FSC 1356	X		
	F	ASW Torpedoes..... FSC 1356	X		
	G	Torpedo Components FSC 1355, 1356		X	
	H	Depth Charges..... FSC 1361	X		
	J	Depth Charge Components FSC 1360, 1361		X	

TABLE D-7, GENERIC CODES - ALL SYSTEMS

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TABLE D-7, GENERAL DES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
G 5	<u>Bombs & Rockets:</u>				
A	Practice Bombs & Shapes	FSC 1105, 1325	X		
B	Armor Piercing Bombs	FSC 1325	X		
C	Depth Bombs	FSC 1325	X		
D	Fire & Incendiary Bombs	FSC 1325	X		
E	Fragmentation Bombs	FSC 1325	X		
F	General Purpose Bombs	FSC 1325	X		
G	Electronic Operated guided bombs	FSG 13	X		
M	Bomb Components	FSC 1325		X	
N	Other bombs	FSC 1325	X		
P	2.25 Inch Rockets	FSC 1340	X		
Q	2.36 Inch Rockets	FSC 1340	X		
R	2.75 Inch Rockets	FSC 1340	X		
S	3.5 Inch Rockets	FSC 1340	X		
T	5 Inch Rockets	FSC 1340	X		
U	7.2 Inch Rockets	FSC 1340	X		
V	Asroc Rockets	FSC 1356	X		
W	Honest John Rockets	FSG 10, 11, & 13	X	X	(1)
Y	Rocket Components	FSC 1340	X	X	(1)
Z	Other rockets	FSC 1340	X		
6	<u>Pyrotechnic & Chemical Munitions:</u>				
A	Chemical Munitions	FSC 1365	X	X	Program agents as major items: program articles other than agents in FSC 1365 as dollar lines.
B	Pyrotechnics	FSC 1370	X	X	(1)
7	<u>Other Ammunition:</u>				
A	Ammunition Raw Materials	FSC 9999		X	
B	Fuzes and Primers	FSC 1390	X	X	(1)
C	Ammunition Containers	FSC 8140		X	
D	Miscellaneous Ammunition, Tools, & Specialized Equipment	FSC 1385, 1386, 1395, 1398, 4927		X	
E	Non-Standard Ammunition			X	
H	COMMUNICATIONS EQUIPMENT				
1*	Telephone & Telegraph Equipment	FSC 5805	X	X	(1)
2*	Radio & Television Communications Equipment	FSC 5820, 5821, 5895, 5985	X	X	(1)
					Installation units will be programmed under dollar lines provided by DSCA.
3*	Radio Navigation Equipment	FSC 5825, 5826, 5827	X	X	(1)
4*	Radar Equipment	FSC 5840, 5841, 5895	X	X	(1)
5*	Underwater Sound Equipment	FSC 5845	X	X	(1)
6*	Other Communications Equipment (Including Modifications)	FSG 58XX, 59XX, 60XX	X	X	(1)

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TABLE D-7, GENERIC CODES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
H 7 Z	Non-Standard Communications & Electronic Equipment.....			X	Installation units for equipment in FSG 58XX (other than 5820, and 5821) will be programmed under appropriate dollar line provided by DSCA.
*the following alphabets will be used by the Military Departments as the third character of the Generic code to identify the type of installation:					
	A Airborne	P Pack or Portable			
	B Fixed	V Ground, Vehicular			
	G Ground, General Ground Use	W Water, Surface, and Underwater			
	K Amphibious	Z Other Communications Equipment (Including Modifications)			
9	<u>Communications Equipment Spare Parts and Electronic Supplies:</u>				
A	Communications Equipment Spare Parts and Electronic Supplies.....	FSG 58XX, 59XX.....		X	
B	Non-Standard Communications Equipment Spare Parts and Electronic Supplies.....			X	
J	SUPPORT EQUIPMENT				
1	<u>Chemical Equipment:</u>				
	Decontaminating & Impregnating Equipment.....	FSC 4230.....		X	
2	<u>Construction Equipment:</u>				
A	Full Track Tractors.....	FSC 2410.....		X	
B	Wheeled Tractors.....	FSC 2420.....		X	
C	Earthmoving & Excavating Equipment.....	FSC 3805.....		X	
D	Cranes & Crane Shovels.....	FSC 3810.....		X	
E	Road Clearing Equipment.....	FSC 3825.....		X	
F	Military Bridging.....	FSC 5420.....		X	
Z	Miscellaneous Construction Equipment.....	FSC 3815, 3830, 3895.....		X	
3	<u>Materials Handling Equipment:</u>				
A	Conveyors, Cranes & Derricks.....	FSC 3910, 3950.....		X	
Z	Other Materials Handling Equipment.....	FSG 39XX (except 3910, 3950).....		X	
4	<u>Photographic Equipment:</u>				
A	Cameras.....	FSC 6720.....		X	
B	Projection Equipment.....	FSC 6730.....		X	
C	Developing & Finishing Equipment.....	FSC 6740.....		X	
D	Digitally Enhanced Photographic Imaging.....				
	Equipment/Systems.....	FSG 67XX (except 6720, 6730 and 6740).....		X	
Z	Other Photographic Equipment, Supplies, & Spare Parts.....	FSG 67XX (except 6720, 6730, and 6740).....		X	

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TABLE D-7, GENERAL SERVICES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
J 6	<u>Other Equipment:</u>				
A	Parachutes & Aerial Delivery Equipment	FSC 1670			X
D	Other Power Transmission Equipment	FSG 30XX			X
E	Woodworking Machinery & Equipment	FSG 32XX			X
F	Metal Working Machinery	FSG 34XX			X
G	Special Industrial Machinery	FSG 36XX			X
N	Safety & Rescue Equipment	FSG 42XX			X
P	Steam Plant & Drying Equipment	FSG 44XX			X
Q	Maintenance & Repair Shop Equipment	FSC 4910, 4925, 4930, 4931, 4933, 4940			X
R	Power & Distribution Equipment	FSG 61XX, 62XX			X
S	Non-Standard Power & Distribution Equipment				X
T	Instruments & Laboratory Equipment	FSG 66XX (except 6610, 6630, 6640)			X
U	Non-Standard Test Equipment				X
Z	Other Support Equipment	FSG 22XX, FSC 3835, 6310, 6330, 6350, 6650, 6665			X
7	<u>Other Support Equipment:</u>				
A	Medical/Surgical Equipment	FSC 6515			X
B	Dental Equipment	FSC 6520			X
C	X-Ray Equipment	FSC 6525			X
D	Hospital Equipment	FSC 6530			X
E	Chemistry/Laboratory Equipment	FSC 6630, 6640			X
F	Laundry & Dry Cleaning Equipment	FSC 3510			X
G	Shoe Repair Equipment	FSC 3520			X
H	Service & Trade Equipment	FSG 35XX, (except 3510, 3520)			X
J	General Purpose ADP Equipment	FSG 70XX			X
K	Office Machines	FSG 74XX			X
L	Pumps & Compressors	FSG 43XX			X
M	Plumbing & Heating Equipment	FSG 45XX			X
N	Engines	FSG 28XX (except 2810, 2840, 2845)			X
P	Prefab & Portable Structures	FSG 54XX (except 5420)			X
Q	Mine Drilling Equipment	FSC 3820			X
R	Refrigeration & Air Conditioning Equipment	FSG 41XX			X
S	Firefighting Equipment	FSC 4210		X	X
Y	Support Equipment Royal Saudi Land Forces (RSLF)				X
Z	Other Support Equipment	FSG 37XX, 46XX, 47XX, 48XX, 71XX, 72XX, 73XX			X
8	<u>Books, Publications, and Maps and Charts:</u>				
A	Technical, Non-Technical Books, Publications, Maps and Charts	FSG 76XX			X
9	<u>Contractor-Provided Technical Order Data:</u>				
A	Contractor-Provided Technical Order Data				X

(1)

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TABLE D-7, GENERIC CODES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
K	SUPPLIES				
1	<u>Clothing & Textile Supplies:</u> Clothing/Textiles & Individual Equipment.....	FSG 83XX, 84XX.....		X	
2	<u>Medical Supplies:</u>				
A	Drugs & Surgical Dressings.....	FSC 6505, 6510.....		X	
Z	Dental & Medical Supplies.....	FSG 65XX (except 6505, 6510).....		X	
3	<u>Subsistence:</u>				
A	Human Subsistence.....	FSG 89XX.....		X	
B	Human Subsistence (Offshore Procurement)...	FSG 89XX.....		X	
4	<u>General Supplies:</u>				
A	Hand & Measuring Tools.....	FSG 51XX, 52XX.....		X	
Z	Other General Supplies.....	FSG 40XX, 75XX, 77XX, 78XX, 79XX, 80XX, 81XX, (except 8140), 85XX, 93XX, FSC 8710, 8820, 9905, 9920, 9925, 9930, 9999..		X	
5	<u>Industrial Supplies:</u>				
A	Industrial supplies.....	FSG 31XX, 53XX, 94XX, 95XX, 96XX.....		X	
6	<u>Fuels, Oils, & Chemicals:</u>				
A	Jet Fuel.....	FSC 9130.....		X	
B	Aviation gasoline.....	FSC 9130.....		X	
C	Automotive Gasoline.....	FSC 9130.....		X	
D	Diesel Fuel.....	FSC 9140.....		X	
E	Navy Special Fuel Oil.....	FSC 9140.....		X	
F	Chemicals.....	FSG 68XX.....		X	
G	Solid Fuel.....	FSC 9110.....		X	
Z	Other Petroleum, Oil & Lubricants.....	FSG 91XX (except 9110, 9130, 9140).....		X	
7	<u>Construction Supplies:</u>				
Z	Construction Supplies.....	FSG 55XX, 56XX.....		X	
8	<u>Automotive Supplies:</u>				
	Automotive Supplies & Spare Parts.....	FSG 23XX, 24XX, 25XX, 26XX, (except 2620), 28XX (except 2810, 2840, 2845), FSC 2910, 2920, 2930, 2940, 2990, & other spare parts.....		X	Automotive supplies and spare parts for equipment in in Generics D, E, J, & K
L	SUPPLY OPERATIONS				
1	<u>Transportation Costs:</u>				
A	Inland Transportation - CONUS.....	01.....		X	
B	Ocean Transportation.....	01.....		X	
C	Air Transportation.....	01.....		X	
D	Parcel Post.....	01.....		X	

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TABLE D-7, GENERAL SERVICES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
L 1 E	Commercial Carrier	01		X	
F	Inland Transportation Overseas	01		X	
2	<u>Packing, crating, Handling, Port Loading & Port Unloading Costs:</u>				
A	Packing, Crating & Handling	01		X	
B	Port Loading	01		X	
C	Port Unloading	01		X	
3	<u>Operation & Maintenance of MAP Installations:</u>				
A	Operation & Maintenance Costs	01		X	
F	MAAG Housing	01		X	
G	Maintenance & Repair of Real Property - Map Installations	01		X	
4	<u>Storage & Maintenance of Stockpiles:</u>				
A	Storage & Maintenance of Stockpiles	01		X	
5	<u>Offshore Procurement Expenses:</u>				
A	Offshore Procurement Expenses	01		X	
6	<u>Logistics Management Expense:</u>				
A	Logistics Management Expense (Not for MILDEP Use)	01		X	
7	<u>Travel Expenses:</u>				
A	Travel Expenses	01		X	
8	<u>Case Management:</u>				
A	Case Management Including Travel	01		X	
9	<u>Special Activities:</u>				
A	Special Activities Including Incidental Travel	01		X	
B	Staging and Consolidation of FMS Shipments	01		X	Include staging and consolidation of incoming articles into a single shipment at DoD activity in CONUS or contractor facility, at request of customer. Includes assemblage of articles by FMS case or project code at DoD activity or contractor facility for forwarding to in-country destination, at request of customer.
C	Assemblage of FMS Shipments	01		X	
M	MAINTENANCE OF EQUIPMENT				
1	<u>Technicians & Allied Services:</u>				
A	Aircraft Technical Assistance	02		X	
B	Missile Technical Assistance	02		X	
C	Communications Technical Assistance	02		X	
D	EAM Services	02		X	

TABLE D-7, GENERIC CODES - ALL SYSTEMS
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TABLE D-7, GENERIC CODES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
M 1	E	Other Technical Assistance.....02		X	
	F	Technical Data Package (TDP).....02		X	
	G	Engineering Technical Assistance.....02		X	
	H	Technical Coordination Program (TCP).....02		X	
	J	Aircraft Structural Integrity Program (ASIP).....02		X	
	K	Non-Standard Item Support.....02		X	
	L	PMEL Calibration.....02		X	
	M	Engine CIP.....02		X	
	P	Contractor Engineering Tech Services (CETS) 02.....02		X	
	Q	Ship Maintenance Technical Assistance.....02		X	
	R	Logistics Technical Assistance.....02		X	
	S	Training Devices, Simulators, and Targets Technical Assistance.....02		X	
2	<u>Repair/Rehabilitation/Replacement of Equipment:</u>				
	A	Repair/Rehab/Replacement of Aircraft & Aircraft Engine Overhauls (Include a/c Iran).....02	X	X	(1)
	B	Overhaul of Ships.....02	X	X	(1)
	C	Repair/Rehab/Replacement, Other.....02	X	X	(1)
	D	Combat Vehicles.....02	X	X	(1)
	E	Tactical/Support Vehicles.....02	X	X	(1)
	F	Weapons.....02	X	X	(1)
	G	Ammunition.....02		X	
	H	Communications/Electronics, & Meteorological Equipment.....02		X	
	J	Support Equipment.....02		X	
	K	Missiles.....02	X	X	(1)
	L	Training Devices, Simulators & Targets.....02		X	
3	<u>Repair & Rehabilitation (R&R) of Excess Material (FY 63 and Prior Year Only):</u>				
	A	Repair & Rehab of Aircraft & Aircraft Engine Overhauls (Including IRAN).....01		X	
	B	Overhaul of Ships.....01		X	
	C	Repair & Rehabilitation, Other.....01		X	
4	A	<u>CONTRACTOR-PROVIDED OVERHAUL/REPAIR & REHABILITATION OF NON-STANDARD EQUIPMENT</u>.....02		X	
N	<u>TRAINING (FMS 1200 SYSTEM ONLY)</u>				
	0	<u>Training</u>			
	O	Training.....00		X	
7	<u>Training-Medical Services:</u>				
	E	Medical Services.....00		X	
9	<u>Training:</u>				
	A	Aids, Devices, Spare Parts.....00		X	
	B	Books, Publications, Other.....00		X	

TABLE D-7, GENERIC CODES - ALL SYSTEMS
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TABLE D-7, GENERIC CODES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
N 9 X	PCH&T Costs	00		X	
N	TRAINING (MAP 1000 SYSTEM ONLY)				
1	FORMAL TRAINING - UNITED STATES				
A	<u>Flying Training, U.S.</u>	0110000			
	Pilot, Jet Fixed Wing	0111000		X	
	Pilot, Conventional, Fixed wing	0112000		X	
	Pilot, Helicopter	0113000		X	
	Non-Pilot	0114000		X	
	Instructor	0115000		X	
	Special Techniques	0116000		X	
	Crew/Transition	0117000		X	
	Flight Test	0118000		X	
	Other	0119000		X	
B	<u>Operations Training, U.S.:</u>	0120000			
	Combat Operations	0121000		X	
	Weapons/Tactics/FAM	0122000		X	
	Mine Warfare/ASW	0123000		X	
	Amphibious Operations	0124000		X	
	Reconnaissance, Mapping/Photo	0125000		X	
	Counterinsurgency/Psychological Warfare	0126000		X	
	CBR	0127000		X	
	Training Devices/Simulators	0128000		X	
	Other	0129000		X	
C	<u>Communications/Electronics Training, U.S.:</u>	0130000			
	Electronic Fundamentals	0131000		X	
	Ground Comm/Signal	0132000		X	
	Air Comm/Signal	0133000		X	
	Fire Control Sys/Surface-to-Air	0134000		X	
	ASW System/Surface-to-Air	0135000		X	
	EMC Systems/Surface-to-Air	0136000		X	
	Other Radar Systems/Surface-to-Air	0137000		X	
	(Unassigned)	0138000		X	
	Other	0139000		X	
D	<u>Maintenance Training, U.S.</u>	0140000			
	Aviation	0141000		X	
	Armament/Ammunition	0142000		X	
	Auto/Ground support	0143000		X	
	Combat/special Vehicle	0144000		X	
	Ships/Boats	0145000		X	
	Weather/Meteorology	0146000		X	
	Training Equipment/Devices	0147000		X	
	Support Technical Skills	0148000		X	
	Other	0149000		X	

TABLE D-7, GENERIC CODES - ALL SYSTEMS
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TABLE D-7, GENERIC CODES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
E	<u>Logistics training, U.S.:</u>	0150000			
	Logistics Management	0151000	X		
	Supply/Warehousing	0152000	X		
	Transport/Distribution	0153000	X		
	Procurement	0154000	X		
	Comptroller/Stat/ADPS	0155000	X		
	Finance	0156000	X		
	(Unassigned)	0157000	X		
(Unassigned)	0158000	X			
Other	0159000	X			
F	<u>Administrative Training, U.S.:</u>	0160000			
	Personnel	0161000	X		
	Manpower/Management	0162000	X		
	Food Handling/Admin.	0163000	X		
	Info/Education	0164000	X		
	Clerical	0165000	X		
	Instructor/Supervisor	0166000	X		
	(Unassigned)	0167000	X		
Women's Military	0168000	X			
Other	0169000	X			
G	<u>Professional/Special Training, U.S.:</u>	0170000			
	Command/Staff	0171000	X		
	Intelligence	0172000	X		
	Military Police/Civil Affairs	0173000	X		
	Engineering/Construction	0174000	X		
	Medical/health Hygiene	0175000	X		
	Legal	0176000	X		
	English Language	0177000	X		
Civilian Institution	0178000	X			
Other	0179000	X			
H	<u>Orientation training, U.S.:</u>	0180000			
	Orientation Tours/DV	0181000	X		
	Orientation Tours/Non-DV	0182000	X		
	Observer	0183000	X		
	Exchange Student	0184000	X		
	Informational Program	0185000	X		
	(Unassigned)	0186000	X		
	(Unassigned)	0187000	X		
(Unassigned)	0188000	X			
Other	0189000	X			

TABLE D-7, GENERIC CODES - ALL SYSTEMS
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TABLE D-7, GENERIC CODES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
N 1 J	<u>Missile training, U.S.:</u>	0190000			
	IRBM	0191000	X		
	NIKE	0192000	X		
	HAWK	0193000	X		
	Other/Surface-to-Surface	0194000	X		
	Other/Surface-to-Air	0195000	X		
	Air-to-Air	0196000	X		
	Air-to-Surface	0197000	X		
	Target Drone	0198000	X		
	Other	0199000	X		
FORMAL TRAINING - OVERSEAS					
N	<u>Flying Training, O/S:</u>	0210000			
	Pilot, Jet, Fixed Wing	0211000	X		
	Pilot, Conventional, Fixed Wing	0212000	X		
	Pilot, Helicopter	0213000	X		
	Non-Pilot	0214000	X		
	Instructor	0215000	X		
	Special Techniques	0216000	X		
	Crew/Transition	0217000	X		
	(Unassigned)	0218000	X		
	Other	0219000	X		
P	<u>Operations training, O/S:</u>	0220000			
	Combat Operations	0221000	X		
	Weapons/Tactics/FAM	0222000	X		
	Mine Warfare/ASW	0223000	X		
	Survival/Jungle/Arctic	0224000	X		
	Reconnaissance, Mapping/Photo	0225000	X		
	Counterinsurgency/Psychological Warfare	0226000	X		
	CBR	0227000	X		
	Training Devices/Simulators	0228000	X		
	Other	0229000	X		
Q	<u>Communications/Electronics Training, O/S:</u>	0230000			
	Electronic Fundamentals	0231000	X		
	Ground Comm/Signal	0232000	X		
	Air Comm/Signal	0233000	X		
	Fire Control Sys/Surface-to-Air	0234000	X		
	ASW Systems/Surface-to-Air	0235000	X		
	ECM Systems/Surface-to-Air	0236000	X		
	Other Radar Systems/Surface-to-Air	0237000	X		
	(Unassigned)	0238000	X		
	Other	0239000	X		

TABLE D-7, GENERIC CODES - ALL SYSTEMS
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TABLE D-7, GENERIC CODES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
N 1 R	<u>Maintenance Training, O/S:</u>	0240000			
	Aviation	0241000			X
	Armament/Ammunition	0242000			X
	Auto/Ground Support	0243000			X
	Combat/Special Vehicle	0244000			X
	Ships/Boats	0245000			X
	Other Support Equipment	0246000			X
	Training Aids/Devices	0247000			X
	Support Technical Skills	0248000			X
Other	0249000			X	
S	<u>Logistics Training, O/S:</u>	0250000			
	Logistics Management	0251000			X
	Supply/Warehousing	0252000			X
	Transport/Distribution	0253000			X
	Procurement	0254000			X
	Comptroller/Stat/ADPS	0255000			X
	Finance	0256000			X
	(Unassigned)	0257000			X
	(Unassigned)	0258000			X
Other	0259000			X	
T	<u>Administrative Training, O/S:</u>	0260000			
	Personnel	0261000			X
	Manpower/Management	0262000			X
	Food Handling/Admin.	0263000			X
	Info/Education	0264000			X
	Clerical	0265000			X
	(Unassigned)	0266000			X
	(Unassigned)	0267000			X
	(Unassigned)	0268000			X
Other	0269000			X	
U	<u>Professional/Special Training, O/S:</u>	0270000			
	Command/Staff	0271000			X
	Intelligence/Counterintelligence	0272000			X
	Military Police/Civil Affairs	0273000			X
	Engineering/Construction	0274000			X
	Medical/Health Hygiene	0275000			X
	Cadet	0276000			X
	English Language	0277000			X
	(Unassigned)	0278000			X
	Other	0279000			X

TABLE D-7 GENERIC CODES - ALL SYSTEMS

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TABLE D-7, GENERAL DES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
N 1 V	<u>Orientation Training, U.S.:</u>	0280000			
	Orientation Tours/DV	0281000	X		
	Orientation Tours/Non-DV	0282000	X		
	Observer	0283000	X		
	Exchange Student.....	0284000	X		
	(Unassigned).....	0285000	X		
	(Unassigned).....	0286000	X		
	(Unassigned).....	0287000	X		
	(Unassigned).....	0288000	X		
	Other	0289000	X		
W	<u>Missile Training, O/S:</u>	0290000			
	(Unassigned).....	0291000	X		
	(Unassigned).....	0292000	X		
	(Unassigned).....	0293000	X		
	(Unassigned).....	0294000	X		
	(Unassigned).....	0295000	X		
	(Unassigned).....	0296000	X		
	(Unassigned).....	0297000	X		
	(Unassigned).....	0298000	X		
	Other	0299000	X		
Z	<u>PANAMA CANAL SCHOOL TRAINING</u>				
	Training at USARSA	BUSARSA	X		Not included in Unified Command ceiling. Programmed under Non-Regional Command.
	Training at IAFFA	DO1AAFA	X		
	Training at SCIATT	PSC1ATT	X		
	Training at IANTN	PO1ANTN	X		
2	<u>MOBILE TRAINING TEAMS/DETACHMENTS</u>				
	<u>Mobile Training Teams/Detachments - CONUS:</u>	0300000			
A	Aviation	0301000	X		
B	Combat Operation/Intel.....	0302000	X		
C	Communications/Electronic	0303000	X		
D	Supply/Maintenance.....	0304000	X		
E	Personnel/Maintenance	0305000	X		
F	Counterinsurgency.....	0306000	X		
G	English Language	0307000	X		
H	Missiles	0308000	X		
J	Other	0309000	X		

TABLE D-7 GENERIC CODES - ALL SYSTEMS
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TABLE D-7, GENERIC CODES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
	<u>Mobile Training Teams/Detachments - Overseas:</u>	0310000			
N 2 M	Aviation.....	0311000.....	X		
N	Combat Operation/Intel.....	0312000.....	X		
P	Communications/Electronic.....	0313000.....	X		
Q	Supply/Maintenance.....	0314000.....	X		
R	Personnel/Maintenance.....	0315000.....	X		
S	Counterinsurgency.....	0316000.....	X		
T	English Language.....	0317000.....	X		
U	Missiles.....	0318000.....	X		
V	Other.....	0319000.....	X		
3	FIELD TRAINING SERVICES	0320000			
A	Aircraft Engine/Aiframe.....	0321000.....	X		
B	Communications/Electronics.....	0322000.....	X		
C	Radar Systems.....	0323000.....	X		
D	Armament.....	0324000.....	X		
E	Maintenance.....	0325000.....	X		
F	Training/Aids/Devices.....	0326000.....	X		
G	English Language.....	0327000.....	X		
H	Missiles.....	0328000.....	X		
J	Other.....	0329000.....	X		
5	TRAINING OF U.S. MAP PERSONNEL	0380000			
A	Contract Costs.....	0381000.....	X		
B	Training of U.S. Map Personnel.....	0382000.....	X		
C	Language.....	0383000.....	X		
E	Other Training Costs.....	038500.....	X		
6	EXTRAORDINARY EXPENSES	0390000			
A	Extraordinary Expenses.....	0390000.....	X		

Phase I and Phase II. Not included as part of Unified Command ceiling but programmed world-wide by Military Departments.
 Not included in Unified Command ceiling. World-wide program prepared by DSCA.
 Not included in Unified Command ceiling. World-wide program budgeted for by Military Departments for training of U.S. personnel in skill peculiar to MAP assignments.

Not included in Unified Command ceiling. Worldwide program budgeted for by Military Departments.

TABLE D-7 GENERIC CODES - ALL SYSTEMS
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TABLE D-7, GENERAL SCHEDULES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
N 7	OTHER TRAINING SUPPORT				
A	Training Exercises	0361000		X	
B	Escort Officers.....	0362000	X		
C	Supplies & Materials	0363000		X	
D	Facilities/Rehabilitation	0364000		X	
E	Services	0365000	X	X	
F	Other	0366000	X	X	
G	Shipment of Instructional Material.....	0367000		X	
Z	Abbreviated Training Plan Requirement.....	0399000		X	
					Not required for FY84 and future programs. To be used only when training items are unknown at time of programming.
9	TRAINING AIDS				
A	Training Aids & Devices.....	0TNGDEV		X	
)	Army Books/Publications/Other	BBKPUB0		X	
B)	Air Force Books/Publications/Other	DBKPUB0		X	
)	Navy Books/Publications/Other	PBKPUB0		X	
)	Army PCH&T.....	B00PCHT		X	
X)	Air Force PHC&T	D00PCHT		X	
)	Navy PCH&T	P00PCHT		X	
P	RESEARCH & DEVELOPMENT				
1	<u>Development of Advance Design Weapons:</u>				
A	Development of Advance Design Weapons			X	
B	Aircraft Weapons Certification			X	
2	<u>Other Development Costs:</u>				
A	Non-Recurring R&D Costs	00		X	
B	First Article Testing	00		X	
Q	CONSTRUCTION				
1	<u>Infrastructure (MAP 1000 System Only):</u>				
A	Infrastructure	06		X	
2	<u>Other Construction:</u>				
A	Contract Construction	06		X	
B	A&E Services	06		X	
C	U.S. Government Costs	06		X	
D	Construction, A&E Services & Administrative Costs - SAO Facilities	06		X	
E	Other Construction	06		X	

Table D-7 GENERIC CODES - ALL SYSTEMS
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TABLE D-7, GENERIC CODES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
R	SPECIAL ACTIVITIES				
1	<u>International Military Headquarters:</u>				
A	International Military Headquarters	07		X	
2	<u>International Forces Support:</u>				
A	U.N. Forces Support in Korea	07		X	
B	IAF Support in Dominican Republic	07		X	
D	OAS Peacekeeping Forces	07		X	
3	<u>Expenses, Inspector General Foreign Assistance, State (MAP 1000 System Only):</u>				
A	Expenses, Inspector General Foreign Assistance, State	07		X	
4	<u>Studies & Surveys:</u>				
A	Studies & Surveys	07		X	
B	Audit Services	07		X	
C	Quality Assurance Services	07		X	
5	<u>Weapons Production Projects (MAP 1000 System Only):</u>				
A	Weapons Production	07		X	
6	<u>Extraordinary Expenses:</u>				
A	Extraordinary Expenses	07		X	
B	Program Management	07		X	
7	<u>Ship Transfer Costs:</u>				
A	Ship Transfer Costs	07		X	
8	<u>Special Insurance:</u>				
A	Special Insurance	07		X	
9	<u>Other Special Activities:</u>				
A	Special Activities	07		X	
R 9 B	Non-Specific Requirements	07		X	
C	Foreign Currency SAO Support	07		X	
D	Royalty Payments	07		X	
E	Loan Fees	07		X	
F	Contract Termination Costs	07		X	
G	Technical Assistance Field Team (TAFT)	07		X	
H	Asset Use Charge	07		X	
Z	Other Services	07		X	

TABLE D-7 GENERIC CODES - ALL SYSTEMS
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TABLE D-7, GENERAL SCHEDULES - ALL SYSTEMS

GENERIC CODE	CATEGORY/DESCRIPTION	FEDERAL SUPPLY CLASSIFICATION/ ITEM IDENTIFICATION	PROGRAM AS:		REMARKS
			MAJOR ITEM	DOLLAR LINE	
T	ADMINISTRATIVE EXPENSES				
1	<u>Administrative Expenses, Departmental & Headquarters:</u>				
A	Administrative Expenses, Departmental & Headquarters	09		X	
2	<u>SAO Administrative Expenses:</u>				
A	SAO Administrative Expenses	09		X	
B	Security Assistance Support Expenses	09		X	
3	<u>Contractor Expenses:</u>				
A	Contractor Expenses	09		X	
4	<u>Administrative Surcharge:</u>				
A	Administrative surcharges	09		X	
U	FOREIGN MILITARY SALES ORDER (FMSO) (FMS 1200 SYSTEM ONLY)				
0 O	Foreign Military Sales Order (FMSO 1)	00		X	
1 O	Inventory Loss (FMSO 2)	00		X	

FOOTNOTE: (1) In those generics where both major item and dollar lines may be added to the MASL, the Military Departments must limit major item lines to those pieces of equipment for which visibility is considered absolutely essential to good program control and supply management.

@@ (Updated 30 Dec, 1998)

TABLE D-7, GENERIC CODES - ALL SYSTEMS

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TABLE D-8
MAP ELEMENT CODE - 1000 SYSTEM

The second and third digits are alphabetic; the fourth digit will normally be the numeric "0" (not the letter O). An alphabetic may be substituted for the "0" in the fourth digit to indicate additional programmed requirements.

Code Levels

1 2 3 4

2. AIR AND MISSILE DEFENSE FORCES

A. Aircraft Forces.

A	0	F-86 Units
B	0	F-100 Units
C	0	F-101 Units
D	0	F-104 Units
E	0	F-4C Units
F	0	F-5 Units
G	0	Other Aircraft Units

B. Surface-to-Air Missile Forces.

A	0	NIKE Units
B	0	HAWK Units
C	0	Other SAM Units
U	0	SAM Operating Support (Attrition and Training Missiles)
V	0	SAM Operating Support (FOS and Secondary Items)

C. Anti-Aircraft Artillery Forces.

A	0	40 mm - AAA Units
B	0	90 mm - AAA Units
C	0	Other AAA Units

D. Communications-Electronic-Meteorological Facilities/Systems.

A	0	AC&W Units
B	0	Other AAA Units

3. GENERAL PURPOSE FORCES

A. Army Combatant Forces.

A	0	Infantry Units
B	0	Armored Units
C	0	Cavalry Units
D	0	Mechanized Units
E	0	Airborne Units
F	0	Separate Artillery Units
G	0	Armored Cavalry Units
H	0	Combat Engineer Units
J	0	HONEST JOHN Units
K	0	Aviation Units
M	0	Other Missile Units

TABLE D-8. MAP ELEMENT CODE - 1000 SYSTEM. [Page 1 of 4]

- N 0 Other Combat Units
P 0 Signal Support Units
Q 0 Engineer Construction Units
R 0 Quartermaster Units
S 0 Other Combat Support Units
- B. Logistical and Operating Support (Army).
A 0 Supporting Bases and Activities
T 0 Army Operating Support (IMETP Training)
U 0 Army Operating Support (Attrition and Ammunition)
V 0 Army Operating Support (FOS and Secondary Items)
- D. Surveillance and Ocean Control Forces.
A 0 ASW Aircraft Carrier Units
B 0 ASW Aircraft Units
C 0 Submarine Units
D 0 Surface Units
E 0 Surface Patrol Units
F 0 Patrol Aircraft Units
G 0 Other Surveillance and Ocean Control Units
- E. Mine Warfare Forces.
A 0 Mine Laying Units
B 0 Mine Sweeping Units
C 0 Other Mine Warfare Units
- F. Amphibious Forces.
A 0 LST Units
B 0 LSM Units
C 0 Other Amphibious Units
- G. Multi-Purpose Combat Forces.
A 0 Cruiser Units
B 0 Frigate Units
C 0 Destroyer Units
D 0 Submarine Units
E 0 Other Multi-Purpose Combat Units
- H. Logistical and Operating Support (Navy).
B 0 Auxiliary Ships and Harbor Craft
C 0 Supporting Bases and Activities
T 0 Navy Operating Support (IMETP Training)
U 0 Navy Operating Support (Attrition and Ammunition)
V 0 Marine Operating Support (FOS) and Secondary Items
- L. Tactical Aircraft Forces.
A 0 T-28 Units
B 0 T-80 Units
C 0 T-33 Units

TABLE D-8. (Continued) [Page 2 of 4]

D	0	RT-33 Units
E	0	F-84 Units
F	0	RF-84 Units
G	0	F-86 Units
H	0	RF-86 Units
J	0	E-100 Units
K	0	RF-101 Units
M	0	F-104 Units
N	0	RF-101 Units
P	0	F-5 Units
Q	0	RF-5 Units
R	0	B-57 Units
S	0	Other Tactical Aircraft Units

M. Logistical and Operating Support (Air Force).

A	0	Communications and Weather Units
B	0	Supporting Bases and Activities
T	0	Air Force Operating Support (IMET Training)
U	0	Air Force Operating Support (Attribution and Ammunition)
V	0	Air Force Operating Support (FOS and Secondary Items)

N. Paramilitary Forces.

A	0	Ground Units
B	0	Sea Units
C	0	Air Units
V	0	Paramilitary Operating Support (FOS and Secondary Items)

4. AIRLIFT AND SEALIFT FORCES

A. Airlift Forces.

A	0	C-46 Units
B	0	C-47 Units
C	0	C-54 Units
D	0	C-82 Units
E	0	C-119 Units
F	0	C-130 Units
G	0	Other Airlift Units

B. Sealift Forces.

A	0	Troop Transport Units
B	0	Cargo Ship Units
C	0	Tanker Ship Units
D	0	Other Sealift Units

5. RESERVE FORCES

A	0	Army Reserves
B	0	Naval Reserves
C	0	Air Force Reserves
D	0	Paramilitary Reserves

Table D-8. (Continued) [Page 3 of 4]

6. RESEARCH AND DEVELOPMENT7. GENERAL SUPPORTA. Individual Training.B. Intelligence and Security.

D 0 Mapping and Charting
E 0 Other Intelligence Activities

C. Communications.

A 0 Aircraft Traffic Control and Landing
B 0 Other Communications Systems

D. Logistical Support.

A 0 MAP Supply Operations
B 0 Supporting Bases and Activities
V 0 Multi-Service Operating Support (FOS and Secondary items)

F. Command and General Support.

A 0 Command and Direction
G 0 Construction Support Activities
C 0 Other Support Activities

8. FMS TRAINING (Use applicable case designator.)9. SECTION 506(a) PRESIDENTIAL DETERMINATION (Enter the number of the appropriate Presidential Determination.)

<u>Country</u>	<u>PD Date</u>	<u>PD Number</u>
Chad	13 March 1986	8606
Honduras	25 March 1986	8608
Philippines	16 September 1987	8613
Chad	16 December 1987	8705
Chad	28 March 1987	8713

TABLE D-8. (Continued) [Page 4 of 4]

D-9

SOURCE OF SUPPLY CODE - 1000 SYSTEM

Code Meaning

- A** Assigned to all records in the Republic of Korea (ROK) Equipment Transfer Program authorized by Public Law 95-384 at no charge to MAP. This code is also assigned to ammunition transferred to the Royal Thai Government from Army FMS case UEB. Transfer at no cost to MAP was authorized by Section 24, Public Law 96-92, 29 October 1979.
- B** **Barter:** From MAP-owned assets transferred to the U.S. as repayment in accordance with the provisions of former Section 509 of the Foreign Assistance Act of 1961, as amended.
- E** **Excess:** From stocks excess to MILDEP/Defense Supply Agency supplied to meet MAP and FMS requirements.
- F** **Foreign:** For Grant Aid, from procurement offshore financed with foreign currencies made available under Sections 402 and 502 of PL 665, 83rd Congress, and Section 104(c) of PL 480, 83rd Congress. For sales, from procurement offshore financed by direct citation of MAP-owned foreign currency received as repayment in accordance with the provisions of former Section 508 of the Foreign Assistance Act of 1961, as amended.
- I** **Special:** From special procurement solely for MAP, financed by direct citation of MAP funds. Also used to identify services to be financed by direct citation of MAP funds.
- J** **Army Depot, Japan:** From MAP-owned assets at the U.S. Army Depot Command, Japan.
- K** **Procurement or Replacement:** Items will be assigned this code: (1) When they are to be provided from MILDEP procurement, financed initially by MILDEP appropriations. (2) When they are to be furnished from MILDEP or DLA inventories, and procurement is required to replace such items. MAP items will be included in this category despite the fact that the items planned for procurement to replace the MAP delivery will be in terms of the latest model (preferred item). Thus "Replacement in Kind" covers replacement of an item with the same model items, or a replacement of an acceptable substitute with a preferred item. Resources obtained from the sale of this materiel will be available to finance the MILDEP or DLA reimbursable budget plan as it is classified for the budget document.
- L** **Replacement Not in Kind:** This category will include those items which are to be provided to MAP on a reimbursable basis, but when delivered to MAP are not planned to be replaced by inventories of the MILDEP or DLA of the same model item or modern version. Funds received from the sale of such items will be available to finance the Military Department or DLA direct budget plan as it is classified for the budget document.
- N** **NAMSO/NHPLO:** From the NATO Maintenance and Supply Organization or NATO Hawk Production and Logistics Organization. (Financed by direct citation of MAP funds.)

 TABLE D-9. (Continued) [Page 1 of 2]

Code Meaning

- O Offshore Procurement (OSP): From Special procurement offshore (outside the United States, its possessions, and Puerto Rico) for the MAP. Accompany program change cards with narrative justification required by DOD Directive 2125.1.
- R Redistribution: From redistribution of MAP-supplied assets excess to holding country requirements.
- S F-104G MAP Spares Depot: From MAP-owned assets of spares and spare parts peculiar to F-104G aircraft located at Sacramento Air Materiel Area.
- T Transfer: From MAP-owned assets (other than those coded "B", "J" or "S") transferred from a MAP ownership account.

TABLE D-9. (Continued) [Page 2 of 2]

TABLE D-10

STATUS CODE - 1200 SYSTEM

<u>Code</u>	<u>Meaning</u>
O	Open Offer: A formal offer has been transmitted to the foreign government by DD Form 1513 and acceptance or refusal by the foreign government is pending.
E	Extended Offer: An offer which has not been accepted or rejected by the country and the Offer Expiration Date (OED) has been reached. When this occurs, the case status is automatically changed to E (extended offer).
S	Signed Offer: Indicates an advance notice that the country intends to accept the case.
A	Accepted Offer: The foreign government has accepted the case by signature on the DD Form 1513. Status Code A is assigned even though the foreign government may not have made the initial down payment of cash advance required under terms of the sales agreement.
I	Implemented Case: A case for which the foreign government has accepted the offer and fulfilled all financial obligations necessary prior to commencement of supply action; or, if financing is by DOD credit, when necessary funds have been allocated by the DSAA to the SAAC. This code signifies that all conditions prerequisite to beginning supply action have been fulfilled, that the SAAC has issued obligational authority to the Implementing Agency, and that supply agencies of the MILDEPs have been directed to begin execution of the sales agreement. In many instances, it will be possible to move directly from status "O" to status "I" because implementation occurs simultaneously with acceptance of the offer by the foreign government.
C	Closed Case: A case for which (1) delivery of all items and performance of all services specified in the sales agreement have been completed by the Implementing Agency, (2) collections (or equivalent transaction) have been completed, and (3) a final accounting statement has been furnished the purchaser.
X	Cancelled Case: An offer which has not been accepted by the foreign government during the time period allowed; an offer withdrawn by the U.S. government; an offer declined by the foreign government; or an accepted case which is cancelled by either the foreign government or the U.S. government.
L	Legislative Cycle: In accordance with arms control legislation, a potential major sale which is in either the advanced or the formal notification phase of Congressional review.
D	Supply Complete: Notification from the Implementing Agency that supplies/services delineated in a specific case have been furnished "supply complete" to the foreign government.

Code Meaning

- Z Canceled Letter of Request (LOR): A Letter of Request which has been cancelled prior to preparation of the LOA usually at the request of the foreign government.
- R Letter of Request (LOR): The Letter of Request phase indicating that the Implementing Agency has received an LOR for an LOA from the foreign government.

TABLE D-10. (Continued) [Page 2 of 2]

TABLE D-11
TYPE OF ASSISTANCE CODE - 1000 SYSTEM

<u>Code</u>	<u>Meaning</u>
1	Grant Aid rendered under the authority of the Foreign Assistance Act of 1961, as amended, for which the United States receives no reimbursement.
A	Grant transfers of Excess Defense Articles (EDA) provided under the authority of the Foreign Assistance Act of 1961, as amended, for which the United States receives no reimbursement for the value of the materiel.
C	Presidential Determination to order defense articles from stock and performance of defense services to satisfy Grant Aid requirements with reimbursement from subsequent military assistance appropriations. (Section 506 FAA of 1961, as amended.)
D	Military Assistance Service Funded. Grant Aid programs transferred to the Department of Defense budget, which were not controlled and implemented through the MAP documentation and ADP system.
H	Grant Aid share of cost sharing agreements.
K	Grant Aid of MAP-owned assets obtained through barter arrangements with the Federal Republic of Germany (used in conjunction with Source of Supply Code "B" only).
L	Grant Aid provided through the NATO Hawk Production and Logistics Organization (NTPLO) for maintenance support of the Hawk Missile System (used in conjunction with Source of Supply Code "N" only.)
N	Section 23 or 24, AECA, FMS Credit (Non-Repayable) .
P	Grant Aid Programs transferred to the Department of Defense budget which were controlled and implemented through the MAP documentation and ADP system.
R	Grant Aid of U.S. recovered materiel resulting from liquidation of NATO Maintenance Supply Agency excess stockage.
S	Assigned to all records in the Republic of Korea Equipment Transfer program authorized by Public Law 95-384 at no charge to MAP. This code is also assigned to all PY 71 update & 72 equipment transferred to the ROK under Public Law 91-652 at no cost to MAP. This code is also assigned to ammunition transferred to the Royal Thai Government from Army FMS Case UEB. Transfer at no cost to MAP was authorized by Section 24, Public Law 96-92, 29 October 1979
Z	Section 23 or 24, AECA, FMS Credit

TABLE D-11. TYPE OF ASSISTANCE CODE - 1000 SYSTEM.

TABLE D-12

UNIT OF ISSUE CODE - ALL SYSTEMS

<u>Code</u>	<u>Item</u>	<u>Definition</u>
AY	Assembly	A collection of parts assembled to form a complete unit, constituting a single item of supply, e.g., hose assembly. Use only when the term "assembly" is a part of the item name.
BD	Bundle	A quantity of the same item tied together without compression.
BE	Bale	A shaped unit of compressible materials bound with a cord or metal ties and usually wrapped, e.g., paper and cloth rags.
BG	Bag	A flexible container of various sizes and shapes which is fabricated from such materials as paper, plastic or textiles. Includes "sack" and "pouch".
BT	Bottle	A glass, plastic, or earthenware container of various sizes, shapes, and finishes such as jugs, but excluding jars, ampoules, vials, and carboys, with a closure for retention of contents.
BX	Box	A rigid, three dimensional container of various sizes and materials. Includes "case", "carton", "tray", and "crate".
CA	Cartridge	Usually a tubular receptacle containing loose or pliable material and designed to permit ready insertion into an apparatus for dispensing the material. Usually associated with adhesives and sealing compounds.
CD	Cubic Yard	A unit of cubic measure.
CK	Cake	A block of compacted or congealed matter. Applicable to such items as soap, buffing compound.
CN	Can	A rigid receptacle made of fibre, metal, plastic, or a combination thereof. Cans may be cylindrical or any number of irregular shapes. Restricted to items which cannot be issued in less than container quantity. Includes "pail" and "canister". Do not use when the packaged quantity equates to a unit of measure, i.e., pint, quart, gallon, ounce, pound.
CO	Container	A general term for use only when an item is permitted to be packaged for issue in optional containers, e.g., bottle or tube for a single NSN.
DR	Drum	A cylindrical container designed as an exterior pack for storing and shipping bulk materials, e.g., fuels, chemicals, powders, etc. Drums may be made of metal, rubber, polyethylene, plywood, or fibre with wooden, metal, or fibre ends.
DZ	Dozen	Twelve (12) of an item of supply.

TABLE D-12. UNIT OF ISSUE CODE - ALL SYSTEMS. [Page 1 of 3]

<u>Code</u>	<u>Item</u>	<u>Definition</u>
EA	Each	A numeric quantity of one item of supply. Do not use if more specific term applies, such as kit, set, assortment, assembly, group, sheet, plate, strip, or length.
FT	Foot	Unit of linear measurement, sometimes expressed as "linear foot".
GL	Gallon	Unit of liquid measurement.
GR	Gross	One hundred forty four (144) of an item of supply.
HD	Hundred	One hundred (100) of an item of supply.
KT	Kit	A collection of related items issued as a single item of supply, such as tools, instruments, repair parts, instruction sheets, and often supplies typically carried in a box or bag. Also includes selected collections of equipment components, tools, and/or materiel for the repair, overhaul, or modification of equipment. Use only when the term "kit" is a part of the item name.
LB	Pound	A unit of avoirdupois weight measure equivalent to 16 ounces.
MX	Thousand	One thousand (1,000) of an item, e.g., thousands of rounds of small caliber ammunition.
OT	Outfit	A collection of related items issued as a single item of supply, such as the tools, instruments, materiel, equipment, and/or instruction manual(s) for the practice of a trade or profession or for the carrying out of a particular project or function. Use only when the term "outfit" is part of the item name.
PG	Package	A form of protective wrapping for two or more of the same item of supply. To be used only when a unit of measure or container type term is not applicable. Includes "envelope".
PR	Pair	Two similar corresponding items, e.g., gloves, shoes, bearings; or items integrally fabricated of two corresponding parts, e.g., trousers, shears, goggles.
PT	Pint	A unit of liquid or dry measure.
QT	Quart	A unit of liquid or dry measure.
RL	Reel	A cylindrical core on which a flexible materiel, such as wire of cable, is wound. Usually has flanged ends.
RM	Ream	A quantity of paper varying from 480 to 516 sheets, depending upon grade.

 TABLE D-12. (Continued) [Page 2 of 3]

<u>Code</u>	<u>Item</u>	<u>Definition</u>
RO	Roll	A cylindrical configuration of flexible materiel which has been rolled on itself such as textiles, tape, abrasive paper, photosensitive paper and film, and may utilize a core with or without flanges.
SE	Set	A collection of matched or related items issued as a single item of supply, i.e., tool sets, instrument sets, and matched sets. Use only when the term "set" is a part of the item name.
SH	Sheet	A flat piece of rectangular-shaped materiel of uniform thickness that is very thin in relation to its length and width, such as metal, plastic, paper, and plywood. Use of this term is not limited to any group of items or FSCs. However, it will always be applied when "sheet" is used in the item name to denote shape, e.g., aluminum alloy sheet, except items in FSC 7210.
SL	Spool	A cylindrical form with an edge or rim at each end and an axial hold for a pin or spindle on which a flexible materiel such as thread or wire is wound.
TU	Tube	Normally a squeeze-type container, most commonly manufactured from a flexible type materiel and used in packaging toothpaste, shaving cream, and pharmaceutical products. Also applicable as form around which items are wound such as thread. It is not applicable to mailing tube, pneumatic tube, or cylindrical containers of a similar type.

In addition to the above codes, the following code is also authorized for use:

<u>Code</u>	<u>Item</u>	<u>Definition</u>
XX	Dollars	Use when a record does not reflect any quantitative amount.

TABLE D-13

MILDEP EXECUTION AGENCY IDENTIFIER CODES

A. ARMY EXECUTION AGENCY (EXA) CODES.

The EXA code used by the Army is a three digit alpha numeric wherein the first alpha represents the Army (B), the second alpha the funding agency and the the third alpha or numeric the training agency. The following codes are to be used for Department of the Army IMET programming.

B. Department of the Army.

A. U.S. Army Material Development and Readiness Command (DARCOM)

- A. Army Logistics Management Center, Ft Lee, VA
- B. Army Management Engineer Training Activity, Rock Island, IL
- C. Army Defense Ammunition School, Savanna, IL
- D. Joint Military Package Training Center, Aberdeen Proving Ground, MD
- E. Army Tank-Automotive Command, Warren, MI
- G. Army Depot Systems Command, Chambersburg, PA
- H. Letterkenny Army Depot, Chambersburg, PA
- J. School of Engineering and Logistics, Red River Army Depot, Texarkana, TX
- K. Lone Star Ammunition Plant, Texarkana, TX
- L. Army Test and Evaluation Command, Aberdeen Proving Ground, MD
- M. New Cumberland Army Depot, New Cumberland, PA
- N. Army Troop Support and Aviation Material Readiness Command, St. Louis, MO
- P. Army Mobility Equipment Research and Development Command, Ft. Belvoir, VA
- Q. Pueblo Army Depot, Pueblo, CO
- R. Army Natick Research and Development Laboratories, Natick, MA
- S. Army Electronics Research and Development Command, Adelphi, MD
- T. Army Communications Electronics Command, Ft. Monmouth, NJ
- U. Red River Army Depot, Texarkana, TX
- V. Army Aviation Research and Development Command, St. Louis, MO
- W. Tobyhanna Army Depot, Tobyhanna, PA
- X. Tooele Army Depot, Tooele, UT
- Y. Yuma Proving Ground, Yuma, AZ
- 2. US Army Security Assistance Center (USASAC), Alexandria, VA
- 3. Anniston Army Depot, Anniston, AL
- 4. Dugway Proving Ground, Dugway, UT
- 6. Corpus Christi Army Depot, Corpus Christi, TX
- 7. Army Armament Research and Development Command, Dover, NJ
- 8. Army Armament Material Readiness Command, Rock Island, IL
- 9. Army Missile Command (MICOM), Redstone Arsenal, AL
- 0. Unidentified DARCOM Location)

C. U.S. Army Training and Doctrine Command (TRADOC)

- A. Army Aviation School, Ft Rucker, AL
- B. Army Training Support Center (Correspondence Courses), Ft Eustis, VA
- C. U.S. Army War College, Carlisle, PA

TABLE D-13. (Continued) [Page 1 of 5]

- D. Defense Language Institute, Monterey, CA
- E. Army Engineer School, Ft Belvoir, VA
- F. Army Field Artillery School, Ft Sill, OK
- G. Army Infantry School, Ft. Benning, GA
- H. Army Ordnance School, Aberdeen Proving Ground, MD
- I. Defense Information School, Ft Benjamin Harrison, IN
- J. Army Quartermaster School, Ft Lee, VA
- K. Army Chemical School, Ft McClellan, AL
- L. Army Soldier Support Center, Ft Benjamin Harrison, IN
- M. Army Chaplain School, Ft Monmouth, NJ
- N. Army Military Police School, Ft McClellan, AL
- P. Army Signal School, Ft Gordon, GA
- Q. Judge Advocate General School, Charlottesville, VA
- R. Army Air Defense School, Ft Bliss, TX
- S. Army Transportation School, Ft. Eustis, VA
- T. Army Command and General Staff College, Ft. Leavenworth, KS
- U. Army Intelligence School, Ft. Huachuca, AZ
- V. Aviation Logistics School, Ft. Eustis, VA
- W. Army Institute for Military Assistance, Ft. Bragg, NC
- X. Army Missile and Munitions School, Redstone Arsenal, AL
- Y. Army Armor School, Ft Knox, KY
- Z. John F. Kennedy Special Warfare Center and School, Fort Bragg, NC
 - 1. Ft Dix, NJ
 - 2. Ft Leonard Wood, MO
 - 3. Ft Jackson, SC
 - 7. TRADOC Security Assistance Training Field Activity (SATFA), Ft. Monroe, VA
 - 8. TRADOC Combined Arms Test Activity (TCATA), Ft Hood, TX
 - 9. HQ, TRADOC, Ft Monroe, VA
 - 0. (Unidentified TRADOC Location)

- E. Office, Chief of Engineers
 - 0. (Unidentified Chief of Engineers Location)

- F. U.S. Army Finance and Accounting Center (USAFAC)
 - A. USAID Training All Areas
 - B. Defense Intelligence Agency (DIA), Washington, DC
 - C. U.S. Coast Guard Training
 - D. Defense Logistics Agency (DLA), Washington, DC
 - E. Defense Systems Management College, Ft Belvoir, VA
 - F. National Defense College (Correspondence Course), Ft. McNair, Washington, DC
 - M. U.S. Marine Corps Training
 - N. U.S. Navy Training
 - S. Defense Mapping Agency (DMA), Washington, DC
 - T. Defense Mapping School, Ft Belvoir, VA
 - X. U.S. Air Force Training
 - Q. Training U.S. Map Personnel (N5B)

- G. U.S. Army Health Services Command (USAHSC)
 - A. Armed Forces Institute of Pathology, Washington, DC

 TABLE D-13. (Continued) [Page 2 of 5]

- B. William Beaumont Army Medical Center, El Paso, TX
 - F. Fitzsimmons Army Medical Center, Aurora, CO
 - H. Army Environmental Hygiene Agency, Aberdeen Proving Ground, MD
 - L. Letterman Army Medical Center, San Francisco, CA
 - M. Madigan Army Medical Center, Tacoma, WA
 - S. Academy of Health Sciences, Ft Sam Houston, TX
 - T. Tripler Army Medical Center, Honolulu, HI
 - W. Walter Reed Army Medical Center, Washington, DC
 - X. Medical Cost-CONUS (GC N7E)
 - Z. Army Institute of Dental Research, Washington, DC
 - 0. (Unidentified USAHSC Location)
- H. Western Command (WESTCOM)
 - H. All Training in WESTCOM Schools or Units
 - I. Third Country Training in WESTCOM Areas
 - 0. (Unidentified Pacific Command (PACOM) Location)
- I. U.S. Army Forces Command (FORSCOM)
 - A. 1st Infantry Division (Mechanized), Ft Riley, KS
 - B. 1st Cavalry Division, Ft Hood, TX
 - C. 2d Armored Division, Ft Hood, TX
 - D. 3d Armored Cavalry Regiment, Ft Bliss, TX
 - E. 4th Infantry Division (Mechanized), Ft Carson, CO
 - F. 5th Infantry Division (Mechanized), Ft Polk, LA
 - G. 7th Infantry Division, Ft Ord, CA
 - H. 9th Infantry Division, Ft Lewis, WA
 - I. 24th Infantry Division, Ft Stewart, GA
 - J. 82nd Airborne Division, Ft Bragg, NC
 - K. 101st Airborne Division, Ft Campbell, KY
 - L. 197th Infantry Brigade, Ft Benning, GA
 - M. 194th Armored Brigade, Ft Knox, KY
 - N. 193rd Infantry Brigade (Panama), Ft Clayton
 - P. 172nd Infantry Brigade (AK), Ft Richardson, AK
 - Q. 3d Corps Artillery, Ft Sill, OK
 - 9. HQ, FORSCOM, Ft McPherson, GA
 - 0. (Unidentified FORSCOM Location)
- M. U.S. European Command (EUCOM)
 - M. All Training in U.S. Army Europe (USAREUR) Schools or Units
 - 0. (Unidentified EUCOM Location)
- S. U.S. Southern Command (SOUTHCOM)
 - A. School of the Americas
 - B. Inter-American Geodetic Survey School
 - S. Other Training in SOUTHCOM Areas
 - X. Medical Cost-Overseas (GS N7F)
- Z. Unidentified
 - Z. Unidentified Location, Worldwide (Used only for initial programming until correct EXA is determined)

TABLE D-13. (Continued) [Page 3 of 5]

B. NAVY EXECUTION AGENCY (EXA) CODE.

The EXA code used by the Navy is also a three digit alpha numeric wherein the first alpha represents the Navy (P), and the second and third alpha-numeric represent the major claimant or implementing command for the training. The following codes are to be used for Department of the Navy IMET programming.

P. Department of the Navy.

PBM	NAVAL MEDICAL COMMAND
PGC	US COAST GUARD (COGARD)
PCN	CHIEF OF NAVAL OPERATIONS (CNO)
PCL	COMMANDER IN CHIEF, US ATLANTIC FLEET (CINCLANTFLT)
PCP	COMMANDER IN CHIEF, US PACIFIC FLEET (CINCPACFLT)
PCT	CHIEF OF NAVAL EDUCATION AND TRAINING (CNET)
PMC	COMMANDANT, US MARINE CORPS (CMC)
PNM	CHIEF OF NAVAL MATERIAL (CHNAVMAT)
PNR	CHIEF OF NAVAL RESERVE (CNAVRES)
PBO	DEPARTMENT OF THE ARMY (DA)
PDO	DEPARTMENT OF THE AIR FORCE (DAF)
POO	MISCELLANEOUS
PSO	COMMANDER IN CHIEF, US SOUTHERN COMMAND (USCINCSO)

C. AIR FORCE EXECUTION AGENCY (EXA CODES).

The EXA code used by the Air Force is a three digit alpha numeric wherein the first alpha represents the Air Force (D), and the second alpha the implementing command, and the third alpha or numeric the major command conducting the training. The following codes are to be used for Department of the Air Force IMET programming.

D. Department of the Air Force

D.	USAFE
0	Variable
E	England
G	Germany

F. LOGISTICS

0	AF Logistics Command
---	----------------------

J. FMTAG

0	AF CONUS/Variable
B	USAF Academy
C	Aerospace Defense Command
H	Air Force Systems Command.
J	Air Training Command
K	Air University/AF Institute of Technology
Q	Military Air Command
S	Strategic Air Command
T	Tactical Air Command
U	USAF Security Service
Y	AF Communications Service

TABLE D-13. (Continued) [Page 4 of 5]

- L. USAFSO
 - 0. Variable
 - A IAAFA School

- R. PACAF
 - 0 Variable
 - H Hawaii
 - C Clark AFB

TABLE D-13. (Continued) [Page 5 of 5]

TABLE D-14
TRAINING ANALYSIS CODES

A. CONUS TRAINING

- (1) Officer Professional Military Education
 - AA PME-Senior Level
 - AB PME-Mid Level
 - AC PME-Basic

- (2) Officer Management Related Training
 - BA Defense Management
 - BB Intelligence/EW
 - BC Police/Security
 - BD Comm-Elect Mgt
 - BE Logistics Management
 - BF Engineering Mgt
 - BG Pers/Manpower/Anal
 - BH Administration
 - BI Maintenance Mgt
 - BJ Computer/ADP Mgt
 - BK Finance/Accounting
 - BL Other Mgt

- (3) Officer Postgraduate and Degree Related Training
 - CA Postgraduate/Degree

- (4) Undergraduate Pilot and Other Flight Training
 - DA UPT/Flt High Cost
 - DB Other Flt

- (5) Technical Operations, Maintenance, Medical and Enlisted Training
 - EA Aviation Non-Flt
 - EB Aviation Maintenance
 - EC Tech/Maintenance
 - ED Operations
 - EE Missile
 - EF Comm-Elect
 - EG Logistics/Supply-Enl
 - EH Computer/ADP Enl
 - EI Police/Security-Enl
 - EJ Administration-Enl
 - EK Mgt Related-Enl
 - EL Instructor
 - EM Medical
 - EN Damage Control
 - EO Contractor
 - EP English Language Prerequisite

TABLE D-14. (Continued) [Page 1 of 3]

EQ English Language Admin
 ER Other Language Training (non-English)
 ES Cty Liaison/Exchange
 ET Interpreters CONUS
 EU Other non-Mgt/Enl
 EV Unidentified CONUS Tng

- (6) Orientation Tours
 FA OT-DV
 FB OT-Non DV
 FC OT-Other

B. OCONUS TRAINING

GA PME
 HA Management
 IA Flight
 IB Tech/Maint
 IC Operations
 ID Medical
 IE Correspondence Course
 IF OTs
 JA Other
 JB Unidentified OCONUS

C. MOBILE TRAINING TEAMS AND FIELD TRAINING SERVICES

KA MTT-PME
 KB MTT-Management/General
 KC MTT-Intelligence/EW
 KD MTT-Medical
 KE MTT-Police/Security
 KF MTT-Comm-Elect Mgt BT
 KG MTT-Logistics Mgt
 KH MTT-Engineering
 KI MTT-Pers/Manpower/Anal
 KJ MTT-Administration
 KK MTT-Maint Mgt
 KL MTT-English Language
 KM MTT-Instructor/MOI
 KN MTT-Aviation
 KO MTT-Combat Operations
 KP MTT-Non-Combat Operations
 KQ MTT-Maintenance/Repair
 KR MTT-Missile
 KS MTT-Comm-Elec
 KT MTT-Ship Transfer/Tng
 KU MTT-Other
 KV MTT-Survey
 KW MTT-Excess Baggage
 KX MTT-MTT-Training Aids
 KY MTT-Lang Lab Install
 KZ MTT-Supply Tech

TABLE D-14. (Continued) [Page 2 of 3]

K1 MTT-Wpns/Munitions/Arms
 K9 MTT-Misc/Unidentified
 LA FTS-Aircraft Eng/Airframe
 LB FTS-Comm-Elec
 LC FTS-Radar Systems
 LD FTS-Armament
 LE FTS-Maintenance
 LF FTS-Training Aids/Devices
 LG FTS-English Language
 LH FTS-Missile
 LI FTS-Other
 LZ FTS-Misc/Unidentified

D. SUPPORT

MA Training Exercises
 MB Escort Officer
 MC Supplies/Materials
 MD Facilities/Rehabilitation
 ME Services
 MF Medical Cost-CONUS
 MG Medical Cost-Overseas
 MH Instructor Material
 MI Other
 NA Extraordinary Expenses
 NB Training U.S. MAP Personnel
 NC Training Support MAAG/Command
 ND Training Support Department of State
 OA English Language Labs (ELL)
 OB ELL Spares
 OC ELL Support Equipment
 OD ELL Books/Tapes/Pubs
 OE ELL PCH&T
 OF Other Training Aids
 OG Army Books/Tapes/Pubs
 OH Navy Books/Tapes/Pubs
 OI AF Books/Tapes/Pubs
 OJ Army PCH&T
 OK Navy PCH&T
 OL AF PCH&T

TABLE D-14. (Continued) [Page 1 of 3]

TABLE D-15
TRAINING PROGRAM CARD FORMATS

ADDITION CHANGE CARD 4	DELETION CARD Q	CARD R	COLUMN
Card Code	Card Code	Card Code	1
Record Control Number	Record Control Number	Record Control Number	5
Blank	Blank	Blank	6
Item Ident Number	Item Ident Number	Blank	14 20
Generic Code	Generic code	Blank	21
Blank	Blank	Blank	
Reason for Change Code	Reason for Change Code	Reason for Change Code	23 24
Student Code	Student Code	Blank	25
			26
Quantity	Quantity	Blank	29
Program Originator	Program Originator	Blank	30
Country/ Activity Code	Country/ Activity Code	Country/ Activity Code	31 32
			33
Duration	Duration	Blank	34
Type of Assistance	Type of Assistance	Blank	35
			36
Unit Price	Unit Price	Blank	43
Blank	Blank	Blank	44
Program Year	Program Year	Program Year	45 46
Travel and Living Allowance	Travel and Living Allowance	Blank	51 56
Blank	Blank	Blank	57
DSAA Waiver	DSAA Waiver	Blank	58
Blank	Blank	Blank	59
TLA Command	TLA Command	Blank	60
Worksheet Control Number	Worksheet Control Number	Blank	61 65
Execution Agency Code	Execution Agency Code	Blank	66 68
Change Originator	Change Originator	Change Originator	69
Avail Report Qtr	Avail Report Qtr	Blank	70
Blank	Blank	Blank	71
Rqmts Priority Code	Rqmts Priority Code	Blank	72
			73
Total Cost	Total Cost	Blank	80

TABLE D-16
FIRST POSITION OF LOA DESIGNATOR

CATEGORY	U.S. ARMY	U.S. NAVY	U.S. AIR FORCE	OTHER
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 Cmts (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>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 Cmts (e.g., maintenance, services, etc.)</p>	<p>G- Technical and Engineering Services</p> <p>H- Direct Requisitioning Procedures</p> <p>J- Direct Requisitioning Procedures</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>
3. Cooperative Logistics Supply Support Arrangements	<p>K- Foreign Military Sales Order I and II</p>	<p>K - FMSO (KA or KS - FMSO I and KB-KR or KT-KW - FMSO II)</p>	<p>K - FMSO (KA - FMSO I and KB-KW-FMSO II)</p>	<p>V</p>

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Change No. 5, 2 November 1992

DOD 5105.38-M

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APPENDIX E

CONGRESSIONAL REPORTS INVENTORY AND DSAA REPORTS CONTROL SYSTEM

A. PURPOSE. This appendix provides an up-to-date inventory of statutory reports to Congress covering SA matters submitted by DoD elements. It does not include reports submitted to Congress by DoS. An inventory of current DSAA reporting requirements under the Reports Control System is also contained in this appendix. The inclusion of a report in either of these listings does not in any way imply its availability to a SAMM recipient nor its releasability to a nongovernmental requestor. Some reporting requirements are identified elsewhere in the Manual within the applicable topical areas. This appendix also provides reporting instructions on selected reports, not covered elsewhere in this Manual, requiring feeder information from DoD components. *

B. CONGRESSIONAL REPORTS INVENTORY. See Table E-4. *

C. DSAA REPORTS CONTROL SYSTEM. See Table E-5. *

1. The DSAA Reports Control System is managed by the DSAA Comptroller. Requests for new reporting requirements should be directed to that office. A Reports Control Symbol (RCS) will be assigned according to the nature of the reporting requirement; e.g., MAP, FMS, a combination of programs, or a one-time report. See Table E-2 for the DSAA Reports Control format. *

D. EXCESS DEFENSE ARTICLES SOLD UNDER FMS (RCS:DSAA(Q)1118). *

1. House Report No. 96-70 on the International Security Assistance Act of 1979 requires quarterly reporting of all outstanding LOAs and accepted LOAs to sell EDA through FMS to foreign governments or international organizations, specifying (1) implementing agency; (2) country; (3) case number; (4) acquisition cost to the USG; and (5) sales value. The report will include spare parts supplied from defense stocks at inventory price if they are specifically identified as EDA in the LOA, and exclude grants or sales of: MAP redistributable and MAP Owned Materiel (MAPOM) property, ships, scrap, and demilitarized EDA. Implementing agencies are encouraged to initiate separate cases for EDA. However, if separate cases are not used, each case will identify the EDA item(s) therein. *

2. The report should be prepared quarterly as of the last day of the last month of the quarter and is due in the DSAA FMS Control and Reports Division, by the 15th of the following month. DSAA Operations is designated as the coordinating office for all EDA sold under FMS in addition to prevailing coordination currently required in the SAMM for FMS cases. See Table E-1 for sample reporting format. *

Table 1 - Deleted
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TABLE E-2
DSAA REPORTS CONTROL SYSTEM
Report of EDA Sold Under Foreign Military Sales

SAMPLE FORMAT

 (Date - Last Day of
 Reporting Quarter)

Report of EDA Sold Under
 Foreign Military Sales (RCS: DSAA(M) 1118)
 (See Notes)

	FMS Offers Outstanding		Cases Accepted	
	Sales Value	Acquisition Cost to USG	Sales Value	Acquisition Cost to USG
1. Country: _____ Case Number _____ _____ _____ _____				
1. Country: _____ Case Number _____ _____ _____ _____				
Total (Current Quarter)	_____	_____	_____	_____
Cumulative Total (Current FY to date):	_____	_____	_____	_____

- Note 1: Include in the FMS Offers Outstanding column all FMS LOAs issues for EDA that have been neither accepted nor cancelled even if issued prior to the reporting period.
- Note 2: When a case moves from the cases offered column to the cases accepted column, record the sales value and acquisition cost only in the cases accepted column.
- Note 3: Delete cancelled cases from cumulative totals of subsequent reports and provide countries and case numbers in footnotes of each report immediately following each cancellation.

TABLE E-2. Report of EDA Sold Under Foreign Military Sales.

Table E-3 Deleted
[This page is Reserved for Future Use]

**TABLE E-4
DSAA REPORTS CONTROL SYSTEM**

DSAA REPORTS CONTROL	
1. <input type="checkbox"/> NEW REPORT <input type="checkbox"/> REVISED REPORT <input type="checkbox"/> REPORT SURVEY	
2. EXACT TITLE OF REPORT	3. SECURITY CLASSIFICATION
4. REPORTING AGENCIES OR ACTIVITIES	
5. FREQUENCY	6. AS OF DATE
7. DUE DATE	8. PERIOD COVERED BY INITIAL REPORT
9. RECIPIENTS	
10. DESCRIPTION	
11. JUSTIFICATION	
12. IMPLEMENTING DIRECTIVE OR INSTRUCTION (two copies attached)	
13. ARE FORMS INCLUDED? <input type="checkbox"/> YES <input type="checkbox"/> NO IF SO, HOW ARE THEY PROCURED?	
14. METHOD OF TRANSMISSION	
IF TRANSMITTED ELECTRICALLY, CAN DATA BE FORWARDED BY OTHER THAN ELECTRICAL MEANS DURING MINIMIZE? <input type="checkbox"/> YES <input type="checkbox"/> NO	
15. UNDER WHAT CONDITIONS IS REPORT AUTOMATICALLY CANCELLED?	
16. DIRECTORATE APPROVAL	
17. REQUESTING OFFICE	
18. RESPONSIBLE INDIVIDUAL	
19. REPORTS CONTROL SYMBOL ASSIGNED	
20. APPROVED	DATE

Table E-4 DSAA Reports Control System

TABLE E-5
INSTRUCTIONS FOR PREPARATION OF DSAA REPORTS CONTROL FORM

DESCRIPTION OF DATA REQUIRED:

- Item 1: Indicate whether this is a new report, an old report which is being revised, or the result of a survey.
- Item 2: Exact Title of Report. The title will be carefully selected to be brief, descriptive of the subject of the report, and not in conflict with titles of other reports.
- Item 3: Security Classification. Indicate the highest classification that the data is expected to contain.
- Item 4: Reporting Agencies or Activities. Indicate agencies and/or activities that are required to report under this Reports Control Symbol.
- Item 5: Frequency. Indicate annual, semiannual, quarterly, monthly, etc.; however, do not use bi-weekly, bi-monthly, or bi-annually as these terms tend to become misinterpreted; rather use twice a week, every two weeks, every two months, etc.
- Item 6: As Of Date. Indicate the last day of the reporting period; for example, the 15th of each month, every Saturday, the last day of each quarter, etc.
- Item 7: Due Date. Indicate the date the report is due to recipient by number of days following "as of" date, e.g., 7 days, 30 days, etc.
- Item 8: Period Covered by Initial Report. Indicate the beginning and final date of period to be covered by first report. This entry will remain blank when this form is used in connection with a survey of reports.
- Item 9: Recipients. Indicate a complete list of recipients of the report.
- Item 10: Description. This information may be generalized but should reflect a clear and concise summary of the data to be reported.
- Item 11: Justification. This entry will be a full justification for the report. Sufficient information will be entered to permit the reviewer without further amplification to analyze and understand the need for and specific use to be made of the data and what action can be taken based on the data received.
- Item 12: Implementing Directive or Instruction. Indicate the specific reference to the DOD directive and/or instruction which will implement the proposed reporting procedures. If there is no official DOD directive or instruction covering the proposed reporting instructions, indicate the applicable reference number (I number). Please include two copies of specified implementing directive, instruction, and/or implementing memorandum with application.
- Item 13: Are forms included? Indicate if specific forms or formats are to be used in submitting report. If so, indicate if they are to be supplied, procured, or prepared on an "ad hoc" basis by the reporting agency.

Item 14: Method of Transmission. Indicate method of transmitting report, e.g., mail, pouch, electrical means, etc. If transmitted electrically, indicate whether data can be forwarded by other than electrical means during crisis situations when MINIMIZE is in effect. Extreme discretion should be used when determining the need for electrical transmission during MINIMIZE.

Item 15: Under what conditions is report automatically cancelled? Are there any conditions under which the proposed report would be automatically cancelled, i.e., specific period of time, national emergency, etc.

Item 16: Directorate Approval. Indicate the directorate requesting the proposed report and the signature of the director.

Item 17: Requesting Office. Indicate office requesting the Reports Control Symbol.

Item 18: Responsible Individual. Indicate the name, room number, and telephone number of the official most knowledgeable in the field of the subject report.

Item 19: Reports Control Symbol Assigned. For new reports, this entry will be made by the Reports Control Officer; for revised reports and report surveys, please include previously assigned reports control symbol.

Item 20: Approved. This will be filled in by Reports Control Officer.

STATUTORY REPORTS TO CONGRESS SUBMITTED BY DoD ON SECURITY ASSISTANCE

REPORT ITEM	AUTHORIZING LEGISLATION	RECIPIENT*	TRIGGER	RESPONSIBLE DoD COMPONENT
1. Notification to Congress of defense articles, services, education & training provided under unforeseen emergency or national interest drawdown authority	Sec. 506(b)(2), FAA of 1961 (codified as amended at 22 U.S.C. 2318(b)(2))	SHR, Pres. of Senate, HIRC, SFRC, HAC, SAC	Any provision of aid under Sec. 506, FAA of 1961; at least monthly	DSCA/COMPT/FM
2. U.S. Armed Services Personnel Assigned to SAOs: two reports				
(a) Presidential waiver of Congressional limitation of six armed forces personnel in country	Sec. 515(c)(1), FAA of 1961 (codified as amended at 22 U.S.C. 2321i(c)(1))	HIRC, SFRC	30 days prior to introduction of additional personnel	DSCA/COMPT/RM
(b) Notification of increase in U.S. armed forces personnel over levels indicated in the CPD for the FY in which the increase occurs	Sec. 515(c)(2), FAA of 1961 (codified as amended at 22 U.S.C. 2321i(c)(2))	HIRC, SFRC	30 days prior to introduction of additional personnel	DSCA/COMPT/RM
3. Notification of grant transfer of excess defense articles (EDA) (See also Item #11)	Sec. 516(f), FAA of 1961 (codified as amended and restated at 10 U.S.C. 2321j(f))	HAC, SAC, SFRC, HIRC	30 days prior to transfer of defense articles that are significant military equipment (SME) or EDA valued at \$7 million or more in original acquisition value	DSCA/MEAN/AP (K. Job)
4. Notification of program changes (Dollar levels)	Sec. 634A, FAA of 1961 (codified as amended at 22 U.S.C. 2394-1) Sec. 515, Annual Foreign Operations, Export Financing and Related Appropriations Act (codified as amended at 22 U.S.C. 2321i)	HIRC, SFRC, HAC, SAC	15 days in advance of obligation of funds not justified, or in excess of amounts justified to the Congress for obligation under the FAA and AECA	DSCA/ERASA & MEAN Country Desk Officers, LPP
5. Annual Military Assistance Report.				
(a) Aggregate dollar value and quantity of defense articles (including excess defense articles), defense services, and IMET authorized or furnished to foreign countries	Sec. 655(b), FAA of 1961 (codified as amended at 22 U.S.C. 2414)	SHR, Pres. of Senate	NLT 1 February each year	DSCA/COMPT/FM for items under FAA, Chapters 2, 5, and 6 and AECA, Chapter 2
6. Availability of funds for Non-NATO countries participating in Partnership for Peace	Annual Foreign Operations, Export Financing and Related Programs Appropriations Act, Title III, FMF Heading	HAC, SAC	15 days in advance of making funds available	DSCA/ERASA Country Desk Officers

TABLE E-6. STATUTORY REPORTS TO CONGRESS SUBMITTED BY DoD ON SECURITY ASSISTANCE

SAMM, TABLE E-6

STATUTORY REPORTS TO CONGRESS SUBMITTED BY DoD ON SECURITY ASSISTANCE

REPORT ITEM	AUTHORIZING LEGISLATION	RECIPIENT*	TRIGGER	RESPONSIBLE DoD COMPONENT
7. FMF Loan Subsidy/FMF Grant Funds used to supplement each other.	Annual Foreign Operations, Export Financing and Related Programs Appropriations Act, Tide III, FMF Heading	HAC, SAC	15 days in advance	DSCA/COMPT/FM
8. FMS Administrative Fund Obligation Ceiling Cap	Annual Foreign Operations, Export Financing and Related Programs Appropriations Act, Tide III, FMF Heading	HAC, SAC	15-day prior notification required to exceed cap	DSCA/COMPT/RM
9. Program Content Notification	Annual Foreign Operations, Export Financing and Related Programs Appropriations Act, (Sec. 515, first proviso)	HAC, SAC	15 days in advance of commitment of loan or grant funds appropriated for purposes of Sec. 23 of the AECA for provision of MDE or major defense items not previously justified, or at 20% in excess of quantity previously justified	DSCA/ERASA & MEAN Country desk officers
10. Special notification required for Colombia, Haiti, Honduras, Liberia, Pakistan, Serbia, Democratic Republic of Congo, and Sudan	Annual Foreign Operations, Export Financing and Related Programs Appropriations Act, (Sec. 520, first proviso)	HAC, SAC	15 days in advance of obligation or expenditure of FY 1999 funds	DSCA/ERASA & MEAN Country desk officers
11. Sales of Excess Defense Articles	Annual Foreign Operations, Export Financing and Related Programs Appropriations Act, (Sec. 525, first proviso)	HAC, SAC	15-day advance notification	DSCA/MEAN/AP (K. Job)
12. Foreign military sales to Haiti	Annual Foreign Operations, Export Financing and Related Programs Appropriations Act, (Sec. 562)	HAC, SAC	15 days prior notification	DSCA/ERASA/ASA Country Desk Officers
13. Sale of U.S. Prepositioned War Reserve Stocks, POMCUS, or Prepositioned Material Configured to Unit Sets, as decrement stock to non-NATO purchasers	10 U.S.C. 2390	SHR, Pres. of Senate, HNSC, SASC 1/	NLT 60 days after Presidential determination of an "international crisis", a report on plan to replenish stocks	DSCA/ERASA & MEAN Country Desk Officers in conjunction with USD(A&T)
14. Report on NATO acquisition of non-interoperable major weapons systems to be used by U.S. forces in Europe under the terms of the North Atlantic Treaty	10 U.S.C. 2457(d)	SHR, Pres. of Senate, HNSC, SASC 1/	NLT February 1st biennially	USD(A&T)

TABLE E-6. STATUTORY REPORTS TO CONGRESS SUBMITTED BY DoD ON SECURITY ASSISTANCE.
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STATUTORY REPORTS TO CONGRESS SUBMITTED BY DoD ON SECURITY ASSISTANCE

REPORT ITEM	AUTHORIZING LEGISLATION	RECIPIENT*	TRIGGER	RESPONSIBLE DoD COMPONENT
15. Report on Significant Hostilities or Terrorist Acts	Sec. 21(c)(2), AECA (codified as amended at 22 U.S.C. 2761(c)(2))	SHR, Pres. Pro Tern of Senate	Within 48 hours of existence or change in status of significant hostilities or terrorist acts which may endanger American lives or property	DSCA/COMPT/RM in conjunction with General Counsel, DoD
16 Billing upon delivery from stock with 120-day interest-free period after delivery	Sec. 21(d) (last sentence), AECA (codified at 22 U.S.C. 2761(d))	SHR, Pres. of Senate, HAC, SAC 1/	Presidential determination and budget request for emergency funds	DSCA/ERASA & MEAN Country Desk Officers
17. Report on FMS Training Standardization Agreements with NATO, Australia, Japan, New Zealand, Israel, and with other countries that are major non-NATO allies	Sec. 21(g), AECA (codified as amended at 22 U.S.C. 2761(g))	SHR, HAC, SAC, HNSC, SASC, HIRC, SFRC	U.S. conclusion of any standardization agreement on training for identified purchaser	DSCA/LPP
18. Report on sales from stocks having an adverse impact on the readiness of U.S. Armed Forces	Sec. 21(i), AECA (codified as amended at 22 U. S. C. 2761 (i))	SHR,SASC,SFRC, HIRC, HNSC 1/	In the event a proposed sale from stocks could have significant adverse impact on combat readiness of U.S. forces	DSCA/ERASA & MEAN Country Desk Officers
19. Billing upon delivery for defense articles and services or for payment 120 days after delivery	Sec. 22(b), AECA (codified as amended at 22 U.S.C. 2763(g))	SHR, Pres. of Senate, HAC, SAC 1/	Presidential determination and budget request for emergency funds	DSCA/ERASA & MEAN Country Desk Officers
20. Notification of cash flow financing arrangements for procurements in excess of \$100 million	Sec. 23(g), AECA (codified as amended at 22 U.S.C. 2765)	SFRC, HIRC, HAC, SAC	15 days in advance	DSCA/ERASA & MEAN Country desk officers
21. Annual Estimate & Justification for Sales Program (Congressional Presentation for Foreign Operations (CPD)):	Sec. 25(a), AECA	SHR, Pres. of Senate, HAC, SAC, HIRC, SFRC, HNSC, SASC, HBC, SBC, CBO 1/	NLT February 1st of each year	
(a) The "Javits" Report; covering all sales of major weapons or weapons related equipment for \$7M or more, or of any other weapons or weapons related equipment for \$25M or more, which are considered eligible for approval during the current calendar year. Also an indication of which sales are most likely to result in issuance of an LOA during such year	Sec. 25(a)(1), AECA		NOTE: Reported separately to State/PM and not part of CPD	DSCA/LPP

TABLE E-6. STATUTORY REPORTS TO CONGRESS SUBMITTED BY DOD ON SECURITY ASSISTANCE. E-10 30 Dec 98

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STATUTORY REPORTS TO CONGRESS SUBMITTED BY DoD ON SECURITY ASSISTANCE

REPORT ITEM	AUTHORIZING LEGISLATION	RECIPIENT*	TRIGGER	RESPONSIBLE DoD CONIPONENT
(b) Estimate of total sales and licensed commercial exports	Sec. 25(a)(2), AECA			DSCA/COMPT/FM
(c) Estimate of aggregate dollar value and quantity of defense articles and defense services, IMET, MAP, credits and guaranties to be furnished in the next fiscal year	Sec. 25(a)(5)(A), AECA			DSCA/COMPT/FM
(d) Report on Cash Flow Financing	Sec. 25(a)(5)(B), AECA		NOTE: Reported separately and not part of CPD	DSCA/COMPT/FM
(e) Analysis and description of USG services for which reimbursement is provided under Sec. 43(b) or 21(a) of the AECA	Sec. 25(a)(6), AECA		NOTE: Reported separately and not part of CPD	DSCA/COMPT/FM
(f) Amount of funds in reserve for guaranties	Sec. 25(a)(7), AECA			DSCA/COMPT/FM & RM
(g) Progress made in the Korean Force Modernization Program	Sec. 25(a)(9), AECA		NOTE: Reported separately and not part of CPD	OASD/ISA/EA&PR
(h) Status of each loan and contract of guaranty or insurance	Sec. 25(a)(11), AECA		NOTE: Reported separately and not part of CPD	DSCA/COMPT/RM
(i) Accounting of all forms of assistance furnished and activities undertaken for detection and clearance of landmines	Sec. 25(a)(12), AECA		NOTE: Reported separately and not part of CPD	OASD/SOLIC/PK/HA
22. Quarterly Report of Security Assistance Surveys	Sec. 26(b), AECA (codified as amended at 22 U.S.C. 2766)	SHR,SFRC	NLT 60 days after end of each quarter. This is included in reports required by Sec.36(a), AECA. See Report Item #26.	DSCA/COMPT/FM
23. Copies of Security Assistance Surveys	Sec. 26(c), AECA (codified as amended at 22 U.S.C. 2766)	HIRC, SFRC, SHR 1/	On request of Chairman, HIRC, or Chairman, SFRC	DSCA/COMPT/FM
24. Proposed Agreements for Cooperative Projects with Friendly Foreign Countries	Sec 27(f), AECA (codified as amended at 22 U.S.C. 2767)	SHR,SFRC,SASC, HIRC, HNSC1//	NLT 30 days prior to signature of agreement on behalf of USG	DSCA/ERASA & MEAN Country Desk Officers

TABLE E-6. STATUTORY REPORTS TO CONGRESS SUBMITTED BY DOD ON SECURITY ASSISTANCE. E-11 30 Dec 98

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STATUTORY REPORTS TO CONGRESS SUBMITTED BY DoD ON SECURITY ASSISTANCE

REPORT ITEM	AUTHORIZING LEGISLATION	RECIPIENT*	TRIGGER	RESPONSIBLE DoD COMEONENT
25. Waivers of non-recurring recoupment charges	HGOC Report No. 97-214, 31 July 1981	SHR,SFRC	Included in reports required by Sec. 36(a), AECA. See Report Item #26.	DSCA/MEAN/AP (G. Crook)
26. Quarterly Reports on Commercial and Governmental Military Exports:	Sec. 36(a), AECA (codified as amended at 22 U.S.C. 2776)	SHR,SFRC	NLT 60 days after end of each quarter	
(a) List of unaccepted LOAs valued at \$1M or more for MDE	Sec. 36(a)(1), AECA			DSCA/COMPT/FM
(b) List of all accepted LOAs valued at \$1M or more for MDE; total value of all defense articles and services sold during year	Sec. 36(a)(2), AECA			DSCA/COMPT/FM
(c) Cumulative dollar amounts of FMS direct credit and guaranty agreements made during the fiscal year	Sec. 36(a)(3), AECA			DSCA/COMPT/FM
(d) Dollar amounts of export licenses and approvals for commercially sold defense articles and services sold during the quarter	Sec. 36(a)(4), AECA			DSCA/COMPT/FM in conjunction with State/PM/ DTC
(e) Dollar amounts of Foreign Military & Construction Sales Agreements concluded during the quarter, projections for remaining quarters (FMCS stated separately)	Sec. 36(a)(5) & (6), AECA			DSCA/COMPT/FM
(f) Estimate of the number of officers and employees of the U.S. Government and of U.S. civilian contract personnel present in each country during the quarter	Sec. 36(a)(7), AECA			DSCA/COMPT/FM in conjunction with State/PM/ RSAT
(g) Payment of political contributions and fees or commissions in connection with sales during the quarter	Sec. 36(a)(8), AECA			DSCA/COMPT/FM in conjunction with State/PM/ DTC
(h) Foreign Military Construction Sales (Sec. 29, AECA) made during the quarter	Sec. 36(a)(9), AECA			DSCA/COMPT/FM

TABLE E-6. STATUTORY REPORTS TO CONGRESS SUBMITTED BY DOD ON SECURITY ASSISTANCE. E-12 30 Dec

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STATUTORY REPORTS TO CONGRESS SUBMITTED BY DoD ON SECURITY ASSISTANCE

REPORT ITEM	AUTHORIZING LEGISLATION	RECIPIENT*	TRIGGER	RESPONSIBLE DoD COMPONENT
(i) Third-party transfer of defense articles or services whose value (in terms of original acquisition cost) is \$1,000,000 or more	Sec. 36(a)(10), AECA			DSCA/COMPT/FM in conjunction with State/PM/RSAT
(j) Transfers to non-DoD USG agencies of munitions list items worth \$250,000 or more	Sec. 36(a)(11), AECA			DSCA/COMPT/FM
(k) Report on FMS and DCS Co-production agreements	Sec. 36(a)(12), AECA			DSCA/COMPT/FM in conjunction with State/PM/DTC
(l) See Report Items #22 & 25				
27. Reports of proposed FMS which are:	Sec. 36(b)(1), AECA (codified as amended at 22 U.S.C. 2776)	SHR, SFRC, HIRC, HNSC, SASC, HAC, SAC 1/	15 days before issuance of an LOA to NATO, NATO members, Japan, Australia, or New Zealand, or 30 days before issuance of an LOA to other purchasers	DSCA/COMPT/RM
(a) For defense articles or services valued at \$50M or more, or				
(b) For design and construction services valued at \$200M or more, or				
(c) MDE valued at \$14M or more				
28. Report of enhancement or upgrade or sensitivity of technology of items previously notified under Sec. 36(b)(1), AECA	Sec. 36(b)(5)(A), AECA (codified as amended at 22 U.S.C. 2776)	SHR, HIRC, SFRC, HNSC, SASC, HAC, SAC 1/	45 days before delivery of previously notified item(s)	DSCA/COMPT/RM
29. Notification of enhancement or upgrade of capability or sensitivity of technology	Sec. 36(b)(5)(C), AECA (codified as amended at 22 U.S.C. 2776)	SHR, SFRC, HIRC, HNSC, SASC, HAC, SAC 1/	15/30 days prior to a proposed enhancement or upgrade which meets 36(b)(1) thresholds	DSCA/COMPT/RM
30. Report on reciprocal no-rent leases	Sec. 61(a), AECA (codified as amended at 22 U.S.C. 2796)	SAC, HAC, SFRC, HIRC	Two-week notification before entering into or renewing any lease agreement for one year or longer; 15 days for NATO, Australia, Japan and New Zealand	DSCA/COMPT/RM
31. Report on proposed leases of defense articles	Sec. 62, AECA. (codified as amended at 22 U.S.C. 2796a.)	SHR, SFRC, SASC, HIRC, HNSC 1/	NLT 30 days before entering into or renewing any lease agreement for one year or longer; 15 days for NATO, Australia, Japan and New Zealand	DSCA/COMPT/RM

TABLE E-6. STATUTORY REPORTS TO CONGRESS SUBMITTED BY DOD ON SECURITY ASSISTANCE. E-13 30 Dec 98

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STATUTORY REPORTS TO CONGRESS SUBMITTED BY DoD ON SECURITY ASSISTANCE

REPORT ITEM	AUTHORIZING LEGISLATION	RECIPIENT*	TRIGGER	RESPONSIBLE DoD COMPONENT
32. National security interest determination for DoD direct participation in airshows or trade exhibitions held outside the U.S.	Sec. 1082, National Defense Authorization Act, FY 1993, (P.L. 102-484) (10 U.S.C. 113 note)	HNSC, SASC, HAC, SAC	45 days prior to the opening of the airshow or trade exhibition	DSCA/ERASA/Weapons

1/ Recipients in italics are not required by law.

*ABBREVIATIONS:

- SHR - Speaker of the House of Representatives
- HBC - House Budget Committee
- SBC - Senate Budget Committee
- CBO - Congressional Budget Office
- HAC - House Appropriations Committee
- SAC - Senate Appropriations Committee
- HGOC - House Government Operations Committee
- HIRC - House International Relations Committee
- SFRC - Senate Foreign Relations Committee
- HNSC - House National Security Committee
- SASC - Senate Armed Services Committee

@@ (UPDATED 30 DEC 1998)

TABLE E-6. STATUTORY REPORTS TO CONGRESS SUBMITTED BY DOD ON SECURITY ASSISTANCE.
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30 Dec 98

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@@SAMM, TABLE E-7

CURRENT REPORTING REQUIREMENTS UNDER DSCA 1/ REPORTS CONTROL SYSTEM

REPORTS CONTROL SYMBOL (RCS)	REPORT TITLE	REPORTING FREQUENCY	REPORTING COMPONENTS	RESPONSIBLE OFFICE
GRANT AID REPORTS:				
DSCA(AR)1000	Grant Aid (MAP/IMET) Reporting System	As required	All Implementing Agencies	DSCA/COMPT/FM
DSCA(M)1004	Identification of Reimbursement for Disposal of MAP Property	Monthly	All Implementing Agencies	DFAS-DE
DSCA(AR)1016	Country and Amount of Increase Over CPD Levels (Section 634(A) of the Foreign Assistance Act of 1961, as amended, and as specified in annual Foreign Operations Appropriations Acts.)	As required	DSCA/COMPT/FM & DSCA/ERASA/MEAN Desk Officers	DSCA/COMPT/FM & DSCA/ERASA & MEAN Desk Officers
FOREIGN MILITARY SALES REPORTS:				
DSCA(M)1101	Financial Procedures Applicable to Military Procurement Agreement Between U.S. and Federal Republic of Germany	Monthly	All Implementing Agencies, DFAS-DE	DFAS-DE
DSCA(M) 1111	Monthly Report of Disbursements/Collections Transactions for DSCA	Monthly	DFAS-DE	DFAS-DE
DSCA(Q)1112	Recoupment of Non-recurring Costs on Sales of USG Products and Technology (DOD Directive 2140.2)	Quarterly	All Implementing Agencies, DFAS-DE	DSCA/COMPT/FM
DSCA(Q) 1113	FMS Case Listings of Major Defense Equipment (MDE) Valued at \$1 Million or More and Supporting Tables Showing Current Year Activity (Feeder for Section 36(a), Arms Export Control Act (AECA))	Quarterly	All Implementing Agencies	DSCA/COMPT/FM
DSCA(AR) 1114	FMS Letters of Offer to Sell Defense Articles or Services for \$14 Million of MDE or \$50 Million of Other (Feeder for Section 36(b), AECA)	As Required	All Implementing Agencies	DSCA/COMPT/PM
DSCA(Q)1118	Excess Defense Articles Sold to Foreign Governments or International Organizations at Acquisition Cost (Feeder for Section 36(a), AECA; required by H.R. 96-70, March 24, 1979)	Quarterly	All Implementing Agencies	DSCA/COMPT/FM

TABLE E-7. CURRENT REPORTING REQUIREMENTS UNDER DSCA CONTROL SYSTEM
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CURRENT REPORTING REQUIREMENTS UNDER DSCA // REPORTS CONTROL SYSTEM

TABLE E-7. CURRENT REPORTING REQUIREMENTS UNDER DSAA CONTROL SYSTEM
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REPORTS CONTROL SYMBOL (RCS)	REPORT TITLE	REPORTING FREQUENCY	REPORTING COMPONENTS	RESPONSIBLE OFFICE
OTHER REPORTS:				
DSCA(AR)1200 (Formerly DSAA(AR) 1100)	Foreign Military Sales Reporting System	As Required	All Implementing Agencies, DFAS-DE	DSCA/COMPT/FM
DSCA(Q)1204	Export Licenses and Approvals of Commercially Sold Major Defense Equipment	Quarterly	Office of Export Control & Nonproliferation Policy, Department of State	DSCA/COMPT/FM
DSCA(A)1215	Congressional Presentation for Foreign Operations (Section 25(a), AECA)	Annually	DSCA/COMPT/FM & RM, DSCA/ERASA/ER, DSCA/MEAN/AP	DSCA/COMPT/FM
DSCA(Q)1218	Military Manpower for SAOs	Quarterly	Unified Commands	DSCA/COMPT/RM
DSCA(Q)1221	FMS Arrearages	Quarterly	Army, Navy, Air Force, DFAS-DE	DFAS-DE
DSCA(Q)1226	Status of Coproduction Programs Approved Under Security Assistance Program (DOD Directive 2000.9)	Quarterly	Army, Navy, Air Force	DSCA/COMPT/FM
DSCA(Q)1228	Special Defense Acquisition Fund (SDAF) Inventory Report	Quarterly	Army, Navy, Air Force, DLA, NSA	DSCA/COMPT/RM
DSCA(SA)1235	Report of SAO Expenditures for Physical Security	Semi-Annually	Unified Commands	DSCA/COMPT/RM
DSCA(A)1236	Annual Report of Motor Vehicle Data (SF 82)	Annually	Unified Commands	DSCA/COMPT/RM
DSCA(Q)1238	Case Closure Status Report	Quarterly	Army, Navy, Air Force, DLA, DFAS-DE	DSCA/COMPT/FM
DSCA(P)1239 (Formerly DD ISA(P)1226)	Roster of Key Security Assistance Personnel Worldwide	Periodically	Army, Navy, Air Force, Marine Corps, Coast Guard, Other Defense Agencies, SAOs, Unified Commands	DSCA/COMPT/RM

// NOTE: Agency name changed from Defense Security Assistance Agency (DSAA) to Defense Security Cooperation Agency (DSCA) effective 1 October 1998.

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CURRENT REPORTING REQUIREMENTS UNDER DSCA // REPORTS CONTROL SYSTEM

REPORTS CONTROL SYMBOL (RCS)	REPORT TITLE	REPORTING FREQUENCY	REPORTING COMPONENTS	RESPONSIBLE OFFICE
DSCA(A)1121	Number of U.S. Officers and Employees Engaged in Services to Foreign Governments under FMS (Feeder for Section 25(a)(6), AECA)	Annually	All Implementing Agencies	DSCA/COMPT/FM
DSCA(A) 1128	Consolidated Budget Call - Foreign Military Sales (FMS) Administrative/Logistics Support Expenses (LSE) Budget Estimates	Annually	All Implementing Agencies	DSCA/COMPT/RM
DSCA(W) 1129	FMS Credit Reporting System	Weekly	DSCA/COMPT/FM	DSCA/COMPT/FM
DSCA(Q)1137	Security Assistance Surveys (Feeder for Section 36(a), Arms Export Control Act; required by Section 26(b), AECA)	Quarterly	All Implementing Agencies	DSCA/MEAN/AP (Kay Judkins)
DSCA(M) 1141	FMS Selected Constructive (Physical) Deliveries	Monthly	All Implementing Agencies	DFAS-DE
DSCA(Q) 1146	Unexpired Leases of DOD Property of Any Value (SAMM, page 1200-22)	Quarterly	All Implementing Agencies	DSCA/MEAN/AP (Gail Crook)
DSCA(AR)1150	Intensive Financial Management Report	As Required	Army, Navy, Air Force, DFAS-DE, Others as Directed	DSCA/COMPT/FM
DSCA(Q) 1152	Foreign Military Financing (FMF) Overhead Support Activities and SAO Budget Execution Reporting	Quarterly	Army, Navy, Air Force, Unified Commands	DSCA/COMPT/RM
DSCA(A) 1154	Report of FMS Administrative Fund Representational Expenditures	Annually	Army, Navy, Air Force, DFAS-DE	DSCA/COMPT/RM
DSCA(A)1155	Report on Cash Flow Financing (Section 25(a)(5)(B), AECA)	Annually	DSCA/COMPT/FM	DSCA/COMPT/FM
DSCA(Q)1156	Quarterly Report on Third-Party Transfers of Defense Articles or Defense Services Valued at \$1 Million or More (Section 36(a)(10), AECA)	Quarterly	Department of State	DSCA/COMPT/FM
DSCA(Q) 1157	Quarterly Report of Munitions Items Sold, Leased or Transferred by the DOD to Other Federal Agencies Valued at \$250,000 or More (Section 36(a)(11), AECA)	Quarterly	Army, Navy, Air Force, Defense Agencies	DSCA/COMPT/FM

TABLE E-7. CURRENT REPORTING REQUIREMENTS UNDER DSCA CONTROL SYSTEM E-19

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APPENDIX F

TRANSPORTATION COST LOOK-UP TABLE

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APPENDIX F

TRANSPORTATION COST LOOK-UP TABLE

A. PURPOSE: The purpose of this Appendix is to provide the procedures for development and use of the Transportation Cost Look-Up Table. The purpose of the table is to provide to applicable DoD components estimated actual transportation costs for items normally shipped in the Defense Transportation System (DTS) (e.g., sensitive/hazardous end items) when costs using standard transportation percentages are significantly different from actual charges.

B. PROCEDURES:

1. DSAA is responsible for recommending to OASD(C) those items which should be included in a transportation cost look-up table. Upon OASD(C) approval, DSAA shall disseminate the look-up table to the DoD Components by updating the table annually. SAAC is responsible for application of the look-up table rates, when applicable to DD Form 1517 billings by the DoD components for specific items on the look-up table. DoD components are responsible for:

a. Making recommendations to DSAA relative to items and rates to be included in the look-up table.

b. Using approved rates in LOAs prepared for items cited on the look-up table.

c. Updating look-up table rates to assure estimated actual DoD costs are reflected.

d. Providing information to the SAAC relative to the applicable delivery term code for each DD Form 1517 billing processed to SAAC for items on the look-up table. If the priority changes and the actual delivery of materiel does not correspond with the Delivery Term Code (DTC) designated in the LOA, a Transportation Bill Code (TBC) indicating the actual method of shipment is to be entered on the DD Form 1517 (position 59).

2. Each DoD component will provide to DSAA yearly (no later than 30 June) the recommended rates for subsequent fiscal year which will be effective 1 October. The formats at Tables F-1 and F-2 will be utilized in forwarding such recommendations to DSAA. DoD components will include the cost elements prescribed in the FMR, Section 0805. DSAA will evaluate data provided * for recommended items and staff the addition of such items to the look-up table. DSAA will review and staff the revised rates and disseminate the revised table to SAAC and applicable DoD components by 31 August of each year by updating the Lookup Table. When a DoD component determines that an established transportation charge requires adjustment, the recommended revised rate will immediately be forwarded to DSAA. DoD components will utilize the rates on the look-up table in the development of all letters of offer when transportation costs are identified for item (11) of the LOA. The rates have been developed and will be utilized as follows. *

a. Code 6: FOB overseas port of discharge. US/DoD is responsible for transportation from CONUS point of origin to and including ocean transportation to the overseas port of discharge. Recipient country is responsible for vessel discharge, port handling and subsequent arrangements and costs. (Note: For simplification and ease of management, DTC 6 will not be used for MAC shipments.)

b. Code 8: FOB vessel--CONUS port of exit. US/DoD is responsible for transportation from CONUS point of origin to and including unloading, handling, and storage aboard vessel at port of exit. Recipient country is responsible for ocean transportation and subsequent arrangements and costs.

c. Code 9: FOB port of discharge (landed). US/DoD is responsible for transportation from CONUS point of origin to and including vessel discharge and port handling at overseas port of discharge. Recipient country is responsible for loading on inland overseas carrier equipment and for subsequent arrangements and costs. (Note: For simplification and ease of management, DTC 9 will normally be used for MAC shipments only, (not SAAM flight).

Special transportation requirements; e.g., SAAM flights, will continue to be identified in a line item ** on the LOA and applicable actual charges billed to the customer.

C. TRANSPORTATION COST LOOK-UP TABLE: The latest DSAA approved transportation cost look-up table for selected items is located at Table F-3.

TABLE F-1**CONUS TRANSPORTATION COSTS**

<u>NSN/ NOMEN</u> ¹	<u>Weight Item</u>	<u>M/Ton/Item</u>	<u>Standard Price</u>	<u>FMS Proc.</u> ² <u>Cost</u>	<u>Port of</u> ³ <u>Embark-</u> <u>ation</u>	<u>Est. Actual CONUS</u> ⁴ <u>Inland</u>	<u>Est. Port Costs</u>
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¹ Items are those which appear to qualify based on previous data; NSNs must be added. Additional major items should be added as appropriate.

² Based on most current FMS offers.

³ Data should be provided for East Coast, West Coast, and Gulf port, if applicable.

⁴ Special factors such as security costs must be identified separately.

TABLE F-1. CONUS Transportation Costs.

TABLE F-2

OVERSEAS TRANSPORTATION COSTS

<u>NSN/ NOMEN</u> ¹	<u>Weight Item</u>	<u>M/Ton/Item</u>	<u>Standard Price</u>	<u>FMS Proc.</u> ² <u>Cost</u>	<u>Est. Actual Overseas Shipment</u> ^{3,4} <u>(Surface)</u>	<u>Est. Actual Overseas Shipment</u> <u>(MAC)</u> ^{3,4}	<u>Est. Actual Overseas Port Loading</u>
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1 Items are those which appear to qualify based on previous data; NSNs must be added. Additional major items should be added as appropriate.

2 Based on most current FMS offers.

3 For each item two figures must be cited:

a. Shipments to Europe, Latin America, and Mediterranean Ports.

b. Shipments to Newfoundland, Labrador, Thule, Iceland, South America, Far East, African Ports (other than Mediterranean) and Near East.

4 Special factors such as security, demurrage, etc., must be identified separately.

TABLE F-2. Overseas Transportation Costs.

TABLE F-3
TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	<u>1-Oct-96 PUBLISHED CODE 6*</u>	<u>1-Oct-96 PUBLISHED CODE 8*</u>	<u>1-Oct-96 PUBLISHED CODE 9*</u>
<u>ARMY ANNEX</u>				
<u>ATACMS</u>				
1427-01-274-3904	GUIDED MISSILE AND LAUNCH POD ASSEMBLY, M39	\$3,328	\$2,246	\$15,956
<u>CHAPARRAL</u>				
1410-01-095-3248	MISSILE, GM, INTERCEPT AERIAL, MIM-72E	\$529	\$313	\$1,555
1410-01-150-2863	MISSILE, GM, INTERCEPT AERIAL, MIM-71F	\$529	\$313	\$1,555
1410-01-216-3775	MISSILE, GM, INTERCEPT AERIAL, MIM-72N	\$529	\$313	\$1,555
1440-00-937-3859	SYS, MISSILE, GM INTERCEPT AERIAL, CARRIER MTD, M48	\$16,069	\$4,809	\$74,903
1440-01-069-8877	MISSILE, GM, INTERCEPT AERIAL, CARRIER MTD, M48A1	\$18,009	\$6,749	\$80,641
1440-01-106-3089	MISSILE, GM, INTERCEPT AERIAL, CARRIER MTD, M48A2	\$18,009	\$6,749	\$80,641
1440-01-181-6002	FLIR	\$380	\$265	\$1,519
1440-01-198-5892	MISSILE, GM, INTERCEPT AERIAL, MTD, M48A2E1	\$18,009	\$6,749	\$79,073
4935-01-104-9827	AN/TSM-96A	\$14,512	\$8,103	\$49,989
<u>DRAGON</u>				
1427-00-163-8959	MISSILE	\$187	\$126	\$545
1430-00-078-8340	TRACKER	\$660	\$645	\$1,101
1430-01-046-9594	NIGHT TRACKER	\$715	\$669	\$1,389
<u>HAWK</u>				
1337-00-484-8551	ROCKET MOTOR, M112	\$1,084	\$795	\$4,807
1410-00-234-3266	MISSILE	\$3,477	\$2,034	\$12,270
1410-01-173-9990	MISSILE, MEI	\$3,477	\$2,034	\$12,270

Table F-3 Transportation Cost Look-Up Table (Page 1 of 11 Pages)

NSN	ITEM	1-Oct-96	1-Oct-96	1-Oct-96
		PUBLISHED CODE 6*	PUBLISHED CODE 8*	PUBLISHED CODE 9*
1430-00-103-5270	IPCP, AN/MSW-1 1	\$15,982	\$6,032	\$51,375
1430-00-135-0267	ICWAR	\$9,395	\$2,849	\$30,598
1430-00-169-1859	ICC	\$16,601	\$6,389	\$52,290
1430-00-178-8453	PAR	\$11,860	\$3,219	\$39,024
1430-00-178-8454	ROR	\$8,780	\$2,757	\$28,518
1430-00-782-9816	HPI	\$15,678	\$6,251	\$48,760
1430-00-880-3357	AN/TPQ-29	\$7,848	\$4,369	\$27,217
1430-01-042-4907	ICWAR/PIP, PHASE 1	\$9,395	\$2,849	\$30,598
1430-01-042-4908	PAR/PIP, PHASE 1	\$15,092	\$5,142	\$49,017
1430-01-042-4910	BCC/PIP, PHASE 1	\$8,496	\$4,651	\$29,629
1430-01-042-4915	IPCP, PHASE I	\$15,982	\$6,032	\$51,375
1430-01-042-4918	ICC/PIP, PHASE 1	\$16,293	\$6,343	\$51,762
1430-01-078-9643	HPI/PIP, PHASE 11	\$15,678	\$6,251	\$48,760
1430-01-084-1130	IBCC, PHASE 11	\$8,496	\$4,651	\$29,629
1430-01-084-1131	IPCP, PHASE 11	\$15,982	\$6,032	\$51,375
1430-01-180-5318	PCP/PIP PHASE III	\$16,293	\$6,343	\$51,762
1430-01-181-5884	B&P, PHASE III	\$16,293	\$6,343	\$51,762
1430-01-184-6768	CWAR/PIP PHASE III	\$8,471	\$2,710	\$27,579
1430-01-191-8780	HPI/PIP PHASE III	\$15,678	\$6,251	\$48,760
1440-00-602-5055	LSCB, PHASE I	\$137	\$119	\$545
1440-00-805-3012	LAUNCHER	\$8,450	\$4,422	\$29,927
1450-00-066-8873	LOADER, XM501 E3	\$6,339	\$2,	\$21,776
4935-00-133-9770	SHOP EQUIP, AN/TSM-112 W/SM 35 BEAM	\$2,503	\$1,771	\$8,545
4935-00-604-7460	IAFU OMC GRD	\$1,856	\$1,490	\$5,276
4935-00-782-1957	SHOP EQUIP, AN/TSM-1 05	\$7,848	\$4,369	\$27,217
4935-00-880-4510	SHOP EQUIP, AN/TSM-107	\$7,848	\$4,369	\$27,217
4935-01-042-4909	SHOP EQUIP, AN/TSM-107 PIP PHASE 1	\$7,848	\$4,369	\$27,217
4935-01-043-2244	SHOP EQUIP (NO. 1), PHASE I	\$10,116	\$5,355	\$35,940
4935-01-051-8691	SHOP EQUIP, AN/TSM-104, PHASE 1	\$7,848	\$4,369	\$26,756
4935-01-067-3362	SHOP EQUIP, GM, AN/TSM-120, PHASE II	\$2,503	\$1,771	\$9,155
4935-01-083-3128	SHOP EQUIP (NO. 8), PHASE II	\$7,333	\$2,572	\$23,921

Table F-3 Transportation Cost Look-Up Table (Page 2 of 11 Pages)

TABLE F-3
TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-96 PUBLISHED <u>CODE 6*</u>	1-Oct-96 PUBLISHED <u>CODE 8*</u>	1-Oct-96 PUBLISHED <u>CODE 9*</u>
4935-01-083-3129	SHOP EQUIP (NO. 1), PHASE II	\$10,116	\$5,355	\$35,940
4935-01-085-5618	SHOP EQUIP (NO. 9), PHASE II	\$6,623	\$2,433	\$20,569
4935-01-085-5679	SHOP EQUIP (NO. 9), PHASE II	\$4,680	\$3,948	\$13,645
4935-01-091-4450	TAS MAINT. KIT PHASE II	\$2,241	\$1,325	\$8,065
4935-01-218-7088	SHOP EQUIP (NO. 8), PHASE III	\$7,547	\$2,572	\$23,921
4935-01-218-7089	SHOP EQUIP (NO. 1), PHASE III	\$9,239	\$4,264	\$27,713
4935-01-223-9122	T.A.G., PHASE III	\$3,294	\$2,928	\$10,375
4935-01-282-9256	SHOP EQUIP (NO. 20), PHASE III	\$27,378	\$7,477.	\$92,468
4935-01-286-5599	SHOP EQUIP (NO. 21), PHASE III	\$26,639	\$6,738	\$90,858
5821-00-102-8668	TRANSMITTING SET	\$137	\$119	\$435
<u>HELLFIRE</u>				
1410-01-126-4662	AGM-114A MISSILE	\$238	\$148	\$922
1410-01-192-0293	AGM-114C MISSILE	\$238	\$148	\$922
1410-01-332-2471	AGM-114F MISSILE	\$275	\$174	\$1,026
1410-01-422-1054	AGM-114KI MISSILE	\$264	\$174	\$962
1410-01-425-4469	AGM-114K3 MISSILE	\$264	\$174	\$962
<u>HELICOPTER, UH-1H</u>				
2840-01-070-1003	ENGINE A/C TURBO SHAFT	\$949	\$437	\$1,789
2840-01-284-4011	ENGINE, 701 C	\$835	\$323	\$976
2835-01-172-6200	ENGINE, GAS TURBINE	\$450	\$193	\$464
1615-00-183-0834	TRANSMISSION ASSEMBLY	\$919	\$407	\$1,120
1615-01-056-4550	HUB ASSEMBLY, MAIN ROTOR	\$846	\$334	\$1,017
1615-01-096-5427	HUB ASSEMBLY	\$553	\$297	\$796
1615-01-237-0512	HUB ASSEMBLY, MAIN	\$839	\$327	\$992
1615-01-230-6218	GEAR BOX ASSEMBLY INPUT	\$444	\$188	\$443
1615-01-145-3928	GEAR BOX, MAIN	\$1,194	\$682	\$835
1615-01-168-2983	GEAR BOX, MAIN	\$1,194	\$682	\$835

Table F-3 Transportation Cost Look-Up Table (Page 3 of 11 Pages)

TABLE F-3
TRANSPORTATION COST LOOK-UP TABLE

		1-Oct-96 PUBLISHED CODE 6*	1-Oct-96 PUBLISHED CODE 8*	1-Oct-96 PUBLISHED CODE 9*
<u>NSN</u>	<u>ITEM</u>			
1615-01-306-6948	HEAD, ROTOR WING	\$2,424	\$1,143	\$3,718
1615-01-252-6376	TRANSMISSION	\$1,327	\$815	\$2,735
1615-01-310-4978	BLADE, ROTARY WING	\$1,136	\$367	\$1,284
2915-01-005-9197	FUEL CONTROL, MAIN	\$401	\$145	\$206
2915-01-216-9779	FUEL CONTROL, MAIN	\$401	\$145	\$206
1650-01-273-7608	SERVOCYLINDER	\$401	\$145	\$231
1615-01-284-6419	MAIN GEAR BOX	\$1,194	\$682	\$2,212
1615-01-075-5283	HUB ASSEMBLY, MAIN ROTOR	\$2,022	\$997	\$3,114
1615-01-106-1903	MAIN ROTOR BLADE MODULE	\$1,269	\$500	\$1,654
1615-01-017-9926	HUB, MAIN ROTOR	\$1,485	\$445	\$1,427
6675-01-071-5552	POSITION AND AZIMUTH DETERMINING SYSTEM	\$1,306	\$537	\$1,446
2840-00-134-4803	ENGINE, AIRCRAFT TURBINE SHAFT	\$1,086	\$574.	\$1,483
<u>MLRS</u>				
1055-01-192-0353	MLRS LAUNCHER (201 CONFIG)	\$18,769	\$6,200	\$121,854
1055-01-251-9756	MLRS LAUNCHER (202 CONFIG)	\$18,769	\$6,200	\$121,854
1055-01-329-6826	MLRS LAUNCHER (203 CONFIG)	\$18,769	\$6,200	\$121,854
1340-01-122-3506	MLRS ROCKET POD, TACTICAL	\$2,973	\$1,891	\$16,129
1340-01-149-0918	MLRS ROCKET POD, PRACTICE	\$2,973	\$1,891	\$16,129
1340-01-370-9666	MLRS REDUCE RANGE, PRACTICE	\$2,973	\$1,891	\$16,119
<u>PATRIOT</u>				
1410-01-087-6343	GM, INTERCEPT AERIAL, MIM-104	\$5,492	\$3,327	\$14,513
1410-01-205-7066	GM, INTERCEPT AERIAL, MIM-104-A	\$5,492	\$3,327	\$14,513
1410-01-267-6685	GM, INTERCEPT AERIAL, MIM-104-B	\$5,492	\$3,327	\$14,513
1410-01-286-9689	GM, INTERCEPT AERIAL, MIM-104-C	\$5,492	\$3,327	\$14,513
1430-01-087-6330	RADAR SET, AN/MPQ-53	\$35,404	\$10,790	\$134,287
1430-01-087-6337	AN/MSQ-116, INFORMATION COORDINATION CENTRAL	\$33,304	\$10,523	\$112,549
1430-01-087-6338	AN/MGQ-104, ENGAGEMENT CONTROL STATION	\$33,304	\$10,523	\$112,549
1430-01-131-5373	ANTENNA MAST GROUP OA-9054 (V) 4/G	\$31,558	\$9,563	\$118,430

Table F-3 Transportation Cost Look-Up Table (Page 4 of 11 Pages)

TABLE F-3
TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-96 PUBLISHED <u>CODE 6*</u>	1-Oct-96 PUBLISHED <u>CODE 8*</u>	1-Oct-96 PUBLISHED <u>CODE 9*</u>
1430-01-131-5427	AN/MRC-1 37 COMMUNICATIONS CONTROL GROUP	\$32,476	\$9,695	\$104,805
1440-01-087-9844	M901, LAUNCHING STATION	\$32,458	\$9,677	\$104,805
4935-01-136-0233	SHOP EQUIPMENT, GM SYSTEM, AN/TSM-16 (BMG)	\$27,067	\$6,172	\$87,552
2330-01-130-7980	SEMI-TRAILER, MAINTENANCE M1032 (SRPT)	\$26,767	\$6,134	\$86,838
4935-01-134-8713	SHOP EQUIPMENT, GM SYSTEM AN/TSM-163 (BME)	\$27,067	\$6,172	\$87,561
4935-01-182-0578	MAINTENANCE CENTER CONTACT TEAM AN/TCM-1	\$31,259	\$9,525	\$110,209
6130-01-109-9112	POWER SUPPLY	\$964	\$781	\$5,946
1430-01-239-6723	MODULATOR	\$894	\$711	\$5,128
1430-01-260-4963	EXCITER GROUP	\$1,461	\$1,415	\$3,045
1430-01-111-2419	MICROWAVE DEVICE	\$375	\$250	\$1,378
1430-01-092-4032	EXCITER GROUP	\$1,446	\$1,409	\$2,987
1430-01-234-1498	MICROWAVE DEVICE	\$574	\$400	\$2,021
1430-01-219-5560	COOLER LIQUID	\$937	\$653	\$4,097
1430-01-139-9738	EXCITER GROUP	\$216	\$165	\$794
5960-01-110-2668	ELECTRON TUBE	\$280	\$216	\$1,065
5960-01-091-0668	ELECTRON TUBE	\$240	\$176	\$825
1430-01-387-8436	GM, INTERCEPT AERIAL, MIM-104-D	\$5,492	\$3,327	\$14,513
<u>RED EYE</u>				
1425-00-930-9923	M41 GUIDED MISSILE SYS	\$156	\$109	\$384
1425-01-078-9258	M41 MISSILE W/METL CONT.	\$191	\$126	\$507
1425-01-078-9259	M41 MISSILE ASSEMBLY	\$152	\$105	\$380
6920-00-809-0399	GUIDED MISSILE TRAINING SET	\$340	\$307	\$901
<u>STINGER</u>				
1425-01-024-9982	WPN ROUND	\$257	\$169	\$629
1427-01-024-9967	MSLROUND	\$164	\$110	\$531
1427-01-219-7116	WPN ROUND, LESS GRIPSTOCK	\$220	\$137	\$563
1427-01-325-3158	MISSILE ROUND	\$164	\$110	\$531
1427-01-325-3160	WEAPON ROUND, PARTIAL	\$185	\$120	\$543

Table F-3 Transportation Cost Look-Up Table (Page 5 of 11 Pages)

TABLE F-3
TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	<u>1-Oct-96 PUBLISHED CODE 6*</u>	<u>1-Oct-96 PUBLISHED CODE 8*</u>	<u>1-Oct-96 PUBLISHED CODE 9*</u>
1440-01-170-8618	GRIPSTOCK - CONTROL GROUP	\$38	\$33	\$116
1440-01-281-9458	GRIPSTOCK, CONTROL GROUP	\$37	\$32	\$115
6920-01-024-6948	THT	\$316	\$274	\$980
6920-01-246-0701	CAPTIVE FLIGHT TRAINER	\$316	\$274	\$902
6920-01-283-7826	TRAINING SET	\$316	\$274	\$902
1440-01-024-6931	GRIPSTOCK - CONTROL GROUP	\$36	\$31	\$114
1440-01-111-7791	LAUNCH TUBE ASSEMBLY	\$662	\$629	\$1,559
<u>THERMAL IMAGERY</u>				
5855-01-037-7340	NIGHT SIGHT, AN/TAS-6	\$534	\$519	\$1,082
5855-01-037-7341	AN/TAM-3	\$300	\$212	\$1,096
5855-01-083-9051	AN/UAS-1 1	\$703	\$593	\$2,341
5855-01-154-3871	AN/TAM-3A	\$474	\$300	\$1,963
5855-01-173-0808	NIGHT SIGHT, AN/UAS-12B	\$582	\$540	\$1,680
<u>TOW</u>				
1410-01-007-2507	MISSILE	\$154	\$107	\$526
1410-01-007-2508	MISSILE	\$149	\$102	\$515
1410-01-106-8514	I-TOW	\$154	\$107	\$526
1410-01-135-2092	TOW-2 MISSILE	\$154	\$107	\$526
1410-01-137-9976	MISSILE, PRACTICE	\$149	\$102	\$515
1410-01-180-6790	I-TOW MISSILE W/CLM & MVIC	\$154	\$107	\$526
1410-01-229-9948	MISSILE	\$154	\$107	\$526
1410-01-257-7583	I-TOW MISSILE	\$154	\$107	\$526
1410-01-257-7584	TOW MISSILE, W/CLM	\$154	\$107	\$526
1410-01-257-7585	TOW PRACTICE MISSILE, W/CLM	\$149	\$102	\$515
1410-01-300-0254	TOW-2A MISSILE W/CLM, BGM-71E-IB	\$154	\$107	\$526
1410-01-301-0815	TOW-2 MISSILE W/CLM, BGM-71D-IB	\$154	\$107	\$526
1410-01-303-5172	TOW-2 MISSILE	\$149	\$102	\$515
1410-01-309-8302	TOW PRACTICE MISSILE W/CLM, BTM-71A-IB	\$149	\$102	\$515

Table F-3 Transportation Cost Look-Up Table (Page 6 of 11 Pages)

TABLE F-3

TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	<u>1-Oct-96 PUBLISHED CODE 6*</u>	<u>1-Oct-96 PUBLISHED CODE 8*</u>	<u>1-Oct-96 PUBLISHED CODE 9*</u>
1410-01-309-8303	I-TOW MISSILE W/CLM, BGM-71C-28	\$154	\$107	\$526
1410-01-313-5364	TOW PRACTICE MISSILE W/CLM & DEU	\$149	\$102	\$515
1410-01-313-5365	I-TOW MISSILE, W/CLM & DEU	\$154	\$107	\$526
1410-01-313-5366	TOW-2 MISSILE	\$154	\$107	\$526
1410-01-313-5367	TOW-2A MISSILE	\$154	\$107	\$526
1410-01-322-5333	TOW-2B MISSILE	\$154	\$107	\$526
1410-01-343-8924	BTM-71 E-2B PRACTICE MISSILE	\$149	\$102	\$515 \$0
1410-01-370-2288	TOW, 2A GUIDED MISSILE BGM-71 E-4B	\$154	\$107	\$531
1410-01-370-2289	TOW, 2A GUIDED MISSILE BGM-71 E-4B	\$149	\$102	\$526
1410-01-370-2292	TOW, 2A PRACTICE MISSILE BTM-7E-38	\$154	\$107,	\$525
1440-00-169-1764	LCHR	\$1,821	\$1,455	\$4,402
1440-01-104-9834	LCHR, TUBULAR, GM, TOW-2	\$1,779	\$1,455	\$4,840
1440-01-271-3015	TOW-2 LAUNCHER	\$1,779	\$1,455	\$4,840
1440-01-298-9788	TOW-2 LAUNCHER	\$1,779	\$1,455	\$4,840
4935-00-150-5905	CSS	\$3,577	\$1,929	\$13,782
4935-01-070-3426	FIELD TEST SET, TOW 2	\$1,309	\$943	\$4,509
4935-01-082-7023	ICSS	\$3,577	\$1,929	\$13,782
4935-01-114-3919	CSS, TOW-2	\$3,577	\$1,929	\$13,782
4935-01-142-9561	FIELD TEST SET	\$1,309	\$943	\$4,509
4940-01-154-3957	IMP. CSS, TOW-2	\$6,492	\$3,196	\$22,979
5855-01-083-9053	NIGHT SIGHT, AN/TAS-4A	\$699	\$662	\$1,650
5855-01-152-8781	NIGHT SIGHT, AN/UAS-12A	\$708	\$666	\$1,699
5855-01-245-8689	NIGHT SIGHT, AN/UAS-12A	\$708	\$666	\$1,699
5855-01-301-0158	NIGHT SIGHT, AN/UAS-12C	\$708	\$666	\$1,699
6130-01-018-9786	BATTERY CHARGER	\$156	\$114	\$631
6920-00-179-7320	M70 TRAINER, TOW	\$1,309	\$943	\$4,285
6920-01-145-6098	M70 TRAINER, TOW-2	\$1,309	\$943	\$4,285
1410-01-379-8253	BGM-71 E-6B	\$154	\$107	\$526

Table F-3 Transportation Cost Look-Up Table (Page 7 of 11 Pages)

TABLE F-3
TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-96 PUBLISHED <u>CODE 6*</u>	1-Oct-96 PUBLISHED <u>CODE 8*</u>	1-Oct-96 PUBLISHED <u>CODE 9*</u>
<u>JAVELIN</u>				
1427-01-422-7617	JAVELIN ROUND	\$4,556	\$2,283	\$3,138
6920-01-391-9209	FIELD TACTICAL TRAINER-STUDENT STATION	\$167	\$101	\$673
6920-01-391-9210	FIELD TACTICAL TRAINER-INSTRUCTOR STATION	\$48	\$35	\$311
6920-01-391-9213	MISSILE SIMULATION ROUND	\$123	\$94	\$528
6920-01-391-6744 PN 13310701-009	BASIC SKILLS TRAINER COMMAND LAUNCH UNIT	\$604 \$73	\$397 \$47	\$2,171 \$364
<u>NAVY ANNEX</u>				
<u>HARM MISSILE</u>				
1337-01-162-3421	ROCKET MOTOR SECTION	\$1,290	\$1,216	\$1,820
1337-01-162-3422	WARHEAD SECTION	\$1,290	\$1,216	\$1,820
1410-01-242-4880	TACTICAL MISSILE	\$4,715	\$4,115	\$9,683
1420-00-237-4082	GUIDANCE SECTION	\$1,290	\$1,216	\$1,820
1420-01-241-5790	CONTROL SECTION	\$1,290	\$1,216	\$1,820
<u>HARPOON MISSILE</u>				
1410-01-181-8546	AGM-84D-1	\$867	\$611	\$4,846
1410-01-181-2268	ATM-84D-1	\$867	\$611	\$4,846
1410-01-181-8547	RGM-84D-1	\$1,309	\$932	\$6,557
1410-01-181-8550	RTM-84D-1	\$1,309	\$932	\$6,557
1410-01-181-8548	RGM-84D-2	\$1,309	\$932	\$6,557
1410-01-181-8552	RTM-84D-2	\$1,309	\$932	\$6,557
1410-01-139-1744	RTM-84D-3	\$1,350	\$988	\$7,352
1410-01-181-8549	RGM-84D-4	\$1,356	\$979	\$6,940
1410-01-139-1748	RTM-84D-4	\$1,356	\$979	\$6,940
1410-01-181-8549	UGM-84D-1	\$2,728	\$988	\$7,352
1410-01-181-8556	UTM-84D-1	\$2,728	\$988	\$7,352
1410-01-253-0241	AGM-84D-1	\$867	\$611	\$4,846
1410-01-235-7042	RGM-84D-3	\$1,350	\$972	\$6,641
1410-01-198-7063	RGM-84D-4	\$1,356	\$979	\$6,940

Table F-3 Transportation Cost Look-Up Table (Page 8 of 11 Pages)

TABLE F-3
TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-96 PUBLISHED <u>CODE 6*</u>	1-Oct-96 PUBLISHED <u>CODE 8*</u>	1-Oct-96 PUBLISHED <u>CODE 9*</u>
<u>MK 45 TORPEDO</u> 1356-01-282-4662	TORPEDO,MK46 MOD 5A(S)	\$769	\$494	\$3,658
<u>SIDEWINDER MISSILE</u>				
1336-01-017-4030	SAFETY-ARMING DEVICE MK 13 MOD 2	\$38	\$20	\$276
1336-01-044-7430	WDU-17/B	\$67	\$34	\$280
1337-01-145-1963	ROCKET MOTOR MOD 1 1	\$229	\$117	\$760
1337-01-090-9294	ROCKET MOTOR MOD 8	\$229	\$117	\$760
1337-01-145-9360	TARGET DETECTOR DSU-15A/B	\$312	\$306	\$904
1420-01-231-1509	TARGET DETECTOR DSU-15B/B	\$312	\$306	\$904
1427-01-114-2054	GUIDANCE & CONTROL WGU-4A/B	\$628	\$607	\$1,292
1427-01-041-8459	GUIDANCE & CONTROL AN/DSQ-29	\$628	\$607	\$1,292
1427-01-369-3383	GUIDANCE & CONTROL WGU-31/B	\$628	\$607	\$1,292
<u>SPARROW MISSILE</u>				
1410-01-149-3507	AIM-7M (F-1 BUILD)	\$4,317	\$3,637	\$3,834
1410-01-306-0435	AIM-7M (H BUILD)	\$2,274	\$1,988	\$3,896
140-01-320-4823	RIM-7P	\$2,274	\$1,988	\$3,896
1410-01-149-3508	RIM-7M (F-1 BUILD)	\$4,317	\$3,637	\$3,834
1410-01-306-0434	RIM-7M (H BUILD)	\$4,317	\$3,637	\$3,834
1410-01-341-9221	RIM-7NL	\$4,317	\$3,637	\$3,834
<u>P-3 AIRCRAFT</u>				
2840-00-T56-AI40	T-56 ENGINE	\$3,444	\$1,620	\$7,031
<u>TOMAHAWK MISSILE</u>				
1410-01-344-5355	UGM-1 09C	\$2,562	\$1,885	\$3,173

Table F-3 Transportation Cost Look-Up Table (Page 9 of 11 Pages)

TABLE F-3
TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-96 PUBLISHED <u>CODE 6*</u>	1-Oct-96 PUBLISHED <u>CODE 8*</u>	1-Oct-96 PUBLISHED <u>CODE 9*</u>
<u>MAVERICK-MISSILE</u>				
<u>AIR FORCE ANNEX</u>				
1410-01-101-8490JE	AGM-65A	\$883	\$552	\$2,871
1410-00-238-1486JE	AGM-65A	\$883	\$552	\$2,871
1410-01-089-2505JE	AGM-65B	\$883	\$552	\$2,871
1410-00-125-6760JE	AGM-65B	\$883	\$552	\$2,871
1410-01-285-0603JE	AGM-65D	\$883	\$552	\$2,946
1410-01-158-2872JE	AGM-65E	\$894	\$575	\$3,834
1410-01-253-8073JE	AGM-65F	\$894	\$575	\$3,834
1410-01-253-5628JE	AGM-65G	\$881	\$552	\$3,793
<u>AMRAAM</u>				
1410-01-301-3317AL	AIM-120A	\$422	\$345	\$1,263
1410-01-320-7531 AL	AIM-120A	\$422	\$345	\$1,263
1410-01-375-0439AL	AIM-120A	\$422	\$345	\$1,263
1410-01-379-4896AL	AIM-1206	\$422	\$345	\$1,263
1410-01-364-8453A	CONTROL SECTION	\$891	\$874	\$1,112
1337-01-383-9721	PROPULSION SECTION	\$1,129	\$1,088	\$1,731
1336-01-385-3212	WARHEAD SECTION	\$1,055	\$1,043	\$1,223
1420-01-381-3232AL	GUIDANCE SECTION	\$982	\$927	\$1,715
<u>SIDEWINDER MISSILE</u>				
1410-01-135-2771AB	AIM-9L	\$241	\$163	\$1,132
1410-01-137-5971AB	AIM-9E-2	\$241	\$163	\$1,132
1410-01-137-5972AB	AIM-9P-3	\$241	\$163	\$1,132
1410-01-162-9395AB	AIM-9M-3	\$241	\$163	\$1,132
	AIM-9P-5	\$241	\$163	\$1,132
1427-01-255-3015XZ	AIM-9P-4 GCS	\$85	\$64	\$265
1427-01-342-3811 XZ	AIM-9P-4 GCS	\$85	\$64	\$265
1427-01-346-8789XZ	AIM-9P-4 GCS	\$85	\$64	\$265
	AIM-9P-5 GCS	\$85	\$64	\$265
<u>SPARROW MISSILE</u>				
1410-01-135-6176BL	AIM-7E	\$366	\$231	\$2,136

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TABLE F-3
TRANSPORTATION COST LOOK-UP TABLE

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1410-01-168-3591 BL	AIM-7M	\$366	\$231	\$2,350
1410-01-168-3592BL	AIM-7M	\$366	\$231	\$2,350
1410-01-308-3789BL	AIM-7M	\$366	\$231	\$2,350
1410-01-308-3788BL	AIM-7M	\$366	\$231	\$2,350
1410-01-326-3308BL	AIM-7E3 GCS	\$476	\$353	\$1,662
1410-01-133-74676L	AIM-7M GCS	\$436	\$324	\$1,498
1410-01-133-7468BL	AIM-7M GCS	\$436	\$324	\$1,498
1410-01-276-04286L	AIM-7M GCS	\$436	\$324	\$1,498
1410-01-274-7145BL	AIM-7M GCS	\$436	\$324	\$1,498

*If the priority changes and the actual delivery of material does not correspond with the Delivery Term Code (DTC) designated in the LOA, a Transportation Bill Code (TBC) indicating the actual method of shipment is to be entered on the DD Form 1517 (Position 59).

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