



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, D. C. 20301

15 December 1977

In reply refer to:
Transmittal No. 16
DOD 5105.38-M

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

SUBJECT: MASM I, II, and III Transmittal

Attached is MASM Transmittal No. 16 which updates the procedures to 15 December 1977.

Highlights of this transmittal include chapters on (Part I) Purpose, Authority and Scope; Responsibility and Relationships; Ship Transfers; (Part II) Eligibility; Articles and Services; Construction; Program Submission and Management; MAP Administration and Support Costs; Utilization, Redistribution and Disposal of MAP Materiel; (Part III) Eligibility for FMS; General Procedures; and Preparation and Processing of Foreign Military Sales Transactions.

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

This transmittal supersedes the following correspondence/messages:

Messages:

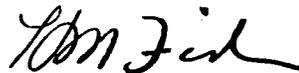
SECDEF 2641, DTG 040545Z JUN 77, subj: Cannibalization and Retention
SECDEF 1155, DTG 190011Z AUG 77, subj: Chapter K, Utilization, Redistribution and Disposal of MAP Materiel

Correspondence:

DSAA Memorandum I-6385/77 dated 21 June 1977, subj: Accessorial Charges and Rehabilitation Costs
DSAA Memorandum I-9072/77 dated 26 August 1977, subj: Supervision and Disposition of MAP Grant Materiel



DSAA Memorandum I-8961/77 dated 9 September 1977, subj: (Part III)
(Chapter A) Eligibility for Foreign Military Sales; (Chapter C)
General Procedures; (Chapter D) Preparation and Processing of LOAs;
and (Chapter F) Implementation of FMS



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Lieutenant General, USAF
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Attachments

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

LIST OF CHANGES

Remove and insert the following portions of your current MASM:

Remove

List of Effective Pages
Table of Contents

PART I -

Chapter A
Chapter B
Chapter E

PART II -

A-3 - A-4
Chapter C
D-9 - D-12
F-1 - F-30
G-1 - G-2
Chapter K

PART III -

Chapter A
C-3 - C-4
Chapter D

Insert

List of Effective Pages
Table of Contents

PART I -

Chapter A
Chapter B
Chapter E

PART II -

A-3 - A-4
Chapter C
D-9 - D-12
F-1 - F-21
G-1 - G-2a
Chapter K

PART III -

Chapter A
C-3 - C-4a
Chapter D

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

Part I -

(1) Chapter C - Page C-2 - para 5.a. - 2nd line from bottom of para - change "(articles) and services through" to read "(articles), services and training through".

(2) Chapter D - Page D-3 - para 7.f. - 5th line from top of para - change "(materiel and training)" to read "(materiel and services), IMETP (training)".

(3) Chapter F - Page F-1 - para 1. - 5th line from top of para - add after "(MAP)," - "International Military Education and Training Program (IMETP)". Para 2.b. - 4th line from top of para - add after "MAP," - "IMETP,". Para 3. - 3rd line from bottom of para - add after "MAP," - "IMETP,". Para 4.a. - 1st line of para - add after "MAP," - "IMETP,". Page F-2 - para 5. - 1st line of para - add after "MAP," - "IMETP,".

Part II -

(1) Chapter D - Page D-8 - para 3.c. - 3rd line from top of para - change "Unified Command" to read "MAAG".

(2) Chapter F - Page F-31 - change page no. to read "F-22".

(3) Chapter H - Page H-4 - para 12.b. - 2nd line from top of para - insert after "coding" - "(Appendix A, para 11)". 3rd line from top of para - change "of Unified Commands." to read "from the MAAG.". 4th line from top of para - change "July," to read "October,".

Part III -

(1) Chapter C - Page C-6a - para 8. - 3rd line of para - delete "." after "criteria".

(2) Chapter F - Page F-5 - para 4.c.(4) - third line of para - change "paragraph 12." to read "paragraph 10.i, Chapter D.".

MILITARY ASSISTANCE AND SALES MANUAL

LIST OF EFFECTIVE PAGES

| <u>Chapters</u> | <u>Page Numbers</u> | <u>Date of Latest Revision</u> |
|---|-------------------------------------|--------------------------------|
| Table of Contents | xi through xix | 15 December 1977 |
| PART I—GENERAL INFORMATION | | |
| Glossary of Terms and Abbreviations | 1 through 13 | 1 October 1977 |
| DOD Directives and Instructions | 1 through 8 | 1 October 1977 |
| A | A-1 and A-2 | 15 December 1977 |
| B | B-1 and B-3 | 15 December 1977 |
| C | C-1 through C-3 | 15 December 1977 |
| D | D-1 through D-11 | 15 December 1977 |
| E | E-1 and E-2 | 15 December 1977 |
| F | F-1 through F-3 | 15 December 1977 |
| G | G-1 through G-5 | 15 January 1977 |
| PART II—GRANT AID | | |
| A | A-1 through A-4 | 15 December 1977 |
| B | B-1 through B-3 | Deleted |
| C | C-1 through C-28 | 15 December 1977 |
| D | D-1 through D-15 | 15 December 1977 |
| E | E-1 through E-48 | 15 June 1977 |
| Appendix 1-E | App 1E-1 through App 1E-7 | 1 October 1977 |
| F | F-1 through F-22 | 15 December 1977 |
| G | G-1 through G-24 | 15 December 1977 |
| H | H-1 through H-4 | 15 December 1977 |
| J | J-1 through J-23 | 1 December 1975 |
| K | K-1 through K-6 | 15 December 1977 |
| L | L-1 through L-27 | 1 August 1975 |
| Appendix A | App A-1 through App A-24 | 1 October 1976 |
| PART III—FOREIGN MILITARY SALES | | |
| A | A-1 through A-8 | 15 December 1977 |
| B | B-1 through B-5 | 1 October 1977 |
| C | C-1 through C-17 | 15 December 1977 |
| D | D-1 through D-42 | 15 December 1977 |
| E | E-1 through E-10 | 1 July 1974 |
| F | F-1 through F-11 | 15 December 1977 |
| G | G-1 through G-13 | 15 August 1976 |
| H | H-1 through H-4 | 1 October 1977 |
| J | J-1 through J-6 | 1 October 1977 |
| K | K-1 through K-17 | 15 August 1976 |
| L | L-1 through L-23 | 15 January 1977 |
| Appendix A | App A-1 through App A-19 | 15 January 1977 |
| Appendix B | App B-1 through App B-5 | 15 January 1977 |
| Appendix C | App C-1 through App C-3 | 1 October 1977 |
| Appendix D | App D-1 through App D-12 | 15 June 1977 |

CONTENTS

| <i>Chapter</i> | <i>Page Number</i> |
|---------------------------------|--------------------|
| LETTER OF TRANSMITTAL | iii |
| FOREWARD | v |
| TABLE OF CONTENTS | xi |

PART I—GENERAL INFORMATION

GLOSSARY OF TERMS AND ABBREVIATIONS

DOD DIRECTIVES AND INSTRUCTIONS

| | |
|--|-----|
| A. PURPOSE, AUTHORITY AND SCOPE | A-1 |
| 1. Purposes of Security Assistance | A-1 |
| 2. Nature of Security Assistance | A-1 |
| 3. Legislative Authorities and Constraints | A-1 |
| 4. Leases | A-2 |
| 5. Distribution of the MASM | A-2 |
| 6. Reports Control Symbol | A-2 |
| B. RESPONSIBILITIES AND RELATIONSHIPS | B-1 |
| 1. Executive Branch | B-1 |
| 2. Department of Defense | B-1 |
| 3. Relationships | B-3 |
| C. POLICY | C-1 |
| 1. Purpose and Scope | C-1 |
| 2. Administration | C-1 |
| 3. Planning | C-1 |
| 4. Economic Considerations | C-1 |
| 5. Emphasis on Sales | C-2 |
| 6. Personnel | C-2 |
| 7. Excess Defense Articles | C-2 |
| 8. Commitments | C-3 |
| 9. Riot Control Agents | C-3 |

MILITARY ASSISTANCE AND SALES MANUAL

| <i>Chapter</i> | <i>Page Number</i> |
|--|--------------------|
| D. PLANNING | D-1 |
| 1. Military Security Assistance Projection (MSAP) | D-1 |
| 2. Foreign Country Participation | D-1 |
| 3. Coordination at Country Level | D-2 |
| 4. Continuous Appraisal | D-2 |
| 5. Coordination | D-2 |
| 6. Projection Period | D-2 |
| 7. Planning Cycle | D-2 |
| 8. Preparation of the MSAP | D-5 |
| E. SHIP TRANSFERS | E-1 |
| 1. Purpose | E-1 |
| 2. General Policy | E-1 |
| 3. Sale | E-1 |
| 4. Loan | E-1 |
| 5. Lease | E-1 |
| 6. Transfer Plan Development | E-1 |
| 7. Approval Procedures | E-2 |
| F. AUDITS AND INSPECTIONS | F-1 |
| 1. Purpose | F-1 |
| 2. Types of Audits/Inspections | F-1 |
| 3. Notification of Audits and Inspections | F-1 |
| 4. Policy Concerning Releasability to GAO of DOD Records Relating to MAP, MASF and FMS | F-1 |
| 5. Relationship with Audit/Inspection Agency | F-2 |
| 6. Exit Conference | F-2 |
| 7. Action on GAO Audit Draft Reports | F-2 |
| 8. Action on GAO Final Reports | F-2 |
| 9. Action on DAS Reports | F-3 |
| 10. Action on IGA Reports | F-3 |
| 11. Corrective Action Follow-on | F-3 |
| G. SECURITY CLASSIFICATION AND RELEASE OF INFORMATION | G-1 |
| 1. Purpose and Scope | G-1 |
| 2. Security Classification Guidelines | G-1 |
| 3. RCS: DSAA(AR) 1100 FMS Report Submissions | G-3 |
| 4. Release of Information to Foreign Governments, Inter- national Organizations, and the Public | G-4 |

PART II—GRANT AID

| <i>Chapter</i> | <i>Page Number</i> |
|--|--------------------|
| A. ELIGIBILITY | A-1 |
| 1. General Authority | A-1 |
| 2. Conditions of Eligibility | A-1 |
| 3. General Limitations | A-2 |
| 4. Prohibitions Against Furnishing Assistance | A-2 |
| C. ARTICLES AND SERVICES | C-1 |
| 1. Purpose | C-1 |
| 2. Master Program File | C-1 |
| 3. MAP Element Descriptive Data | C-1 |
| 4. General Programming Guidelines | <u>C-4</u> |
| 5. Programming Guidance and Procedures | <u>C-8</u> |
| 6. Execution Procedures | <u>C-15</u> |
| 7. Implementing Procedures | <u>C-16</u> |
| 8. NATO Standardization Agreement on Supply Forms | C-25 |
| D. CONSTRUCTION | D-1 |
| 1. General | D-1 |
| 2. Responsibilities | D-2 |
| 3. Planning and Programming | D-5 |
| 4. Approval and Funding | D-8 |
| 5. Changes to Funded Construction Programs | D-9 |
| 6. Reporting | D-12 |
| E. MILITARY EDUCATION AND TRAINING | E-1 |
| 1. Purpose | E-1 |
| 2. Objectives | E-1 |
| 3. Areas of Emphasis | E-1 |
| 4. Resources Management | E-1 |
| 5. English Language Training | E-2 |
| 6. Selection and Utilization of Trainees | E-3 |
| 7. Constraints | E-3 |
| 8. Program Development and Execution | E-4 |
| 9. Student Training | E-5 |
| 10. Mobile Training Teams (MTT) | E-12 |
| 11. Field Training Services | E-13 |
| 12. Extraordinary Expenses | E-14 |
| 13. Other Training Support | E-14 |
| 14. Training Aids | E-14 |
| 15. Programming | E-15 |
| 16. Annual Training Report | E-22 |
| APPENDIX 1--Chapter E-- | |
| FORMAT FOR INVITATIONAL TRAVEL ORDERS (ITO) FOR FORMAL SCHOOLING, OJT, FAMIL- IZATION/QUALIFICATION AND OBSERVER TRAIN- ING | App 1E-1 |

MILITARY ASSISTANCE AND SALES MANUAL

Chapter

Page Number

| | |
|--|------|
| F. PROGRAM SUBMISSION AND MANAGEMENT | F-1 |
| 1. Purpose | F-1 |
| 2. Submission of Data | F-1 |
| 3. Changes of Funded Programs | F-7 |
| 4. Programming of MAP Owned Materiel (MAPOM) | F-15 |
| 5. Programming of Transferable Assets | F-17 |
| 6. Excess Defense Articles (EDA) General Programming Instructions | F-19 |
| 7. MAP Orders | F-19 |
| G. MAP ADMINISTRATION AND SUPPORT COSTS | G-1 |
| 1. General | G-1 |
| 2. Responsibilities | G-1 |
| 3. Military Assistance Program Semi-annual Review Cycle | G-1 |
| 4. Development and Submission of Budget Estimates | G-2 |
| 5. General Instructions for Completion of Formats | G-2 |
| 6. Instructions Applicable to Individual Formats for September Financial Plan/Budget Review | G-2a |
| 7. Instructions Applicable to Formats for March Financial Plan/Budget Review | G-9 |
| H. FUNDING OF PROGRAMS | H-1 |
| 1. Financial Resources | H-1 |
| 2. Annual Appropriations | H-1 |
| 3. Reappropriations | H-1 |
| 4. Reimbursements | H-1 |
| 5. Recoupments | H-2 |
| 6. Transfers | H-2 |
| 7. Administrative Authority | H-2 |
| 8. Method of Fund Reservation | H-2 |
| 9. MAP Order Funding | H-3 |
| 10. Allocation of Funds | H-3 |
| 11. Special Authorization | H-3 |
| 12. Continuing Resolution Authority | H-4 |
| J. MAP REPORTS | J-1 |
| 1. Purpose | J-1 |
| 2. Structure of the MAP Data Base | J-1 |
| 3. Categories of MAP Reports | J-1 |
| 4. Requests for MAP Reports | J-1 |
| 5. MAP Reports | J-2 |
| 6. Abbreviated Titles | J-5 |

MILITARY ASSISTANCE AND SALES MANUAL

Chapter

Page Number

| | |
|---|---------|
| K. UTILIZATION, REDISTRIBUTION AND DISPOSAL OF MAP MATERIEL . . . | K-1 |
| 1. General | K-1 |
| 2. Supervision of End-Item Use | K-1 |
| 3. Reporting and Screening MAP Materiel Declared Excess . . . | K-2 |
| 4. Transfer of MAP Excess Materiel | K-3 |
| 5. Cannibalization and Retention | K-4 |
| 6. Disposal of MAP Property | K-4 |
| 7. Reporting MAP Property Redistribution and Disposal . . . | K-6 |
| L. MILITARY ARTICLES AND SERVICES LIST (MASL) GUIDANCE | L-1 |
| 1. General | L-1 |
| 2. MASL Content | L-1 |
| 3. Definitization Policy | L-2 |
| 4. DSAA MASL Files | L-2 |
| 5. Assignment of Footnote Codes | L-3 |
| 6. MASL Relationship to DSAA Program Data Files | L-3 |
| 7. Maintenance of the MASL | L-4 |
| 8. Submission of MASL Data | L-4 |
| APPENDIX A -- MACHINE READABLE CODES | App A-1 |

PART III—FOREIGN MILITARY SALES

| | |
|--|-----|
| A. ELIGIBILITY FOR FOREIGN MILITARY SALES | A-1 |
| 1. General Authority | A-1 |
| 2. Conditions of Eligibility | A-1 |
| 3. Eligible Countries and International Organizations . . . | A-1 |
| 4. Special Approval Requirements | A-1 |
| B. FOREIGN MILITARY SALES POLICIES, GUIDELINES AND RESTRICTIONS | B-1 |
| 1. Purpose | B-1 |
| 2. Basic Sales Policy and Guidelines | B-1 |
| 3. Major Restraints and Significant Recurring Reports to the Congress | B-3 |

MILITARY ASSISTANCE AND SALES MANUAL

Chapter

Page Number

| | |
|--|-------|
| C. GENERAL PROCEDURES | C-1 |
| 1. Introduction | C-1 |
| 2. Buyer-Seller Relationships | C-1 |
| 3. Purpose for Sale of U.S. Military Equipment Abroad | C-1 |
| 4. General Criteria Regarding Sale of Military Equipment | C-2 |
| 5. Channels Used in the Sale of Military Equipment | C-2 |
| 6. Basic FMS Sales Procedures | C-3 |
| 7. Furnishing Information on Price, Availability and Con- dition of Military Equipment to Foreign Governments | C-4 |
| 8. Pricing of FMS Transactions | C-6 |
| 9. Authorized Surcharges | C-7 |
| 10. Diversion of DOD Materiel | C-8 |
| 11. Insurance | C-9 |
| 12. Source Selection for Procurement for Foreign Governments | C-9 |
| 13. U.S. Response to Requests for "Offset" Procurement | C-10 |
| 14. Release of U.S. Technical Data | C-13 |
| 15. Principles Regarding Coproduction Projects | C-15 |
| 16. Processing Letters of Offer for \$25 Million or More or For Major Defense Equipment of \$7 Million or More | C-16 |
| 17. Sales Commissions and Fees | C-16a |
| 18. Engineering Review of U.S. Provided Foreign Communi- cations Systems | C-16b |
| 19. Patent Rights | C-17 |
| 20. DOD P&A Versus a Commercial Proposal | C-17 |
| 21. Translation Services | C-17 |
| D. PREPARATION AND PROCESSING OF FOREIGN MILITARY SALES TRANS- ACTIONS | D-1 |
| 1. Introduction | D-1 |
| 2. DD Form 1513--Offer and Acceptance | D-1 |
| 3. Processing Requests for Letters of Offer and Acceptance | D-1 |
| 4. Duration of Letters of Offer | D-2 |
| 5. Information Conveyed by Letters of Offer | D-2 |
| 6. Supplemental Information for Letters of Offer | D-3 |
| 7. Absence of Specific Information | D-7 |
| 8. Pricing Data to be Included with Selected Letters of Offer | D-7 |
| 9. DD Form 1513-1--Amendment to Offer and Acceptance | D-8 |
| 10. DD Form 1513-2--Notice of Modification of Offer and Acceptance | D-9 |
| 11. Letters of Intent (LOI) | D-10 |
| 12. Financial Annexes | D-10 |

| <i>Chapter</i> | <i>Page Number</i> |
|--|--------------------|
| E. CREDIT MANAGEMENT | E-1 |
| 1. Purpose | E-1 |
| 2. Policy Guidance | E-1 |
| 3. Types of Credit | E-1 |
| 4. Financial Standards and Criteria | E-2 |
| 5. Treasury Guidelines | E-3 |
| 6. Eximbank Credit Procedures | E-4 |
| 7. FMS Credit Procedures | E-5 |
| 8. DOD - Guaranteed Credit Procedures | E-6 |
| 9. Treasury Advertised Procedures | E-7 |
| 10. Credit Approval Procedures | E-8 |
| 11. Industry/Banking Coordination | E-9 |
| 12. Preparation of Credit and Guaranty Agreements | E-10 |
| F. IMPLEMENTATION OF FMS | F-1 |
| 1. Purpose | F-1 |
| 2. Policies | F-1 |
| 3. Types of Foreign Military Sales | F-1 |
| 4. Requisition Procedures | F-4 |
| 5. Management Review | F-5 |
| 6. Delivery Performance | F-5 |
| 7. Supply Management | F-5a |
| 8. Packaging, Handling and Shipping | F-6 |
| 9. Customer Service | F-8 |
| 10. Suspensions/Cancellations | F-9 |
| 11. Management Reports | F-10 |
| G. FINANCIAL PROCEDURES | G-1 |
| 1. Purpose | G-1 |
| 2. Basic Principles | G-1 |
| 3. Financing and Billing for Cash Sales | G-2 |
| 4. Financing and Billing for Foreign Military Sales Under Credit Agreements Executed Subsequent to March 1972 | G-3 |
| 5. Financing and Billing for Military Sales Guaranties | G-5 |
| 6. Commercial Contracts Financed from DOD Direct Credit Funds | G-6 |
| 7. Commercial Contracts Financed by Guaranty of Private Credit | G-7 |
| 8. Processing Foreign Military Sales under Credit Agree- ments Executed Prior to April 1972 | G-7 |
| 9. Closing Foreign Military Sales Cases Financed Under Credit Agreement Executed Prior to April 1972 | G-9 |
| 10. Multiple Sources of Financing | G-10 |
| 11. Overdue Billings and Delinquent Accounts | G-11 |
| 12. Billing for Payments of Principal and Interest for the DOD Direct Credit Program | G-12 |
| 13. Reporting Collections of DOD Direct Credit Funds From DSAA and From Private Guaranty Credit Funds | G-12 |

MILITARY ASSISTANCE AND SALES MANUAL

| <i>Chapter</i> | <i>Page Number</i> |
|---|--------------------|
| 14. Sale of MAP Owned Property Under FMS | G-13 |
| 15. Addresses of Military Departments Central Collection and Billing Offices | G-13 |
| 16. Addresses of Military Departments Central Activities Responsible for Preparation and Issuance of Letters of Offer | G-13 |
| H. FOREIGN MILITARY SALES - COMMERCIAL AVAILABILITY | H-1 |
| 1. Purpose | H-1 |
| 2. Legislative Provisions | H-1 |
| 3. Department of Defense Policy | H-1 |
| 4. Guidelines for Determining Commercial Availability | H-1 |
| 5. Guidelines for Sale Through FMS Procedures | H-2 |
| 6. Special Exception - Federal Republic of Germany | H-3 |
| 7. Procedures for Processing Requests for Sale or for Pricing and Availability Data | H-3 |
| 8. Documents Rescinded | H-4 |
| J. FOREIGN MILITARY SALES TRAINING (FMST) | J-1 |
| 1. Purpose and Scope | J-1 |
| 2. General Guidance | J-1 |
| 3. English Language Training | J-3 |
| 4. FMST Course Costs | J-3 |
| 5. Cancellation of Training--Penalty Charge | J-3 |
| 6. Training at Civilian Institutions | J-4 |
| 7. Transportation and Travel | J-4 |
| 8. Living Allowances/Privileges | J-4 |
| 9. Training of Civilians Under FMS | J-5 |
| 10. FMS Orientation Training Courses and Visits | J-5 |
| 11. Mobile Training Teams (MTTs), and Field Training Services (FTS) | J-5 |
| 12. Training Relations | J-5 |
| 13. Restrictions on Transfer of Training | J-5 |
| 14. Intelligence Training | J-6 |
| K. FOREIGN MILITARY SALES REPORTING SYSTEM | K-1 |
| 1. Purpose | K-1 |
| 2. Concept | K-1 |
| 3. Reporting Frequency | K-1 |
| 4. Master File Update | K-2 |
| 5. Major Features | K-2 |
| 6. Military Articles and Services List (MASL) | K-2 |
| 7. Preparation of FMS Data Cards | K-2a |
| 8. Control Fields | K-12 |
| 9. Changing Field to Blank | K-12 |
| 10. Increase or Decrease of Numbers | K-13 |

| <i>Chapter</i> | <i>Page Number</i> |
|---|--------------------|
| 11. Inter-Relationship of Card Fields | K-13 |
| 12. Card Processing | K-14 |
| 13. FMS Administrative Surcharges | K-14 |
| 14. Special Characters | K-14a |
| L. FMS REPORTS | L-1 |
| 1. Purpose | L-1 |
| 2. Source of FMS Data | L-1 |
| 3. Categories of FMS Reports | L-1 |
| 4. Requests for FMS Reports | L-2 |
| 5. FMS Reports | L-2 |
| 6. Abbreviated Titles | L-6 |
| APPENDIX A - MACHINE READABLE CODES | App A-1 |
| APPENDIX B - PROCEDURES FOR PROCESSING FMS LETTERS OF OFFER WHICH MUST BE REPORTED TO CONGRESS | App B-1 |
| APPENDIX C - MAJOR DEFENSE EQUIPMENT LIST | App C-1 |
| APPENDIX D - FINANCIAL ANNEXES TO LETTERS OF OFFER | App D-1 |

CHAPTER A

PURPOSE, AUTHORITY AND SCOPE

1. Purposes of Security Assistance

Since World War II, the United States has been assisting friendly foreign countries in establishing and maintaining adequate defensive postures, consistent with their economic stability and growth, to maintain internal security and resist external aggression. Its reason for furnishing such assistance is based upon the tenet that the security and economic well-being of friendly foreign countries is essential to the security of the United States. This principle is inherent to the Truman Doctrine, the Marshall Plan, and more recently, the Nixon Doctrine. Assistance is rendered in a variety of ways, including the provision through sale or grant of defense articles, services and training and the making of financial and commodity grants.

2. Nature of Security Assistance

As a program, Security Assistance comprises the sale of defense articles, services and training, the grant of such articles, services and training without reimbursement in appropriate cases, and economic supporting assistance in exceptional cases to offset costs of maintaining armed forces. The Department of Defense is concerned primarily with sales and grants of defense articles, services and training, two forms of Security Assistance that it administers and for which it has direct responsibilities.

3. Legislative Authorities and Constraints

a. The Military Assistance Program (MAP) and the International Military Education and Training Program (IMETP) are grant aid programs that are carried out

under authority of the Foreign Assistance Act (FAA) of 1961, as amended. Foreign Military Sales (FMS) are made under authority of the Arms Export Control Act. These acts are subject to reconsideration annually by the Congress, at which time funds needed to carry out the program are authorized and, in addition, other amendments usually are made. In general, however, they provide authority

(1) To grant or loan defense articles and defense services under the Military Assistance Program (MAP),

(2) To grant training under the International Military Education and Training Program (IMETP),

(3) To sell defense articles, services and training (FMS),

(4) To extend and guarantee credit in connection with sales (FMS),

(5) To appropriate funds needed to carry out the Military Assistance Program and the International Military Education and Training Program, and to extend and guarantee credit for Foreign Military Sales.

b. In addition to the authorizing legislation cited above, appropriations must be obtained from Congress. Such appropriations may or may not equal the amounts authorized.

c. Legislative authorizations and appropriations may not be obtained until after the beginning of the fiscal year to which they pertain. Pending completion of such legislation, essential MAP, IMETP and FMS activities usually are carried out under Continuing Resolution Authority (CRA) provided by the Congress.

4. Leases

a. Establishment and Revocation

The Foreign Assistance Act and the Arms Export Control Act do not authorize leases of defense articles to foreign governments or international organizations under MAP or FMS. In exceptional circumstances when in the national interest, the Secretary of a Military Department may lease a non-excess defense article or articles to a foreign government or international organization under Title 10 USC, Section 2667. Military Departments will not arrange such a lease if a Foreign Military sale is feasible or if the foreign country or international organization is eligible for a loan or grant under MAP. Further, Military Departments will not prepare such leases as FMS transactions; use of a DD Form 1513 is not authorized for leases. Leases must have the concurrence of the General Counsel or Judge Advocate General of the Military Department, and the approval of DSAA. Further, leases for Major Defense Equipment must have the concurrence of the Assistant General Counsel for International Affairs, Department of Defense. Revocation of a lease requires the approval of DSAA.

b. Loss, Destruction, or Damage of Articles Leased

Lease terms will stipulate that in the event of loss or destruction of any article during its lease, the lessee government will reimburse the U.S. Military Department for the depreciated value of the article at the time of its loss or destruction. Lease terms will also provide that if any article is returned with damage beyond normal depreciation sustained during its lease, the lessee government will reimburse the U.S. Military Department for such damage upon return of the article.

c. Ship Transfers

For leases of ships, the special provisions of Part I, Chapter E of this Manual also apply.

d. Loans

Loans of defense articles to foreign governments or international organizations may be arranged under authority of the Foreign Assistance Act, Section 503, in accordance with Part II, Chapter C, paragraph 4.c. of this Manual.

5. Distribution of the MASM

DSAA will make distribution of the MASM and published changes to Unified Command; MAAGs, Military Missions and Offices of Defense Cooperation assigned to host countries; Military Departments; and other governmental agencies. Military Department Headquarters are responsible for making proper distribution to all users within their respective areas of Command, and should inform subordinate commands of proper channels for arranging to be placed on automatic distribution for MASM changes.

Requests placed on DSAA for MASM distribution will be honored if a valid requirement is established by the requesting office and/or agency. All inquiries should be addressed to DSAA Attention: Comptroller.

6. Reports Control Symbol

a. RCS: DSAA (AR) 1000 is assigned to the data processing cards and tapes, as well as, related narrative prescribed by MASM, Part II for Grant Aid activities.

b. RCS: DSAA (AR) 1100 is assigned to the data processing cards and tapes, as well as, related narrative prescribed by MASM, Part III for Foreign Military Sales activities.

CHAPTER B

RESPONSIBILITIES AND RELATIONSHIPS

1. Executive Branch

Within the Executive Branch, numerous departments and agencies (e.g., Office of Management and Budget, National Security Council, Department of the Treasury, Agency for International Development, Export-Import Bank) have a wide variety of responsibilities related to Security Assistance. Aside from the President, however, the principal responsibilities established by legislation are assigned to the Secretary of State and the Secretary of Defense. There are:

a. Under the direction of the President, the Secretary of State is responsible for continuous supervision and general direction of Military Assistance Programs and Foreign Military Sales, including but not limited to determining whether there shall be a program or a sale and, if so, the amount thereof.

b. The Secretary of Defense has primary responsibility for:

(1) Determination of military end-item requirements;

(2) Procurement of military equipment in a manner that permits its integration with service programs;

(3) Supervision of end-item used by the recipient country in the case of equipment provided under MAP;

(4) Movement and delivery of military end items; and

(5) Within the Department of Defense, the performance of any other functions with respect to providing Military Assistance and Foreign Military Sales.

2. Department of Defense

Detailed functions relating to Security

Assistance are set forth in the Foreign Assistance and Foreign Military Sales legislation, in Executive Orders, in DOD Directives and Instructions, and in Terms of Reference. In general, major responsibilities of the principal Defense Department components involved in security assistance are as follows:

a. Within the Department of Defense, the Assistant Secretary of Defense, International Security Affairs (ASD/ISA), acts for the Secretary of Defense and is his principal representative and spokesman on Security Assistance matters. He formulates policy and represents the Department of Defense with other governmental agencies in matters concerning Security Assistance policy and guidance.

b. As the operating arm of the Secretary of Defense, the Defense Security Assistance Agency (DSAA) is responsible for directing and supervising the administration and implementation of Security Assistance within the policies established by the ASD/ISA.

c. In accordance with DOD Directive 5105.38, the Defense Security Assistance Council (DSAC) advises the Secretary of Defense on Security Assistance matters of major importance and provides expeditious high-level coordination of such matters within DOD. Membership of the DSAC includes the ASD/ISA (Chairman), the Director of DSAA (Secretary), appropriate Assistant Secretaries of Defense, and the Director of the Joint Staff, Joint Chiefs of Staff. The Chairman also requests representation from the Military Services and other DOD components on an ad hoc basis, as appropriate. The DSAC has no permanent staff or secretariat, but does employ ad hoc working

MILITARY ASSISTANCE AND SALES MANUAL—PART I

groups to address specific Security Assistance matters.

d. The Secretaries of the Military Departments advise the Secretary of Defense on all Security Assistance matters impacting on or relating to their departments and act for the Secretary of Defense where responsibility for such action is so delegated. The Military Departments are specifically responsible for conducting training and for procuring and providing such defense articles and services as may be required by approved Security Assistance programs and accepted sales cases.

e. The Joint Chiefs of Staff (JCS) are responsible for correlating Security Assistance planning with military force planning and security objectives and provide the Secretary of Defense with military advice on security assistance matters.

f. For their respective areas of cognizance, Commanders of Unified Commands correlate Security Assistance plans and programs with U.S. military plans and are responsible for developing and submitting Security Assistance plans to the Secretary of Defense. They command the MAAGs in their areas of responsibility and direct and supervise all Security Assistance actions in such areas.

g. Unified Command, Component Commanders, and/or Service Representatives will advise and assist in the performance of functions relating to Security Assistance. In order to provide the required expertise and assistance, they will keep informed as to the item content of each year's Security Assistance Program and the capabilities and limitations of each country located in theater. Field trips will be made as necessary to accomplish the Security Assistance mission. Direct access to MAAG Service sections is authorized. Component Commanders and/or Service Representatives will:

(1) Keep Unified Commander advised as to their view concerning:

(a) The capabilities and operating standards desired as objectives for country forces receiving Security Assistance and the

composition, strength, unit organization, and the equipment of these forces.

(b) The capabilities of military forces in MAP recipient countries to operate effectively with other forces, and in support of U.S. war plans.

(c) Development and modernization programs and force objectives related to MAP forces of their respective Service to assure that capabilities of the forces are oriented toward complementing U.S. objectives in theater.

(d) The respective Service aspects of uni-service, joint, and combined training.

(e) Military facilities required to support MAP country forces.

(f) The revision and/or development of tables of organization and equipment, unit authorization lists, tables of distribution, and tables of allowances, based on the recommended structure for country forces.

(2) Participate in the review of Military Security Assistance Projections (MSAP) and budget year program updates.

(3) Implement approved Military Education and Training Programs in coordination with the Military Departments.

(4) Participate in inspections and surveys of MAAGs.

(5) Review inspection and audit reports and submit comments and recommendations as required.

(6) In addition to the general responsibilities outlined in paragraph 2.g. above, the following specific responsibilities are assigned:

(a) Air Force Service Representative will be the central coordinator and advisor for United Commander for in-country air defense facilities and equipment in order to assure unity in U.S. and allied air defense operational planning and to assure complementary air defense systems. In the performance of these functions, Service Representative and his designated air defense commanders are authorized direct communication with the MAAGs on country air defense proposals, plans, and programs.

(b) Army Service Representative will respond to Unified Commander requirements

for the Security Assistance surface-to-air missile (SAM) programs, and will arrange for combat readiness evaluations of deployed units (less funding) when specifically tasked by Unified Commander. Representative is authorized direct communication with MAAGs on SAM proposals, plans, and programs as they apply to Unified Commander tasking.

h. Chiefs of Military Assistance Advisory Groups (MAAGs) are representatives of the Secretary of Defense to their host governments on Security Assistance matters. They assist the foreign government in developing and executing Security Assistance plans and programs, and submit to ASD/ISA (DSAA), with information copies to the Unified Commander or other appropriate authority, such data, proposals, and recommendations as may be required or otherwise suitable to the execution of the mission.

3. Relationships

a. Although under command control of the Unified Command, MAAGs are also under general supervision of the Chief of the U.S. Diplomatic Mission who is responsible for coordinating the full range of U.S. governmental objectives and activities in the country. The Chief of MAAG is responsible for insuring that his activities are fully coordinated within the U.S. Diplomatic Mission. Where unresolved differences between the Chief of MAAG and Chief of the Diplomatic Mission exist, the Chief of MAAG will refer such differences promptly to the DASD/ISA(SA) with an information copy to the Unified Command.

b. The primary channel of communication concerning Foreign Military Sales (FMS), Military Assistance Program (MAP), and International Military Education and Training Program (IMETP) matters will be direct between MAAGs and DSAA, ASD/ISA, or Military Departments as appropriate. Information copies will be provided to the Unified Command for regional evaluation/comment as deemed appropriate by the Unified Command.

c. Unified Commands must be communicated with concerning:

(1) Military Assistance planning and policy matters relating to the implementation of Military Assistance Programs.

(2) Standardization of equipment, methods and doctrines.

(3) Recommendations for improvement of host country military organization and procedures.

(4) Offshore procurement.

(5) Support beyond MAAG organic capabilities.

(6) Requests for disclosure of U.S. classified military information:

(a) pertaining to strategic guidance and planning,

(b) belonging to or originated by more than one Service, or

(c) not releasable under current national disclosure policy, the release of which is recommended.

(7) Combat effectiveness and status of training of country forces. (Include appropriate Service Representative as information addressee.)

(8) Administrative support, except as otherwise necessary to comply with the provisions of Joint Instruction AR 1-75, OPNAVINST 4900.31 Series, AFR 400-45, and CINCPACINST 4400.1 Series.

(9) Budgets for administrative support of MAP activities. (See Part II, Chapter G.)

(10) Manning authorizations.

(11) Request for assistance, if unable to attain appropriate response to requests for action for technical advice and engineering services.

d. All DSAA (or ASD/ISA) Security Assistance directives and communications to Unified Commands, MAAGs, and Military Departments that have military operational or policy implications require coordination with the JCS. Conversely, all JCS Security Assistance directives and communications to Unified Commands, MAAGs, and Military Departments require coordination with the ASD/ISA who will, if appropriate, effect further coordination with DSAA.

CHAPTER E

SHIP TRANSFERS

1. Purpose

This chapter sets forth special policies and procedures governing the planning and execution of programs for the transfer of U.S. Navy ships to foreign governments. (See Chapter C, Part II for programming Instructions).

2. General Policy

a. Ships may be transferred to foreign governments by sale under the provisions of the Arms Export Control Act, by loan or grant under authority of the Foreign Assistance Act, or by lease under authority of Section 2667, Title 10, USC. Transfer normally will be by sale, however, regardless of whether the recipient foreign country is currently eligible for materiel programming under MAP.

b. When the foreign government is currently eligible for materiel programming under MAP, and it has been determined that sale is not feasible, transfer will be by loan under Section 503 of the FAA rather than lease under 10 USC 2667. (See Chapter C, Part II)

c. Regardless of the method of transfer (i.e., sale, loan, or lease) the foreign government normally will pay all costs incidental to transfer. In exceptional cases, however, these cost may be paid by MAP if the ship is sold or loaned under the FAA. There is no legal basis for MAP paying these costs if the ship is leased under 10 USC 2667.

3. Sale

a. Where ships are stricken from the Naval Vessel Register, they may be sold to

foreign governments under provision of the Arms Export Control Act.

b. If the purchasing country currently is eligible for materiel programming under MAP, and subject to prior approval of DSAA on a case-by-case basis, transfer costs may be charged to MAP. There is no legal basis, however, for MAP paying the transfer costs for ships authorized for sale by separate Congressional legislation.

4. Loan

a. Loan of major combatant ships (SS, DE or above) requires specific Congressional authorization and, in addition, certification by the CNO that the ship is not essential to the defense of the United States.

b. Loan under the FAA of ships other than those classified as major combatant does not require Congressional authorization but does require the CNO's certification described above.

c. If the foreign country currently is eligible for materiel programming under MAP, and subject to prior approval of DSAA on a case-by-case basis, transfer costs may be charged to MAP.

5. Lease

Leasing of ships under 10 USC 2667 is reserved for those exceptional cases where sale is not feasible and the foreign country is not eligible for materiel programming under MAP. Transfer costs may not be charged to MAP.

6. Transfer Plan Development

a. The initial impetus for ship transfers

normally is provided by the projected ship availabilities submitted by CNO in November of each year and submitted to the Secretary of Defense (ASD/ISA), through the Joint Chiefs of Staff (JCS), for use in preparation of a Ship Transfer Plan. Additional initiatives for ship transfers will be generated from a variety of sources and will require handling on a case-by-case basis in accordance with the paragraph below.

b. The Ship Transfer Plan encompasses a three-year projection which identifies requirements and projects availabilities of ships (by type) for transfer. The Ship Transfer Plan will be provided to the MAAGs and Commanders of Unified Commands concerned as Security Assistance Program guidance. The MAAGs will program ship transfers in conjunction with other elements of the Security Assistance Program. This results in inputs to the JCS for use in the preparation of the Support to Other Nations Annex of the Joint Forces Memorandum. The JCS, in turn, will consolidate the submissions from the Unified Commands and MAAGs and, considering worldwide requirements and priorities, reflect necessary adjustments in the Joint Forces Memorandum. The ASD/ISA will finalize the program, using the Ship Transfer Plan and the Joint Forces Memorandum as the basis for the preparation of the Naval modernization portion of the Security Assistance Program Objectives Memorandum (POM).

7. Approval Procedures

a. CNO will submit a letter request to the Director, DSAA, for each ship transfer at an appropriate time prior to making the offer to the receiving country. Each request will contain the proposed method of transfer, and a statement of concurrence by SecNav with respect to striking the ship from the Naval Register, if appropriate. The request also will identify the ship to be transferred and indicate whether it implements a programmed transfer. Requests to effect unprogrammed transfers will, in addition to the aforementioned information, contain complete military or other justification for the transfer and, where appropriate, significant political and economic considerations known to CNO.

b. The Director, DSAA, will coordinate all requests with OSD, with the Joint Staff and the Department of State, and other agencies as required, and will advise the CNO of approval (or disapproval) of the transfer. Specific approval of the Secretary of Defense on a case-by-case basis will be obtained by DSAA prior to authorizing any transfer to Latin American countries.

c. The CNO will upon receipt of approval, offer the ship to the country concerned and take all other necessary actions to implement the transfer.

mines that such military efforts or preparations have ceased (this restriction may not be waived under Section 614(a) of the Act, and what constitutes engaging in, or preparing for, aggressive military efforts will be determined on a case-by-case basis by the legal offices of DOD, AID, and the Department of State). No assistance shall be furnished to Egypt unless the President determines that the furnishing of such assistance is "essential to the national interest of the United States" (it should be noted that this determination is more difficult to make than the Presidential finding under Section 503(a), which permits assistance to friendly foreign countries, "the assisting of which the President finds will strengthen the security of the United States and promote world peace"). The President can deny assistance under the Act to the government of any less developed country which has failed to enter into an agreement with the U.S. to institute an investment guaranty program providing protection against inconvertibility, expropriation or confiscation. No assistance shall be provided to any country (unless the President finds such action contrary to national security) which is indebted to any U.S. citizen for goods or services furnished where such citizen has exhausted available legal remedies or the debt is not denied or contested by such government. Finally, assistance may be excluded from any country which seizes or imposes any penalty or sanction against a U.S. fishing vessel on account of its fishing activities in international waters.

e. Section 505(d) makes any country which uses assistance provided under the Foreign Assistance Act of 1961, as amended, or any predecessor Act, ineligible for further assistance whenever the prior assistance was used in violation of provisions of applicable U.S. legislation or any agreement entered into with that government.

f. Section 505(f) of the Act specifies that: "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 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 United States Government and shall be available to pay all official costs of the United States Government 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 Educational and Cultural Exchange Act of 1961."

g. Section 481(a) of the Act provides for the suspension of economic and military assistance furnished under this act or any other act with respect to any country when the President determines that the government of such country has failed to take adequate steps to prevent narcotic drugs and other controlled substances produced or processed in such country or transported through such country, from being sold illegally within the jurisdiction of such country to U.S. Government personnel or their dependents or from entering the United States unlawfully.

h. Sec. 644(m) of Foreign Assistance Act (FAA), as amended on 17 December 1973, defines value of Excess Defense Articles (EDA) as actual value plus cost of repair and rehabilitation (R&R).

Sec. 31(d), AECA, as amended on 30 June 1976, placed a limit of \$100 million on the aggregate acquisition cost of excess defense articles that may be issued under MAP and FMS in any fiscal year after FY 1976.

i. Foreign excess property may be donated under Title 40, USC, Sec. 512(a). Under this authority only that property may be transferred which has no commercial value or the estimated cost of care and handling of which would exceed the estimated proceeds of its sale. Foreign excess property of DOD which does not fall into this category must be reported under provisions of Sec. 8 of P.L. 91-

MILITARY ASSISTANCE AND SALES MANUAL—PART II

672 as amended 17 December 1973, unless such property is transferred in exchange for

substantial benefits or is sold at property disposal sale.

ARTICLES AND SERVICES

CHAPTER C

1. Purpose

This chapter provides guidance and instructions for providing defense articles and services (other than training) to foreign countries as Grant Aid in a manner that will insure greatest benefit to both the foreign country and U.S. interests.

2. Master Program File

a. Program data are maintained by DSAA in an automated data base titled the "master program file". Each program line in this file represents a requirement for defense articles or defense services. The file comprises an integrated statement of all MAP requirements for prior, current, and budget years. All changes to a program line are recorded in the master program file which is updated at regular intervals to reflect the current status of each program line. In order to maintain the integrity of the file as a complete and integrated statement of all MAP requirements, it is essential that the effects of each change be reflected simultaneously throughout all fiscal year segments. The results of these updates are provided by DSAA to the MAAGs biweekly and to the Unified Commands monthly in the form of revised country program listings for one prior year, the current year, and the budget year. DSAA also prepares listings and summaries from the updated file in a variety of formats and at different levels of detail for use by interested agencies (see Chapter J). The master program file is the basic data source used for program review, approval, budget presentation, MAP Order funding and program execution.

b. A record control number (RCN) is assigned to each program line by the MAAG

upon initial submission of program data cards for new program lines. DSAA will assign the RCN if the MAAG so desires. This record control number, along with the country/activity code and program year, provides a unique and positive identification of each program line which also is carried over to the associated MILSTRIP documentation used in supply execution. The reason for each change to a program line is documented in the master file by an appropriate change reason code.

3. MAP Element Descriptive Data**a. MAP Element Structure**

The MAP major program and program element structure prescribed herein is patterned after the major program and program element structure prescribed for U.S. forces in the DOD Five Year Force Structure and Financial Program. The MAP major programs are:

| <i>Program Number</i> | <i>MAP Major Program</i> |
|-----------------------|--------------------------------|
| 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 |

Each MAP major program is further broken down into MAP Elements (see Appendix A, Part II) which identify the forces or support activities for which requirements are programmed.

b. MAP Element Code

(1) The MAP Element Code (see Appendix A, Part II) is a four digit code that defines intermediate levels of forces, activities or support requirements in descending order of detail. The first digit is a numeral

MILITARY ASSISTANCE AND SALES MANUAL—PART II

that identifies the MAP major program (see paragraph 3a, above). The second and third digits are alphabetic that further define subdivisions of forces or activities within the MAP major program. The fourth digit normally will be the numeral 0 (not the letter O). Examples:

| Code | MAP Element Title |
|------|--|
| 2AF0 | F-5 Fighter Interceptor Squadrons |
| 2BA0 | NIKE Battalions |
| 3AA0 | Combat Infantry Divisions |
| 3GC0 | Destroyer Squadrons (or Des Ron One 3DD) |
| 3JA0 | Combat Marine Divisions |

An alphabetic may be substituted for the zero (0) 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. Examples:

| Code | MAP Element Title |
|------|-------------------|
| 3ABA | 1 Armored Brigade |
| 3ABB | 2 Tank Battalions |

MAAGs must recognize that excessive use of an alphabetic in the fourth digit can result in multiple requirements with the same stock number within the same country and program year. This in turn may delay program execution and the preparation of supply performance data by the implementing agencies.

(2) A separate MAP Element Code will be assigned to special projects in the following categories:

- Fixed Communications Systems
- AC&W Systems
- Special Activities (Generic Code R90)
- Manufacturing, Rebuild or Maintenance Facilities
- Production, Coproduction or Assembly Projects

(3) The numeral 0 will be entered in any unused digit of the MAP Element Code, e.g. Code 3F00 would permit the consolidation and programming of requirements for all General Purpose Amphibious Forces under a single MAP Element.

c. MAP Element Index

Each MAAG will submit to DSAA, with an information copy to the Unified Com-

mands, on or about 1 February of each year, one copy of a MAP element Index showing the code and title of each MAP Element contained in the budget year program. Codes will be listed in the same sequence as shown in Appendix A. A separate index will be prepared for each country and regional program, on $8 \times 10\frac{1}{2}$ " paper, and in the same format as the examples given in paragraph 3b, above. Additional information may be included in the index as deemed appropriate.

d. MAP Element Description

(1) A MAP Element Description will be submitted to DSAA, with an information copy to the Unified Command, on or about 1 February of each year for each MAP Element used in the budget year program. The description will provide justification for the requirements submitted for the MAP Elements involved. The MAP Element Description (see Figures C-2 and C-3) will be prepared on $8 \times 10\frac{1}{2}$ " paper and will contain:

- (a) The Code designation of the element.
- (b) The title of the element.
- (c) A brief narrative indicating the units and/or activities included in the element, the role the element plays in the country's armed forces, and justification for including its requirements in the MAP grant program.

(2) Descriptions will be assembled and submitted in the same sequence as the MAP Element Index.

(3) Descriptions need not be submitted for those countries where the program dollar level is less than \$3,000,000 or for those countries where grant aid is limited to training only.

e. MAP Element Coding Instructions

(1) Operating Costs (Cost Code O). For the most part, operating cost requirements are related to forces at the Military Service level, utilizing the appropriate support elements under the major aggregations entitled "Logistical and Operating Support". Third level codes T, U, and V are used to

group certain requirements having common characteristics or a common basis for program decision making. For expendable material (e.g., follow-on spares) a fourth level alphabetic may be utilized to identify the country supply management activity responsible for inventory control and preparation of requisitions to be submitted to U.S. supply activities.

(2) The following is provided in identifying the data to be included in each MAP Element:

(a) Support Elements

1. The elements in MAP major program 7, General Support, are used primarily for general MAP overhead costs such as MAP supply operations, for activities and operating support requirements applicable to two or more Military Services, and for communications facilities which serve both a military and a civil function.

2. The Elements Supporting Bases and Activities in MAP major program 3 include training installations, hospitals, supply and maintenance facilities, general command and administrative headquarters, command communications and terminal facilities not allocable to other elements, and other activities in general support of the operating forces. Requirements allocated to these elements should not include consumable materiel or replacement equipment which ultimately will be distributed by these activities to the operating forces.

3. The Elements Operating Support (Attrition and Ammunition/Training Missiles) in MAP major programs 2 and 3 include all requirements for replacement of attrition losses (even though cost coded I) and all requirements for ammunition including war reserve ammunition. Also included are technical assistance (M10) and repair and rehabilitation (R&R) of MAP materiel (M20) when these services are cost coded O. Do not include dollar value materiel lines for requirements other than ammunition in these elements.

4. The Elements Operating Support (FOS and Secondary Items) in major programs 2 and 3 include all dollar value lines of materiel cost coded O. Cost requirements are not included in these elements.

(b) Air and Missile Defense Forces

1. Aircraft Forces. Include technical assistance (Cost Code I), and Class V mods in appropriate aircraft mission elements. Include Class IV mods only if they are to be installed prior to delivery of the aircraft; otherwise, program in 3MV0. Any given unit or aggregation of units converting from one aircraft to another may be assigned a single MAP Element Code, preferably that of the more modern aircraft. In cases where the conversion is programmed on an incremental basis, the MAP Element Code for the existing unit may be used until conversion to the more modern aircraft is completed.

2. Surface-to-Air Missile Forces. Include basic load of missiles, and missile technical assistance (Cost Code I) in mission elements (2BA0 and 2BC0); include missiles to replace those consumed or to be consumed in training in 2BU0.

3. Communications-Electronics — Metrological Facilities/Systems. Include all radar and related equipment provided for the primary military assistance objective of air and missile defense.

(c) General Purpose Forces

1. Army Combatant Forces

a. Cavalry Units—Includes animal mounted units only.

b. Other Combat Units—Includes those separate combat units for which a specific third level code has not been assigned.

c. Other Combat Support Units—Includes those separate combat support units for which a specific third level code has not been assigned.

2. Naval Forces. Include ship overhauls in mission elements.

3. Paramilitary Forces. Include training, replacements of attrition losses, and ammunition in mission elements.

(d) Reserve Forces. Includes all costs of reserve forces, organized units and individual training.

(e) Research and Development. Includes the direct and indirect costs of research and development, items for testing and development, and related expenses.

(f) General Support

1. Intelligence and Security

a. Mapping and Charting—Includes military assistance in support of units or activities primarily engaged in mapping and charting, oceanographic survey and geodetic activities.

b. Other Intelligence Activities—Include military assistance associated with the collection, analysis, estimation, targeting, dissemination and overall operation of intelligence and counterintelligence at the country military headquarters level.

2. Communications. Includes air traffic control and landing facilities and long line, point-to-point wire, cable and radio communications facilities (including communications terminal and switching equipment) not allocable to other MAP major programs. Always include the requirement in MAP major program 7 when such facilities form a part of a civil communication system, or are to be used for both military and civil purposes.

3. Logistical Support

a. Supporting Bases and Activities—Includes activities of the type described in para 3.e.(2)(a)2. above when the activities are in support of more than one Military Service.

b. Multi-Service Operating Support (FOS and Secondary Items)—This element may be used where a designated Military Service or a supply service has multi-service programming, storage and issue responsibility for items common to all Services. In such cases, the designated service/supply manager will program the total

requirement for all Services under a single program line. Such multi-service program lines may be included in the 7DV0 series for Follow-On Spares (FOS) and secondary items. If one Military Service is the predominant user of the supplies involved, it is preferable that the total requirement for all Services be programmed as a single program line under the V-series element of the predominant user Service.

4. Command and General Support

a. Command and Direction—Includes country level military headquarters and related supporting activities not identified elsewhere.

b. Construction Support Activities—Includes construction units and activities which cannot be associated with other MAP major programs. Specifically includes generics Q1A and Q2D.

c. Other Support Activities and programs which are not allocable to other elements. Specifically includes generic R00.

4. General Programming Guidelines

a. General Principles

(1) All recipient countries are expected to allocate a reasonable share of their national resources to defense requirements. To the extent consistent with the achievement of over-all U.S. objectives, Unified Commands and MAAGs will seek to persuade countries to concentrate their resources on projects considered desirable in support of U.S. strategic concepts. Items, which are normally available for purchase in the country with local currency, whether produced locally or externally; will not be provided through grant aid. Where items can be produced locally on acceptable technical and economic bases, such production will be planned to foster self-sufficiency of the local economy.

(2) Assistance will not be provided earlier than needed to accomplish approved objectives nor before the recipient is able to provide the trained or trainable manpower,

funds, facilities, materials, services and other support necessary to insure effective utilization of the assistance rendered.

(3) Articles and services will be provided directly to the foreign forces or their agents (including civilian contractors to the force) for the use of such forces.

(4) In all cost-sharing agreements and in all offers or agreements which commit the U.S. to furnish a specific weapon or weapons system as grant aid there will be language that clearly states the basis on which any additional or recurring material and training costs will be borne by the U.S. and the participating nation or nations.

(5) "Internal Security Forces" supported by the Military Assistance Program should be limited to the regular military forces plus appropriate para-military organizations which are responsible for the security of the State and which are under Ministry of Defense direction as distinguished from local police organizations.

(6) For Military Security Assistance projects which require fixed communications facilities, the Military Department or other DOD element concerned will ensure that such projects are fully coordinated with the Defense Communications Agency (DCA). DCA should be notified at the earliest stages of planning and kept informed during all phases of implementation. This coordination specifically includes providing DCA with the results of initial surveys as well as subsequent detailed engineering plans and significant changes thereto. Projects requiring coordination with DCA are not limited to those pertaining exclusively to fixed communications, and also include those projects which contain fixed communications elements only as a portion of the overall project. The purpose of this coordination is to determine the extent to which the communications systems involved are compatible with the Defense Communications System (DCS) and if use of the systems by the DCS would be beneficial to the United States. The results of DCA review of these projects will be submitted to Defense Security Assistance

Agency (DSAA) through the Joint Chiefs of Staff (JCS). Further distribution of review results will be accomplished as appropriate.

(7) In addition to the above procedures, Military Departments or other DOD elements which are aware of foreign commercial communications projects under the sponsorship of U.S. industry should bring them to the attention of DCA in order that such plans can be obtained and reviewed for compatibility with DOD communications systems.

b. Materiel

(1) In order that maximum benefit is realized from U.S. Military Assistance, Unified Commands and MAAGs will insure that:

(a) Equipment and supplies provided as grant aid are properly distributed, maintained and used.

(b) Forces being assisted are receiving an equitable distribution of material on hand and anticipated from sources other than grant aid.

(c) Items for which attrition replacement is provided are removed from inventory by actual loss, cannibalization, scrapping or destruction.

(d) Obsolete items for which replacement is provided are disposed of promptly in accordance with applicable regulations.

(2) Authorized allowances and Military Assistance requirements will be determined on the basis of the minimum necessary to accomplish the military task and not on the basis of U.S. allowances or standards. Full consideration will be given to local conditions and standards including such factors as whether the mission is limited or static, the terrain, probable opposing forces, proximity to sources of supply, actual and anticipated existence of civilian facilities and assets, and limitations on manpower, skills and other supporting requirements.

(3) Items that are obsolete by U.S. standards will be provided only if they meet the operational requirement and are accept-

MILITARY ASSISTANCE AND SALES MANUAL—PART II

able to the recipient, and if necessary support can be assured by either the U.S. or recipient country.

(4) Wherever practicable, requirements will be met with more economical, limited standard, or commercial type items.

(5) In calculating deficiencies to be satisfied by provision of Military Assistance, excess on hand in a country military service will be applied to the requirements of remaining country military services prior to programming additional quantities of the item. MAAGs will make every effort to have excesses declared by the holding country. Such excess redistributable material will be reported for screening in accordance with provisions of Chapter K.

(6) Commercial type items are not authorized for MAP programming without prior approval of DASD(SA)/DSAA as appropriate. Requests for approval will be submitted as prescribed in Paragraph 5.d.(9) of this chapter.

(7) Maintenance floats may be programmed for grant aid recipients. Such items if required must be programmed within the country authorized program level. MAAGs will coordinate with the Military Departments to determine the quantity of an item recommended for maintenance float. Unified Commands and MAAG/MILGPs will insure through inspection that maintenance floats, if programmed, are required to maintain combat readiness and are not excessive.

(8) Provision under MAP of defense articles and services for the purpose of establishing in-country production or increasing existing production capabilities is not authorized without prior approval of the DASD(SA)/DSAA on a case-by-case basis. Requests for approval will contain complete details and justification, and will include comments and recommendations of the Chief of the U.S. Diplomatic Mission.

c. Loan of Equipment

(1) Equipment may not be loaned to foreign governments under authority of the Foreign Assistance Act without prior ap-

proval of DSAA. Requests or recommendations for such loans will be favorably considered only in those exceptional cases where, for cogent reasons, it is determined that transfer of title as grant aid would not serve the best interests of the U.S. As used in this context, the term "equipment" includes ammunition but excludes Production Plant Equipment which may not be loaned under these provisions.

(2) In addition to such other terms and conditions as the President may determine pursuant to Sec. 503(a), FAA, defense articles may be loaned thereunder only if—

(a) there is a bona fide reason, other than the shortage of funds, for providing such articles on a loan basis rather than on a grant basis;

(b) there is a reasonable expectation that such articles will be returned to the agency making the loan at the end of the loan period, unless the loan is then renewed;

(c) the loan period is of fixed duration not exceeding five years, during which such article may be recalled for any reason by the United States;

(d) the agency making the loan is reimbursed for the loan based on the amount charged to the appropriation for military assistance under Sec. 503(c); and

(e) arrangements are made with the agency making the loan to be reimbursed in the event such article is lost or destroyed while on loan, such reimbursement being made first out of any funds available to carry out this chapter and based on the depreciated value of the article at the time of loss or destruction.

(3) Under Sec. 503(c)—

(a) In the case of any loan of a defense article made under this section, there shall be a charge to the appropriation for military assistance for any fiscal year while the article is on loan in an amount based on—

1. the out-of-pocket expenses authorized to be incurred in connection with such loan during such fiscal year; and

2. the depreciation which occurs during such year while such article is on loan.

(b) The provisions of this subsection shall not apply—

1. to any particular defense article which the United States Government agreed, prior to the date of enactment (17 December 1973) to lend; and

2. to any defense article, or portion thereof, acquired with funds appropriated for Military Assistance under this Act.

(4) Recommendations to loan equipment in lieu of transferring its title will be considered on a case-by-case basis and will be submitted to the Defense Security Assistance Agency (DSAA) for approval, with an information copy to the appropriate Unified Command. Loan agreements will (1) be of specified duration with an option for renewal on a mutually agreed basis, (2) provide for return of the equipment on short notice in event of an unanticipated U.S. need, and (3) contain a requirement that the equipment be maintained in a fully serviceable condition in accordance with U.S. standards. Loans under the authority of Section 503 FAA shall be implemented only by: (1) a Memorandum of Understanding between the Director, DSAA and an appropriate authorized official of the lending agency, setting forth the terms and conditions under which the loan is authorized to be made and all charges, including depreciation, to MAP funds during specified fiscal years; and (2) a written loan agreement is concluded prior to the commencement of the loan on behalf of the lending agency and the borrowing government.

(5) For loans of ships, the special provisions of Part I, Chapter E of this Manual also apply.

d. Construction

(1) Military Departments will curtail maintenance and repair of real property projects under Operation and Maintenance of MAP Installations (generic code L3G) to

the maximum extent. Only those projects urgently required for support of the Military Assistance mission should be considered for funding.

(2) Special instructions governing the planning, programming, and execution of construction (generic code Q2) are set forth in Chapter D.

e. Technical Assistance

General policies governing the planning, programming and execution of grant aid technical assistance (generic code M) are as follows:

(1) Contract technician services performed in support of Military Assistance will be funded by Military Assistance Program funds to defray cost of salaries, travel and per diem.

(2) Technical assistance provided by DOD personnel will be funded by Military Assistance Program funds to cover cost of travel, per diem, and, in the case of DOD civilian personnel, salaries.

(3) Deployment of DOD personnel and teams, military or civilian, on PCS under MAP or FMS for the purpose of providing technical assistance or training to foreign countries, will require approval of the Director, DSAA, on a case-by-case basis, prior to making any offer or commitment to the foreign government concerned.

f. Police Training and Related Programs

(1) No funds made available to carry out the Foreign Assistance Act of 1961, as amended, shall be used to conduct any police training or related program in a foreign country or in the United States. Related programs include MAP materiel programs.

(2) All Military Assistance, including excess defense articles, is subject to this prohibition. (Cash sales, credits, or guaranties made or issued under the Foreign Military Sales Act are not affected by this prohibition.)

(3) No funds made available to carry out the Foreign Assistance Act of 1961, as amended, shall be used in any program of

MILITARY ASSISTANCE AND SALES MANUAL—PART II

internal intelligence or surveillance on behalf of any foreign government within the United States or abroad.

(4) "Police" as used in this prohibition includes military police as well as civilian police if the military police perform civilian law enforcement functions. Neither the name given to a unit of the foreign government nor the ministerial authority under which it operates is sufficient, in and by itself, to determine whether a particular force is a "police unit." The determining factor is the nature of the function performed.

(5) All assistance to police in foreign countries, including the provision of defense articles and services and not just training assistance, is prohibited.

(6) Assistance in foreign countries for all phases of civilian law enforcement (other than narcotics control) is prohibited. "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 so-called common crimes. The prohibition does not apply to units whose sole function is 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 such units are called "police." Assistance is, however, prohibited to units which have an on-going civilian law enforcement as well as a combat function. Consequently, this criterion may require termination of all MAP support to particular units of foreign forces in some countries. If any number of personnel from a smaller unit within a larger MAP supported unit are detailed to civilian law enforcement function, then only the smaller unit is prohibited from receiving MAP support.

5. Programming Guidance and Procedures

a. Procedures

(1) The MAAGs submit initial detailed budget year program data annually to

DSAA, with an information copy to the Unified Command, not later than January 15 (21 months prior to the beginning of that fiscal year) for use in updating the Military Security Assistance Projection (MSAP) (see paragraph 7.h., Chapter D, Part I of this Manual). Based upon Congressional Presentation Document (CPD) baseline guidance provided by DASD/ISA(SA), the MAAGs submit *adjusted* budget year program data to DSAA, with an information copy to the Unified Command, not later than January 1 (9 months prior to the beginning of that fiscal year), for use in preparation of the CPD (see paragraph 7.f. and 7.q., Chapter D, Part I of this Manual). These data are incorporated, with modifications, of which the MAAGs and Unified Commands are advised, into the DSAA master program file. Changes to the unfunded portion of the master program file (the unfunded portion of the current year and the entire budget year) will be processed in accordance with the procedures prescribed in this chapter and Chapter F.

(2) Except as otherwise specifically authorized in Chapter F, additions and increases recommended for approval and funding in the current fiscal year will be processed as changes to the unfunded program file.

(3) Submissions of data will be by punch cards, on transcript sheets or by message or letter communication. If transcript sheets are used, they must be filled accurately, double-spaced, and characters entered with sufficient precision that key punch operators will have no difficulty in understanding what is to be punched in each position. The formats for submission of changes are prescribed in paragraph 2., Chapter F for unfunded programs and are also applicable to the processing of changes to the funded program (i.e., changes to program lines for which MAP Orders have been issued). See Chapter F for additional instructions for processing changes to the funded program file.

(4) Development of Requirements. The program authorization constitutes that por-

tion of total requirements for which MAP support is authorized in each year of the program. The program requirement for which funding is to be requested will be based on DASD/ISA(SA) guidelines as reflected in the MSAP (see Chapter D, Part I), the capability of the country to utilize effectively the articles and services to be furnished in a particular fiscal year, and the manning level of units in relation to authorized equipment levels. For example: the MAAG may determine that an approved unit, not otherwise restricted in programming, is capable of utilizing only a portion of the total unit equipment authorization. In such cases the program authorization would be established at an appropriately lower level. This action would, in turn, reduce the program requirement in the applicable fiscal year.

(5) Program Originators and Implementing Agencies. MAP requirements will be programmed on a using Service basis. Approved program lines will normally be funded to and supplied by the U.S. Service indicated in the MASL as having supply cognizance over the programmed item. Where it is desirable in the case of programming for a system, or based on unit packaging and Service support responsibility, the indicated Milstrip Routing Identifier (MRI) in the MASL can be overridden. Justification for this action will be included with program data submissions.

b. New Program Recipients

The procedures prescribed in this chapter will also be followed for country and/or activity data being submitted for the first time. Program change reason code A1 will be entered in card columns 23-24 (reason code).

c. Administration and Support Costs

DSAA is responsible for the budget projects listed below. Actions requiring changes relating to the current and budget year programs for these budget projects will be resolved on the basis of appropriate narrative

budget submission changes (submitted by the administrative agencies) (see Chapter G). Required Cards 3, P, or R will be prepared by DSAA. The following budget projects are involved:

| <i>Budget Project</i> | <i>Description</i> |
|-----------------------|--|
| L1 | Transportation Costs |
| L2 | Packing, Crating, Handling, Port Loading and Unloading Costs |
| L3 | Operations and Maintenance of MAP Installations |
| L4 | Storage and Maintenance of MAP Stockpiles |
| L5 | Offshore Procurement Expenses |
| L6 | Logistic Management Expenses |
| P1 | Development of Advanced Design Weapons |
| P2 | Other Development Costs |
| Q1 | Infrastructure |
| R1 | International Military Headquarters |
| R3 | Inspector General, Foreign Assistance, State |
| R6 | Extraordinary Expenses |
| T1 | Administrative Expenses, Departmental and Headquarters |
| T2 | Military Mission Expenses |

d. Programming Instructions

(1) Spare Parts—Spare parts will be programmed, using the MASL, based on the nature of the requirement (initial stockage or follow-on), the type of equipment for which intended, the availability of catalog and supply data in the country and the characteristics of the parts (military specification or commercial).

(a) Initial Stockage—The requirement to establish an initial stockage to support an item first being introduced into country will be programmed in accordance with one of the following procedures:

1. Where the program originator can determine initial stockage requirements for individual spare parts items, from publications or supply experience, the requirement will be programmed and requisitioned in the same manner as follow-on spare parts requirements, except that cost code "I" will be punched in column 44.

2. Where the program originator desires the supplying (implementing) agency to initiate action to establish the composition of the initial spares package for shipment concurrent with the end item (concurrent spare parts (CSP)), the CSP will be pro-

MILITARY ASSISTANCE AND SALES MANUAL—PART II

grammed as indicated below. In each such case use the MRI and source of supply code of the related end item; use cost code "I" and punch an "N" in column 52 of card 3.

a. Aircraft—Program CSP's for aircraft in Generic Codes A1A through A5Z, and for AGE major items in A7A, by utilizing the group, class and item identification of the major item and 1st position of Generic Code A. Punch "A" in column 52 of card 3 for AGE.

b. Missiles—Program CSP's for missiles and missile support equipment in Generic Codes B1A through B3Q by utilizing the group, class and item identification of the major item and 1st position of Generic Code B.

c. Ships—Program CSP's for ships in Generic Codes C1A through C5Z by utilizing the group, class and item identification of the major item and 1st position of Generic Code C.

d. Weapons—Program CSP's for weapons in Generic Codes F1A through F4Z by utilizing the group, class and item identification of the major item and 1st position of Generic Code F.

e. Communications Equipment—Program CSP's for communications equipment in Generic Codes H1A through H6Z by utilizing the group, class and item identification of the major item and 1st position of Generic Code H.

f. Other Major Items—Program CSP's for all other major items by utilizing the group, class and item identification of the major item and 1st position of Generic Code K.

3. Where the program originator desires the supplying agency to initiate action to establish the composition of the initial spares package, but the end item involved is a secondary item included in a dollar value line, the CSP requirement will be programmed by increasing the amount in the dollar value line which contains the secondary item. In such cases, separate communication with the supplying (implementing) agency will be necessary to identify the

item(s) for which the CSP package is required.

(b) CSP Cost Factors—Where more accurate cost data is not available the dollar amounts to be programmed for CSP requirements should be determined by applying the following percentage factors to the acquisition value or the MAP unit price (whichever is the larger) of the related end item in the MASL. Factors listed below do not include spare engines.

| Category | Factor |
|------------------|--------|
| Ships | 10.0%* |
| ASW Aircraft | 15.0% |
| Missile Systems | 15.0% |
| Helicopters | 15.0% |
| Cargo Aircraft | 10.0% |
| Fighter Aircraft | 12.5% |
| Trainer Aircraft | 10.0% |
| Other Aircraft | 10.0% |
| Other Equipment | 10.0% |

* For ships furnished by DN, use cost factor provided by CNO.

(c) Follow-on Spare Parts (FOS)—Follow-on spare parts will be programmed under the appropriate dollar line in the MASL according to the federal supply classification of the part.

(2) Aerospace Ground Equipment (AGE)—Criteria for the programming of AGE for aircraft are as follows:

(a) Where the program originator can predetermine requirements for the individual items, from publications or supply experience, AGE requirements will be programmed in the dollar value MASL line in Generic Code A7A, and the items requisitioned in accordance with prescribed procedures.

(b) Where a major item is programmed for introduction into country and the program originator desires the supplying (implementing) agency to initiate action to establish the composition of the AGE package, the AGE will be programmed by utilizing the group, class and item identification of the major item and 1st position of Generic Code A. Use the MRI and source of supply code of the related end item, and punch an "A" in column 52 of card 3.

(c) Where more accurate cost data is not available, the dollar amounts to be programmed for AGE requirements should be determined by applying a 10 percent factor to the acquisition value or MAP unit price (whichever is the larger) of the related aircraft.

(3) Equipment Attachments—Equipment attachments in FSC 3810 (crane and crane shovel) and FSC 3830 (truck and tractor) will be programmed as follows:

(a) Punch the group, class, and item identification number of the corresponding major item in columns 8–18 and 1st position of Generic Code K of card 3.

(b) Punch E in column 52.

(c) Punch source of supply code of the corresponding major item in column 65.

(d) Punch MILSTRIP routing identifier of corresponding major item in columns 66–68.

(e) Punch total cost in columns 73–80. Consult the catalogs, if obtainable, of the responsible service to determine total cost; otherwise, apply a percentage factor of 5 percent to the acquisition value or MAP unit price (whichever is larger) of the related end item.

(4) Assemblages and Sets of Equipment—AR 725–1, Chapter 12 establishes the practice of excluding major components from certain sets, and requires separate requisitions for these major components. For those sets which fall within the purview of AR 725–1, a special MAP procedure has been established which permits MAAGs to program, if desired, the complete set as one program line item. Programming should be as follows:

(a) Complete Assemblages or Set of Equipment—When a complete assemblage or set of equipment is required, it can be programmed as a major item utilizing the data contained in the MASL. When such sets are programmed as major items, Department of the Army will prepare all necessary MILSTRIP requisitions to effect supply of the complete assemblage or set of equipment.

(b) Components of Assemblages or Sets of Equipment—When what is required is something less than the complete assemblage or set of equipment, the required components will be programmed under the MASL major item line (if there is one), or the appropriate dollar value line. Components programmed under dollar value lines will be requisitioned by the MAAG in accordance with established procedures.

(5) Aircraft Repair or Modification—The following policy will be applicable for the utilization of MASL lines providing for aircraft repair, rehabilitation or modification:

(a) When the requirements are for such repair or modification to be applied to a MAP-owned aircraft, the repair or modification will be programmed as such.

(b) When the requirements are for supply of an aircraft to a MAP recipient and:

1. The MASL lists an aircraft in the desired model or configuration, the program will be in terms of the desired end item, without separate program lines for repair or modification.

2. The desired aircraft listed in the MASL may require modification, and such modification does not convert the aircraft to another model listed in the MASL, the program will include lines both for the aircraft and for the repairs or modifications necessary to bring the aircraft to the desired configuration at time of delivery.

(6) Construction Services—See Chapter D.

(7) Ship Transfers and Overhauls—Policies and procedures governing Ship Transfers are contained in Chapter E, Part I. The initial transfer of all U.S. Navy ships that are loaned or granted to eligible MAP recipients under the authority of Section 503, Foreign Assistance Act (FAA) or separate Congressional authorization in the case of Major Combatant Ships, will be reflected in the Military Assistance Program. The initial transfer of ships sold under the Arms Export Control Act will be recorded in the

MILITARY ASSISTANCE AND SALES MANUAL—PART II

FMS case (DD Form 1513) covering the sale.

(a) The procedure for programming ship transfers and ship overhauls under MAP is as follows:

1. MAAGs will furnish DSAA the name of the ship and method of transfer upon submission of programming data.

2. Loans or grants under the Foreign Assistance Act:

a. Preparation for Initial Transfer—The initial transfer will be programmed under Generic Codes C1A through C5Z, as appropriate, irrespective of whether a MAP cost is involved. A separate program line will be used for each ship. A new MASL line will be added when necessary in order to distinguish new construction ships from those being transferred from U.S. Navy assets. The unit of issue will be "each" and the quantity must be shown. Supply code L will be entered in column 65. Normally, the MAP unit price will be left blank since, as indicated in Chapter E, Part I, the recipient country is expected to pay all costs incidental to the transfer. In those exceptional cases, however, where DSAA specifically approves MAP funding of the cost of any activation, repair, overhaul, modernization, conversion or equipment installation required to be performed prior to transfer under the terms of the loan agreement, the total cost of these services will be entered as the MAP unit price.

b. Actual Transfer—After the ship has been readied for transfer, and subject to specific approval by DSAA, those costs related to the actual transfer may be programmed at MAP expense under Generic Code R7A, using a separate program line for each ship, to include the following:

1 Prior to Transfer: The transportation of foreign crews to the pick-up point, per diem up to the date of transfer, on-board familiarization of foreign crews, and USN transfer/activation team if required.

2 After Transfer: Repair parts, consumable supplies and repairs

needed during underway training and in preparation for the homeward voyage (provisions are not authorized); ammunition, fuel, lubricants, water, tug and pilot services, and wharfage and dockside services in U.S. ports prior to commencement of the homeward voyage; and USN mobile training team and shakedown training.

3 May not include any repairs, materials or services after homeward voyage commences even though subsequent stops are made in U.S. ports (see paragraph *c* below).

4 Formalized training ashore of foreign crew members, where applicable, will be programmed under budget project N10 (training) in accordance with Chapter E, Part II.

c. Repairs Prior to Arrival in Country—In the event it is determined during the homeward voyage that additional ship repairs must be performed in order to assure safe arrival of the ship in country, and subject to DSAA approval, the MAP unit price of the applicable program line established pursuant to paragraph (a)2.a. above may be increased to cover the cost of such repairs.

d. Repair Overhaul After Arrival in Country (see Part I, Chapter C, para. 4.e):

1 In-County Ship Repairs/Overhauls—When ship repair, overhaul, modernization, or conversion is to be performed in-country at MAP expense, with the MAP contribution limited to technical assistance and some of all of the materials and components required, the MAP requirement will be programmed under Generic Code C6A using the dollar value line contained in the MASL. A separate program line will be used for each ship. If NAVSEA management and coordination is necessary in order to satisfactorily complete the project, MRI code N23 (NAVSEASYSCOMHQ) should be used. Where only material requirements are needed to complete the project, MRI code N65 (NAVILCO) should be used, and the required items requisitioned in accordance with existing procedures. Indigeous labor

costs will be paid by the recipient country. MAP funds will not be used for this purpose.

2 Out-of-Country Ship Repairs/Overhauls—When repair, overhaul, modernization, or conversion is authorized to be performed at MAP expense in a third country or in a U.S. facility, the requirement will be programmed under Generic Code M2B. A separate program line will be used for each ship. In the event offshore procurement (OSP) of articles and services is involved, the MAAG will submit to DSAA the information required by DOD Directive 2125.1 for issuance of a MAP/OSP Certificate.

e. MAP costs programmed under Generic Codes C10 through C90 are classified as defense articles and those programmed under Generic Code R7A and M2B are classified defense services as defined in Section 644 of the Foreign Assistance Act.

(8) Loan of Equipment—Recommendations to loan equipment in lieu of transferring its title to eligible grant aid recipients will be submitted to DSAA in accordance with paragraph 4.c. above. The following procedures will govern the programming of costs associated with the loan of equipment which has been approved by DSAA and for which the required loan agreement has been accomplished:

(a) Loans will be restricted to non-excess equipment, in serviceable condition, for not more than five years duration, where there is every expectation that the equipment will be returned to U.S. custody.

(b) Generic Code R9E, loan fees, MASL line 0795 LONFEES, will be used to program depreciation charges, as determined by the Military Department, for the loaned equipment. Upon return of the loaned equipment, this loan fee will be retained as a charge to the country program in order to reimburse the Military Department for its depreciation charges for the duration of the loan.

(c) The amount of the loan fee mentioned above should not exceed the actual net value loss incurred by the U.S. during the loan period as a consequence of the

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

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

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

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

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

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

(9) Commercial Type Items

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

MILITARY ASSISTANCE AND SALES MANUAL—PART II

| <i>Group</i> | <i>Class</i> | <i>Description</i> | <i>Group</i> | <i>Class</i> | <i>Description</i> |
|--------------|--------------|---|--------------|--------------|---|
| 26 | 10 | Tires and Tubes Pneumatic | 61 | 35 | Batteries, Primary |
| 26 | 30 | Tires Solid and Cushioned | 61 | 40 | Batteries, Secondary |
| 26 | 40 | Tire Rebuild and Tire and Tube Repair Material | 61 | 45 | Wire and Cable, Electrical |
| 31 | 10 | Bearings Anti-Friction Unmounted | 62 | 10 | Indoor and Outdoor Electrical Lighting Fixtures |
| 31 | 20 | Bearings, Plain Unmounted | 62 | 30 | Electric Hand and Portable Lighting Equipment |
| 31 | 30 | Bearings Mounted | 62 | 40 | Electric Lamps |
| 34 | 39 | Misc Welding, Soldering and Brazing Supplies and Accessories | 62 | 50 | Ballasts, Lampholders and Starters |
| 35 | 50 | Vending and Coin Operated Machines | 62 | 60 | Nonelectric Lighting Fixtures |
| 35 | 90 | Misc Service and Trade Equipment | 65 | 05 | Drugs, Biologicals and Official Reagents |
| 37 | ALL | Agricultural Machinery and Equipment | 65 | 08 | Medicated Cosmetics and Toiletries |
| 39 | 90 | Misc Materiels Handling Equip | 65 | 10 | Surgical Dressing Materials |
| 40 | 10 | Chain and Wire Rope | 65 | 15 | Medical and Surgical Instruments |
| 40 | 20 | Fiber Rope, Cordage and Twine | 65 | 20 | Dental Instruments, Equipment, and Supplies |
| 40 | 30 | Fittings for Rope, Cable and Chain | 65 | 25 | X-Ray Equipment and Supplies, Medical, Dental and Veterinary |
| 41 | 20 | Air Conditioning Equipment | 65 | 30 | Hospital Furniture, Equipment, Utensils and Supplies |
| 41 | 41 | Fans Air Circulators and Blower Equipment | 65 | 32 | Hospital and Surgical Clothing and Textile Special Purpose Items |
| 45 | ALL | Plumbing, Heating and Sanitary Equipment | 65 | 40 | Opticians' Instruments, Equipment and Supplies |
| 47 | 10 | Pipe and Tube | 65 | 45 | Medical Sets, Kits and Outfits |
| 47 | 20 | Hose and Tube Flexible | 66 | 40 | Laboratory Equipment and Supplies |
| 47 | 30 | Fittings and Specialities: Hose/Pipe/Tube | 66 | 45 | Time Measuring Instruments |
| 51 | 10 | Hand Tools, Edged, Nonpowered | 66 | 50 | Optical Instruments |
| 51 | 10 | Hand Tools, Nonedged, Nonpowered | 67 | 10 | Cameras, Motion Picture |
| 51 | 30 | Hand Tools, Power Driven | 67 | 20 | Cameras, Still Picture |
| 51 | 33 | Drill Bits, Counterbores, and Counter Sinks: Hand and Machine | 67 | 30 | Photographic Projection Equipment |
| 51 | 36 | Taps, Dies, and Collets: Hand and Machine | 67 | 40 | Photo Developing and Finishing Equipment |
| 51 | 40 | Tool and Hardware Boxes | 67 | 50 | Photographic Supplies |
| 51 | 80 | Sets, Kits and Outfits of Hand Tools | 68 | ALL | Chemicals and Chemical Products |
| 53 | 05 | Screws | 71 | ALL | Furniture |
| 53 | 06 | Bolts | 72 | ALL | Household, Commercial Furnishings and Appliances |
| 53 | 07 | Studs | 74 | ALL | Office Machines, Visible Record Equipment and Data Processing Equipment |
| 53 | 10 | Nuts and Washers | 75 | ALL | Office Supplies and Devices |
| 53 | 15 | Nails, Keys and Pins | Except 7540 | ALL | Standard Forms |
| 53 | 20 | Rivets | 77 | ALL | Musical Instruments, Phonographs and Home-type Radios |
| 53 | 25 | Fastening Devices | 78 | ALL | Recreational and Athletic Equipment |
| 53 | 30 | Packing and Gasket Material | 79 | ALL | Cleaning Equipment and Supplies |
| 53 | 35 | Metal Screening | Except 7930 | ALL | Cleaning and Polishing Compounds and Preparations |
| 53 | 40 | Misc Hardware | 80 | ALL | Brushes, Paints, Sealers and Adhesives |
| 53 | 45 | Disk and Stones, Abrasives | Except 8030 | ALL | Preservatives and Sealing Compounds |
| 53 | 50 | Abrasive Materials | Except 8040 | ALL | Adhesives |
| 55 | ALL | Lumber, Millwork, Plywood and Veneer | 81 | 05 | Bags and Sacks |
| 56 | ALL | Construction and Building Materials | 81 | 15 | Boxes, Cartons and Crates |
| 59 | 25 | Circuit Breakers | 81 | 35 | Packaging and Packing Bulk Material |
| 59 | 30 | Switches | | | |
| 59 | 35 | Connectors, Electrical | | | |
| 59 | 40 | Lugs, Terminals and Terminal Strips | | | |
| 59 | 70 | Electrical Insulators and Insulation Materials | | | |
| 59 | 75 | Electrical Hardware and Supplies | | | |

| Group | Class | Description |
|--------|-------|---|
| | 83 | ALL Textiles Only |
| | 84 | ALL Clothing Only |
| | 85 | ALL Toiletries |
| | 87 | ALL Agricultural Supplies |
| | 88 | ALL Live Animals |
| | 89 | ALL Subsistence |
| Except | 8970 | Composite Food Packages |
| | 91* | ALL Fuels, Lubricants, Oils |
| | 93 | 10 Paper and Paperboard |
| | 93 | 20 Rubber Fabricated Materials |
| | 93 | 30 Plastic Fabricated Materials |
| | 93 | 40 Glass Fabricated Materials |
| | 93 | 50 Refractories and Fire Surfacing Materials |
| | 93 | 90 Misc Fabricated Non-Metallic Materials |
| | 94 | ALL Non-Metallic Crude Materials |
| | 95 | 05 Wire, Non-Electrical, Iron and Steel |
| | 95 | 10 Bars and Rods, Iron and Steel |
| | 95 | 15 Plate, Sheet and Strip, Iron and Steel |
| | 95 | 20 Structural Shapes, Iron and Steel |
| | 95 | 25 Wire, Non-Electrical, Non-Ferrous Base Metal |
| | 95 | 30 Bars and Rods, Non-Ferrous Base Metal |
| | 95 | 35 Plate, Sheet, Strip, and Foil: Non-Ferrous Base Metal |
| | 95 | 40 Structural Shapes, Non-Ferrous Base Metal |
| | 95 | 45 Plate, Sheet, Strip, Foil and Wire: Precious Metal |
| | 96 | ALL Ores, Minerals and Their Primary Products |
| | 99 | ALL Miscellaneous |
| Except | 9930 | Materials; Cemeterial and Mortuary Equipment and Supplies |

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

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

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

1. Identification of specific items to be excepted.

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

item or a reasonable substitute on the local market.

3. Specific time period for which the exception is requested and at the end of which the foreign country will assume responsibility for supplying the item from sources other than MAP.

4. Concurrence of the Director of the AID Mission in-country and of the U.S. Ambassador.

(d) Punch commercial type item code "1" in column 53 to indicate prior approval has been obtained (see Appendix A).

(10) Ammunition—

(a) Ammunition for operational requirements and training will be programmed by the supply manager under attrition/ammunition MAPELs as an operating (O) cost.

(b) War reserve ammunition, when authorized, will be programmed under attrition/ammunition MAPELs as an investment (I) cost. (Costs for maintaining war reserve stocks will be programmed as an O cost).

(11) Training—See Chapter E.

6. Execution Procedures

After approval and funding, the MAP will be executed according to instructions contained in this paragraph as supplemented by the Military Department concerned.

a. Maintenance of Records

(1) The Record Control Number is the keystone to continuous identification (or audit trail) through all phases of MAP programming action—from program submission through approval, change, implementation, execution, and performance reporting. The Record Control Number, along with the Country/Activity Code and program year, provides a positive and specific identification of a MAP line when carried over to associated documentation used in MAP execution (e.g., MILSTRIP cards and hard copy forms).

MILITARY ASSISTANCE AND SALES MANUAL—PART II

(2) DSAA will utilize the MAP Order, containing the assigned Record Control Number for each line, to authorize and direct shipment of materiel to or performance of services for MAP recipients. Only in emergency circumstances will supply of new program items be directed by any other form of document. When messages or other document forms are used under emergency condition, the instruction will contain the Record Control Number to be used for each line. When emergency instruction procedures are used, confirming MAP Orders will be issued as soon as possible thereafter, with the same Record Control Number for each program line as that in the emergency shipment instruction.

b. Requisitioning Control

(1) Materiel programmed as a dollar value line is supplied to MAP recipients on the basis of requisitions submitted by the recipient, except in those cases where the implementing agency determines that internal preparation of requisitions is the most practical and expeditious way to initiate supply action. This latter procedure is used mainly for shipments of initial issue spares, impact shipments, and special weapons systems where major and secondary items are assembled and shipped as a consolidated package. Therefore, it is essential that the customer within country code (CU) be accurately reflected in submission of program data to ensure that the materiel is shipped to the correct in-country user. Military Departments will issue procedural instructions prescribing circumstances where requisitions will be initiated internally.

(2) MAAGs, or recipient countries subject to approval and control of the MAAG, will submit requisitions for materiel items where the implementing agency does not prescribe internal requisition preparation. Requisitions submitted by recipient countries, MAAGs, or other agencies must indicate the Record Control Number of the MAP Order program line authorizing supply. This program identification will be accomplished by completing the Supplementary Address

Field of the MILSTRIP requisition form as follows:

| <i>Card Column</i> | <i>Complete as follows:</i> |
|------------------------|---|
| 45 | Enter Y |
| 46 | Enter program year |
| 47-50 | Enter Record Control Number as indicated on MAP Order |

(3) Each implementing agency will establish control procedures to insure that recipient country, MAAG, or other agency requisitions accepted by the implementing agency against dollar value lines do not exceed, in cumulative value, the dollar amount authorized by the MAP Order line against which they apply. Requisition control will also be exercised to restrict requisitions to the type of materiel (Federal Supply Groups and Classes) as shown in the MASL for the program lines to which they apply.

7. Implementing Procedures

a. Reporting to Congress those MAP Items Costing \$25 Million or More to be Provided From Inventories of Active U.S. Forces

(1) The FY 1976 DOD Appropriation Authorization Act requires DSAA to report to the Congress any proposed transfer to a foreign country of defense articles from the inventories of active U.S. forces which cost \$25 million or more. Therefore, when a new line item (RCN) for defense articles totaling \$25 million or more, or an increase to an existing line item bringing its total to \$25 million or more, is issued to a military department on a MAP Order, that department must determine the source of supply. Specifically, if the item is to be provided from U.S. active forces' inventories, the military department must immediately advise the Comptroller, DSAA, and provide data concerning (a) the impact of such transfer on the current readiness of U.S. forces, (b) the adequacy of reimbursements to cover, at the time of replenishment to United States inventories, the full replacement costs of those items transferred, and (c) the impact, if reimbursements are not adequate and the justification for such dis-

parity. A sample format of the memorandum to be used for reporting this data to DSAA is provided in Figure C-1. This action will enable the Comptroller, DSAA to comply with the Congressional reporting requirement.

(2) DSAA will notify the military department concerned when the required report has been submitted to the Congress. Supply action normally taken pursuant to receipt of a MAP Order will be suspended for a period of 15 days following the submission of the report to the Congress. Upon expiration of the waiting period, supply action will resume unless advised otherwise by the Comptroller, DSAA.

b. Review of Major Items in Undelivered Programs

(1) In the implementation of the Military Assistance Program, coordination between supplier/user is required to establish controls which minimize costs associated with procurement, repair or rehabilitation as well as those involved in making shipments to recipient countries for items which may no longer be needed or for which changes in requirements may be anticipated.

(2) Military Departments and MAAGs will continuously review undelivered articles in funded programs and submit program deviations and other change data as prescribed to insure that undelivered programs are revised as necessary to reflect changes in conditions under which they were originally approved and funded.

(3) For major items (with "each" unit of issue) Military Departments and MAAGs will:

(a) Promptly communicate by message actions regarding cancellations, substitutions, or pending changes of requirements in undelivered programs.

(b) Promptly process EAM data cards reflecting quantitative increases/decreases in undelivered programs through appropriate channels as prescribed.

(c) Coordinate required availability dates and promptly communicate circum-

stances which could affect planned supply actions.

(d) Insure certification is submitted as prescribed by para 7.h. below.

c. Management of Dollar Program Lines Funded Under Limitation .002

(1) Materiel supplied against dollar lines on the basis of MILSTRIP requisitions.

(a) Materiel programmed in dollar lines to operate and maintain grant aid supported country forces is programmed on an annual basis to cover a year's requirements. To gain maximum utilization of these annual funding increments, MAAGs and country forces should maximize planning to include the determination of requirements prior to receipt of funded MAP Orders so that the requisitioning process can be accomplished without delay.

(b) Dollar lines of the current fiscal year shall be available for requisitioning until the end of the subsequent fiscal year (i.e., twelve months after the close of the current year), except as indicated in para (f) below.

(c) Unrequisitioned balances remaining in dollar lines, after requisition cutoff action in para (b) above is applied, will be cancelled, and funds recouped and returned to DSAA. Concurrently, recoupment of uncommitted balances for all prior year dollar line MAP Orders will be processed to DSAA by the Military Departments.

(d) Subsequent to the initial requisition cutoff date and recoupment action, all dollar lines will be reviewed semi-annually (June 30-December 31) by Military Departments to recoup any residual funds accumulated due to routine supply actions such as price changes, cancellations, etc.

(e) Requests for exemption from cutoff policy will be referred to DSAA for approval at least 30 days prior to the cutoff date on a case-by-case basis. Justification will provide (a) reasons why requisitions cannot be submitted prior to the established cut-off date, and (b) the date requisitions will be submitted if the requested exemption is approved.

MILITARY ASSISTANCE AND SALES MANUAL—PART II

(f) Excepted from the requisition cut-off and recoupment policy (subparagraph (b) through (e) above) are:

1. Initial AGE, CSP and equipment attachment packages (identified by A, N or E in Program Card Column 52). Since delivery of this materiel is tied to delivery of end items, no time limitation is imposed for submission of requisitions. Maximum effort should be made however to requisition and subsequently deliver CSP, AGE and equipment attachment packages in conjunction with or prior to delivery of the major end item. Once AGE, CSP and equipment attachment requirements are placed on requisition, any program value remaining in the dollar program line in excess of the requisitioned value will be recouped during the semi-annual recoupment review. Requisitions remaining unfilled one year after delivery of the major end item will be cancelled and funds recouped subject to approval of the MAAG. The MAAG will justify extension to DSAA.

2. In-country ship overhaul (Generic Code C6A). These program lines are available for requisitioning action for 36 months after the date of the initial funded MAP Order. Uncommitted funds remaining in these program lines will be recouped in the first semi-annual review after the 36-month period has expired. Any residual funds accumulating thereafter will be recouped during each subsequent semi-annual review.

3. Programs against U.S. commitments. Requisition cutoff dates and recoupment actions for commitment program lines will be by specific direction of DSAA.

(2) Services (as opposed to Materiel) programmed in the current fiscal year program are available for commitment and/or obligation until March 31 of the subsequent fiscal year (i.e., six months after the close of the current year). Work schedules, work or project orders, and commercial contracts may be used as a basis to commit funds programmed in this category. Uncommitted funds in these program lines will be re-

couped together with materiel program lines as prescribed in subpara b.(1)(c) and (d) above.

d. MILSTRIP Backorder Reconciliation

Semi-annual validation of materiel requisitioned under grant aid will be accomplished by the Military Departments and MAAG/recipient countries in accordance with instructions contained in MILSTRIP, Chapter 10. Military Departments are responsible to notify MAAGs/Missions of cut-off dates and schedules for accomplishing each reconciliation cycle. The MAAGs/recipient countries will validate the requisitions for continued need or appropriate cancellation actions.

e. Responsibility for Delivery and Forecast Information

(1) Within 120 days after issuance of a MAP Order, Military Departments will advise MAAGs of the forecast delivery date of each major item. No less frequently than quarterly thereafter, until deliveries are complete, the MAAGs will be advised by the Military Departments of any change in these forecasts.

(2) MAAGs are responsible for review of delivery forecasts and for advising the Military Departments of any cases where forecasted deliveries will cause significant problems, giving full particulars as to the nature of the problem and recommended solutions. Problems unresolved between MAAGs and the Military Departments should be referred to DSAA.

(3) Delivery and forecast cards will be transmitted to DSAA by the Military Departments not later than thirty days after the close of each fiscal quarter, by a card 8 as portrayed in subparagraph (9) below. Delivery cards will be submitted only for those lines in which a change in deliveries or forecast data (initial entry, improvement, or slippage) has occurred during the previous fiscal quarter (i.e., cards submitted 30 October pertain to deliveries during the July-Sept. quarter).

MILITARY ASSISTANCE AND SALES MANUAL—PART II

(4) The Military Departments must submit delivery cards for the following program lines:

(a) All program lines in budget activity A through K, with any method of funding code.

(b) All program lines in budget activities L through T with method of funding code 0, 2 or 5.

(5) All program lines in budget activities L through T with method of funding codes 1, 3, 4 or 6 will be considered delivered when funded (status F). For these lines, the delivered quantities and cost will be obtained from the master file at the time of the quarterly delivery update. No Military Department input is required.

(6) When the Military Departments have submitted card 8's for a quarterly update and later find a discrepancy, they should submit additional card 8's to correct the erroneous data. These corrections will be submitted en masse 30 days after the initial quarterly update. The reporting period shown in these cards must be the most recent fiscal quarter and year.

(7) All delivery cards will be transmitted to DSAA separately from program data (P, Q, and R cards). DSAA will accept cards, tape, or AUTODIN from the Military Departments as long as the input is in card 8 format described in subparagraph (9).

(8) In the DSAA data base, delivery data is maintained by current quarter, current year and total deliveries to date. These fields are updated each quarter as described in subparagraph (4) and (5). The current quarter deliveries are computed by subtracting the total deliveries already in the data base from the total deliveries reflected in the card 8 being processed. If this computation results in negative current quarter deliveries, the current quarter deliveries are considered zero; no negative values are recorded in the data base. The current quarter deliveries are then added to the current year deliveries. As in the case of the current quarter deliveries, the current year deliveries are never allowed to be negative.

(9) Instructions for preparing card 8 are as follows:

| Column | Date | Footnote | Instruction |
|--------|-----------------------------|----------|--|
| 1 | Card Code | 1 | Always an 8 |
| 2-5 | Record Control Number | 1 | See Appendix A |
| 6-24 | | | Leave Blank |
| 25-29 | Quantity Delivered | 2 | Represents the total quantity delivered to date; not the incremental plus or minus change during the reporting period. |
| 30 | | | Leave Blank |
| 31-32 | Country Code | 1 | See Appendix A |
| 33-35 | | | Leave Blank |
| 36-43 | Acquisition Value Delivered | 2 | Represents the total dollar value of excess materiel delivered at no MAP cost against dollar lines having source of supply 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 | | | Leave Blank |
| 45-46 | Program Year | 1 | See Appendix A |
| 47-57 | | | Leave Blank |

MILITARY ASSISTANCE AND SALES MANUAL—PART II

| Column | Date | Footnote | Instruction |
|--------|--|----------|--|
| 58 | Progress Payment | | An alpha "P" indicates a progress payment has been made to a vendor prior to delivery of the major item. Unless this field is punched, delivery cards for major items may not show a MAP cost while the quantity field is blank. |
| 59 | Delivery Completed | | For dollar lines, an alpha "C" indicates that all deliveries, both excess and funded items, have been completed. This field is not used for major items. |
| 60-61 | | | Leave Blank |
| 62-64 | Forecast Final Delivery Date | | Show firm constructive delivery date in terms of fiscal year and quarter. Example: Third Quarter of Fiscal Year 74 would be 743. (See paragraph e., below.) |
| 65 | | | Leave Blank |
| 66-68 | Reporting Period | 1 | Place fiscal year and quarter of reporting period. For example, fourth quarter deliveries of FY 73 would be 734. For any given delivery update, all card 8's must contain the same Reporting Period. |
| 69 | Change Originator | 1 | See Appendix A |
| 70-72 | | | Leave Blank |
| 73-80 | Dollar Value (MAP/MASF Cost) Delivered | 2 | Represents the total MAP/MASF value delivered to date; not the incremental plus or minus change during the reporting period. (Does not include excess deliveries against dollar lines which are reported in Col. 36-43.) |

Footnotes

- 1—indicates that the field must always be filled in.
 2—indicates that the field must be either numeric right-justified or blank.

f. Development of Delivery Forecasts for MAP/MASF Program Lines:

(1) Materiel and service lines requiring delivery forecasts (Card cols. 62-64 of the card 8).

(a) All major item lines (see definition in Glossary of Terms, Part I).

(b) Initial CSPs, AGE and equipment attachments (same forecast as related end items).

(2) Criteria for forecasting deliveries.

(a) A four month administrative lead time will be allowed for determining the forecast delivery date. Thus, 120 days after receipt of MAP Orders by the Military Departments, delivery forecasts will be made. Additional administrative lead time can be anticipated when exceptional circumstances arise. Examples are: (1) resolution of a spe-

cific requirement with the country, (2) development of specifications for competitive procurement, and (3) review and correction of specifications prior to procurement.

(b) Forecast data will be entered into columns 62-64 of the card 8 as prescribed in paragraph d., above, and included as part of the quarterly delivery updates.

(3) From time to time, DSAA, in collaboration with the Military Departments, will conduct line item reviews of undelivered balances to revalidate requirements and determine when special management action is needed to close out the program.

(4) The instructions in this paragraph are for forecasting deliveries under the usual and normal situation and are not applicable to conditions when specific delivery dates are directed by separate action.

g. Diversions

Materiel being procured or stocked for MAP will not normally be diverted to meet other requirements. Occasionally, however, competing demands for available materiel assets make it necessary to divert temporarily from Military Assistance programs to meet unforeseen U.S. requirements. The following guidelines apply:

(1) To the maximum extent possible allocations of materiel will be made within the priorities structure of the Uniform Military Materiel Issue and Priority Systems (UMMIPS).

(2) Presidentially-directed or Secretary of Defense-initiated materiel allocations will be accorded sufficient priority through diversion of assets from other programs to assure accomplishment of the directed allocation within the time period specified.

(3) High priority international requirements may be met by diverting or withdrawing equipment from U.S. active forces, provided, the operational readiness posture of these forces is not significantly lowered and payback can be accomplished in a reasonable period of time. Such determination may be made by the military services.

(4) Materiel being procured or stocked specifically for MAP may be diverted to meet higher priority foreign requirements or urgent needs of U.S. Forces with the prior concurrence of the Director, Defense Security Assistance Agency. MASF program materiel will be diverted only with the concurrence of the ASD(ISA).

(5) Materiel may be withdrawn/diverted from Reserve Forces by the ASD (M&RA) as provided in DOD Directive 1225.6, as amended.

(6) In those instances where, in the judgment of the military services, withdrawals/diversions would significantly impair the operational readiness of active forces, or agreement cannot be reached concerning the use of foreign program assets or Reserve Force resources the matter will be referred to the ASD(MRA&L), who will review available options and recommend

courses of action for decision by the Secretary of Defense.

h. Certification of Recipient's Capability**(1) Legal Requirement**

Numerous instances have been reported where sophisticated and costly equipment was incapable of use either because related and necessary component parts were not provided, requirements had changed in the interval between approval of the program and the delivery date, or the recipient country itself lacked the skill or organization to use the equipment. The FAA of 1973 (P.L. 93-189, dated 17 Dec. 1973) repealed the legal requirement for certification as to country capability to utilize effectively the equipment programmed. Notwithstanding this change, however, effective management of U.S. resources and available MAP funds requires that MAAGs/MILGPs continue their frequent periodic reviews of programmed requirements and initiate action where appropriate to prevent the delivery of military equipment that cannot be used effectively by the intended recipient. In this connection, certification of recipient's capability may be requested for specific equipment on an as-needed basis.

i. Suspension or Cancellation of Programs

(1) When a determination is made that programs will be suspended or cancelled, DSAA will advise the Military Departments by the most expeditious means. The following actions or combination thereof will be directed:

(a) Frustrate all shipments (air and surface) enroute to country, including shipments enroute to ports of embarkation, at the ports of embarkation, enroute to country from ports of embarkation, and shipments in country ports where offloading has not commenced and shipments offloaded for which title has not passed.

(b) The original suspension or cancellation notification provided by DSAA will indicate whether frustrated materiel is to be temporarily held (at least cost to U.S. Gov-

MILITARY ASSISTANCE AND SALES MANUAL—PART II

ernment while awaiting further instructions) for the country concerned or that authority is granted to take disposition action as follows:

1. Reallocate and divert such materiel that has been frustrated to fill other MAP-funded programs with initial priority being given to other countries in the same Unified Command area.

2. Return to Military Department stock and/or divert to U.S. forces requirements those common items of materiel which cannot be reallocated to meet other funded MAP requirements.

3. Place in MAPOM materiel which cannot be disposed of under 1. and 2. above, as prescribed in Chapter F.

4. Cancel all unfilled requisitions on hand in Military Department supply systems and return cancelled requisitions to the country and/or the originating CONUS agency.

5. Notify all NICP's and commercial contractors of the suspension and/or cancellation instructions to preclude further releases of materiel for shipment. Special attention should be given to frustration of the parcel post channel.

(2) DSAA will instruct MTMTS, MSC, the carriers and/or the ports of embarkation concerning the frustration of materiel and request that carriers of materiel already out-lifted CONUS (surface or air) take appropriate measures to order that such materiel will not be discharged at any ports of the country concerned. Further, the Military Departments will provide appropriate disposition instructions, alternate ports of discharge and other details as applicable.

(3) MAAGs will, upon receipt of suspension and/or cancellation directive, notify DSAA immediately concerning:

(a) Shipments of MAP grant aid cargo listed on bills of lading received by the MAAGs for ships: still in port but MAP cargo discharge completed; currently off-loading in-country; waiting to be offloaded; and enroute to country. Indicate separately for each ship:

1. Name of ship and whether U.S. or foreign flag.

2. Date of arrival, or ETA if enroute.

3. Description of cargo.

(b) Description of materiel known to be aboard military and commercial aircraft scheduled to arrive in country.

(c) Schedule of any MAP grant aid ships and all aircraft enroute to recipient country. Indicate whether manned by USG or foreign crew.

(4) Where residual suspended programs for countries are to be cancelled, Military Departments will be instructed to submit appropriate card data.

j. Delivery and Transfer of Title

(1) DOD Instruction 2110.12 prescribes policies and procedures under which grant aid materiel is delivered to recipient countries. Guidance on grant aid materiel utilization and disposition is contained in Chapter K, Part II.

k. Required Availability Dates

Required Availability Date procedures are included in current MILSTRIP instructions.

l. Logistic Support of Equipment

(1) Follow-on Spares

(a) Follow-on spart parts (FOS) may be provided to support authorized levels of supply for eligible recipient countries as prescribed in para n., below. MAAGs are responsible for developing annual follow-on spare parts requirement utilizing experience factors, equipment densities, approved maintenance programs, and any other factors that may contribute to an accurate forecast of minimum country requirements. When experience factors are not available, country programs will be developed from data furnished by the implementing agency upon the request of the MAAG.

(b) MAAGs are responsible that country requisitions for FOS are submitted in accordance with MILSTRIP and other instructions of the Military Departments. MAAGs are further responsible to monitor

country requisitions to assure that items requisitioned are proper and quantities are based on realistic criteria and supply factors. Military Departments are responsible for assuring that requisitions for FOS are promptly processed and deliveries do not exceed the program authority established by each individual record control number.

(2) Concurrent Spare Parts

When MAP Orders are issued for concurrent spare parts (CSP) for any specified end item, the Military Department, in coordination with the MAAG, will accomplish supply of the required parts. CSP will be provided only when programmed against items being introduced in the country for the first time. Military Departments will provide the MAAGs with CSP listings and/or determine CSP requirements in conjunction with the MAAGs, taking into consideration stocks on hand in-country and stocks that can be provided by the country, and items peculiar to the end items being furnished before CSP packages are shipped. Military Departments will insure that essential CSP are supplied prior to or concurrent with the delivery of initial item to a recipient country.

(3) Support for Grant Aid Furnished Equipments

DOD policy provides that when U.S. defense articles are made available to foreign governments under Grant Aid, plans have been made by the Military Department concerned to assure logistics support for the normal expected life of the item based on the planned use of the item (Program Life Cycle) as related to the recipient country's utilization program.

m. Retention and Transfer Policy

DOD Directive 4100.37 provides uniform policy guidance for retention and transfer of DOD assets in support of the Military Assistance Program and contains provisions under which transfer of assets is made to MAP. Actual delivery will be made only on the basis of MAP Orders issued by DSAA.

n. In-Country Stockage Objectives

(1) In-country stock levels for spares and consumables provided and maintained through the Military Assistance Program will be based on peacetime operations. Exceptions are consumables such as ammunition, droppable fuel tanks and POL when war reserve levels are authorized to grant aid recipients. Optimum stock level guidance has been developed by DSAA and the Military Departments. This guidance is described in succeeding paragraphs.

(2) MAAGs are responsible for insuring that actual in-country stockage objectives are established and maintained consistent with the desired maximum levels. Requisitioning Objectives (RO) will equal the Stockage Objective (SO) to include both operating and safety levels at all echelons, plus Order and Ship Time (OST).

(a) For follow-on spares (FOS) and consumables supplied by the Departments of the Army and Navy:

1. Establish a maximum stockage objective (SO) in-country of 180 days for items supplied direct from CONUS. For those countries which have intermediate distribution points and operating units, the 180-day stockage objective will not be additive to, but will be a part of, the specified maximum in-country stockage objective.

2. A stockage objective of considerably less than 180 days (e.g., 90-120) should be adequate for most small countries because of the usual absence of in-country intermediate distribution points.

3. Low cost items (items with a unit cost of five dollars or less and an annual demand of \$100 or less) are subject to economic order considerations and should be exempt from the maximum stockage objectives stated above. MAAGs, in coordination with the Departments of the Army and Navy, will develop and promulgate guidance for the establishment of stockage objectives based on economic order considerations.

4. Separate consideration should be given to special categories or commodities such as dry batteries, NIKE, HAWK, ships

MILITARY ASSISTANCE AND SALES MANUAL—PART II

and other items for which special instructions will be prescribed by the Military Departments.

(b) Stockage objective guidance for FOS and other consumables supplied by the Department of the Air Force is prescribed in U.S. Air Force Materiel Guidance. The Department of the Air Force, in coordination with MAAGs, will develop and promulgate guidance for the establishment of stockage objectives based on economic order considerations.

(c) MAAGs will require that Order and Ship Time (OST) data utilized by MAP countries in establishing item requisitioning objectives (RO) and reorder point are periodically reviewed to insure that they are consistent with the most current information available on actual OST experience for the individual commodity area, country concerned, etc.

(3) Spare parts retention levels will be established and excesses reported in accordance with the following procedures:

(a) Stocks in excess of ROs may be retained if required for consumption during the currently approved program. This is not to be interpreted as authority for requisitioning stocks above the RO.

(b) Retention of life of type stocks in excess of the above criteria must be approved by MAAGs on a case-by-case basis.

(c) Except as noted above, excess stocks will not be retained unless specifically justified and approved by MAAGs. MAAGs will forcefully encourage country officials to report for redistribution all excesses not recommended for retention. Reporting will be accomplished in accordance with Chapter K.

(d) MAP-provided stocks and requisitions will be screened and reduced by quantities of dated and perishable items which cannot be utilized prior to expiration dates. Excesses on hand under this criterion will be promptly reported for disposition in order that such items may be redistributed and used during the serviceable life of the item.

(e) Items for which the cost to MAP of providing adequate storage and maintenance is estimated to exceed its replacement cost up to time of consumption should be reported promptly as redistributable property, with an explanation of the situation.

(f) High and medium dollar value items excess to RO and appearing on critical items lists will be considered for excess action regardless of continuing requirement. The decision to supply or deny will be made by the MAAG on a case-by-case basis.

o. MAP Repairable Returns

The following policy governs the management of repairable returns:

(1) For repair of "each" items listed in the MASL, the country must establish a program line under Budget Project M2 for overhaul and return of the item. The item returned by the country for overhaul will be the identical item which goes back to the country since title remains with the MAP recipient during the entire process.

(2) For repair of MASL dollar line items the country must establish a program line under Generic Code M2C to process and record the repair and rehabilitation of MAP equipment. For MAP "dollar line" items the returned item may be replaced on an item-for-like-item basis from new or reconditioned assets in inventory. The cost to MAP of the new or reconditioned item will be limited to the actual cost to repair/overhaul the repairable returned item.

(3) Accumulation of a "line of credit" by a customer against future use is not authorized. Further, only repairable dollar line items that are required for stockage level objectives after overhaul will be accepted by Military Departments for repair.

(4) The foregoing applies also to weapon system items which are removed and returned to stock during up-grading modification program performed by CONUS prior to return of the weapon system to the foreign grant aid recipient. The up-grading cost to MAP will take into account the value of the item returned to stock.

(5) Repairable items not required for support of the country's mission will be reported as country excess materiel to the Military Department having management responsibility for disposition.

8. NATO Standardization Agreement on Supply Forms

NATO Standardization Agreement (STANAG #3226) ratified by NATO nations

effective 31 July 1971 provides that supply forms of the supplying NATO nation will be used by the requesting nation for request, issue and receipt of materiel. This means that MILSTRIP procedures will be followed by NATO countries and organizations in obtaining materiel support from the United States. Conversely, when U.S. forces request supply support from other NATO countries, request, issue and receipt forms of the supplying nation will be used.

MEMORANDUM FOR THE COMPTROLLER, DEFENSE SECURITY ASSISTANCE AGENCY

SUBJECT: MAP Items Costing \$25 Million or More to be Provided From U.S. Active Forces' Inventories

The following information is provided in accordance with the reporting requirements of the FY 1976 DOD Appropriation Authorization Act:

- a. Country:
- b. Military Department:
- c. Generic Code—RCN:
- d. Total Value of RCN:
- e. Type and Quantity of Equipment:
- f. Impact of transfer of article(s) to MAP on current readiness of U.S. forces:
- g. Adequacy of reimbursements to cover, at the time of replenishment to U.S. inventories, the full replacement costs of items to be transferred:
- h. If reimbursements are inadequate, explain impact and justification for such disparity:

Figure C-1

MILITARY ASSISTANCE AND SALES MANUAL—PART II

Classification

MAP ELEMENT DESCRIPTION

| <u>MAPEL Code</u> | <u>(Elem Title)* Unit/Activity</u> | <u>Location</u> | <u>Country</u> | <u>Prog Orig</u> | |
|-----------------------|--|-----------------|---------------------------|--------------------------|------------------------|
| | | <u>Begin</u> | <u>Current FY ()</u> | <u>Budget FY ()</u> | <u>Plan FY ()</u> |

Manpower Authorization:

Unit/Activity Mission. This paragraph is a statement of the mission which should be concise and avoid stereotyped phrases, but should include special tasks and unit employment. Pertinent remarks concerning the composition of the element may be included.

Program Justification. Justification should be related to mission and unit capabilities. Identify *major* mission items (i.e., type/types of aircraft and UE, type/types of ships, type/types of tanks, etc.). The impact of programmed items on the unit's capabilities and its ability to accomplish its mission will be explained. Broad statements of justification, such as "Present equipment deficiencies limit the capability of the unit to perform its primary mission," will not be used without accompanying explanation of how the programmed items will overcome the deficiencies. Any planned force structure increase during the plan period will be reflected together with comments on related manpower, equipment and cost impacts.

Unit/Activity Capabilities. A brief statement projecting the combat readiness status for the current year will be made for units. Ratings of "Combat Ready", "Marginally Ready", or "Not Combat Ready" will be given as determined by the MAAG. If a unit is rated "Marginally Ready" or "Not Combat Ready", a brief explanation will be provided; e.g., training, materiel, mission change, manpower, etc. Forecast changes in combat readiness status during the current year will include the projected date of change, the new readiness status, and the reason for the change.

(Date of Preparation)

Classification

* When there is only one unit/activity in the element, the unit designation may serve as the title.

Figure C-2

Classification

EXAMPLE

MAP ELEMENT DESCRIPTION

| <u>MAPEL</u> | <u>(Elem Title)* Unit/Activity</u> | <u>Location</u> | <u>Country</u> | <u>Prog Orig</u> |
|--------------|--|-----------------|----------------------------|---------------------------|
| 2ADø | (Ftr-Int Sqdn) 1st Ftr-Int Sqdn | Senath | Pretoria | D |
| | | | <u>Current FY (77)</u> | <u>Budget FY (78)</u> |
| | | | 240 | 240 |
| | | | | <u>Plan FY (79)</u> |
| | | | | 240 |

Manpower Authorization:

Unit/Activity Mission. This MAP Element consists of two Fighter-Interceptor Squadrons, one of which is not activated. The 1st Fighter-Interceptor Squadron was activated in April 1973 and has the mission of air defense, counter air operations, close air support, and armed reconnaissance.

Program Justification. The 1st Fighter-Interceptor Squadron is currently equipped with 12 F-104G aircraft and related support equipment are required to bring the 1st Fighter-Interceptor Squadron to a combat ready status. Fourteen F-104G aircraft and full support equipment are required to activate the second squadron and attain operational readiness in the first quarter FY 78.

Unit/Activity Capabilities. The 1st Fighter-Interceptor Squadron is rates "Marginally Ready" due to the shortage of two F-104G aircraft and support equipment, and a shortage of trained pilots. This rating is expected to change to "Combat Ready" in March 1978 with receipt of aircraft (RDD Feb 78) and completion of the current pilot training program (Feb 78).

15 Feb 1978

Classification

Figure C-3

priation limitation symbol .002; they will be assigned by the construction agent to the field construction agent for execution on an unclassified basis unless DSAA or the Unified Command advises that they are to be treated as classified.

- (3) For all construction accomplished by U.S. Armed Forces effort, financial procedures (funds control and accountability, allotments, payments, reimbursements and reporting) will be arranged with the troop unit by the field construction agent.

c. Continuing Resolution Authority (CRA)

The field construction agent will advise the MAAG as to requirements for CRA funding pending the annual appropriation of MAP funds (see Chapter H), and the MAAG will take necessary action to accomplish CRA coding. Funding under CRA normally will be requested only for A-E services and Government costs lines, or for contract construction or MAAG facilities lines that represent a continuation of projects that have been funded in prior year programs.

d. Certification

The FAA of 1973 (P.L. 93-189) dated 17 December 1973 repealed the legal requirement for certification that the country or international organization has the capability to utilize effectively the completed facility represented by the applicable program line. Notwithstanding this change, however, effective management of available MAP funds requires that MAAGs continue their frequent periodic reviews of programmed requirements to prevent the construction of facilities that cannot be effectively used by the intended recipient. In this connection, certification of the recipient's capability may be requested for specific projects on an as needed basis.

5. Changes to Funded Construction Programs

- a. Chapter F contains the general proce-

dures for effecting changes to funded program lines, and also delegates approval authority to MAAGs and Military Departments for certain types of changes within prescribed limits. Consistent with the assigned level of responsibility for effective execution of MAP construction, it is expected that implementing agencies will redelegate to field construction agents the authority to approve changes delegated to them by Chapter F.

b. Specific procedures for effecting changes to funded MAP construction program lines are as follows:

- (1) Type 1. These changes result from a change in cost without a significant change in scope. They arise when current cost estimates exceed or are less than the programmed amount for the applicable program lines; thus, they are in the nature of financial adjustments, rather than reprogramming actions. The field construction agent is responsible for initiating action to record the change, and the implementing agency is responsible for submitting the appropriate change card to DSAA. Procedures are as follows:

- (a) If the change involves a decrease in cost, the field construction agent will advise the implementing agency as to the amount of the decrease, with information to the MAAG, the Unified Command, the area construction agent and the construction agent. The implementing agency will prepare and submit card P to DSAA, using reason for change code P2.
- (b) If the change involves a cost increase of less than \$25,000 for a construction or A-E services line, or less than 5 percent for a government costs line, the field construction agent may proceed with the assurance that a con-

firming MAP Order will be forthcoming. He will immediately advise the same agencies as in subparagraph (a) above as to the amount of the increase. The implementing agency will prepare and submit card P to DSAA, using reason for change code P2. As soon as practicable after receipt of the change card from the implementing agency, DSAA will issue a MAP Order amendment confirming the change, along with an appropriate adjustment in fund allocations.

- (c) If the change involves a cost increase of \$25,000 or more for a contract construction or A-E services line, or more than 5 percent for a Government costs line, DSAA approval is required before the field construction agent may proceed with execution action. In such cases, the field construction agent will advise the implementing agency by message as to the amount, along with an explanation for the increase, with information to DSAA and the other agencies cited in subparagraph (a) above. The implementing agency will prepare and submit card P to DSAA, using reason for change code P1. If the amount of the increase is such as to require offsetting decreases in the country program as a condition for DSAA approval, DSAA will direct the MAAG to submit such program changes as may be necessary. Receipt of the MAP Order amendment from DSAA will advise the Unified Command, MAAG, and the implementing agency of DSAA approval, following which the field construction agent may proceed with execution action. (In urgent cases, DSAA will use message approval to authorize execution

action pending formal issuance of the MAP Order amendment.)

- (2) Type II. These changes result from a significant change in scope (increase, decrease, cancellation), and are initiated by the MAAG or Unified Command. Although they normally result in a significant change in cost, the MAAG/Unified Command may decide to make simultaneous decreases and increases in the scope of various elements of the project as described in format C-2a, with a net effect of minor significance to the total cost of the program line. In any case in which a change in scope is contemplated, the MAAG will obtain an estimate of the cost effect of the change and ascertain the physical and financial status of the project from the field construction agent as a preliminary to further action. Changes in scope which would result in a net increase of \$25,000 or more in the cost of the program line require DSAA approval prior to execution action; all others may be executed by the field construction agent upon the advice from the MAAG that the change has been approved. The MAAG is responsible for initiating action to record the change and for submitting the appropriate change cards. Procedures are as follows:

- (a) Cancellation or Reduction in Scope. Immediately upon receipt of written notification from the MAAG that consideration is being given to cancellation or reduction in scope of a construction project, the field construction agent will stop all action to consummate non-awarded contracts or otherwise incur obligations, and stop all construction underway concerning the project in question. The field construction agent will determine obligational status, percentage of

physical completion, accrued expenditures, and unexpended balances; and will provide the MAAG an analysis of the cost effect of executing the proposed change(s). The MAAG will submit the information and his recommendations to the Unified Command and area construction agent for joint review and Unified Command decision. Upon approval of a change (or a combination of changes) in scope which results in a net decrease in the cost of the program line, the MAAG will prepare and submit Card P (or Card R, for cancellation of an unobligated line) to the implementing agency, using the appropriate category D reason for change code. The implementing agency will process the card to DSAA, retaining the reason for change code entered by the MAAG, and substituting its own change originator code for the one entered by the MAAG in column 69.

(b) Increase in Scope. For a change (or combination of changes) in scope which results in a net increase in the cost of a program line, the MAAG and field construction agent will proceed in the same manner as for a cancellation or reduction in scope. Upon approval, the MAAG will proceed as follows:

1. If the approved change results in a net increase of less than \$25,000 in the cost of the program line, and the other criteria for MAAG approval under delegated authority have been met, the MAAG will provide advice of approval to the field construction agent who

may proceed with execution action with assurance that a confirming MAP Order will be forthcoming. This applies to FY 75 and prior FY programs only. If the change applies to FY 76 and future year programs, compensating decreases will be required, if the increase would cause the value of a country program to exceed the dollar level approved for such country for a given fiscal year. The MAAG also will prepare and submit card P to DSAA, using the appropriate category D reason for change code. As soon as practicable after receipt of the change card from the MAAG, DSAA will issue a MAP Order amendment confirming the change, along with an appropriate adjustment in fund allocations.

2. If the change approved by the MAAG results in a net increase of \$25,000 or more in the cost of the program line, DSAA approval is required before the field construction agent may proceed with execution action. The MAAG will submit card P to DSAA, using the appropriate category B reason for change code, and also will submit justification for the change to DSAA with information to the construction agent. DSAA approval action, and authorization to the field construction agent to proceed with execution action, will be the same as in paragraph 5b(1)(c) above.

c. Construction format C-2a will be revised and distributed by the MAAG to reflect the results of approved Type II changes as they occur.

6. Reporting

a. Construction Status Reporting

The formats and systems used by the construction agent for reporting on other construction programs will be used to report status and progress on MAP construction. This reporting normally encompasses status of project obligation, accrued costs, current working estimate (CWE), percentage of completion and estimated beneficial occupancy date (BOD—that date when facilities can be occupied for operational purposes, even though not physically and financially complete). If necessary, these reports will be modified to establish specific reference to each MAP record control number (RCN)

so that the audit trail by RCN will be maintained. The construction agent and his field offices will make these reports available to the MAAG, Unified Command, and DSAA as requested. In addition, special narrative or other types of status reports may be required of the construction agent and/or his field offices if such reporting is necessary for effective management and is within the reporting agent's capability.

b. MAP Order Performance Reporting

The construction agent and his field offices will submit required data for MAP Order performance reporting through the channel and system by the implementing agency for that purpose.

CHAPTER F
PROGRAM SUBMISSION AND MANAGEMENT

1. Purpose

The purpose of this Chapter is to provide guidance and instructions governing the preparation and submission of detailed program data, including changes thereto, and the conversion of these data into approved and funded programs authorized for implementation by the Military Departments. These instructions apply to programs for articles and services and for training; they do not apply to programs categorized as "general costs" (e. g., supply operations, administrative support).

2. Submission of Data

a. Method of Submission

MAAGs will submit program data by punch card, transcript sheet, message or letter communication in the ADP card format portrayed in Figure F-1. This includes

changes submitted through Military Departments to reduce or delete items from the funded program. Submission of final current year program changes for MAP requirements must arrive in DSAA not later than September 15 in order to be considered during the end-of-year closeout of that program on September 30. The cut-off date for receipt of training increases and/or additions to the IMET program is August 15 (see Chapter E). Changes justified only on the basis of urgent military necessity, will be considered after these cut-off dates provided there is sufficient time to process the change and obligate the funds by the end of the fiscal year. Following are detailed preparation instructions for each type of transaction and medium of submission.

(1) Additions

(a) Card 3 (MAP—Materiel and Services Other Than Training)

| <i>Card Column</i> | <i>Data</i> | <i>Instruction</i> |
|--------------------|------------------------------|---|
| 1 | Card Code ----- | Punch "3". |
| 2-5 | RCN ----- | Punch Record Control Number. |
| 6 | Method of Funding Code ----- | Leave blank. |
| 7 | Action Code ----- | Leave blank. |
| 8-20 | National Stock Number ----- | Punch the group, class, NCB Code Materiel and Services only) and item ident numbers as they appear in the MASL. |
| 21 | Generic Code ----- | Punch, 1st position only, the generic code exactly as it appears in the MASL. |
| 22 | Commitment ----- | Punch appropriate Commitment Code. See Commitment Code in Appendix A. |
| 23-24 | Reason Code ----- | Punch appropriate Program Change Reason Code. See Program Change Reason Code in Appendix A. |
| 25-29 | Quantity ----- | Dollar Lines—Leave blank. Excess defense articles actual value card—Leave quantity field blank. Major Item—Punch total quantity. Right justify (units position in Column 29, ten position in Column 28, etc.). |
| 30 | Program Originator ----- | Punch Program Originator Code. See Program Originator Code in Appendix A. |

MILITARY ASSISTANCE AND SALES MANUAL—PART II

| Card Column | Data | Instruction |
|---|---|---|
| 31-32 | Country/Activity Code ----- | Punch Country/Activity Code. See Country/Activity Code in Appendix A. |
| 33 | Customer ----- | Dollar Lines—Leave blank. Major Items—Punch Customer Within Country Code required for entry in Column 33 of MILSTRIP requisitions. Refer to Customer Within Country Code in Appendix A for explanation and Military Department directive containing the codes. |
| 34 | Special Supply Procedure ----- | Punch appropriate code. See Special Supply Procedure Code in Appendix A. See paragraph 5 below for Excess Defense Articles. |
| 35 | Type of Assistance ----- | Punch Type of Assistance code. See Type of Assistance/Financing Code in Appendix A. |
| 36-43 | MAP Unit Price ----- | Obtain from the Military Department. Must reflect Repair & Rehabilitation codes (as applicable) for Excess Defense Articles. Punch actual value of excess defense articles in EDA actual value card. |
| 44 | Cost Code ----- | Punch Cost Code. See Cost Code in Appendix A. |
| 45-46 | Program Year ----- | Punch last two digits of fiscal year in which the item is programmed or to be programmed. |
| 47-50 | MAP Element ----- | Punch MAP Element Code. See MAP Element Code in Appendix A. |
| 51 | Lead Time ----- | Major Items—Obtain Lead Time Code from the Military Department. Dollar Value Line Items—Leave blank. |
| 52 | Spare Parts ----- | Punch "N" for concurrent spare parts (CSP). Punch "A" for initial aerospace ground equipment (AGE). Punch "E" for concurrent equipment attachments in FSC 3810 and 3830 (item identification number 383ZATCHMNT). |
| 53 | Condition Code/Commercial Item Code ----- | Punch Condition Code for Excess Defense Articles. See Condition Code in Appendix A. Punch numeric "1" for Commercial Items. |
| 54 | Communications/Ancillary Code ----- | Punch Communications/Ancillary Code. See Communications/Ancillary Item Code in Appendix A. |
| 55 | Implementing Agency ----- | 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 | Issue Priority ----- | Punch funding priority code on all articles and services program lines in budget year program. See Funding Priority Code in Appendix A. |
| 60-61 | Issue Priority ----- | Punch Issue Priority. Issue Priority Codes are those prescribed in MILSTRIP regulations. |
| 62-64 | Required Delivery Data ----- | Punch Required Delivery Date, as appropriate. See Issue Priority/Required Delivery Date Code in Appendix A. |
| NOTE: Columns 60-64 may also be used to identify Military Department MIMEX offer number or DPDS listing/flyer number for Excess Defense Articles. See Excess Offer Number Code in Appendix A. | | |
| 65 | Source of Supply ----- | Obtain applicable Source of Supply Code in Appendix A from the Military Department. Do not leave unpunched. |
| 66-68 | MILSTRIP Routing Identifier ----- | Punch 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. Punch appropriate MRI Code in all cases as determined |

MILITARY ASSISTANCE AND SALES MANUAL—PART II

| Card Column | Data | Instruction |
|-------------|-------------------------|--|
| | | from the MASL or Appendix A. |
| | | MASL Footnote Code K (See Footnote Code in Appendix A) requires a determination of the appropriate MILSTRIP RI code from Appendix A. |
| 69 | Change Originator ----- | Punch appropriate Program Change Originator Code. See Change Originator Code in Appendix A. Note that this code may be different from the Program Originator Code in column 30. |
| 70 | System Identifier ----- | Punch System Identifier Code, if appropriate. See System Identifier Code in Appendix A. |
| 71 | End Use ----- | Punch appropriate End Use Code, where applicable from End Use Code in Appendix A. |
| 72 | CRA ----- | Punch appropriate CRA Code. See CRA Code in Appendix A. |
| 73-80 | Total Cost ----- | Punch 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 MAP unit price is zero, as for selected Source of Supply Code E and R items, leave unpunched. Do not punch acquisition unit price or actual value in these columns for Code E and R items. Punch actual value total in Source of Supply E (EDA) value card. Right justify. Punch dollar position in Column 80. |

(b) Card 4 (IMETP—Training)

| Card Column | Data | Instruction |
|-------------|-----------------------------|--|
| 1 | Card Code ----- | Punch "4". |
| 2-5 | RCN ----- | Punch Record Control Number. |
| 6 | Method of Funding ----- | Leave blank. |
| 7 | Action Code ----- | Leave blank. |
| 8-13 | Blank ----- | Leave blank. |
| 14-20 | Item Ident Number ----- | Punch data exactly as they appear in the same columns of the MASL. |
| 21 | Generic Code ----- | Punch "N", 1st position only, of the generic code. |
| 22 | Commitment ----- | Punch appropriate commitment code. See Commitment Code in Appendix A. |
| 23-24 | Reason Code ----- | Punch appropriate Program Change Reason Code. See Program Change Reason Code in Appendix A. |
| 25 | Student Code ----- | Punch appropriate Student Code. See Student Code in Appendix A. |
| 26-29 | Quantity ----- | Dollar Lines—Leave blank. Major Items—Punch the number of students, or in the case of teams, the number of personnel on the team. Right justify (units position in Column 29, ten position in Column 28, etc.). |
| 30 | Program Originator ----- | Punch Program Originator Code. See Program Originator Code in Appendix A. |
| 31-32 | Country/Activity Code ----- | Punch Country/Activity Code. See Country/Activity Code in Appendix A. |
| 33-34 | Duration ----- | Punch duration from the MASL where listed. Where duration in the MASL is VA (variable), punch duration as follows: Students—weeks. Team—man weeks. Field Training Services—man months. |

MILITARY ASSISTANCE AND SALES MANUAL—PART II

| Card Column | Data | Instruction |
|-------------|--|--|
| 35 | Type of Assistance ----- | Right justify and punch "Ø" in unused columns. Punch Type of Assistance Code. See Type of Assistance/ Financing Code in Appendix A. |
| 36-43 | IMETP Unit Price ----- | Dollar Value Lines—Leave blank. Defined Courses—Punch unit price per student from the MASL where listed. Where the MASL indicates "EST", enter unit price as determined by Military Department. Where an entry is required by the above, right justify. |
| 44 | Cost Code ----- | Punch Cost Code. See Cost Code in Appendix A. |
| 45-46 | Program Year ----- | Punch last two digits of fiscal year in which the item is programmed or to be programmed. |
| 47-50 | MAP Element ----- | Punch MAP Element Code. See MAP Element Code in Appendix A. |
| 51-56 | Travel and Living Allowance Code ----- | Punch travel and living allowance code for each student or team member. See Chapter E. Where cross training is programmed, punch the travel and living cost on the "A" sequence line. |
| 57 | Status ----- | Leave blank. Status Code to be entered by DSAA only. |
| 58 | Waiver ----- | Punch "A" for training lines for which constraints were waived by DSAA. |
| 59 | Reman Training ----- | Punch "R" in Column 59 to identify resources manage- ment courses. |
| 60 | TLA Command ----- | Punch command receiving funding for travel and living allowance cost based on Military Department guidance. |
| 61-65 | Worksheet Control Number ----- | Punch worksheet control number (WSCN) assigned to the item in the training requirements worksheet. Leave the units position blank where no cross training is programmed. Enter cross training in alphabetical sequence in the units position. Following is an example in descending order of sequence in which the training is to be concluded: 1234A 1234B 1234C |
| 66-68 | Execution Agency Identifier ----- | Punch execution agency identifier from the MASL ex- cept where cross training is involved. Where cross training is involved, punch the identifier of the Mili- tary Department who will conduct the majority of the training. The same execution agency identifier will be used for all training lines in the cross training sequence. |
| 69 | Change Originator ----- | Punch appropriate Program Change Originator Code. See Change Originator Code in Appendix A. |
| 70 | Availability/Reporting Data ----- | Punch numeric 1, 2, 3, 4 or 5 to indicate quarter in which student availability/reporting date occurs. |
| 71 | End Use ----- | Punch most appropriate End Use Code where applicable, from End Use Code in Appendix A. |
| 72 | CRA ----- | Punch number "Ø" only. |
| 73-80 | Total Cost ----- | Punch total code to the nearest dollar. Total code is com- puted by multiplying the sum of the entries in Columns 36-43 (MAP unit price) and 51-56 (travel and living allowance cost) times the entry in Columns 26-29 (quantity). Right justify. Punch dollar position in Column 80. |

MILITARY ASSISTANCE AND SALES MANUAL—PART II

(2) Changes

(a) Card P (MAP—Materiel and Services Other Than Training). Card P contains the same data element fields as Card 3. Complete card P as follows:

1. Punch the following control data element—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).

| <i>Card Column</i> | <i>Data Element</i> |
|--------------------|-----------------------|
| 2-5 ----- | Record Control Number |
| 31-32 ----- | Country/Activity Code |
| 45-46 ----- | Program Year |

2. Punch the following data in the card columns indicated:

| <i>Card Column</i> | <i>Data</i> | <i>Instruction</i> |
|--------------------|------------------------------|---|
| 1 | Card Code ----- | Punch "P". |
| 23-24 | Reason Code ----- | Punch appropriate Program Change Reason Code. See Program Change Reason Code in Appendix A. |
| 69 | Change Originator Code ----- | Punch appropriate Change Originator Code. See Change Originator Code in Appendix A. |

3. Punch only the changed data elements (complete field) in the remaining columns of card P. Leave unchanged data elements blank.

a. 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 12-13), and item ident number (columns 14-20), or generic code (1st position only, column 21)—the complete field (columns 8-21) must be filled in. Punch changed and unchanged data in columns 8-21. Leave columns 8-21 blank if there is no change in MASL data elements.

b. 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.

c. Change in MAP unit price (columns 36-43) will be the revised price and not the amount of change. Punch an asterisk in the units position (columns 43) if the unit price is to be deleted.

d. To blank out a data element, punch an asterisk in the units position. For example, punch an asterisk (*) in Column 59 to blank out a funding priority.

e. Right justify in the quantity (columns 25-29), MAP unit price (columns 36-43) and total cost (columns 73-80) fields.

(b) Card Q (IMETP—Training). Card Q contains the same data element fields as card 4. Card Q will be completed as follows:

1. Punch the following control data elements exactly as they appear in the card 4 received from DSAA. (NOTE: If any of these control data must be changed, a card R and a new card 4 must be submitted).

| <i>Card Column</i> | <i>Data Element</i> |
|--------------------|-----------------------|
| 2-5 ----- | Record Control Number |
| 31-32 ----- | Country/Activity Code |
| 45-46 ----- | Program Year |

2. Punch the following data in the card columns indicated:

| <i>Card Column</i> | <i>Data</i> | <i>Instruction</i> |
|--------------------|------------------------------|---|
| 1 | Card Code ----- | Punch "Q". |
| 23-24 | Reason Code ----- | Punch appropriate Program Change Reason Code. See Program Change Reason Code in Appendix A. |
| 69 | Change Originator Code ----- | Punch appropriate Change Originator Code. See Change Originator Code in Appendix A. |

MILITARY ASSISTANCE AND SALES MANUAL—PART II

3. Punch only the changed data elements (complete field) in the remaining columns of card Q. Leave unchanged data elements blank.

a. When any of the MASL data elements change—i.e., item ident numbers (columns 14-20) or generic code (column 21)—the complete field (columns 14-21) must be filled in. Punch changed and unchanged data in Columns 14-21. Leave Columns 14-21 blank if there is no change in MASL data elements.

b. Changes in quantity (columns 26-29) and/or total cost (columns 73-80) will be the revised quantity and/or the revised total and not the amount of the change.

c. Changes in IMETP unit price (columns 36-43) and travel and living allowance (columns 51-56) will be the revised price and not the amount of change.

d. To blank out a data element, punch an asterisk (*) in the units position. For example, punch an asterisk (*) in column 56 to delete travel and living allowance.

e. Right justify in the following data elements when used:

| Card Column | Data Element |
|-------------|-----------------------------|
| 25-29 | Quantity |
| 36-43 | IMETP Unit Price |
| 51-56 | Travel and Living Allowance |
| 73-80 | Total Cost |

(3) Deletions. Card R (all items).

| Card Column | Data | Instruction |
|-------------|------------------------|---|
| 1 | Card Code | Punch "R". |
| 2-5 | Record Control Number | Punch the RCN exactly as it appears in the card 3 or 4 received from DSAA. |
| 6-22 | Blank | Leave Blank. |
| 23-24 | Reason Code | Punch appropriate Program Change Reason Code. See Program Change Reason Code in Appendix A. |
| 25-30 | Blank | Leave blank. |
| 31-32 | Country/Activity Code | Punch code exactly as it appears in the card 3 or 4 received from DSAA. |
| 33-44 | Blank | Leave blank. |
| 45-46 | Program Year | Punch program year exactly as it appears in card 3 or 4 received from DSAA. |
| 47-68 | Blank | Leave blank. |
| 69 | Change Originator Code | Punch appropriate Change Originator Code. See Change Originator Code in Appendix A. |
| 70-80 | Blank | Leave Blank. |

b. Channels of Submission

(1) MAAGs will submit initial budget year Military Assistance Program (MAP) requirements data direct to DSAA with an information copy to the Unified Command. MAAGs will assign Record Control Numbers (RCN). Changes to the unfunded program will also be submitted direct to DSAA. However, changes involving the decrease or deletion of items from the funded program will be submitted to the appropriate Military Department in accordance with paragraph 3.g. (1) (a), below.

(2) MAAGs will submit initial budget year International Military Education and Training Program (IMETP) requirements

data and all subsequent changes thereto (see Chapter E) direct to the Military Departments with information copies to DSAA and the Unified Command. MAAGs will assign Record Control Numbers (RCN). The Military Departments will review MAAG submissions for availability of the training requested and transmit accepted requirements to DSAA.

(3) Unified Commands should submit comments on MAAG MAP and IMETP submissions, where deemed appropriate, to DSAA and the Military Departments within five working days.

(4) In case of a program line being added for an item not in the current MASL,

the MAAG will take necessary action to obtain the required MASL data from the Military Department or Defense Logistics Agency prior to submission of the program addition. The Military Department must submit the MASL addition to DSAA.

c. Confirmation

(1) DSAA will confirm the action taken on program changes as follows to agencies receiving AUTODIN feedback:

(a) Posted to DSAA Master Program File.

1. Additions and Deletions. Action code "A" will be punched in card Column 7, in cards 3, 4, or R, as appropriate, and cards will be returned to the program originator. (See Action Codes in Appendix A.)

2. Changes. Posting of changes will be recorded and confirmed as a two-part operation as follows:

a. The program line being changed will be identified in the DSAA file and a card R prepared to indicate deletion of this existing program line. Action code "A" will be punched in card Column 7.

b. Card 3 or 4, as appropriate, will be prepared to indicate addition of a program line revised to reflect the change desired. The changed program line will contain the same record control number as assigned prior to the change, and an action code "A" will also be punched in card Column 7 of the confirming 3 or 4 card.

3. Program Amendment.

a. The procedure outlined above provides for confirmation of additions, deletions, and changes to the unfunded MAP through return of Cards 3, 4, or R, to the program originator concerned. A listing of deletions and additions, called a "Program Amendment", similar in format and content to a MAP Order amendment, provides the basis for manual review of changes affected to the unfunded program.

b. Upon receipt of confirmation, cards R must be processed by recipients before the card 3 or 4; otherwise, duplicate items could appear and create problems in deleting the proper changed data.

(b) Disapprovals. Action code "X" will be punched in card Column 7 and the cards 3, 4, P, Q and R returned to the change originators concerned.

(c) Errors. Action code will be punched in card Column 7 and the cards 3, 4, P, Q and R returned to the change originator. See Action Code in Appendix A.

(2) DSAA will prepare and mail the following ADP reports to each MAAG:

(a) Item detail listings of the revised MAP and IMET country programs for one prior year (FY 77), the current year (FY 78) and the budget year (FY 79) on a bi-weekly basis.

(b) Copies of MAP Order Amendments after each weekly update of the DSAA Master Program File.

(c) Such other reports as may be requested.

(3) DSAA will inform MAAGs by message when program changes are disapproved and the reason therefor.

3. Changes to Funded Programs

a. Responsibilities

MAAGs and Military Departments are responsible for continuing review of undelivered articles and services in funded programs, and for the submission of program deviation and other change data as prescribed herein, to insure that undelivered programs are revised as necessary to reflect changes in the conditions under which they originally were approved and funded.

b. Method of Submission

The data card formats prescribed for submission of changes to unfunded programs (see paragraph 2, above) also apply for the submission of changes to funded programs.

c. General Procedures

This paragraph is concerned primarily with procedures for submission and approval of deviations to existing MAP Order lines. The addition of new lines to the program is not a part of the deviation procedure (see paragraph 2, above). There are frequent oc-

casions, however, when adjustment or alignment of the funded program must be effected by a combination of deviations and additions. This paragraph therefore describes the procedures for submission and approval of program additions within this combined deviation addition context, as well as those independent program additions which need immediate funding decision; otherwise, a meaningful delegation of authority to approve changes to funded programs within prescribed dollar thresholds could not be established. The general procedure for processing changes to the funded program is as follows:

(1) Deviations.

(a) A MAP deviation is that series of actions taken to make a change in the MAP Order record of a funded program line, either for the current or a prior fiscal year. The deletion of an entire line, or a change in any element of data other than the three control data fields is a deviation. The record control number for a line is never changed by deviation action, although it will disappear from the active file if the line is deleted.

(b) A deviation action is accomplished through submission to DSAA of the appropriate data card (P, Q or R) for posting to the master program file maintained by DSAA; the action is completed when the DSAA master program file has been posted and a MAP Order amendment issued confirming or approving the change to the authorizing MAP Order line.

(2) Additions.

(a) The word "addition" is used in this chapter in the sense of its meaning in relation to a data processing system, which is quite different from its meaning in the usual management sense. To the manager, "addition" connotes putting something in a program which was not there before in a substantive sense. To the data system, any new program line introduced to the master file record is an "addition", even though accompanied by deletion of a similar or substantially identical item, and producing a net effect of little or no significance to the program manager. Thus, program additions

may be submitted either as independent proposals, or as part of combination transactions which also involve deletions or other deviations.

(b) Recommended additions to the funded program are submitted to DSAA on the appropriate one of cards 3 or 4; the action is completed with the issuance of a MAP Order for those additions approved and funded, or with the notice of disapproval cards to the change originator concerned.

(3) Program change/deviation cards submitted to DSAA may be rejected either because the submission is improperly prepared and the card rejects during machine edit or processing, or because a transaction requiring prior DSAA approval has been disapproved. DSAA will attempt to correct errors rejected for technical reasons. If not possible, DSAA will notify the submitting agency of the reason for the rejection or disapproval.

d. Exchange Transactions

The procedures in this paragraph take account of three different conditions for exchange of one item for another in the funded program, and provide for different treatment based upon the degree of difference between the items.

(1) Where the difference is minor, implementing agencies are authorized to substitute and report the substitute after-the-fact. Examples are the supply of a tractor of different make and model from the one originally programmed, or substitution of a bulldozer with hydraulic-operated blade for one having a cable-operated blade. This type of substitution action is initiated by the supplying agency, usually because of the particular supply availability situation, and is processed as a deviation using card P, as appropriate.

(2) The intermediate degree of difference is that condition where the user determines that a different item is needed, or would be preferable, to perform the same function or fill the same need as the item originally programmed. An example is the exchange of a tractor-loader for a bulldozer.

This exchange is effected through the program deletion/addition card process (deletion card R and addition card 3 instead of change card P) with authority to approve the "addition" delegated under most circumstances to the MAAGs.

(3) The third condition is the exchange of items of such different performance characteristics as to change or augment the functions and/or capabilities of using unit; the exchange of a tractor for a truck, for example. For this type reprogramming, the deletion/addition card procedure is also used, but DSAA approval for the addition normally is required.

e. Fiscal Year Identity of Program Changes

MAP Order amendments approving or confirming program deviation will retain the fiscal year identity of the MAP Order line being changed. Since the current year program approved by the Secretary of Defense anticipates full utilization of total obligation authority (i.e., new obligations authority, plus reappropriation, reimbursements from the sale of MAP owned defense articles and anticipated recoupments from prior year programs), program additions will be submitted and processed as changes to the current year program except for the following:

(1) Additions which are one part of an offsetting transaction or an exchange of items to perform the same function or fill the same need, but which must be treated as "additions" as a matter of data processing technique.

(2) Additions submitted in connection with deletions or other program adjustments recommended within a specific commitment or Presidential Determination fixed in terms of dollar value for a designated prior year.

(3) Case-by-case authorization by the DSAA.

f. Delegation of Approval Authority

(1) Delegation of authority to approve changes to funded MAP programs reflected in this paragraph are based upon a concept of complete and continuous surveillance by MAAGs and DSAA of the effect of program

changes on total fund limitations, country ceilings, legislative constraints, Presidential Determinations, and other limitations on the Military Assistance Program. Under certain circumstances, any change which increases or adds a funded line could cause such a ceiling to be exceeded. However, program changes without policy significance are a frequent occurrence in the normal course of program implementation, and many of these have offsetting cost implications. Therefore, DSAA policy is to delegate approval authority for the low value, high volume transactions, since a procedure which required prior DSAA review and approval for every addition or upward change in a line item would be so restrictive as to severely impede orderly program execution. If the net result of changes effected through this delegated authority causes a ceiling to be exceeded, DSAA will direct action to bring the program within the restrictive ceiling, or if appropriate, will take action to have the ceiling raised.

(2) Except where a requirement for DSAA prior approval is specified in paragraph (3) below, or in the instructions under paragraph g below, for processing the four types of changes to funded programs described therein, authority to approve changes to funded programs is hereby specifically delegated to the Military Departments for all Type I changes, for Type II deletions/decreases and for Type III deletions/decreases resulting from program execution, and to the MAAGs for Type II additions/increases. Where approval authority is delegated to the implementing agency, it will proceed with execution action with the assurance that a confirming MAP Order will be forthcoming. Where approval authority is delegated to the MAAG, MAP Orders authorizing execution will be processed without prior DSAA formal review of item content; however, Military Departments will not proceed with execution action until the confirming MAP Order, or other evidence of DSAA approval is received. Where the requirement for DSAA prior approval is specified, the implementing agency will suspend

MILITARY ASSISTANCE AND SALES MANUAL—PART II

execution action until a confirming MAP Order, or other evidence of DSAA approval is received. (See Chapter C.)

(3) DSAA prior approval is always required, regardless of the type of action or how generated, for any deviation or addition which:

(a) Would increase the scope of a program line for defense articles or defense services financed by direct citation of MAP funds (source of supply code I, O, N, or F),

(b) Would change the type of assistance code,

(c) Would require procurement, in whole or in part, from off-shore sources, including the NATO Maintenance and Supply Organization (NAMSO),

(d) Would result in an increase of more than \$25,000 in the MAP cost for a single program line in current year only, or

(e) Would cause the value of a country program to exceed the dollar level approved for such country for a given fiscal year.

g. Types of Changes to Funded Programs

The change originator, channel of submission, and approval authority vary for differing types of program changes. For the sole purpose of describing these differences in procedures and approval authority, changes to the funded program are classified as follows:

(1) Type I. These are changes to the funded program for material and for services (other than training) which are generated through the normal processes of supply execution. All Type I changes are processed as program deviations through the submission of card P, Q, or R. Action to initiate the deviation is a responsibility of the implementing agency and is accomplished as follows:

(a) Change in unit price of a major item. It is the responsibility of the implementing agency to take specific action to deviate the program if there is a change in the unit price of an item. If the change in unit price would cause the value of the program line to increase by more than \$25,000,

the implementing agency will so advise the MAAG by message, with information to DSAA, so as to afford the MAAG an opportunity to confirm the continuing need for the type and quantity of item programmed, to adjust the quantity involved, or to initiate reprogramming action, as appropriate. Upon receipt of MAAG reply, the implementing agency will submit card P to DSAA. If the price change would cause an increase of less than \$25,000 or a decrease in the value of the program line, the implementing agency will submit card P to DSAA as soon as the effect of the price change is known.

(b) Substitutions.

1. Implementing agencies are authorized to substitute an equal quantity of major items for those in the authorizing MAP Order line as a normal supply action when all of the following criteria are met:

a. The substitute meets the interpretation of the definition of "substitute item" for U.S. troop support contained in paragraph 3.2, Military Standard MIL-STD-447 dated 28 May 1959, titled "Definitions of Interchangeable, Substitute and Replacement Items",

b. The substitute item is in the same generic code as the MAP Order-authorized item, and

c. The substitute is acceptable to the MAAG concerned.

2. If above criteria are met, implementing agency should submit card P to DSAA to reflect MASL data elements (group, class, item ident number and generic code, if required) of the substitute item.

(c) Definition of Initial Issue (Concurrent) Spare Parts and Support Equipment Packages.

1. Requirements for initial issue spare parts to be packaged and shipped by the implementing agency concurrent with (or sometimes in advance of) shipment of the related end items are programmed normally as dollar value lines based on an estimated cost for the "package". The same is true in some cases for some or all of the support equipment for aircraft, ships, and missile systems. When the instructions of

the implementing agency do not authorize the MAAG to initiate the requisitions for initial issue spare parts, or for support equipment programmed as a dollar value line, the exact items required for concurrent shipment are determined ("defined", or the line is "definitized") jointly by the implementing agency and the MAAG in accordance with the instructions of the implementing agency concerned.

2. If definitization and related pricing results in an increase of less than \$25,000 or a decrease in the value of the program line, implementing agencies will submit card P to deviate the line after definitization and pricing action has been completed.

3. If the cost of a defined concurrent spare parts or support equipment package exceeds the authorizing MAP Order line by more than \$25,000, this is a Type II change, and the MAAG will submit card P to initiate the deviation action.

(d) Overruns.

1. Overruns occur when the actual billing cost of items requisitioned by the MAAG against dollar value materiel lines exceeds the cost used as a basis for requisition control (see Chapter C). Overruns may occur when:

a. Unit pack considerations make necessary shipment of quantities larger than the quantities requisitioned.

b. Actual procurement or delivery prices are higher than estimated prices used by the implementing agency for requisitioned control.

c. Substitutions for items requisitioned by the MAAG result in an increase in cost.

2. As a general rule, the cost of overruns is more than offset by "underruns" on other items requisitioned against the same dollar value line, so that the net dollar effect of such variances is minor. Deviation action where necessary to increase program lines to cover overruns will be based on card P submission to DSAA.

(e) Cancellations

1. In the case of major items, if neither the programmed item nor an ac-

ceptable substitute can be provided (or if only a reduced quantity can be supplied), the implementing agency will submit card R (or card P for reduction in quantity) to DSAA to cancel (or reduce) the programmed line. The Implementing agency will also advise the MAAG by message, with information to the Unified Command and DSAA, so that prompt action can be initiated to program another item or to reprogram, as appropriate.

2. Deviation action will not be initiated if materiel requisitioned against a dollar value program line is not available. MAAGs will be notified through normal MILSTRIP procedures.

3. Cancellation of a construction contract is not a Type I change.

4. Cancellation of unrequisioned balances requested by Unified Commands is not a Type I change.

5. Cancellation of unrequisioned balances of prior year program lines in accordance with Chapter C is a Type I change.

(f) Change in Source of Supply.

1. When a major item programmed as a funded line (source of supply codes K, L, I, or O) is available from excess stocks, or from MAP-owned stocks, and can be furnished at a reduced MAP cost or no MAP cost, the implementing agency will submit card P to reflect changes in source of supply, unit price and MAP cost.

2. When items requisitioned against a funded dollar value line can be furnished from excess or MAP-owned stocks, no change will be reported in the program line. The saving in the funded line will be returned to DSAA.

3. To change the source of supply code from excess (E) or a MAP-owned category (B, J, S, or T) to a funded category (K, L, O, I, or N), implementing agencies will use the price change procedure described in paragraph (a), above.

(g) Changes in Direct Citation Costs. Increases or decreases in cost of a direct citation materiel or logistical service line will be reported to DSAA by submission of change card P at the time of obligation.

MILITARY ASSISTANCE AND SALES MANUAL—PART II

(2) Type II. These are changes to funded materiel and logistical services program lines which result from management review by MAAGs, Unified Commands, DSAA or other reviewing agencies. Type II changes initiated by the MAAG or Unified Command are submitted to the implementing agency or to DSAA as specified below. Agencies other than Unified Commands and MAAGs should submit Type II change requests direct to DSAA by memorandum or other normal communication media. Procedures for submission and approval are as follows:

(a) Deletions and Decreases.

1. All deletions/decreases of funded program lines must be processed through the appropriate implementing agency, since the implementing agency must determine procurement, fund obligation and shipment status before any further action is taken. Accordingly, MAAGs will request deletion/decrease action by message or other communication addressed to the appropriate implementing, with information copies to the Unified Command and DSAA. MAP materiel funds and IMETP funds are non-transferable. After investigation of supply status, implementing agencies will submit change cards as appropriate to be received in DSAA within three weeks after receipt of request for deletion/decrease, and all agencies concerned will be notified of the completed action by publication of the resulting MAP Order amendment. MAAGs must consider this factor where funded deletions/decreases are submitted as offsets for recommended additions/increases. In the event the implementing agency cannot submit deletion/decrease within three weeks the Military Department must inform the requesting agency, with information to DSAA, as to when deletion/decrease can be accomplished.

2. Upon receipt of a request for deletion or for reduction in the quantity of a major item, the implementing agency will immediately take action to suspend shipment pending investigation of procurement and/or delivery status, and then proceed as follows:

a. If the requested deletion/reduction was received after constructive delivery and air or ocean shipment of the item, the implementing agency will notify DSAA and the appropriate MAAG by message or other staff communication that the requested deviation cannot be made.

b. If investigation reveals nothing to preclude deletion/reduction, the implementing agency will prepare and submit to DSAA card R or P, as appropriate.

c. If the implementing agency has incurred procurement, rebuild or other expense which must be billed to MAP for an undelivered item being cancelled, the implementing agency will prepare and submit card P or R to DSAA to eliminate the requirement from the original recipient country program, and will also prepare and submit an addition card 3 showing MAPOM as the recipient country/activity code (see paragraph 4 below), DSAA will be advised of the circumstances by message or other staff communication so that ultimate disposition of the item can be determined. This same action will be taken for items shipped from a CONUS installation (i.e., constructively delivered) but not yet air or ocean lifted; upon receipt of deletion/reduction request, the implementing agency will frustrate such shipments and (unless diverted to meet the funded requirement of another MAP recipient) reprogram to the MAPOM recipient code pending DSAA determination of ultimate disposition.

3. When an implementing agency receives a request to delete/decrease a dollar value program line for requisitioned materiel, the requested change will be made only to the extent an unrequisitioned balance remains within the program line unless the request for deletion/decrease specified the requisitions to be cancelled or refers to separate communications cancelling requisitions.

4. MAAGs will submit requests to the implementing agency to cancel construction contracts, or to decrease the value of a construction program line because of a change in scope. The implementing agency will submit card P or R, as appropriate, to

DSAA. Detailed procedures outlining the actions required to cancel or change the scope of a construction contract line are contained in Chapter D.

(b) Additions and increases.

1. Implementing agencies will submit Type II additions/increases only by specific direction to DSAA. MAAGs will submit all requests for Type II additions/increases direct to DSAA, with an information copy to the Unified Command, on card 3 or P, appropriately coded with reason code in Appendix A, and will provide narrative justification, to indicate the reason for change.

2. DSAA processing of Type II additions/increases will be the same as for the normal issuance of MAP Orders from the unfunded program file (i.e., item is first entered in the unfunded file, then status is changed to funded upon issuance of MAP Orders). MAAGs will be notified of disapproval actions or rejected cards by separate message.

3. Type II additions/increases can require DSAA management attention either because the proposal may have policy or financial implications which must be considered by OSD, JCS or other agencies or because of the cumulative financial effect of less significant changes. Where DSAA prior approval is required, the recommended change will be subject to normal review and coordination within OSD and with Joint Staff and other agencies as necessary. Where DSAA prior approval is not required, the change will be processed without the normal management review, mentioned above.

4. Unless the change is contrary to announced Department of Defense policy, or to the provisions of paragraph 3.f.(s) above, or would result in exceeding the established country ceiling, DSAA prior approval is not required for any of the following Type II changes:

a. Increases in or additions of dollar value materiel lines (other than initial issue spare parts and support equipment packages) which are offset by an equal or greater dollar value of deletions and/or decreases of unrequisioned, or otherwise committed, balances of dollar value materiel lines

in the same country/activity and program year.

b. In connection with paragraph a above, MAAGs and implementing agencies are authorized to submit direct to designated international logistics centers program deviations requesting the transfer of an unrequisioned or otherwise uncommitted balance from one dollar value materiel line to another within the same country and program year. If the unrequisioned or uncommitted balance is sufficient to effect the requested deviation, the logistics center is authorized to approve the deviation and notify the MAAG that the deviation has been accomplished. Upon receipt of such notification, the MAAG may submit requisitions against the increased program line. MAAGs will exercise extreme care to assure that requisitions submitted against the decreased program line do not exceed the reduced MAP cost for that program line. The logistics center will submit card P changes for approved deviations to DSAA for issuance of a confirming MAP Order amendment. It is essential that these changes be submitted to DSAA promptly and that the P cards for both the increase and the compensating decrease arrive in DSAA at the same time. Incomplete deviations will be rejected. Application of this procedure is limited to program lines which are subject to requisitioning action by the MAAG, are assigned supply source codes of "K" or "L" and are programmed in budget activities "A" through "K" (see Generic Codes in Appendix A). Overruns will be considered by the logistics center when processing these deviations. Program additions (card 3 adds) and increases in offshore procurement requirements are not authorized under this procedure. Increases to a single line will be limited to \$25,000 or 10 percent whichever is greater. Program change reason code D8 will be assigned to these deviations. The authority contained in this paragraph does not set aside the requirement for periodic cutoff and recoupment of unrequisioned balances under Chapter C.

MILITARY ASSISTANCE AND SALES MANUAL—PART II

c. Increases in or additions of ammunition lines which are offset by an equal or greater dollar value of deletions and/or decreases of ammunition lines in the same country/activity and program year.

d. Exchanges (simultaneous submissions of deletion and addition cards) of major items which perform the same function or fill the same need and which:

Do not involve items or systems upon which the forceunit(s) represented by the MAP element code is (are) primarily dependent for mission performance.

5. All Type II increases and additions other than those authorized under paragraph 4 above required DSAA prior approval. MAAG use of multiple address message to DSAA and the implementing agency concerned will facilitate expeditious approval and supply action on those "exchange" transactions which require DSAA prior approval.

(c) Funding and DSAA audit of MAP Orders for Type II changes.

1. In allocating funds available for Type II changes, DSAA will accord first priority to those changes which do not require DSAA prior approval. Consideration of the obligational authority actually available at the time of receipt of addition/increase requests, however, may sometimes require temporary withholding of MAP Order issuance until the offsetting deletion/decrease cards have been received from implementing agencies.

2. To facilitate DSAA post-approval audit of Type II changes, MAAGs will use the same reason code for all changes involving a related combination of additions/increases and deletions/decreases.

(3) Type III. This category is restricted to changes in current and prior year program lines for training. MAAGs, and where appropriate the implementing agencies, are responsible for maintaining IMET program data in a current and accurate status. Retention of unused training as a means of reserving funds to finance future program changes is prohibited. Procedures for submission of Type III changes are as follows:

(a) Changes to Current Year Program.

1. MAAGs will submit promptly to the implementing agency, with information copy to the Unified Command:

a. Q or R card program change to reduce or delete a formal training line when it is known that a country will not utilize all or part of a training requirement, and, where appropriate, to reduce or delete program lines for other than formal training.

b. Q or 4 card program change to increase or add formal training lines when new or added training requirements are considered justified, and where appropriate, to increase or add program lines for other than formal training. Requests for training in CONUS will be reviewed by implementing agencies to determine training capability. MAAGs will coordinate requests for training to be performed in an overseas area with the appropriate overseas agency prior to submission of program data to the implementing agency.

2. Implementing agencies will review MAAG training requests and Unified Command comments, and will submit accepted requirements to DSAA:

a. Q, 4 or R card program change to increase/add or decrease/delete training requirements programmed as "general costs" (activity code 00).

b. Q or 4 card program change to increase or add program lines for formal training requirements initiated by the MAAGs.

c. Implementing agencies may also initiate deviations to formal training lines as a result of a change in course cost, travel and living allowance (TLA) or training availability. The MAAG will be informed accordingly. A MASL change will be submitted simultaneously, when required, to reflect a revised course cost.

3. Implementing agencies will inform MAAGs and Unified Command of training changes which are not accepted and the reasons therefor.

(b) Changes to Prior Year Programs.

1. Within six months after the close

of each fiscal year, all training lines in the fiscal year program which ended on the preceding 30 September will be rolled up by DSAA into budget project lines, i.e., N10, N20, . . . N70, so that there will be one program line per implementing agency for each budget project within each country program. During this six month period prior to roll-up, program changes will be limited to those required as a direct result of program execution. New requirements will not be added. All prior year changes will be submitted to DSAA by the implementing agencies. MAAGs may submit changes generated by their management reviews, e.g., unperformed fifth quarter training, to the implementing agencies for reviews and submission to DSAA.

2. Once the budget project lines have been created and substituted for the detailed training lines in the DSAA master program file, the detailed program lines will be retained on an ADP "save" tape for historical use only and will not be updated or modified. All subsequent changes will be submitted to DSAA by the implementing agencies against the budget project lines and will be limited to changes in total cost.

(4) Type IV. This category is restricted to changes in the funded program for administrative and operations support. Changes will be submitted to DSAA by implementing agencies through hard copy documentation, often in the form of budget justification, funding reviews, reclaims and other customary budget communications. They may also be initiated by DSAA. In all cases, cards P, R, or 3 will be prepared by DSAA, and agencies concerned notified of funding decision by MAP Order issuance.

4. Programming of MAP Owned Materiel (MAPOM)

a. Purpose and Scope

This paragraph prescribes procedures for the programming of materiel in the MAP Owned Materiel (MAPOM) account (activity code M3) and for the utilization and/or disposal of materiel in that account.

b. Programming of Materiel to MAPOM Account

Materiel may be programmed in the MAPOM account under one of the following circumstances:

(1) When MAAGs/Unified Commands request the cancellation of MAP funded materiel from recipient activity of country programs, and expenses have been incurred for the procurement or rebuild of such materiel, provided that:

(a) The materiel cannot be applied to another MAP requirement, a Foreign Military Sales requirement, or other reimbursable order held by the Military Department.

(b) The materiel is not within the Military Department's procurement objectives (which would otherwise be purchased with Military Department funds).

(c) The procurement or rebuild cannot be terminated at a cost acceptable to DSAA.

(2) When DSAA initiates or directs the programming of materiel to the MAPOM account.

(3) When Military Departments request authority to program and deliver materiel to MAPOM (for reasons other than a requested or directed cancellation) and DSAA approved such a request.

c. Processing Requested or Directed Cancellations

(1) When MAAGs/Unified Commands request, or DSAA directs, the cancellation of MAP funded materiel items, and the Military Department has non-MAP requirements for the materiel, the Military Department will submit a program change card to DSAA to delete the funded line from the country program.

(2) When cancellation of a MAP funded materiel item is requested or directed and the materiel cannot be applied to other non-MAP requirements, Military Departments will investigate the feasibility of terminating the procurement or rebuild and will advise DSAA of the circumstances and termination

costs involved. DSAA will furnish the Military Department instructions either:

(a) to terminate procurement/rebuild and to charge associated termination costs, where applicable, to the country program, or

(b) to continue procurement/rebuild and to program the materiel in the MAPOM account.

d. Records of MAPOM Assets

When materiel is approved for programming in MAPOM, Military Departments will submit the following program cards to DSAA to indicate disposition status of the materiel involved:

(1) Card P or R to reduce or delete the quantity and cost to be cancelled from the original country program.

(2) Card 3 to add the cancelled quantity and cost to the MAPOM account (activity code M3). Source of supply code will be the same as that reflected in the original country program.

(3) In approving or directing the programming of materiel to MAPOM, DSAA may direct that this materiel be held in the MAPOM account until disposition instructions are provided by DSAA. When such "hold orders" are in force, systems identifier code "H" will be inserted in column 70 of the MAPOM program add card. This code will identify those lines for which the Military Department has no responsibility for seeking utilization of MAPOM assets.

e. Utilization of MAPOM Assets

(1) Military Departments are responsible for continuing the screening of requirements to which MAPOM assets may be applied, unless these assets are under "hold order" (see subparagraph d(3) above).

(a) When a funded undelivered MAP requirement is identified for materiel which has been programmed to MAPOM, Military Departments will:

1. Submit a program change card to change the source of supply code to "T" in the funded program line for the recipient country. Where necessary, the unit price will be revised to reflect the unit price of the MAPOM asset.

2. Submit a program change card to delete a corresponding quantity and cost from the program line in the MAPOM account and return the MAPOM funds to DSAA.

(b) When a non-MAP requirement is identified for materiel which has been programmed to MAPOM, Military Departments will submit a program change card to delete the required quantity and cost from the MAPOM account and return the MAPOM funds to DSAA.

(2) DSAA will also analyze potential requirements for utilization of MAPOM assets, and will furnish the Military Departments appropriate reprogramming instructions when such requirements can be identified. When no effective utilization can be accomplished, DSAA will direct reprogramming of the MAPOM assets to the MAP Property Sales & Disposal (MAPSAD) account (activity Code M2) for sale or disposal action by the Military Department.

(3) DSAA will furnish the Military Departments appropriate reprogramming instructions for materiel on "hold order".

(4) The Military Departments and Defense Logistics Agency are authorized to acquire materiel in the MAPSAD account, on a non-reimbursable basis, to fill deficiencies in the approved forces acquisition objective or to meet foreseeable requirements within their retention limits.

(5) Materiel in the MAPSAD account, which is excess to the needs of the Military Department having custody thereof and which meets the reporting criteria set forth in Defense Disposal Manual (DOD 4160-21M) and related instructions will be reported for utilization screening in accordance with Defense policy governing the utilization (para (4) above) or disposal (para (5) above) or MAPSAD assets.

f. Custody of MAPOM Assets

Military Departments are responsible for retaining MAP-owned property in their custody pending shipment to MAP recipients or until other disposition is effected. MAP-owned property will be plainly identified so that it can be readily distinguished. Annual

physical inventories will be conducted by implementing agencies to verify on-hand balances. Costs incident to storage and maintenance of MAP-owned property will be charged to MAP General Costs under Generic Code L4A, Storage and Maintenance of MAP Owned Materiel.

5. Programming of Transferable Assets

a. Authority

DOD Directive 4100.37 provides for non-reimbursable delivery to MAP recipients of materiel in long supply or excess to DOD requirements. All quantities of items over and above Approved Forces Acquisition Objectives in the stratification of Military Department inventories are termed "transferable assets" and are available to the Military Assistance Program at no cost; that is, no reimbursement for the procurement costs of the items themselves. However, current legislation places a limitation of \$100 million, computed on acquisition value, on the amount of excess defense articles that may be provided in any fiscal year under MAP and FMS combined irrespective of source, i.e., CONUS or overseas.

The MAP appropriation or MAP recipient country budget must finance packing, crating, handling and transportation costs, as in the case of reimburseable items, and must finance any major item reconditioning or rebuild prior to delivery.

b. Types of Procedures

(1) The procedures for programming major items to be supplied from inventories of transferable assets is described in paragraph 5d and has been given the short title "MIMEX" to facilitate identification in messages and correspondence. The procedure for programming items that become excess to MAP recipients (redistributable) is the same as for "MIMEX" (see paragraph 5d(3) below). The procedure for programming items that become excess for Southeast Asia is described in paragraph 5f below, which has been assigned for short title "MAPEX".

(2) Following procedures apply equally

to MAP and MASF countries and programs. However, the acronym "MASFEX" should be used instead of "MAPEX" in release to MASF countries.

c. MIMEX Procedures

(1) Reporting of Transferable Assets.

(a) When Military Departments determine that transferable assets are available for application against funded current year and prior year undelivered balances, program change data (card P) will be submitted to DSAA changing the source of supply code to "E" and adjusting the MAP costs as appropriate. DSAA will issue MAP Order amendments to document these program changes.

(b) Military Departments will address transferable assets to countries which are eligible to receive Grant Aid defense articles with information copy to DSAA and Unified Commands by message or memorandum. These reports will be titled "MIMEX Offers", will be serially numbered by the Military Departments and will contain item identification, quantity, supportability, condition code, rebuild or reconditioning cost, if any, and lead time required for rebuild or reconditioning. Military Departments will also propose substitutions when considered adequate to meet the purposes of MAP requirements.

(2) Acceptance, Allocation and Order.

(a) MAAGs may advise DSAA by message with information copy to United Command and appropriate Military Department of country acceptance or non-acceptance of the items or substitute items offered. Acceptance advice will be preceded, if necessary, by direct communication with the appropriate item manager regarding questions of condition, supportability, location, etc. MAAGs, by message, will indicate whether rebuild is desired.

(b) Upon receipt of country acceptance, DSAA will allocate transferrable assets to the various MAP recipients, submit program data, for the allocated items and notify Unified Command, Military Department, and MAAGs. In the event rebuild is desired, the

programming data will accommodate the rebuild cost involved within the approved program level for the country concerned.

(c) DSAA will prepare and issue appropriate MAP Orders directing shipment of the allocated items.

(d) DSAA will release unallocated items to the cognizant Military Department for disposal.

(3) Redistributable MAP Property.

(a) Redistribution of end items excess to the requirements of a MAP recipient including ammunition, will be handled under the same allocation process as prescribed for MIMEX.

(b) The following procedures are established for redistribution of end items:

1. Redistribution between services in-country will continue as at present.

2. Assets reported by the MAAGs to the appropriate Military Department will contain the following information:

- a. Description of item
- b. Quantity available
- c. Location
- d. Condition
- e. Recommended disposition.

3. Military Departments will:

a. Utilize assets to the extent practical to meet current undelivered MAP requirements.

b. Report assets not utilized in accordance with paragraph a above to DSAA in accordance with MIMEX procedures, identifying them as MAP redistributable property and indicating those cases where it is recommended that the assets be allocated to meet U.S. force requirements.

4. MAAGs will advise DSAA of acceptance or non-acceptance as prescribed in paragraph (2) above. Punch source of supply code "R" in column 65 when submitting programming data to DSAA pursuant to allocation of MAP redistributable property.

5. DSAA will advise of allocation action taken and issue MAP Orders for allocated property as prescribed in paragraph (2) above.

(1) MAAGs in countries eligible for

materiel grant aid desiring to obtain excess defense articles in the hands of PACOM DPDOs to meet defined, unfunded valid MAP requirements, including programmed requirements discussed para 5.c. above may submit a request for MAPEX release direct to DSAA.

(2) Procedures

(a) The MAAG identifies the requirement and locates the available item(s) requests the Defense Property Disposal Office (DPDO) to hold the item(s) pending approval and, forwards a request for MAPEX release to DSAA utilizing message format containing data specified in paragraph (3) below.

(b) DSAA issues a MAPEX release order message to the pertinent DPDO, MAAG, information copy of United Command, cognizant logistics center, and the DPDO Regional Office authorizing release of shipment. DSAA submits program data (3 card) to the applicable logistics center as required.

(c) Requirements submission. Message requests for MAPEX release should reflect following:

1. Major Items:

- a. DPDO Control Number
- b. Offered NSN
- c. Nomenclature
- d. Quantity/Condition Code
- e. Acquisition Value
- f. Country Code/Program Originator
- g. Program MAPEL
- h. Program NSN
- i. Customer Code

2. Secondary Items:

- a. Program NSN
- b. Value (total value at standard stock price)
- c. Country Code/Program Originator
- d. Program MAPEL
- e. NSN/DPDO Control Number

(3) Authority to obtain non-reportable excess categories of materiel that have been reported to PACOM DPDOs under provisions of paragraph (1) above carries responsibility

ties for assuring:

(a) that materiel obtained is within approved policy for MAP support to the recipient country.

(b) that excessive operating and maintenance costs will not be generated as a result of acquiring this materiel.

(c) that necessary precautions will be taken to prevent unauthorized diversion of this materiel to purposes other than for which intended at the time the release order was issued.

(d) DSAA will submit program data (3 card) to cognizant logistics center, and issue MAP Orders without funds to document the transaction.

(4) Delivery

(a) Military Departments will record delivery and maintain delivery records in customary method for MAP transactions.

(b) Materiel furnished at no cost to MAAP will be reported in terms of acquisition value.

(c) DSAA will furnish delivery data to MAAGs in the same fashion used for reporting deliveries against funded lines.

(5) Requests for authority to approve MAPEX transactions outside the scope of the authority contained in paragraph (1) above will be submitted to DSAA for review on a case-by-case basis as an exception to policy. Such requests should indicate, in addition to basic information required paragraph (3) above, estimated proceeds from disposal sale, intended recipient and sufficient justification to support a defense decision.

6. Excess Defense Articles (EDA) General Programming Instructions

a. Major Items

(1) Major items will be programmed with the R&R cost, where applicable, in the line. If there is no R&R cost, program at zero MAP cost.

(a) If the item comes from overseas and is within the \$100 million exception, code M will be placed in Column 53. If the overseas item is not within the \$100 million exception, enter a P in Column 53.

(b) If the item comes from domestic sources, enter R in Column 53.

(2) For each major item programmed there must be a second line. The second line will be an actual value dollar line which contains the NSN and Generic Code of the major item but no quantity.

(a) These dollar lines corresponding to overseas EDA items covered by the \$100 million exception will contain code M in Column 53 and Type of Assistance "T". Actual value funds will not be provided to the Military Departments for lines containing TA "T". When the \$100 million is totally expended we will discontinue use of TA "T" and enter P in Column 53.

(b) For domestic-generated items enter R in Column 53. Normal MAP Type of Assistance will be used.

(c) The actual value of the item(s) will be entered, both in the unit cost and total value fields.

(d) Where several items of varying value are programmed in the line, the average value may be used.

(3) Where possible, major item lines and actual value lines will be assigned consecutive RCNs.

(4) Reporting of Deliveries.

(a) Major items: When major items are delivered, 8 cards must be submitted showing the delivery against both RCNs. The actual value line should reflect a delivery of dollars equal to the actual value. The major item line should reflect the quantity delivered, acquisition value (CC 36-43) and R&R cost (CC 73-80) (this is no change from present practice). If delivery of an overseas-source item within \$100 million ceiling is made against a domestic source program, actual value funds shall be refunded to DSAA by the Military Department concerned.

(b) Secondary items:

1. If permission has been given to program a SS "E" dollar line, deliveries will be reported at standard stock price (CC 36-43) and at actual value (CC 73-80).

7. MAP Orders

a. Purpose

MILITARY ASSISTANCE AND SALES MANUAL—PART II

(1) The term "MAP Orders", is used to describe the document issued by DSAA which authorizes and directs the delivery of defense articles or the furnishing of defense services to designated MAP recipients. The term "Section 108 Reservation" is used to describe the portion of the MAP Order or amendment thereto, financed with limitation .002 funds, issued pursuant to the provisions of Section 108 Public Law 208, 84th Congress, as amended.

(2) MAP Order amendments are the documents used to delete, change or add new program lines to a MAP Order previously issued. Program (fiscal) year identification will be maintained throughout all phases of MAP execution. MAP Order amendments will be identified by program year with the original MAP Order being changed, and separate amendments will be issued for each program year involved. As used throughout this manual, the term "MAP Order" also refers to MAP Order amendments.

(3) MAP Orders will be issued for all items in the approved and funded MAP (i.e., materiel, training, construction, supply operations, administrative expense, etc.). All Orders will be produced from the ADPS master program file maintained by DSAA.

(4) Advice to a Unified Command or MAAG indicating that MAP Orders of MASF program directives have been issued and funded constitutes specific approval of the Director DSAA, in accordance with Para 8, Chapter C, Part I (Commitments), unless instructions to the contrary are contained in the advice or in other instructions issued by the Department of Defense or the Department of State. Such advice must not be construed, however, as a commitment to deliver the articles or services at the time indicated in the advice unless the advice specifically indicates that there is a U.S. commitment as to the delivery date.

b. MAP Order Procedure

(1) A separate MAP Order will be issued for each country or activity, and the MAP Order number will include the appropriate country/activity code (see Appendix A).

(2) The number assigned to MAP Orders and amendments thereto will be composed of:

- (a) Program Year.
- (b) Implementing Agency.
- (c) Country/Activity Code.
- (d) Two-digit sequential numbers.

(3) The initial MAP Order issued for each country or activity for a given program (fiscal) year will be identified by sequential number 00. Subsequent MAP Orders for the program year will be issued as amendments to the initial MAP Order and will be number 01 through 99, followed by alpha-numeric numbers as necessary.

(4) EAM cards 5 or 6 for each program line will be furnished with MAP Orders issued to Military Departments. (EAM card R will be furnished also for program lines deleted by a MAP Order amendment). The format of cards 5 and 6 will be the same as that of cards 3 and 4 with the following modifications:

| <i>Card Column</i> | <i>Modification</i> |
|--------------------|--|
| 1— | Card Codes 5 and 6 will be substituted for Card Codes 3 and 4, respectively. |
| 2-5— | Record Control Number (RCN) will be shown. |
| 6— | Method of Funding Code will be shown in this column. |
| 23-24— | Unit of Issue. |
| 55— | Implementing Agency Code will be shown in this column on card 5 only. |
| 58-59— | MAP Order or MAP Order Amendment Number (MO) will be substituted for Unified Command Deferral Priority/Reman Training. |

c. MAP Order Recipients

The recipient of a MAP Order and associated fund allocation is responsible for implementation of the Order, including accounting and fiscal reporting as prescribed by DOD Instruction 7290.1. The implementing agency will be identified in the MAP Order number. The implementing agency for each program line will be determined as follows:

- (1) Materiel.
 - (a) Major Items.

1. MAP Orders for major items will be issued to the implementing agency design-

nated by DSAA in coordination with OASD (MRA&L).

2. Subject to case-by-case exceptions to avoid jeopardizing necessary control over program exception, DSAA will apply the following criteria in designating the implementing agency:

a. For all Investment (Cost Code I) items which are an integral part of a major weapons, electronics, or other selected system, the MAP Order will be issued to the Military Department which has been assigned DOD logistical management responsibility for the system as a whole. MAAGs will identify investment cost items programmed as integral parts of such systems by entering the appropriate systems identifier code in Column 70 of the cards 3 and P.

b. If the OSD has assigned wholesale inventory management responsibility for an item to a Military Department, the Order normally will be issued to that Department.

c. If the OSD has not assigned wholesale inventory management responsibility for an item to a Military Department the MAP Order normally will be issued to the U.S. counterpart of the recipient country using service.

(b) Dollar Value Lines.

1. Orders for dollar value lines with an assigned MILSTRIP routing identifier in the MASL will be issued in the same manner as a major item.

2. Orders for dollar value lines without an assigned MRI (i.e., footnote coded K) in the MASL will be issued to the Military Department represented by the first digit of the MILSTRIP routing identifier entered by the Unified Command in accordance with the instructions for footnote code K.

(c) Concurrent (Initial) Spare Parts (CSP).

1. MAP Orders for CSP program lines assigned the item identification number of the related major item will be issued to the

same Military Department as the major item.

2. Orders for CSP program lines assigned a spare part item identification number will be issued in the same manner as other dollar value lines.

(d) Source of Supply Codes J, S, and T. Program lines identified with source of supply codes J (Logistical Center Japan), S (F104G Spares Depot), and T (Transfer) and excepted from the procedures described in paragraphs (a) and (b) above. MAP Orders will be issued as follows:

| <i>Source of Supply</i> | <i>Implementing Agency</i> |
|-------------------------|--|
| J | Department of the Army. |
| S | Department of the Air Force. |
| T | Military Department holding the specified items in MAP-owned stockpiles (MAPOM account). |

(2) Administration and Operational Support. MAP Orders for administration and operational support program lines will be issued to the Military Department assigned administrative agency responsibility for the area, country, or activity.

(3) Training. MAP Orders for training program lines will be issued to the Military Department providing the training except in the case of cross-service training. MAP Orders for entire cross-service training sequences will be issued to the Military Department providing the majority of the training.

(4) Construction. MAP Orders for construction program lines will be issued to the Military Department which has been designated as the construction agency for the country concerned. However, the construction agency will be responsible for coordinating country construction with the Military Department counterpart of the recipient country using service to assure that the facilities meet the operational requirements of the recipient country forces.

CHAPTER G

MAP ADMINISTRATION AND SUPPORT COSTS

1. General

MAP administration and support costs, involving salaries and allowances, travel, rents, utilities, communications, printing, contractual services, supplies, equipment (including passenger and non-passenger vehicles), permanent change of station travel of civilian personnel, transportation of things, and temporary additional duty for the purpose of planning, development and management of MAP activities, etc. will be justified in this Chapter. These procedures apply to all costs in the following MAP budget projects:

- L10 Transportation Costs
- L20 Packing, Crating, Handling, Port Loading and Unloading Costs
- L30 Operations and Maintenance of MAP Installations
- L40 Storage and Maintenance of MAP Stockpiles
- L60 Logistics Management Expenses
- N40 MAAG and Command Training Support
- T10 Administrative Expenses, Departmental and Headquarters
- T20 MAAG Administrative Expenses

2. Responsibilities

a. The Military Departments have been assigned Administrative Agency responsibilities for Unified Command headquarters by DOD Directive 5100.3 subject: Responsibility for the Support of Headquarters of Unified and Specified Commands. The Military Departments have been assigned Administrative Agency responsibility for MAAG administration and operating support in accordance with DOD Directive 5132.3, subject: DOD Policy and Responsibilities Relating to Military Assistance, as follows:

(1) Department of the Army—The countries in the USCINCEUR and USCINCSO area of responsibility.

(2) Department of the Navy—The countries in the USCINCPAC area of responsibility.

b. Logistical support responsibilities of the Military Departments will be accomplished within the guidance of Department of Defense Directive 4000.19 (Revised), Basic Policies and Principles for Interservice and Interdepartmental Logistic Support.

c. MAAGs will review Joint Table of Allowance and other authorization documents annually. Revisions required to accommodate changes in operations will be submitted in accordance with AR 1-75/OPNAVINST 4900.31 Series/AFR 400-45.

d. Unified Commands will provide special instructions to MAAGs for the preparation and submission of budgets and financial plans/budget reviews as required. Budget estimates will be reviewed and approved by the Unified Command and forwarded through the cognizant Military Department to DSAA.

3. Military Assistance Program Semi-annual Review Cycle

a. Financial Plan/Budget Call. A "call" will be issued in mid-June and mid-January establishing submittal due dates and providing special instructions.

b. Semi-annual reviews will be conducted in mid-September and mid-March in accordance with instructions contained herein and will consider the Military Departments administrative and support requirements.

c. Annually, in mid-June, a "financial plan" will be issued for the coming fiscal year based on the semi-annual financial plan and budget year reviews of the current fiscal year.

MILITARY ASSISTANCE AND SALES MANUAL—PART II

d. The mid-September review of the Military Department Financial Plan/Budget submissions will serve to refine the "financial plan" issued the previous June. The budget year data contained therein will serve as a basis for preparing the President's budget.

e. The mid-March review of the Military Department Financial Plan/Budget submissions will provide a basis for finalizing the current year "financial plan" and will also serve as a basis for establishing the operating levels provided annually each June in the form of a "financial plan" in c above.

4. Development and Submission of Budget Estimates

a. Budget estimates submitted for the September review will be completed in accordance with instructions in Paragraph 6.

b. Budget estimates submitted for the March review will be modified in accordance with Paragraph 7.

c. Each Unified Command or other MAP funded activity will submit to the appropriate Military Department its MAP administration and support requirements for each MAAG, Command Headquarters, and other MAP funded activity on Formats B-21, B-22, B-23, B-24, B-25, B-31 and B-33. Submissions of subordinate activities should be reviewed by the Unified Commands and adjusted as necessary. Adjustments, if any, will be reflected on all applicable Formats. The Unified Command will also prepare Formats B-15 and B-16.

d. The Budget and Finance Division, DASD (Administration) and the Military Departments will:

(1) Develop departmental MAP administration and support requirements.

(2) Review and adjust, as necessary, the requirements submitted by Unified Commands and other subordinate activities. Adjustments, if any, will be reflected on all applicable Formats.

(3) Prepare and submit to the Comptroller, Defense Security Assistance Agency (DSAA), consolidated summaries of require-

ments (a) by grand total, on Formats B-21 and B-22; (b) by individual MAP funded activity totals, on Formats B-11, B-12 and B-14.

(4) Submit Formats B-21, B-22, B-23, B-24, B-25, B-31 and B-33, as approved, prepared by each applicable MAAG, MAP funded activity, and Command Headquarters; and Formats B-15 and B-16 prepared by the Unified Command.

5. General Instructions for Completion of Formats

a. In the heading, enter the date prepared, Budget Project number, and the MAP activity (MAAG, other MAP funded activity, Command Headquarters, Unified Command, Military Department, DASD (Administration), as applicable) preparing the estimates.

b. Report all dollar amounts in thousands to the nearest hundred dollars (e.g., report \$100,567 as \$100.6; \$447 as \$.4, etc.) except hourly aircraft costs shown on Format B-14, and supporting dollar amounts reported on Format B-23 which will be reported to the nearest dollar.

c. Administration and support requirements and related narrative justifications for each reporting MAP funded activity will be submitted on the applicable Formats in the following Budget Project groupings: T10, T20 and N40; L10; L20 and L60; L30; L40.

d. MAAG administrative and training support requirements will conform with the provisions of Joint Regulation AR 1-75/OP-NAVINST 4900-31C/AFR 400-45. Only personnel designated as MAP on the Joint Tables of Distribution (JTD) are funded under Budget Project T20. Non-MAP personnel providing administrative and logistical support to the MAAGs are funded by the parent organization or other appropriate agency having jurisdiction over authority, assignment and general supervision of positions occupied by such personnel. MAAGs may be required to reimburse other agencies for non-MAP administrative or logistical support, depending on the source and type

of support received. Guidance, as to types of support which reimbursement may be required, is contained in AR 1-75/OPNAV-INST 4900.31 Series/AFR 400-45.

6. Instructions Applicable to Individual Formats for September Financial Plan/Budget Review

a. Format B-21, Personnel and Related Compensation. (Required of each MAP activity indicated in Table 1.)

(1) Purpose. Show military, civilian, and foreign national personnel, as appropriate, in terms of numbers authorized, average permanent personnel, and number of person-

nel on board end of year; indicate total compensation for these personnel and for other personnel carried in a nonpermanent status.

(2) Preparation.

(a) Numbers of personnel. Enter for each Budget Project for the Prior Year (PY), Current Year (CY), and Budget Year (BY), in columns (c) through (k), as appropriate, the actual or estimated numbers of personnel corresponding to the line entries in column (a). In order to account for all personnel carried on the MAAG JTD, each MAAG will report non-MAP personnel, using columns (i), (j) and (k). Non-MAP personnel will not be reported on Format B-21 consolidated summary prepared by the Military

CHAPTER K

UTILIZATION, REDISTRIBUTION AND DISPOSAL
OF MAP MATERIEL**1. General****a. Applicability**

The following provisions and procedures apply to all material furnished to foreign countries by the U. S. as grant aid, regardless of whether the transfer was made under the Foreign Assistance Act of 1961, as amended, predecessor or successor legislation, or other statutory authority. MASF-origin property declared excess by the recipient country after date of reversion to MAP funding is also subject to MAP policy and guidance. These provisions also apply to MAP material in possession of a country although the country is no longer eligible for grant aid under the MAP program. The procedures in this Chapter apply only to MAP material, and do not apply to redistribution of EDA (excess defense articles). See subparagraph C, below.

b. Section 502 of the Foreign Assistance Act, as amended, stipulates that defense articles and services will be provided as grant aid solely for internal security, for legitimate self-defense, or to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations. This section also permits the recipient country to participate in collective measures requested by the United Nations for the purpose of assisting foreign military forces in less developed friendly countries (or the voluntary efforts of personnel of the Armed Forces of the United States in such countries) to construct public works and to engage in other activities helpful to the economic and social development of such friendly countries.

c. The fact that an item of MAP redistributable property survives utilization screening, including screening against Military Department's needs and is declared eligible for disposal ("disposal MAP proper-

ty"), does not make the item EDA in the sense of Section 644(g) of FAA of 1961, as amended by P.L. 93-189, 17 December 1973, the "FAA of 1973", since the term "EDA" applies only to DOD assets, and not to MAP assets. Refer to Part II, Chapter F, paragraph 5.a.

d. Waivers

The following procedures and provisions may be considered for waiver by the Director, DSAA, on a case-by-case basis when such action is legally permissible and is determined to be in the best overall interest of the United States. Request for waiver should be directed to DSAA giving full details as to the identification and quantities of materiel involved, their acquisition and disposal values, the specific provision(s) to be waived, and full justification. An information copy of each request for waiver will be provided to the Unified Command for regional evaluation and comment as deemed appropriate within five working days. No comment will be construed as no objection.

2. Supervision of End-Item Use

a. Section 623(a)(3) of the Act assigns primary responsibility for the supervision of end-item use by the recipient countries to the Secretary of Defense. Within their areas of responsibilities, this function is assigned to Unified Commands and, where appropriate, assigned further to MAAGs or other DOD elements responsible for MAP activities in foreign countries.

b. DOD Directive 5132.3, paragraph IV. J.(5), specified further that in carrying out the above responsibility the Chief of MAAG under the direction of the appropriate Unified Command, is responsible for supervising utilization by the foreign government of all defense articles and services furnished by the U.S. as grant aid. This responsibility

includes proper utilization of material other than end-items and of personnel trained by the U.S., particularly in the case of countries receiving substantial MAP support for operations and maintenance of its Armed Forces.

c. Except where specified otherwise by DSAA, periodic submission by the recipient country of reports, as may be prescribed as to form and frequency by the MAAG consistent with available resources, satisfies the intent and purpose of the law. MAAGs will establish operating procedures for supplemental supervision of end-item use and verification of country reports. However, it is incumbent upon all DOD elements, to supplement and verify such reports by physical inspection, observation, and such other means as may be practicable. Time consuming, repetitive checks of low-cost, non-critical items shall be avoided.

d. Reports Submitted by Foreign Country

(1) As a minimum, the reports submitted by the foreign country will consist of an annual inventory of major items on hand of MAP origin as of 30 September each year. The report will include:

- (a) Item identification
- (b) Quantity on hand
- (c) Current utilization
- (d) Condition of materiel

(2) Wherever practical, the report will be expanded to include other than major items, acquisition values, and projections of when materiel will become excess to the foreign country's requirements.

(3) Requirements for this report may be modified or waived by the appropriate Unified Command in order that administration of this equipment is consistent with the situation in the country and with the availability of U.S. resources. Delegation of this authority includes selection and designation by the Unified Command of specific defense articles and services to be reported.

e. The extent and nature of supplemental supervision and verification will vary by country dependent upon such factors as availability of personnel, the extent to which physical inspection is practical, and the de-

gree to which the recipient country can be relied upon to manage its resources effectively and render timely and accurate reports. Consistent with these factors, full use should be made of temporary duty personnel and teams, including those engaged in other primary missions, in carrying out end-use supervision responsibilities.

f. Appropriate country representatives will be advised of the minimum acceptable standards which are required for continued MAP support. This may not be, in all cases, rigorous U.S. equipment standards. In some countries it may be considered desirable and appropriate to provide country representatives with a MAAG prepared draft directive (for country implementation) which sets forth the minimum standards acceptable for continued MAP support.

g. MAAG surveillance of end-item use will include noting whether defense articles are excess to approved allowances and/or are no longer being utilized for the purpose for which provided. When the MAAG determines that such conditions exist, the following actions will be taken on a case-by-case basis:

(1) Notify the country in writing, providing complete details to support the MAAG determination. Notifications will make specific reference to the terms of applicable bilateral agreements with the country and the provisions of the Foreign Assistance Act.

(2) Report to DSAA, with info copy to Unified Command, those instances of country and MAAG disagreement over justification for retention, and resultant nondeclaration of excess. The report shall include country team recommendations for further action.

3. Reporting and Screening MAP Material Declared Excess

a. Action by Chief of MAAG

(1) When MAP materiel is declared excess to the needs of its Armed Forces by the holding foreign country, the MAAG or other DOD element responsible for MAP administration in the country will determine its condition. To the extent practicable, the deter-

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

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

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

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

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

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

b. Action by Military Department

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

channels, screening agencies, and reporting formats.

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

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

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

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

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

4. Transfer of MAP Excess Material

a. Submission of Requirements

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

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

nizant Military Department or agency.

(3) MAAGs receiving redistributable MAP property will:

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

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

(c) Submit appropriate program change data to DSAA.

(4) Reimbursable Transfers

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

b. Assessorial Charges and Rehabilitation Costs

(1) MAP property, other than ships and aircraft, released to the U.S. Government will be delivered by the releasing country.

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

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

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

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

(3) Ships and aircraft will be delivered

in accordance with arrangements made between the USG and the releasing country.

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

(a) Redistributable MAP property, and

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

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

(6) Rehabilitation costs will be borne:

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

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

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

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

5. Cannibalization and Retention

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

6. Disposal of MAP Property

a. Methods of Disposal

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

(a) In accordance with the provisions of the Defense Disposal Manual (DOD 4160.21M) through the DPDO's, in which case net funds generated thereby are deposited in the parent MAP account. Section 605(d) of the FAA of 1961 provides: "Funds realized by the U.S. Government from the sale, transfer, or disposal of defense articles

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

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

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

b. Demilitarization of Disposable MAP Property

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

c. FAA Regarding Disposal

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

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

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

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

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

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

of disposable MAP property to it.

**7. Recording MAP Property
Redistribution and Disposal**

a. Action by Chief of MAAG

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

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

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

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

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

(c) These records should reflect the following:

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

CHAPTER A

ELIGIBILITY FOR FOREIGN MILITARY SALES

1. General Authority

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

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

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

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

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

2. Conditions of Eligibility

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

3. Eligible Countries and International Organizations

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

4. Special Approval Requirements

a. Approval channels related to major capital end-items and maintenance support items and where emergency procedures or special instructions apply are indicated in Table A-2. The procedures for the implementation of FMS requests are covered in Chapter D.

b. Except as authorized in Table A-2, requests for the purchase of defense articles and defense services will be submitted through diplomatic channels to the Department of State for approval and forwarded, as appropriate, to the Department of Defense for implementation in accordance with established policies and procedures. Out of channel requests, i.e., requests not received in accordance with para a., immediately above, will be processed as outlined in Chapter D.

Table A-1

FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS ELIGIBLE TO PURCHASE DEFENSE ARTICLES AND DEFENSE SERVICES UNDER THE AUTHORITY OF THE ARMS EXPORT CONTROL ACT¹

COUNTRIES

| | | | |
|-------------------|------------------------|--|------------------------------------|
| | <i>Africa</i> | | <i>Near East and South Asia</i> |
| Benin | Mali | Afghanistan | Nepal |
| Cameroon | Mauritius | Bahrain | Oman |
| Ethiopia | Morocco | Egypt | Pakistan |
| Gabon | Niger | Greece | Qatar |
| Ghana | Nigeria | India | Saudi Arabia |
| Guinea | Senegal | Iran | Sri Lanka (Ceylon) |
| Ivory Coast | Sudan | Israel | The United Arab Emirates |
| Kenya | Tunisia | Jordan | Turkey |
| Liberia | Upper Volta | Kuwait | Yemen Arab Republic |
| Libya | Zaire | Lebanon | |
| Malagasy Republic | | | |
| | <i>Europe</i> | | <i>Western Hemisphere</i> |
| | (Less Greece & Turkey) | Argentina | Haiti |
| Austria | Malta | Bahamas | Honduras |
| Belgium | Netherlands | Bolivia | Jamaica |
| Denmark | Norway | Brazil | Mexico |
| Finland | Portugal | Canada | Nicaragua |
| France | Spain | Chile | Panama |
| Germany | Sweden | Colombia | Paraguay |
| (Fed Rep of) | Switzerland | Costa Rica | Peru |
| Iceland | United Kingdom | Dominican Republic | Surinam |
| Ireland | (Incl Crown Agents) | Ecuador | Trinidad and Tobago |
| Italy | Yugoslavia | El Salvador | Uruguay |
| Luxembourg | | Guatemala | Venezuela |
| | <i>Far East</i> | | <i>International Organizations</i> |
| Australia | Korea, Rep of | North Atlantic Treaty Organization (NATO) | and its agencies |
| Brunei | Laos | Organization of American States (OAS) | |
| Burma | Malaysia | United Nations (UN) and its agencies to include International Civil Aviation Organization (ICAO) | |
| Cambodia | New Zealand | | |
| China, Rep. of | Philippines | | |
| Fiji | Singapore | | |
| Indonesia | Thailand | | |
| Japan | Vietnam, Rep of | | |

1. As of 9 August 1977

Table A-2¹

**APPROVAL REQUIREMENTS FOR THE PURCHASE OF
DEFENSE ARTICLES AND DEFENSE SERVICES**

| <i>Eligible Country</i> | <i>Maintenance support items for materiel of US origin</i> | <i>Major or capital end items</i> | <i>Authorized direct arrangements for dependable undertakings</i> | <i>Authorized receipt DLA excess property listings</i> |
|--|--|-----------------------------------|---|--|
| <i>NATO Countries:</i> | | | | |
| Belgium | A | A | X | X |
| Canada | A | A | X | X |
| Denmark | A | A | X | X |
| France | A | A | X | X |
| Germany (Federal Republic of) ^{5 6} | A | A | X | X |
| Greece | A | B | X | X |
| Iceland | A | B | X | X |
| Italy | A | A | X | X |
| Luxembourg | A | A | X | X |
| Netherlands | A | A | X | X |
| Norway | A | A | X | X |
| Portugal | A | B | X | X |
| Turkey | A | B | X | X |
| United Kingdom ⁸ | A | A | X | X |
| <i>Other European Countries:</i> | | | | |
| Austria | A | A | X | X |
| Ireland | A | A | X | X |
| Malta | A | B | X | X |
| Spain | A | B | X | X |
| Sweden | A | A | X | X |
| Switzerland | A | A | X | X |
| Yugoslavia | A | B | X | — |
| <i>Near East and South Asia Countries:</i> | | | | |
| Afghanistan | A | B | — | — |
| Bahrain | A | B | X | X |
| Egypt | B | B | — | — |

Change 16, 15 December 1977

A-3

Table A-2¹

APPROVAL REQUIREMENTS FOR THE PURCHASE OF
DEFENSE ARTICLES AND DEFENSE SERVICES

| <i>Eligible Country</i> | <i>Maintenance support items for materiel of US origin</i> | <i>Major or⁹ capital end items</i> | <i>Authorized⁵ direct arrangements for dependable undertakings</i> | <i>Authorized⁴ receipt DLA excess property listings</i> |
|----------------------------|--|---|---|--|
| India | B | B | X | X |
| Iran | A | B | X | X |
| Israel | A | B | X | X |
| Jordan | A | B | X | X |
| Kuwait | A | B | X | X |
| Lebanon | A | B | X | X |
| Nepal | A | B | — | — |
| Oman | A | B | X | X |
| Pakistan | B | B | X | X |
| Qatar | A | B | X | X |
| Saudi Arabia | A | B | X | X |
| Sri Lanka (Ceylon) | A | B | — | X |
| The United Arab Emirates | A | B | X | X |
| Yemen Arab Republic | A | B | X | X |
| <i>Far East Countries:</i> | | | | |
| Australia | A | A | X | X |
| Burma | A | B | — | X |
| Brunei | A | B | X | X |
| Cambodia | A | B | — | X |
| China, Republic of | A | B | X | X |
| Fiji | A | B | — | — |
| Indonesia | A | B | X | X |
| Japan | A | A | X | X |
| Korea | A | B | X | X |
| Laos | A | B | — | X |
| Malaysia | A | B | X | X |
| New Zealand | A | A | X | X |
| Philippines | A | B | X | X |
| Singapore | A | B | X | X |
| Thailand | A | B | X | X |
| Vietnam | A | B | — | X |

A-4

Change 16, 15 December 1977

Table A-2¹

**APPROVAL REQUIREMENTS FOR THE PURCHASE OF
DEFENSE ARTICLES AND DEFENSE SERVICES**

| <i>Eligible Country</i> | <i>Category²</i> | | <i>Authorized³ direct arrangements for dependable undertakings</i> | <i>Authorized⁴ receipt DLA excess property listings</i> |
|--|--|---|---|--|
| | <i>Maintenance support items for materiel of US origin</i> | <i>Major or⁹ capital end items</i> | | |
| <i>African Countries⁸:</i> | | | | |
| Cameroon | A | B | — | — |
| Dahomey | A | B | — | — |
| Ethiopia | A | B | X | X |
| Gabon | A | B | X | — |
| Ghana | A | B | — | — |
| Guinea | A | B | — | — |
| Ivory Coast | A | B | — | — |
| Kenya | A | B | — | — |
| Liberia | A | B | X | X |
| Libya | B | B | — | — |
| Malagasy Republic | A | B | — | — |
| Mali | A | B | — | — |
| Mauritius | A | B | — | — |
| Morocco | A | B | X | X |
| Niger | A | B | — | — |
| Nigeria | A | B | X | — |
| Senegal | A | B | — | — |
| Tunisia | B | B | X | X |
| Upper Volta | A | B | — | — |
| Zaire | A | B | X | X |
| <i>Latin American Countries⁷:</i> | | | | |
| Argentina | A | B | X | X |
| Bahamas | A | B | X | X |
| Bolivia | A | B | X | X |
| Brazil | A | B | X | X |
| Chile | A | B | X | X |
| Colombia | A | B | X | X |
| Costa Rica | A | B | X | X |
| Dominican Republic | A | B | X | X |

Change 16, 15 December 1977

A-5

Table A-2¹

**APPROVAL REQUIREMENTS FOR THE PURCHASE OF
DEFENSE ARTICLES AND DEFENSE SERVICES**

| <i>Eligible Country</i> | <i>Category²</i> | | <i>Authorized³ direct arrangements for dependable undertakings</i> | <i>Authorized⁴ receipt DLA excess property listings</i> |
|---|--|---|---|--|
| | <i>Maintenance support items for materiel of US origin</i> | <i>Major or⁹ capital end items</i> | | |
| Ecuador | A | B | X | X |
| El Salvador | A | B | X | X |
| Guatemala | A | B | X | X |
| Haiti | A | B | X | X |
| Honduras | A | B | X | X |
| Jamaica | A | B | — | — |
| Mexico | A | B | X | X |
| Nicaragua | A | B | X | X |
| Panama | A | B | X | X |
| Paraguay | A | B | X | X |
| Peru | A | B | X | X |
| Surinam | A | B | — | — |
| Trinidad and Tobago | A | B | — | — |
| Uruguay | A | B | X | X |
| Venezuela | A | B | X | X |
| <i>International Organizations:</i> | | | | |
| NATO (North Atlantic Treaty Organization and its agencies) | A | A | X | X |
| Organization of American States (OAS) | A | B | — | — |
| United Nations and its agencies to include International Civil Aviation Organization (ICAO) | B | B | — | — |

Table A-2¹

APPROVAL REQUIREMENTS FOR THE PURCHASE OF DEFENSE ARTICLES AND DEFENSE SERVICES

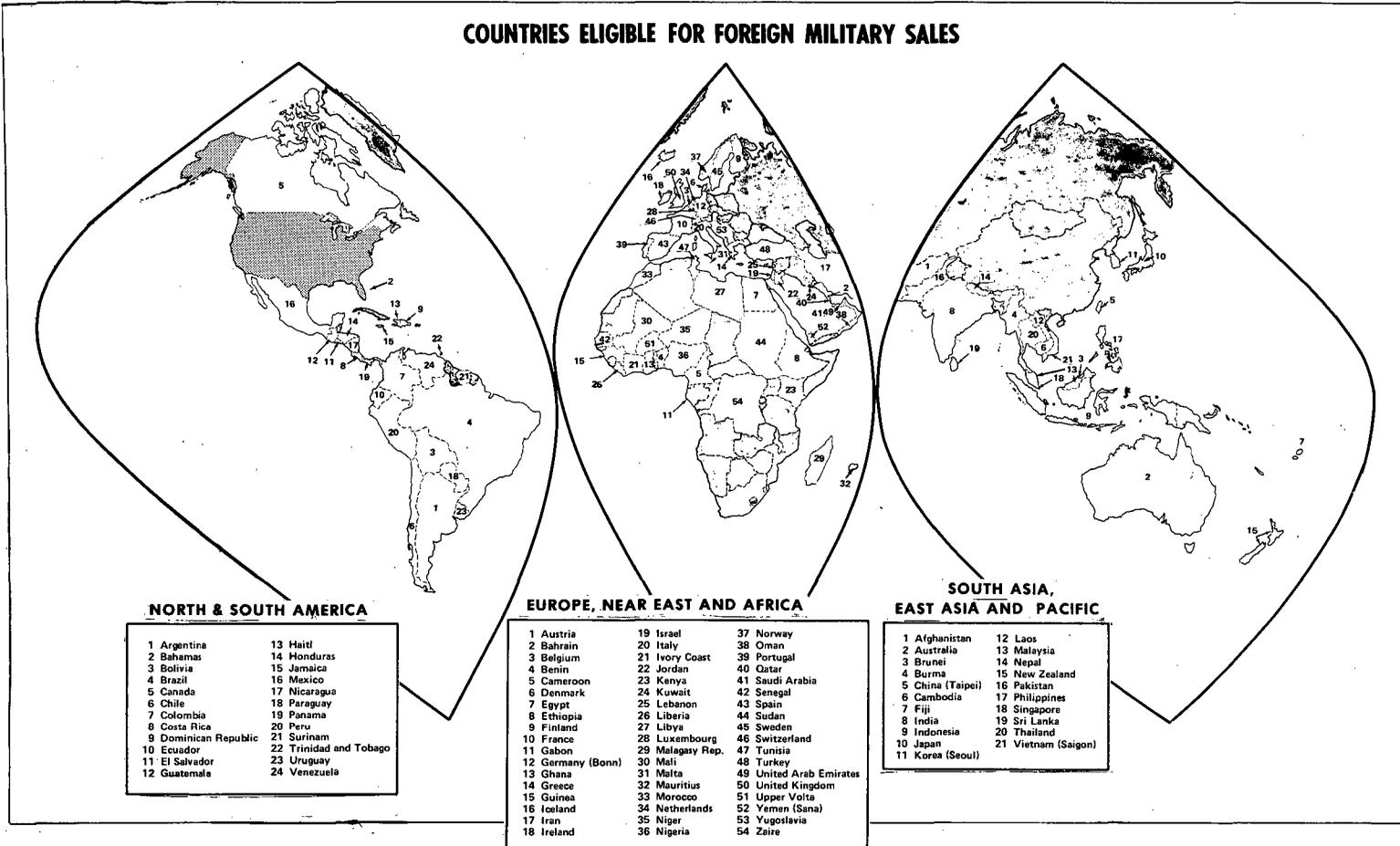
NOTE: All sales shall be made for not less than the value thereof and paid in U.S. dollars. Payments shall be in advance or, as determined by the President to be in the best interests of the U.S.:

- a. Cash Sale from Stock—within a reasonable period not to exceed 120 days after delivery of the articles or the rendering of services (AECA Sec. 21);
- b. Procurement for Cash Sales—under terms of dependable undertaking or within 120 days after delivery of defense articles or the rendering of defense services (Sec. 22);
- c. Credit Sales—on terms or repayment within a period not to exceed 10 years after delivery of articles or the rendering of services (Sec. 23); or
- d. Guaranties—to individual, corporation, partnership, or other juridical entity doing business in the U.S. (excluding U.S. Government agencies other than the Federal Financing Bank) against political and credit risk of nonpayment arising out of their financing of credit sales of defense articles or defense services to eligible countries and international organizations (Sec. 24).

FOOTNOTES

1. As of 9 August 1977.
2. Category A—Country purchase programs and/or requests authorized for submission directly to Military Departments for action.
Category B—Country purchase programs and/or requests require submission to, and approval of, the Department of State and Department of Defense prior to action within the Military Departments or DLA.
The "X" denotes authorized; dashes denote ineligible or not applicable.
3. Arrangements for purchase under the dependable undertaking provisions of the AECA may be made directly with the Military Department concerned, subject to the approval of that department.
4. Countries or international organizations receiving distribution of lists of excess U.S. military materiel available for sale through the Defense Logistics Services Center (DLSC), Defense Logistics Agency (DLA), (D)D Instruction 2110.8).
5. Except for purchases of items listed and defined in Annexes 2 and 3 of Paris Protocol III.
(See Memo I-2710/9 dtd 11 June 1959).
6. Request for payment of Federal Republic of Germany purchases will be submitted in accordance with DODI 2110.32.
7. All sales requests are also subject to Regional dollar ceilings.
8. Crown Agents when acting as agents of the United Kingdom may purchase, under Category B, maintenance support items for material of U.S. origin and/or major or capital end items for Colonies, Protectorates, and Trust Territories.
9. Major or capital end items are defined as those items designated as significant combat equipment in the International Traffic in Arms Regulation (ITAR), Title 22, USC, Part 121.01.

COUNTRIES ELIGIBLE FOR FOREIGN MILITARY SALES



major defense equipment sold under a contract in the amount of \$25,000,000 or more to any foreign country which is not a member of the North Atlantic Treaty Organization unless such major defense equipment was sold under this act." For detailed procedures on commercial sales, see Chapter H.

The Defense Department preference, therefore, is to use commercial channels as much as possible. Nevertheless, some two-thirds to three-fourths of all U.S. military exports actually pass through government-to-government channels for one or more of the following reasons:

a. This GFE likewise cannot be sold directly to U.S. prime contractors for incorporation in weapons systems for sale to foreign buyers.

b. For some special situations, the U.S. Government wishes to exercise the control that is more easily achieved with the FMS channel.

c. Classified equipment, which must in any event be delivered through government channels, is often easier to sell through the government channel.

d. Sales made under supply support arrangements and similar logistics sales arrangements are handled through the FMS channel as the only practicable way of permitting the armed forces of friends and allies to "buy into" the procedure as do using U.S. units.

Direct contact between MAAGs and Military Departments is authorized to provide information to host countries concerning technical advice, data on item configuration and availability, cost factors, and other essential technical and supply data.

6. Basic FMS Sales Procedures

Eligible countries and international organizations authorized to procure military equipment and services from the United States are listed in Chapter A. Special approval requirements are prescribed for major

capital end-items, maintenance support items, and where emergency procedures or special instructions apply, as shown in Chapter A, Table A-2.

Following are the prescribed procedures and administrative channels for implementing FMS requests:

a. Normal Sales Channels

(1) Category A countries—*For major end-item or maintenance support items: At the discretion of the requesting country, FMS requests will be submitted either through the country's representatives in the United States, such as the Purchasing Missions, Embassies, or Military Attaches in Washington, or through United States Country Team located in the foreign country, such as the U.S. Embassy, Military Assistance Advisory Group, U.S. Military Mission, or U.S. Defense Attache's Office. Such requests for cash sales will be submitted directly to the cognizant DOD component, with an information copy to DSAA and (except for maintenance support items) to the Department of State.

In all cases where a regional ceiling on FMS has been imposed by statute, information copies of all FMS requests shall be provided to the Department of State.

Category B countries: The preferred channel for FMS requests is through the purchasing country's representatives in the U.S., e.g., purchasing mission or military attache, via the Embassy of the country, to the State Department. Requests received by the U.S. in country should be sent to the Secretary of State/Secretary of Defense.

(2) When a Military Department receives a request for defense articles or services in a manner not specifically authorized as outlined above, or specified in Chapter A, Table A-2, the request should be forwarded

* Some countries are listed as Category A for maintenance support and Category B for major end-items.

Special Conditions: Sale of electronic warfare (EW) equipment to NATO countries will, for the most part, follow normal FMS channels. However, special coordination and review by USEUCOM will be required to assure that the equipment to be purchased by one NATO country is compatible with the overall NATO EW concept.

to the DSAA. The DSAA will, in turn, seek State Department approval. With such approval, the DSAA will return the request to the appropriate Military Department for implementation and will advise the originator of this action as well as the proper channel for similar future requests.

(3) Military Departments will submit all Letters of Offer for major end-items and for those items or services of a critical or special nature to the Defense Security Assistance Agency (Attn: Director of Operations) for approval prior to submission to the requesting country. Such Letters of Offer include but are not limited to:

(a) all Letters of Offer to African countries and Iran;

(b) all Letters of Offer for \$1 million or more, and all amendments which increase the value of a case to \$1 million or more, for Bahrain, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, the United Arab Emirates and the Yeman Arab Republic;

(c) all Letters of Offer for the sale of major defense equipment. Special instructions for Letters of Offer for the sale of end items in the amount of \$25 million or more or the sale of major defense equipment in the amount of \$7 million or more are contained in Section 16 of this chapter.

(d) all Letters of Offer for which the terms of payment are credit or guaranteed funds.

(e) all Letters of Offer for items containing a non-recurring surcharge as an element of cost of the items are prescribed in DOD Directive 2140.2;

(f) all Letters of Offer for items or services which are not standard in the DOD inventory and for which Research, Development, Test and Evaluation are included as an element to be procured;

(g) all Letters of Offer involving the sale of Technical Data Packages or similar data which would result in the establishment of a foreign production capability for an item; and,

(h) all Letters of Offer including agent's fees.

b. Price and Increase Notifications

DOD components initiating Letters of Offer will promptly and officially notify purchasers whenever the estimated total costs (block 20, of the DD Form 1513, Letter of Offer and Acceptance) increase more than 10 percent. All notification of price increases will be provided the purchaser on the DD Form 1513-2, Notice of Modification of Offer and Acceptance.

NOTE: This form does not require acceptance by the purchaser, but merely acknowledgement of receipt.

For LOAs or amendments thereto on which DSAA Operations has previously coordinated, price increase notifications to these LOAs or amendments must be coordinated with DSAA Operations.

7. Furnishing Information on Price, Availability and Condition of Military Equipment to Foreign Governments

a. Importance of Accurate Estimates

The terms and conditions of the DD Form 1513 stipulate that any price and availability data shown on the DD Form 1513 are estimates rather than fixed prices or firm commitments. This point continually must be stressed to foreign governments. Nevertheless unexpected and substantial price increases, delivery delays, or the receipt of equipment in poor condition can lead to a foreign government's disappointment or even disillusionment with the FMS system. It is essential that all DOD elements concerned strive for accuracy in the development of price and availability data; the process must include the identification of contingencies which might cause the "best estimate" of price and availability to fluctuate beyond acceptable bounds. The nature of any such contingency or qualification as to the accuracy of estimates normally should be brought to the attention of the FMS purchaser during the offer and acceptance process, unless this would result in disclosure of classified information, U.S. force planning information, or

data which otherwise is sensitive to United States interests.

b. Discussions with Foreign Governments

Economic, production and budget uncer-

CHAPTER D

PREPARATION AND PROCESSING OF FOREIGN MILITARY SALES TRANSACTIONS

1. Introduction

The guidance contained in this chapter provides specific instructions for the utilization and processing of the DD Form 1513—Offer and Acceptance, the DD Form 1513-1—Amendment to the Offer and Acceptance, the DD Form 1513-2—Notice of Modification of Offer and Acceptance, and the Letters of Intent—DD Form 2012 and DD Form 2012-1. Further provided in this chapter is a description of data which must be included in Letters of Offer submitted in response to requests from FMS purchasers. It also prescribes normal time for processing requests for Letters of Offer, and allowable times between release and expiration of such offers.

2. DD Form 1513—Offer and Acceptance

a. The DD Form 1513—Offer and Acceptance (LOA) will be used for all foreign military sales of defense articles and services (including training) by the Military Departments and Defense Agencies. LOAs for open cases, e.g., cases providing for the requisition of spare parts and components, or cases covering the provision of a continuing service such as contractor administrative services or engine or component improvement programs, will normally be of one-year's duration. Exceptions require the approval of DSAA Operations.

b. The offer will itemize the defense articles and services offered and when executed becomes an official tender by the Government of the United States.

c. The acceptance constitutes the agreement of the foreign government to the offer and with applicable funding completes the contract.

d. Annex A of the Offer and Acceptance contains the General Conditions which are an official part of every offer issued.

e. In all FMS cases involving major systems/end items, the LOA will include all complementing/supporting material and services as opposed to negotiating separate cases for each of these items/services. Exceptions to this requirement must have prior DSAA Operations approval.

f. Such additional terms and conditions as may be appropriate for a particular sales case shall be set forth in one or more attachments or continuation sheets to the DD Form 1513. All attachments (including notes) are an integral part of the LOA. Each page should indicate the case identifier at the top of the page and be numbered consecutively from the first page of the LOA to the end of all information provided with this LOA. Thus the number on the DD Form 1513 would reflect the total number of pages in the LOA.

g. For sensitive items, shipping instructions shall be set forth in accordance with DOD Instruction 2110.12.

h. If all line items cannot be listed on the first page of an offer and acceptance, show only the program total and list the remaining line items on DD Form 1513c continuation sheets. (See Figure D-4).

i. The percentage rate used for determining packing, crating and handling costs, general administrative costs, and supply support arrangement costs should not be indicated in the applicable blocks. (This guidance also pertains to Other Estimated Costs (Block 25) should a percentage rate be applicable.)

j. See Figure D-1 for detailed instructions on the filling in of the blocks on the DD Form 1513—Offer and Acceptance.

3. Processing Requests for Letters of Offer and Acceptance

a. Approval channels for requests for

Letters of Offer are included in Paragraph 6, Chapter C, MASM III. Military Departments and Defense Agencies must formally acknowledge receipt of such requests, within five days of receipt. Maximum processing time between the receipt of a request for a Letter of Offer, and the submission of the Offer to the prospective purchaser (or to DSAA for a Letter of Offer requiring Congressional approval), is sixty (60) days. Earlier response will be made whenever possible and especially in those instances where urgency is indicated by the purchaser.

b. Upon completion of formalization of the LOA or after notification from DSAA that the Congressional review period is completed, you should forward to DSAA Financial Reports and Credit Programs Division (FRCPD), 1400 Wilson Boulevard (Architect Bldg), Suite 535, Arlington, Virginia 22209, the original plus one copy of the signed LOA (this also applies to 1513-1 amendments and 1513-2 modifications) for the required countersignature preparatory to release to the purchasing country organization. DSAA FRCPD will forward a copy of the DD Form 1513 (1513-1 or 1513-2) to SAAC for entry into the DSAA 1100 FMS Reporting System.

4. Duration of Letters of Offer

a. Each DD Form 1513—Offer and Acceptance includes, in Block (8), the date upon which the offer expires. Determination of the period to allow between the date of dispatch of the Offer and the expiration date must be conditioned by the following factors:

(1) Duration of validity of contractor quotes included in the price and availability information included in the Offer.

(2) Processing time normally required by a given nation.

(3) Time sensitivity of any information included in the Offer.

b. The standard DOD policy is to allow no more than sixty (60) days between the date of the Offer and its expiration date. However, no Offer may include an expiration date later than that required to insure that con-

tractual action may be completed at the price quoted in the Offer.

c. Ninety (90) days between the date of the offer and its expiration date shall be used for Letters of Offer for the Federal Republic of Germany and the Government of Saudi Arabia. On cases which require Congressional review the 90-day expiration period will be applied to the Letter of Offer after completion of the review process. In some instances, a lesser expiration period of 90 days may be necessary (e.g., so that the production line will not close). If this occurs, a note should be placed on the Letter of Offer which explains why the expiration period is less than 90 days.

d. In excess of sixty (60) days, but in no instance in excess of 120 days, may be allowed between Offer date and expiration date when:

(1) Experience with a given nation indicates that, because of communications problems or lengthy approval processes, a period in excess of sixty (60) days is required to obtain country acceptance, and

(2) The data included in the Letter of Offer is not time-sensitive.

e. Requests by purchasers for extensions to expiration dates will be honored only after a full review to insure that all data included in the Offer remains valid. For Letters of Offer on which DSAA Operations has previously coordinated, requests for extensions over the 120-day maximum period should be coordinated with DSAA Operations.

5. Information Conveyed by Letters of Offer

The Letter of Offer and Acceptance, when signed, is an official agreement between the United States and the purchasing nation regarding terms and conditions pertaining to furnishing certain goods or services. As such, the DD Form 1513 and its enclosures must provide sufficient detailed information so as to make clear the obligations of the United States and the Purchaser. The type and amount of information which must be con-

veyed will vary depending on the nature of the sale. However, at least some information which is supplemental to the preprinted "General Conditions" of Annex A of the DD Form 1513 must be provided for each sale. The normal method of accomplishing this is in the form of explanatory "Notes" which are cross-referenced to information included on the face of the DD Form 1513. Inclusion of this information as a complete package within the Offer, rather than orally or by separate correspondence, reduces misunderstandings over FMS Cases.

6. Supplemental Information for Letters of Offer

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

a. Transportation instructions

(1) There must be clear understanding between the USG and the purchaser as to where and how purchased material will be shipped. Blocks (19), (20), (33) and (34) of the DD Form 1513 are designed to fulfill this purpose under the normal Foreign Military Sales (FMS) method of shipment (i.e., by collect commercial bill of lading to freight forwarders), by the use of codes prescribed in DOD Directive 4140.7-M. However, supplementary instructions are required to enable purchasers to fill out Blocks (33) and (34) properly. Figure D-7 shows the instruc-

tions furnished by the Defense Logistics Agency (DLA) to meet this need; it should be used by all DOD components concerned as a guide.

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

b. Delivery Schedules of Items

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

c. Personnel Movement to and from Country

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

- (1) The number of personnel who will perform the task.
- (2) Planned date of arrival in-country.
- (3) In-country destination and "home station".
- (4) Extent of in-country travel required to perform the mission.
- (5) Planned duration of stay in-country, and planned departure date.

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

(1) There must be as clear an understanding as possible of the limitations of the validity of data included in the Letter of Offer; much of the "boilerplate" of the DD Form 1513 is designed for this purpose. However, any of the following data which is pertinent to the case must be provided as "Notes" to the Letter of Offer.

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

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

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

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

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

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

(2) Figure D-8 sets forth sample terms and conditions which can be used as a guide for negotiating agreements with countries on programs involving the introduction of substantial numbers of contractor personnel. It is based on an actual agreement negotiated with the Government of Iran. These conditions may be used as a guide in developing similar agreements for countries for which no Status of Forces Agreement (SOFA) exists. Where a SOFA exists, references should be made to the SOFA.

f. Statement of Facilities, Services, or Personnel to be Provided by the Purchasing Nations

Figure D-8 also provides examples of certain actions which had to be taken by the purchaser to insure success of the program, in terms of facilities, services, or personnel. These actions will vary from program to program. It is essential that the responsibilities of the USG and the purchasing nation be clearly and completely delineated as a part of the Letter of Offer or its attachments.

g. Memorandum of Understanding or Statement of Work

Major FMS undertakings may call for Memorandums of Understanding, or detailed Statements of Work, before they can be undertaken by the USG. Such documents should be made an integral part of the Letter of Offer by reference on the DD Form 1513 and, where appropriate, be attached to the Letter of Offer.

h. Schedules of Personnel Training

- (1) Letters of Offer which call for train-

ing of foreign personnel, include firm scheduling of personnel into specific training courses. When this is not feasible, Letters of Offer should set forth training plans and schedules in general terms, and should include information required to arrange for definitization of specific training requirements at a later date.

(2) Letters of Offer must specify purchasing nations' responsibilities such as providing pay and allowances, housing, qualified students, and any required supervision of students.

(3) Blanket Order Letters of Offer for training will include Notes to explain scope of coverage, methods for definitizing and requesting specific courses, and duration of applicability of the case. As indicated in paragraph 2a, above such cases will normally be limited to one-year's duration, unless an exception is approved by DSAA Operations.

i. Logistical Information

(1) The sale of weapons systems normally requires the establishment of understandings between the USG and the purchaser regarding logistical arrangements and support. This subject must be addressed in the "Notes" to the Letter of Offer to delineate USG responsibilities, specify the type of equipment being provided, identify subsequent actions which must be taken by both the USG and the purchaser, and occasionally to advise the purchaser of the nature of procurement action which will be taken.

(2) Letters of Offer will specify 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 any risks which might be assumed as a result of the variance. The notes will highlight any purchase of equipment being made of a configuration contrary to that recommended by the USG.

(3) Letters of Offer will include the requirement for, and scheduling of logistical conferences or site surveys for the purpose of definitizing procurements of spare parts and support equipment, when applicable.

(4) The purchaser will be advised of the estimated period USG spare parts support will be available, providing that a termination of such support can be identified.

(5) It will be noted if the procurement is to be conducted from a sole source, based upon the request of the purchaser.

(6) Any USG intent to develop logistical or maintenance support plans will be specified.

(7) The basis upon which logistical support cost estimates are made will be specified. These should include the period of support of initial spares package, operational deployment of equipment, level of maintenance to be accomplished by the purchaser, and number of maintenance sites.

(8) Insofar as possible, the Letter of Offer must identify by line item of equipment any critical long-lead time items of spares or support equipment which must be procured in advance of the definitization conference, to insure in-country logistical support of the weapons system by its scheduled delivery date.

j. Explanation of Condition of Equipment

(1) The Letter of Offer must include information which makes clear the condition of any equipment furnished from USG inventories; the purchaser must not be surprised or disappointed if receiving equipment in less than "like new" condition. Any known limitations in condition must be specified in the Letter of Offer, using codes set forth in Annex A of the DD Form 1513.

(2) It is desirable for a purchaser to inspect, in advance receipt of a Letter of Offer, major items and quantities of excess equipment being sold in "as-is, where-is" condition. It also is desirable for the USG to obtain written acceptance of the condition of the equipment as a result of this inspection. Any such agreement of this type should be noted in the Letter of Offer.

(3) The condition of equipment sold "as-is, where-is" should be identified by Condition Code (e.g., R-4), and the Letter of Offer should include a short description of what this Condition Code means.

(4) The Letter of Offer must specify that the cost of any repair/rehabilitation of excess items is not included in the "as-is, where-is" price.

k. Identification of Equipment Supportable under Requisition Cases

(1) Letters of Offer for all requisition cases (whether Supply Support Arrangement (SSA) or blanket order) must identify the major items of equipment supportable under the case.

(2) Letters of Offer for Supply Support Arrangements (SSA) stock level cases fall into two broad categories, weapon systems for which actual support experience is available and new weapon systems for which supply support experience is *not* available. When supply support experience is available, the normal annual dollar amount of requisitions for repair parts will be computed as a percent of the value of the total major items supported. This percentage will then be applied to the sale price of the major items sold to an FMS customer to arrive at an annual dollar amount of support. On major items for which supply support experience is not available, it will be necessary to develop a priced listing of projected repair parts. The total of the listing will be the dollar amount of supply support required. This annual total dollar amount is the factor (normally 12/17) shown as the on-order portion of the FMSO I. An additional factor (normally 5/17) is added for the on-hand portion of the agreement to arrive at the total FMSO I price.

l. Description of Services to be Provided

(1) There must be a clear and comprehensive understanding of the extent and limitations of the obligation undertaken by the USG when providing services under an FMS case. This may require a detailed Statement of Work for major undertakings, but can be done by providing the following information for routine cases:

(a) Description of the nature of the service to be performed, together with its purpose.

(b) Statement of where and how the services will be performed.

(c) 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 success of the project.

m. Description of Components of Pricing

(1) It is not normal FMS practice to provide a detailed description of the components of cost included in estimated prices for line items on Letters of Offer. There may be instances where the provisions of such information is desirable to clarify the service to be provided. When project management offices are established in the CONUS, to insure proper management of major FMS projects, it sometimes is necessary to provide detailed cost data to provide the purchaser with information which demonstrates that such costs are necessary.

(2) FMS cases established for the sole purpose of collecting either royalties or pro rata nonrecurring cost recovery charges must include the charge to be made per unit of production. However, pro rata nonrecurring cost recovery charges assessed for items sold under FMS will be included in the unit price of the end item being sold and will not be shown separately.

n. Responsibility for Initiation of Requisitions

(1) There must be clear understanding between the USG and the purchaser as to which party will initiate requisition actions required for spare parts and similar type support.

(2) The Letter of Offer will contain sufficient information, either by Note or by reference to DOD instructions available to the purchaser to enable the purchaser to initiate and route requisitions correctly.

(3) The Letter of Offer will also contain sufficient disposition instructions for items (owned by the purchaser) being returned by the purchaser to the CONUS for maintenance and repair services.

o. Indemnification and Assumption of Risk

(1) Annex A of the DD Form 1513 contains provisions regarding indemnity which are deemed satisfactory and complete for most FMS programs. Advice should be obtained from the appropriate legal office of the Service concerned when it appears that special circumstances of individual purchases require an expansion of indemnity clauses.

(2) If additional indemnity clauses are required, Figures D-9 through D-11 provide guidelines which can be used.

7. Absence of Specific Information

a. Letters of Offer are sometimes prepared either at purchaser request or in USG interest, before the specific details to provide all information covered in the foregoing paragraphs are known. In such cases, Notes to Letters of Offer will include general coverage of this information and estimate of when specific information on these topics can be provided to the purchaser.

b. The Letter of Offer should include information sufficient to establish follow-on channels of communication between the purchaser and the USG component responsible for implementing the FMS case.

8. Pricing Data to be Included with Selected Letters to Offer

a. All Letters of Offer for sales of end items or services of value of \$7 million or greater and proposed amendments must be accompanied by a financial analysis. The purpose of the analysis is to permit all approval echelons a review for completeness and accuracy of financial data. The analysis will accompany the Letter of Offer throughout the coordination cycle but will not be submitted to the prospective purchaser.

b. The following information will be included:

(1) Source of estimates. Examples are:

(a) Prime Contractor quote.

(b) Prime and GFE Contractor quotes.

(c) Standard Price.

(d) Military Department estimate without contractor participation¹, based on recent sale or similar experience, or in accordance with DOD Instruction 2140.1.

(2) The basis for making or adjusting estimates from any of the above sources. Examples are:

(a) Agent's fees or commissions included in the FMS case and the amount thereof. The Service certification of reasonableness in accordance with ASPR 1-505 and DPC 76-1 must be attached. If the fee cannot be or has not been certified as reasonable, the Service notification or proposed notification to the foreign government should also be attached for information or coordination. See Chapter C, paragraph 17, for further guidelines.

(b) Inclusion of nonrecurring RDT&E and production cost recoupment in accordance with DOD Directive 2140.2.

(c) Inclusion of adjustments for estimated inflation or other risk factors.

(d) Replacement cost in accordance with the provisions of paragraph VI.C.2.b. of DOD Instruction 2140.1.

(e) Asset use charge as described in DOD Instruction 2140.1.

(f) First destination transportation costs.

(g) Recurring support costs.

(h) Unfunded costs.

(i) Application of factors for estimating "dollar line items" such as concurrent spare parts.

(j) Adjustments based on anticipation of the receipt of other orders or Defense Department procurement of the item involved which would likely result in shared overhead costs and a reduced price for the item.

(3) Sources of data used to make any of the above adjustments and their application to the case (i.e., inflation factor of 7% compounded over four (4) years. Source:

¹In this connection, notice should be taken of Section 6-1303.1 of the Armed Services Procurement Regulation concerning the participation of the procuring contracting officer in the preparation of Price and Availability Data and that the provisions of this section are complied with.

ASD(Comptroller) Price Escalation Indices, July 31, 1975).

(4) A comparison of Letter of Offer prices with budgeted or on-going service procurement price, e.g., the Selection Acquisition Report (SAR).

(5) Source for Schedule of Payments.

(6) A comparison of Letter of Offer prices with all other Letters of Offer prices for the same item within the previous twelve (12) months. This comparison should not be limited to sales within the same region.

c. Figure D-12 is a suggested format for use in presenting required financial analysis data. The format may be modified to meet the needs of the individual Military Departments. The financial analysis must, however, identify methods used in developing costs and provide the information outlined above for each line item in sufficient detail to enable the reviewer to judge the accuracy, completeness, and firmness of the estimated prices.

9. DD Form 1513-1—Amendment to Offer and Acceptance

a. Changing circumstances frequently require that changes be made to a completed Letter of Offer and Acceptance (DD Form 1513-1). To assure that FMS records reflect adjustments to program content in the fiscal year in which such changes occur, it is essential that we make all practical efforts to process new DD Form 1513's to provide for significant increases in scope to previously approved programs. (This policy also applies to blanket order type cases. As indicated in paragraph 2b above, such cases will normally be limited to one-year's duration unless an exception is approved by DSAA Operations.)

b. It is recognized that there are times when U.S. interests are best served by processing Amendments to cover small changes in scope, since administrative reasons sometimes preclude, or make difficult and costly, the preparation of new Letters of Offer. The Amendment to Offer and Acceptance (DD Form 1513-1) should be used to meet only minimum essential administrative needs. The

amendment to Offer and Acceptance (DD Form 1513-1) may be used for minor changes in scope when such use of the form is essential for administrative reasons. Minor changes in scope occur most frequently for:

(1) Changes or requirements within FMS training cases.

(2) Minor changes in configuration of equipment previously ordered in an original Letter of Offer.

(3) Minor changes in scope due to omission in the original LOA of supporting equipment or services for major weapon systems previously sold.

(4) Increases in time of performance.

(5) Increases in the estimated costs of a blanket order type case due to an increase in the amount of items purchased under this case. (Note provisions of paragraph 2a limiting such cases to one year under normal circumstances.)

(6) Extensions of the order period for blanket order type cases which cause an increase in estimated cost. (Note provisions of paragraph 2a, limiting such cases to one year under normal circumstances.)

(7) Minor increases in quantity of a definitive quantity case.

(8) Changes in description which increases the item/service.

(9) Changes in conditions, terms (payment) or a surcharge not already provided for.

c. All changes in the scope of an existing Letter of Offer should be treated as a new FMS case unless minor changes in scope of the nature referred to in b(1) through (9) above occur which would, for administrative reasons, be more effectively handled as an amendment. When a new case is prepared on the basic DD Form 1513, a cross-reference to the previous FMS case may be made on LOAs issued due to an increase in scope.

d. The DD Form 1513-1 would be used only if the revision requires purchaser acceptance before implementation. If this revision is a unilateral change on the part of the USG to the terms and conditions of the

LOA, which does not require purchaser acceptance (e.g., additional quantities of items requested by the purchaser have already been delivered), the DD Form 1513-2 Notice of Modification of Offer and Acceptance should be provided the purchaser. (See Figure D-3).

e. Major changes in the scope of an existing LOA require the preparation of a new FMS case on the basic DD Form 1513 unless approval has been obtained from DSAA to utilize the DD Form 1513-1 Amendment. However, should major (or minor) changes in scope occur in the same fiscal year as that in which the original LOA was accepted by the purchaser and such amendment would also be accepted in the same fiscal year, use of the DD Form 1513-1 Amendment is permitted.

f. The percentage rate used for determining packing, crating and handling costs, general administrative costs, and supply arrangement costs should not be indicated in the applicable blocks. (This guidance also pertains to Other Estimated Costs (Block 26) should a percentage rate be applicable.)

g. All DD Forms 1513-1 which reflect an increase in excess of \$50,000 should be coordinated with the Director, DSAA Operations.

h. See Figure D-2 for detailed instructions on the filling in of the blocks on the DD Form 1513-1.

10. DD Form 1513-2—Notice of Modification of Offer and Acceptance

a. This form is utilized to record modifications to an existing offer and acceptance, other than modifications which constitute a change in scope. (Modifications which do affect the scope of the offer and acceptance require either a new DD Form 1513 or a formal amendment (DD Form 1513-1), as indicated in paragraph 9, above).

b. When the DD Form 1513-2 is used, acceptance by the foreign customer is not required, but merely acknowledgement of receipt, to ensure that the Notice of Modifica-

tion has been received by an authorized official.

c. The DD Form 1513-2 should be used for decreases in scope and for changes not affecting the scope of an Offer and Acceptance. Examples of such changes for which a DD Form 1513-2 must be used are:

(1) Price increases and related changes in payment schedules to a previous DD Form 1513 or amendment thereto.

(2) Deletions of items or decreases in the quantities of items to be sold.

(3) Changes or extensions exceeding 90 days of the delivery commitment date.

(4) Extensions of the ordering period for a blanket order type case provided there is no increase in the total estimated cost. (Note the provisions of paragraph 2a, above limiting such cases to one year under normal circumstances.)

d. For price increase notifications, to ensure that the country is fully aware of its options with respect to the cancellation or reduction of the case, the following information, if applicable, should be included:

(1) The detailed reason for the increase.

(2) Status of contracting for this purchase—e.g., contract completed, contract still being negotiated, etc.

(3) The options that the country has, if any, with respect to avoiding the price increase (e.g., contract termination or reduction of quantities).

(4) The estimated financial consequences of selecting such options.

(5) Any time limits for notifying the USG of purchaser desire to cancel or reduce quantities.

e. All terms and conditions of an existing DD Form 1513 and any related amendments thereto not specifically noted as being modified by the DD Form 1513-2 remain unchanged and in effect.

f. The percentage rate used for determining packing, crating and handling costs, general administrative costs, and supply support arrangement costs should not be indicated in the applicable blocks. (This guidance also

pertains to Other Estimated Costs (Block 21) should a percentage rate be applicable.)

g. For LOAs or amendments thereto on which DSAA Operations has previously coordinated, price increase notifications to these LOAs or amendments must also be coordinated with DSAA Operations.

h. If there is any doubt as to whether to use the DD Form 1513, DD Form 1513-1 or the DD Form 1513-2 in a particular case, that case should be promptly referred to DSAA Operations for determination. (Note: When a DD Form 1513-2 is signed for dispatch, appropriate change card(s) should be submitted to SAAC by DSAA for inclusion in the 1100 System.)

i. A DSAA RCS (Q) 1123 report should be submitted to DSAA on a quarterly basis 45 days after the end of each quarter, and should include a listing of all cases for which the value of the DD Form 1513 has increased in value in excess of 10 percent, together with an explanation of the reason for the change. (A copy of the DD Form 1513-2 which informed the country of this increase should be provided with this report.) This report will be submitted with the report on delivery schedule changes required by paragraph 4c(4) of Chapter F. The format at Figure F-1, Chapter F, should be followed for this report.

j. See Figure D-3 for detailed instructions on the filling in of the blocks on the DD Form 1513-2.

11. Letters of Intent (LOI)

a. There are two form Letters of Intent: The DD Form 2012, used to finance procurement of long lead time items prior to the issuance of a DD Form 1513, Letter of Offer and Acceptance; and the DD Form 2012-1, used to finance procurement of long lead time items during the period between issuance of a DD Form 1513 and acceptance by the purchasing country.

b. As both forms contemplate a specified dollar limitation upon the liability of the purchasing country for the procurement of

long lead time items, in order to comply with the requirements of the Arms Export Control Act, it is necessary that all cost-reimbursement contracts awarded to implement a Letter of Intent (procurement as well as research and development) include a Limitation of Cost or Funds contract clause (see ASPR 7-203.3(a), 7-402.2 and 7-702.11). That clause may be deleted by contract amendment after Purchaser's signature of the DD Form 1513.

c. Use of the DD Form 2012 does not constitute authorization to take implementing action under such LOI in advance of compliance with the statutory reporting requirement of Section 36(b) of the AECA. The procedures prescribed in Appendix B of the MASM apply to any such LOI regardless of dollar amount, when it is contemplated that the DD Form 1513 will total \$25 million or more or for the sale of a major defense equipment for \$7 million or more. In the event that a Military Department is of the opinion that production scheduling requirements necessitate initiation of procurement of long lead time items in advance of full compliance with Section 36(b) of the Arms Export Control Act, the Military Department concerned shall, prior to transmitting a proposed LOI to a purchasing country, promptly forward its recommendations to the Director, DSAA, for a decision. If an exception is made by the Director, DSAA, a modified version of the DD Form 2012 will be provided to the Military Department by DSAA on a case-by-case basis.

d. DD Form 2012-2, Amendment to Letter of Intent, should be used for amending LOIs as provided for in paragraph 2(c) of DD Form 2012 and DD Form 2012-1.

e. Samples of these forms are at Figures D-13 through D-15.

12. Financial Annexes

Financial Annexes as supplemental financial terms and conditions to the DD Form 1513 will be prepared as outlined in Appendix D, Figures App D-1 through App D-6.

**INSTRUCTIONS FOR PREPARING THE UNITED STATES DEPARTMENT OF DEFENSE
OFFER AND ACCEPTANCE (DD FORM 1513)****1. Block (1) PURCHASER**

a. For a country, enter "Government of (name of country)" and show the office and address of the purchaser's activity designated to receive the LOA (e.g., Defense Attache, 1111 24th Street, N.W., Washington, D.C. 20301).

b. For an international organization, enter the title of the organization along with the appropriate office and address.

2. Block (2) PURCHASER'S REFERENCE

A reference will always be shown. The reference may be a letter, telegram, conference, meeting, oral request, etc. The reference will always include any pertinent data (e.g., letter serial, number, message date time group (DTG)). In the event that the reference is from other than the purchaser, indicate the source of the request made on behalf of the purchaser.

3. Block (3) CASE IDENTIFIER

Enter the appropriate country code, implementing agency code and case designator (e.g., UK-P-DLG).

4. Block (4) SIGNATURE

This block should be filled in by an authorized U.S. Military Department or Defense Agency representative prior to forwarding the LOA to DSAA Comptroller for the required countersignature.

5. Block (5) TYPED NAME AND TITLE

Type or stamp the name and title of the U.S. representative who signed Block (4).

6. Block (6) ADDRESS

Enter the name of the issuing organization along with the address (e.g., DA, DACS-SA, Pentagon, Wash., D.C.).

7. Block (7) DATE

Enter the day, month and the year that the LOA was issued to the purchasing country.

8. Block (8) THIS OFFER EXPIRES

Enter the appropriate data, normally 60 days from the date in Block (7). The date to be entered may be less than 60 days, if required (e.g., inclusion of requirements on a new contract due to be signed in less than 60 days, a contract about to expire, validity period of the P&A data). A period in excess of 60 days may be entered under extenuating circumstances or when DSAA has approved an expiration date of more than 60 days from the date in Block (7) for specific countries. (See paragraph 3, Chapter D, for further guidance).

9. Block (9) COUNTERSIGNATURE

The authorized representative within DSAA Comptroller for countersignature of the LOA should sign in this block. Signature should not occur unless all the necessary information is contained on the DD Form 1513.

10. Block (10) TYPED NAME AND TITLE

Type the name and title of the DSAA Comptroller authorized representative for countersignature who signed Block (9).

11. Block (11) DSAA ACCOUNTING ACTIVITY

The following address should be placed in this block. DSAA—SAAC, Lowry AFB, Denver, Colorado 80729.

12. Block (12) ITEM OR REFERENCE NO.

For programs which involve more than one item, enter a separate number for each item. Commence with number 1 and number consecutively to the last item; for reference to another description enter the exact reference number. In the case of weapons systems procurement, the reference identifier will relate to an attachment to DD Form 1513. This attachment will include descriptive information on the generic items procured.

13. Block (13) ITEM DESCRIPTION

Enter the National Stock Number (NSN) and/or part number, as appropriate, and a complete description of the material/services. For cases involving major systems/end items all complementing/supporting material and services should be described.

14. Blocks (14 through 17)

Quantity, unit of issue, unit cost and total cost are self-explanatory. Enter information or N/A, as appropriate.

15. Block (18) AVAILABILITY AND REMARKS

Enter one or more codes from paragraph 3, 4, and 5 of the EXPLANATORY NOTES on page 3 of the DD Form 1513. Also enter specific delivery dates, as applicable.

16. Block (19) and (20)

Offer Release Code and Delivery Term Code—See instructions contained in Figure D-7, of this Chapter.

17. Block (21) ESTIMATED COST

Enter estimated material/services costs in whole dollars. These costs should not include any administrative or accessorial charges.

18. Block (22) ESTIMATED PACKING, CRATING AND HANDLING COST

Enter the value in whole dollars based on the prescribed percentages as set forth in DODI 2140.1, or actual costs if appropriate. If the charge is appropriate only to certain items, indicate the lines to which the charge was applied, or exclusion, in parenthesis. Do not show the percentage rate used in determining the cost contained in this block.

19. Block (23) ESTIMATED GENERAL ADMINISTRATIVE COSTS

Enter in whole dollars based on the percentage set forth in DOD Instruction 2140.1, or enter "actual" cost if appropriate. If the charge is shown as actual cost based on a management case(s), show the value and reference the case(s). Do not show the percentage rate used in determining the cost contained in this block.

20. Block (24) ESTIMATED CHARGES FOR SUPPLY SUPPORT ARRANGEMENT

Enter the value in whole dollars based on the percentage set forth in DOD Instruction 2140.1. Do not show the percentage rate used in determining the cost contained in this block.

21. Block (25) OTHER ESTIMATED COSTS

Describe the charge and enter in whole dollars. If there are several specific costs, identify each in Block 13 as a NOTE. If a percentage is used, do not show the percentage rate used in determining the cost contained in this block.

22. Block (26) ESTIMATED TOTAL COSTS

Enter the costs in whole dollars (total of Blocks (21) through (25)).

23. Block (27) TERMS

Enter appropriate terms of sale in accordance with the guidance contained in Chapter G, Part III of the MASM. If an initial deposit is required, this fact should be so stated and the amount of the initial deposit entered in Block 28.

24. Block (28) AMOUNT OF INITIAL DEPOSIT

If by the terms of this LOA an initial deposit is required and has been stated in Block (27), the dollar amount in whole dollars of this initial deposit should be entered.

25. Block (29) through (37)

Leave blank. These blocks should be filled in by the authorized representative of the purchasing government.

MILITARY ASSISTANCE AND SALES MANUAL—PART III

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

DD FORM 1513
1 AUG 77

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PAGE 1 of PAGES

Figure D-1

MILITARY ASSISTANCE AND SALES MANUAL—PART III

GENERAL CONDITIONS

Annex A

A. THE GOVERNMENT OF THE UNITED STATES:

1. Agrees to furnish such items from its Department of Defense (hereinafter referred to as "DOD") stocks and resources, or to procure them under terms and conditions consistent with DOD regulations and procedures. When procuring for the Purchaser, the DOD shall, in general employ the same contract clauses, the same contract administration, and the same inspection procedures as would be used in procuring for itself, except as otherwise requested by the Purchaser and as agreed to by the DOD. Unless the purchaser has requested that a sole source contractor be designated, and this Letter of Offer and Acceptance reflects acceptance of such designation by the 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"). Further, the Purchaser agrees that the United States DoD is solely responsible for negotiating the terms and conditions of all contracts necessary to fulfill the requirements in the Letter of Offer.
2. Advises that when the DOD procures for itself, its contracts include warranty clauses only on an exceptional basis. However, the USG shall, with respect to items being procured, and upon timely notice, attempt to the extent possible to obtain any particular or special contract provisions and warranties desired by the Purchaser. The USG further agrees to exercise, upon the Purchaser's request, any rights (including those arising under any warranties) the USG may have under any contract connected with the procurement of any items. Any additional cost resulting from obtaining special contract provisions or warranties, or the exercise of rights under such provisions or warranties, or any other rights that the USG may have under any contract connected with the procurement of items, shall be charged to the Purchaser.
- 3.a. Shall, unless the condition is otherwise specified herein (e.g., "As is"), repair or replace at no extra cost defense articles supplied from DOD stocks which are damaged or found to be defective in respect of 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 at all for the purpose for which they were designed. Qualified representatives of the USG and of the Purchaser, upon notification pursuant to paragraph B.6, below, shall agree on the liability of the USG hereunder and the corrective steps to be taken.
- b. With respect to items being procured for sale to the Purchaser, the USG agrees to exercise warranties on behalf of the Purchaser pursuant to A.2. above to assure, to the extent provided by the warranty, replacement or correction of such items found to be defective.
- c. In addition, the USG warrants the title of all items sold to the Purchaser hereunder. The USG, however, makes no warranties other than those specifically set forth herein. In particular the USG disclaims any liability resulting from patent infringement occasioned by the use or manufacture by or for Purchaser outside the United States of items supplied hereunder.
4. Agrees to deliver and pass title to the items to the Purchaser at the initial point of shipment unless otherwise specified in this Offer and Acceptance. With respect to defense articles procured for sale to the Purchaser, this will normally be at the manufacturers' loading facilities; with respect to defense articles furnished from 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 otherwise than the initial point of shipment, the supplying Military Department or Defense Agency will arrange movement of the items to the authorized delivery point as 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 U.S. Defense Transportation System.
5. Advises that: a. Unless otherwise specified, USG standard items will be furnished without regard to make or model.
b. The price of items to be procured shall be at their total cost to the USG. Unless otherwise specified, the cost estimates of items to be procured, availability determination, payment schedule, and delivery projections quoted are estimates based on current available data. The USG will use its best efforts to advise the Purchaser or its authorized representatives by DD Form 1513-2:
 - (1) of any identifiable cost increase that might result in an increase in the "Estimated Total Costs" in excess of 10 percent;
 - (2) of any changes in the payment schedule(s); and
 - (3) of any delays which might significantly affect the estimated delivery dates;but its failure to so advise of the above shall not affect the Purchaser's obligation under paragraphs B.1 and B.3 below.
c. The USG will, however, use its best efforts to deliver items or render services for the amount and at the times quoted.
6. Under unusual and compelling circumstances when the national interest of the United States so requires, the USG reserves the right to cancel or suspend all or part of this Offer and Acceptance at any time prior to the delivery of defense articles or performance of services (including training). The USG shall be responsible for all termination costs of its suppliers resulting from cancellations or suspensions under this paragraph.
7. Shall refund to the Purchaser any payments received hereunder which prove to be in excess of the final total cost of delivery and performance of this Offer and Acceptance, and are not required to cover arrearages on other open Offers and Acceptances of the Purchaser.
8. Advises that personnel performing defense services provided under this Offer and Acceptance will not perform any duties of a combatant nature, including any duties relating to training, advising, or otherwise providing assistance regarding combat activities, outside the United States in connection with the performance of these defense services.
9. Advises that in the assignment or employment of United States personnel for the performance of this Offer and Acceptance, the USG will not take into account race, religion, national origin or sex.
10. Advises that, notwithstanding Purchaser's agreement to pay interest on any net amount by which Purchaser may be in arrears on payments (as provided for in paragraph B.3.g. below), USG funds will not be used for disbursements by DOD to its contractors in the event of any such arrears in payments. Accordingly, failure by the Purchaser to make timely payments in the amounts due may result in delays in contract performance by DOD contractors, claims by contractors for increased costs (including the above mentioned interest costs), claims by contractors for termination liability for breach of contract or termination of contracts by the USG under this or other open Offers and Acceptances of the Purchaser at Purchaser's expense.

B. THE PURCHASER:

1. Shall pay to the USG the total cost to the USG of the items, even if the final total cost exceeds the amounts estimated in this Offer and Acceptance.
2. Shall make payment(s) for the items by check(s) or by wire transfer payable in United States dollars to the Treasurer of the United States.
 - 3.a. Shall, if "Terms" specify "cash with acceptance", forward with this Offer and Acceptance a check or wire transfer in the full amount shown as the estimated total cost, and agrees to make such additional payment(s) as may be specified upon notification of cost increase(s) and request(s) for funds to cover such increases.
 - b. Agrees if "Terms" specifies payment to be "cash prior to delivery" to pay to the USG such amounts at such times as may be specified from time to time by the USG (including any initial deposit set forth under "Terms") in order to meet payment requirements for articles or services to be furnished from the resources of the US Department of Defense. USG requests for funds may be based on estimated requirements to cover forecasted deliveries of articles or costs to provide defense services. It is USG policy to obtain funds 90 days in advance of the time DOD plans such deliveries or incurs such expenses on behalf of the Purchaser.
 - c. Agrees, if "Terms" specify payment by "dependable undertaking" to pay to the USG such amounts at such times as may be specified from time to time by the USG (including any initial deposit set forth under "Terms") in order to meet payments required by contracts under which items are being procured, and any damages and costs that may accrue, or have accrued, from termination of contracts by the USG because of Purchaser's cancellation of this Offer and Acceptance under paragraph B.7. hereof. 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. It is USG policy to obtain such funds 90 days in advance of the time USG makes payments on behalf of the Purchaser.
 - d. Agrees, if "Terms" specify "payment on delivery" that bills may be dated as of the date(s) of delivery of the defense articles or rendering of the defense services, or upon forecasts of the date(s) thereof.
 - e. Agrees, if "Terms" specify payment under a Credit Agreement between the Purchaser and DOD, to pay to the USG on a "dependable undertaking" basis, in accordance with B.3.c. above, such costs as may be in excess of the amount funded by the Credit Agreement.
 - f. Agrees, that requests for funds or billings under paragraphs B.3.a. through e. above 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 Offer and Acceptance. 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 request for funds or bills will be made available to the Purchaser by DOD upon request. When appropriate, Purchaser will request adjustment of any questioned billed items by subsequent submission of required discrepancy reports in accordance with paragraph B.6. below.
 - g. Agrees 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 Offers and Acceptances with the DOD. Interest shall be calculated on a daily basis. The principal amount of the arrearage shall 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 shall 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.

MILITARY ASSISTANCE AND SALES MANUAL—PART III

Annex A

- h. Shall designate the Procuring Agency and responsible Paying Office and address thereof to which the USG shall submit requests for funds and bills under this Offer and Acceptance.
4. Shall furnish shipping instructions for the items with its acceptance of this Offer and Acceptance. Such instructions shall include (a) Offer/Release Code, (b) Freight Forwarder Code, and (c) the Mark for Code, as applicable.
5. Shall be responsible for obtaining the appropriate insurance coverage and customs clearances, and, except for items exported by the USG, appropriate export licenses.
6. Shall accept title to the defense articles at the initial point of shipment (see A.4. above). Purchaser shall be responsible for in-transit accounting and settlement of claims against common carriers. Title to defense articles transported by parcel post shall pass to the Purchaser on date of parcel post shipment. Standard Form 364 shall be used in submitting claims to the USG for overage, shortage, damage, duplicate billing, item deficiency, improper identification or improper documentation and shall be submitted by Purchaser promptly. Claims of \$100.00 or less will not be reported for overages, shortages, or damages. Claims received after one year from date of passage of title or billing, whichever is later, will be disallowed by the USG, unless the USG determines that unusual and compelling circumstances involving latent defects justify consideration of the claim.
7. May cancel this Offer and Acceptance with respect to any or all of the items listed in this Offer and Acceptance at any time prior to the delivery of defense articles or performance of services (including training). It shall be responsible for all costs resulting from cancellation under this paragraph.
8. Shall, except as may otherwise be mutually agreed in writing, use the items sold hereunder only:
- For the purposes specified in the Mutual Defense Assistance Agreement, if any, between the USG and the Purchaser;
 - For the purposes specified in any bilateral or regional defense treaty to which the USG and the Purchaser are both parties, if subparagraph a. of this paragraph is inapplicable; or
 - For internal security, individual self-defense, and/or civic action, if subparagraphs a. and b. of this paragraph are inapplicable.
9. Shall not transfer title to, or possession of, the defense articles, components and associated support material, related training or other defense services (including any plans, specifications or information) furnished under this Offer and Acceptance to anyone 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 by B.8. above, unless the written consent of the USG has first been obtained. To the extent that any items, plans, specifications, or information furnished in connection with this Offer and Acceptance may be classified by the USG for security purposes, the Purchaser shall maintain a similar classification and employ all measures necessary to preserve such security, equivalent to those employed by the USG, 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. The Purchaser will ensure, by all means available to it, respect for proprietary rights in any defense article and any plans, specifications, or information furnished, whether patented or not.

C. INDEMNIFICATION AND ASSUMPTION OF RISKS:

1. It is understood by the Purchaser that the USG in procuring and furnishing the items specified in this Offer and Acceptance does so on a nonprofit basis for the benefit of the Purchaser. The Purchaser therefore undertakes, subject to A.3. above, 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 Offer and Acceptance because of: (i) injury to or death of personnel of Purchaser or third parties; (ii) damage to or destruction of (A) property of the DOD furnished to Purchaser or suppliers specifically to implement this Offer and Acceptance, (B) property of Purchaser (including the items ordered by Purchaser pursuant to this Offer and Acceptance, before or after passage of title to Purchaser), or (C) property of third parties; or (iii) patent infringement.
2. Subject to any express, special contractual warranties obtained for the Purchaser in accordance with A.2. above, 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: (i) Purchaser's property (including the items procured pursuant to this Offer and Acceptance, before or after passage of title to Purchaser) and (ii) property of the DOD furnished to suppliers specifically to implement this Offer and Acceptance, to the same extent that USG would assume for its property if it were procuring for itself the item or items procured pursuant to this Offer and Acceptance.

D. ACCEPTANCE:

1. To accept this Offer and Acceptance, the Purchaser will not later than the expiration date of the Offer and Acceptance, as set forth herein, return three copies properly signed to the security assistance accounting center designated herein, accompanied by such initial deposit or other payment as may be required by the Terms herein. In addition, Purchaser will concurrently return three copies properly signed to the U.S. Military Department or Defense Agency making the offer. When properly accepted and returned as specified herein, the provisions of this Offer and Acceptance shall be binding upon the USG and the Purchaser.

2. It is understood that implementation of the Offer and Acceptance cannot proceed without a proper acceptance. Failure to comply with Terms and Conditions required for acceptance, as, for example, delay in submission of any required initial deposit or payment of full estimated cost, as the case may be, may require revision or reissue of the Offer and Acceptance.

3. Unless a written request for extension is made by the Purchaser and granted in writing by an authorized representative of the appropriate U.S. Military Department or Defense Agency, this Offer and Acceptance shall terminate on the expiration date set forth herein.

E. ENCLOSURES:

Enclosures attached hereto are, by this reference, incorporated herein and are made a part hereof as though set forth in full.

F. PUBLIC INSPECTION:

This Offer and Acceptance will be made available for public inspection to the fullest extent possible consistent with the national security of the United States.

EXPLANATORY NOTES

1. The item or reference numbers appearing in the "ITEM OR REF. NO." column may not correspond with references used in Purchasers' original request. However, this number, together with the case identifier shown should always be used as a reference in future correspondence.
2. Availability leadtime quoted is the estimated number of months required to complete delivery of the item(s) in accordance with the terms of delivery after receipt of acceptance of this Offer pursuant to Section D. of the Conditions, and the conclusion of appropriate financial arrangements. Phased deliveries are shown by quantity and leadtime for each increment, where applicable. Items for which delivery leadtime is not shown are noted in column headed "Item Description" as items to be installed in the applicable end item prior to shipment.
3. The planned source of supply for each item is expressed in the following codes:
- | | | |
|---|-----|---|
| S | (*) | Service Stocks |
| P | (*) | Procurement |
| R | (*) | Rebuild/Repair/Modification |
| X | (*) | Stock and procurement, e.g., initial repair parts |
| E | (*) | "Mimex" major items in long supply or excess |
- *Availability is stated in months.
4. Condition of the defense articles shown in the "AVAILABILITY AND REMARKS" column is expressed in the following codes:
- | | |
|----|--|
| AI | Items to be provided in existing condition without repair, restoration or rehabilitation which may be required. Condition indicated in item description. |
| M | Articles of mixed condition (new, reworked, and rehabilitated) may be commingled when issued. Example: repair parts, ammunition, set assemblies, kits, tool sets and shop sets. |
| B | Serviceable defense articles. |
| O | Obsolete or non-standard item in an "AS IS" condition for which repair parts support may not be available from DOD. |
| S | Substitute. Suitable substitutions may be shipped for unavailable defense articles unless otherwise advised by the Purchaser. |
| U | Reworked or rehabilitated defense articles possessing original appearance insofar as practicable; including all Modification Work Orders and Engineering Change Orders as applied to such defense articles when issued but defense articles should not be considered as having had total replacement of worn parts and/or assemblies. Only parts and components not meeting US Armed Forces serviceability tolerances and standards will have been replaced; in all instances such defense articles will meet US Armed Forces standards of serviceability. |
5. 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 Offer and Acceptance. |
| NR | No US training is required in support of this purchase. |
6. For meaning of delivery codes, see Military Assistance Program Address Directory (MAPAD).
7. The use of Offer/Release Codes "Y" and "Z" will incur a storage fee of .125% per month for shipment delays in excess of 15 days.

DD FORM 1513

PAGE 3 of PAGES

Figure D-1

Change 16, 15 December 1977

D-16

**INSTRUCTIONS FOR PREPARING THE UNITED STATES DEPARTMENT OF DEFENSE
AMENDMENT TO OFFER AND ACCEPTANCE (DD Form 1513-1)****1. Block (1) PURCHASER**

- a. For a country, enter "Government of (name of country)" and show the office and address of the purchaser's activity designated to receive the LOA (e.g., Defense Attache, 1111 24th Street, N.W., Washington, D.C. 20301).
- b. For an international organization, enter the title of the organization along with the appropriate office and address.

2. Block (2) PURCHASER'S REFERENCE

A reference will always be shown. The reference may be a letter, telegram, conference, meeting, oral request, etc. The reference will always include any pertinent data (e.g., letter serial, number, message date time group (DTG)). In the event that the reference is from other than the purchaser, delete the word "Purchaser" and indicate the source of the request.

3. Block (3) AMENDMENT NO.

Enter a consecutive "numerical" amendment number. Do not reuse a number once it has been assigned to an Offer to Amend. When an offer is allowed to expire, and a subsequent amendment is issued, it will be annotated to show that the preceding amendment was not accepted by the purchaser.

4. Block (4) CASE IDENTIFIER

Enter the appropriate country code, implementing agency code and case designator (e.g., UK-P-DLG).

5. Block (5) SIGNATURE

This block should be filled in by an authorized U.S. Military Department or Defense Agency representative prior to forwarding the amendment to DSAA Comptroller for the required countersignature.

6. Block (6) TYPED NAME AND TITLE

Type or stamp the name and title of the U.S. representative who signed Block (5).

7. Block (7) ADDRESS

Enter the name of the issuing organization along with the address (e.g., DA, DCAS-SA, Pentagon, Wash., D.C.).

8. Block (8) DATE

Enter the day, month and the year that the amendment has been issued to the purchasing country or international organization.

9. Block (9) THIS OFFER EXPIRES

Enter the appropriate date, normally 60 days from the date in Block (8). In no event will this period exceed 120 days without DSAA approval.

10. Block (10) COUNTERSIGNATURE

The authorized representative within DSAA Comptroller for countersignature of the amendment should sign in this block. Signature should not occur unless all the necessary information is contained on the DD Form 1513.1.

11. Block (11) TYPED NAME AND TITLE

Type the name and title of the DSAA Comptroller authorized representative for countersignature who signed Block (10).

12. Block (12) PURPOSE OF THE AMENDMENT

Describe the purpose of the amendment (e.g., to add a new line item and adjust costs accordingly). Do not rely on this block for any required amendment action. Details must be entered in Blocks (13) through (21).

13. Block (13) ITEM OR REFERENCE NO.

Enter reference to a specific part of the basic case or previous amendment (e.g., Item 1, Atch 2, basic; Item 1, Block (19), Amendment 2).

14. Block (14) through (19)

Enter complete description of amendment action. Describe whether the action is an addition, modification, or deletion. If there is a cost change, also enter the amount of increase or decrease. If a previous offer to amend has expired, explain and indicate that an affect on cost does not apply to the amendment being processed. Do not make such entries for unaccepted (and unexpired) offers to amend.

15. Blocks (20) and (21) OFFER RELEASE CODE AND DELIVERY TERM CODE

Fill in as appropriate in accordance with the instructions contained in Figure D-7, this Chapter.

16. Blocks (22) through (27)

In column (a), enter complete information from the previous accepted document (DD Form 1513 or DD Form 1513-1). In column (b) enter new costs.

Care should be taken when computing entries in Blocks 23 through 26 that administrative and accessorial charges are applied only to the appropriate items. If the administrative or accessorial charges are revised, do not show the percentage rate used in determining the cost contained in the applicable block.

17. Block (28) TERMS

Entries will be made only if the Terms have changed and are described in Block (12). State any new Terms in Block (28). Annex A of the DD Form 1513 is not used with the DD Form 1513-1 unless revisions to Annex A are a part of the amendment action.

18. Blocks (29) through (32)

These blocks should be filled in by the purchaser. Signed copies of the DD Form 1513-1 must be returned in order to complete acceptance. If terms remain, or are changed to "Cash with Acceptance" an appropriate payment must be received with the completed documents.

MILITARY ASSISTANCE AND SALES MANUAL—PART III

| UNITED STATES DEPARTMENT OF DEFENSE AMENDMENT TO OFFER AND ACCEPTANCE | | | | (1) PURCHASER (Name and Address) (Zip Code) | | | | |
|--|--|---------------|---------------------|--|-----------------|-------------------------------|--------------------------|--------------------------|
| (2) PURCHASER'S REFERENCE | | (3) AMD'T NO. | (4) CASE IDENTIFIER | | | | | |
| OFFER TO AMEND | | | | | | | | |
| Pursuant to the Arms Export Control Act, the Government of the United States (USG) hereby offers to amend the above case for the purchase of defense articles and defense services subject to all other terms and conditions of the original case remaining unchanged. | | | | | | | | |
| (5) _____ Signature (US Dept./Agency Authorized Representative) | | | | (10) _____ Countersignature (Office of the Comptroller, DSAA) | | | | |
| (6) _____ Typed Name and Title | | | | (11) _____ Typed Name and Title | | | | |
| (7) ADDRESS: _____ | | | | | | | | |
| (8) DATE: _____ | | | | | | | | |
| (9) THIS OFFER TO AMEND EXPIRES: _____ | | | | | | | | |
| (12) DESCRIPTION AND REASON(S) FOR AMENDMENT: | | | | | | | | |
| | | | | | | | | |
| ITEM OR REF. NO. (13) | ITEM DESCRIPTION (Including Stock Number if applicable) (14) | QUANTITY (15) | UNIT OF ISSUE (16) | UNIT COST (17) | TOTAL COST (18) | AVAILABILITY AND REMARKS (19) | OFFER RE-LEASE CODE (20) | DE-LIVERY TERM CODE (21) |
| | | | | | | (a) PREVIOUS COST | (b) AMENDED COST | |
| (22) | ESTIMATED COST | | | \$ | | \$ | | |
| (23) | ESTIMATED PACKING, CRATING, AND HANDLING COSTS | | | \$ | | \$ | | |
| (24) | ESTIMATED GENERAL ADMINISTRATIVE COSTS | | | \$ | | \$ | | |
| (25) | ESTIMATED CHARGES FOR SUPPLY SUPPORT | | | \$ | | \$ | | |
| (26) | OTHER ESTIMATED COSTS (Specify) | | | \$ | | \$ | | |
| (27) | ESTIMATED TOTAL COSTS | | | \$ | | \$ | | |
| (28) TERMS | | | | | | | | |
| ACCEPTANCE OF AMENDMENT | | | | | | | | |
| (29) I am a duly authorized representative of the Government of _____ and upon behalf of said Government, | | | | | | | | |
| accept this offer to amend under the terms and conditions contained herein (30) this _____ day of _____ 19 _____. | | | | | | | | |
| (31) TYPED NAME AND TITLE | | | | | (32) SIGNATURE | | | |

DD FORM 1513-1
1 AUG 77

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PAGE OF PAGES

Figure D-2

**INSTRUCTIONS FOR PREPARING THE UNITED STATES DEPARTMENT OF DEFENSE
NOTICE OF MODIFICATION OF OFFER AND ACCEPTANCE (DD FORM 1513-2)****1. Block (1) PURCHASER**

a. For a country, enter "Government of (name of country)" and show the office and address of the purchaser's activity designated to receive the Notice of Modification of Offer and Acceptance (e.g., Defense Attache, 1111 24th Street, N.W., Washington, D.C. 20301).

b. For an international organization, enter the title of the organization along with the appropriate office and address.

2. Block (2) PURCHASER'S REFERENCE

A reference will be shown when appropriate. A reference may be a letter, telegram, conference, meeting, oral request, etc. The reference will always include a date and any other pertinent data.

3. Block (3) NOTICE NO.

Use Arabic numbers in consecutive sequence. Do not mix Notice Numbers with Amendment Numbers. Number of Amendments (DD Form 1513-1) and Notices (DD Form 1513-2) are independent, thus a possible sequence of events might be: (1) Letter of Offer, (2) Notice 1, (3) Amendment 1, (4) Notice 2, (5) Amendment 2.

4. Block (4) CASE DESIGNATOR

Enter the appropriate country code, implementing agency code and case designator (e.g., UK-P-DLG).

5. Block (5) SIGNATURE

Type or stamp name and title of the U.S. representative. Authorized representative should also sign this block.

6. Block (6) DATE

Enter day, month and the year.

7. Block (7) DEPARTMENT

Enter the appropriate U.S. Military Department or Defense Agency.

8. Block (8) DESCRIPTION OF AND REASONS FOR MODIFICATION

Describe briefly the modification(s) and the reason(s) requiring that such modification be made. Such information should be sufficiently clear, complete and specific that it could reasonably be anticipated to satisfy the customer without recourse to further correspondence. (These remarks may be continued on the reverse of the DD Form 1513-2, under Box 26, Continuation). See paragraph 10, Chapter D, for further guidance.

9. Block (9) ITEM NUMBER

Enter reference to a specific part of the basic case or previous amendment.

10. Blocks (10) through (15)

MILITARY ASSISTANCE AND SALES MANUAL—PART III

List only the items modified. Show dollar amounts in whole dollars only. For all notifications of price changes enter the previous cost along with the revised cost.

11. Block (16) through (21)

Enter in Column a the previous applicable costs from the original offer and acceptance or prior amendments and/or notices of modifications thereto for the applicable cost lines. The best estimate of the revised costs should then be entered in Column b. If the administrative or accessorial costs change, do not indicate the percentage rate used to determine the costs conditioned in the applicable block.

12. Blocks (22) through (25) ACKNOWLEDGEMENT OF RECEIPT

An authorized official of the foreign customer should sign and forward the document to the Military Department or Defense Agency concerned to ensure that the Notice of Modification has been received.

MILITARY ASSISTANCE AND SALES MANUAL—PART III

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

DD FORM 1513-2
MAY 76

PAGE OF PAGES

Figure D-3

(26) CONTINUATION

REMARKS

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

Figure D-3

MILITARY ASSISTANCE AND SALES MANUAL—PART III.

| UNITED STATES DEPARTMENT OF DEFENSE OFFER AND ACCEPTANCE <i>(Continuation Sheet)</i> | | | | | CASE IDENTIFIER | | | |
|--|---|------------------|-----------------------------|-------------------|--------------------|---|---------------------------------------|---------------------------------------|
| ITEM OR REF. NO. (12) | ITEM DESCRIPTION <i>(Including Stock Number if applicable)</i> (13) | QUANTITY (14) | UNIT OF ISSUE (15) | ESTIMATED | | AVAILA- BILITY AND REMARKS (18) | OFFER RE- LEASE CODE (19) | DE- LIVERY TERM CODE (20) |
| | | | | UNIT COST (16) | TOTAL COST (17) | | | |
| | | | | | | | | |

DD FORM 1513c
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PREVIOUS EDITIONS ARE OBSOLETE.

PAGE OF PAGES

Figure D-4

Change 16, 15 December 1977

TYPE OF MATERIEL/SERVICES SOLD

| SUPPLEMENTARY INFORMATION FOR LETTERS OF OFFER | TYPE OF MATERIEL/SERVICES SOLD | | | | | | | | | | | | | | | | | | | |
|---|---------------------------------|--|------------------------------|----------|-------------------------|-----------------------------------|---|-------------------------------|---------------|-------------------------------|----------|-----------------------------|------------------------------|---|---|-----------------------------|--|---------------|---------------------------|----------------------------------|
| | Weapons Systems Package Sale | Communications Sys- tems Package Sale | Coproduction/Co- assembly | End Item | SSA Stock Level Case | Requisition Cases Incl SSA Req | Definitized Spare Parts or Supplies (incl ammunition) | Excesses "As-is, Where-Is" | Modifications | Publications, Charts, Film | Training | Maintenance and Overhaul | Contractual Services CETS | Military Services Overseas, e.g., TAFT | Military Service in CONUS (i.e., Project Management Office) | Aircraft Flight Delivery | Transportation Ser- vices MAC & MSTIS | RD&E Services | Technical Data Package | Pro-Rata R&D or Royalty Cases |
| Mode and Destination of Shipments | X | X | X | X | | X | X | X | X | X | X | A/R | | | X | X | | X | | X |
| Delivery Schedule of Items | X | X | A/R | X | | | X | A/R | | | A/R | | | | X | X | | A/R | | A/R |
| Personnel Movement to and from Country | A/R | A/R | A/R | | | | | A/R | | A/R | A/R | X | X | | A/R | | | | | A/R |
| Qualifications Regarding Validity of Price and Availability Data | X | X | X | X | | | X | X | X | X | X | X | X | | X | X | X | X | X | X |
| Agreements to Safeguard Status of USG or Contractor Personnel While in Host Country | A/R | A/R | A/R | | A/R | | | A/R | | | | X | X | | A/R | A/R | | | | A/R |
| Statement of Facilities, Services, or Personnel to be Provided by Purchasing Nation | A/R | A/R | A/R | | A/R | | A/R | A/R | A/R | A/R | | A/R | A/R | | A/R | | A/R | | | A/R |
| Separate Memorandum of Understanding or Detailed Statement of Work | A/R | A/R | A/R | | A/R | | | | | A/R | | A/R | A/R | | | | A/R | | | |
| Schedules of Personnel Training | A/R | A/R | A/R | | | | | | | X | | A/R | A/R | | | | | | | A/R |

Change 16, 15 December 1977

Figure D-5

TYPE OF MATERIEL/SERVICES SOLD

| SUPPLEMENTARY INFORMATION FOR LETTERS OF OFFER | Weapons Systems Package Sale | Communications Systems Package Sale | Coproduction/Co-assembly | End Item | SSA Stock Level Case | Requisition Cases Incl SSA Req | Defined Spare Parts or Supplies (incl ammunition) | Excesses "As-is, Where-is" | Modifications | Publications, Charts, Film | Training | Maintenance and Overhaul | Contractual Services CETS | Military Services Overseas, e.g., TAFT | Military Services in CONUS (i.e., Project Management Office) | Aircraft Flight Delivery | Transportation Services IMAC & MSTs | RDT&E Services | Technical Data Package | Pro-Rata R&D or Royalty Cases | Non-Standard Military Equipment |
|--|------------------------------|-------------------------------------|--------------------------|----------|----------------------|--------------------------------|---|----------------------------|---------------|----------------------------|----------|--------------------------|---------------------------|--|--|--------------------------|-------------------------------------|----------------|------------------------|-------------------------------|---------------------------------|
| Logistical Information | X | X | X | A/R | A/R | A/R | A/R | A/R | A/R | A/R | | A/R | | | | A/R | | A/R | A/R | | X |
| Explanation of Condition of Equipment | X | X | X | X | | | | X | A/R | | | A/R | | | | | | | | | A/R |
| Identification of Equipment Supportable/Non-Supportable Under Case, as appropriate | A/R | A/R | A/R | A/R | X | X | | A/R | A/R | | | A/R | | | | | | A/R | | | A/R |
| Description of Services to be Provided | A/R | A/R | A/R | | | | | | A/R | | X | X | X | X | X | X | X | X | | | A/R |
| Description of Components of Pricing | A/R | A/R | A/R | A/R | | | | A/R | A/R | | A/R | A/R | A/R | A/R | A/R | A/R | A/R | A/R | A/R | A/R | A/R |
| Responsibility for Initiation of Requisitions | X | X | X | X | | X | X | | A/R | A/R | | X | | | | | | | | | A/R |
| Payment Schedules | X | X | X | A/R | | | A/R | A/R | A/R | A/R | A/R | A/R | A/R | A/R | A/R | A/R | A/R | A/R | A/R | A/R | A/R |
| | | | | | | | | | | | | | | | | | | | | | |

Figure D-5

Change 16, 15 December 1977

MILITARY ASSISTANCE AND SALES MANUAL—PART III

OFFER AND ACCEPTANCE PREPARATION
CHECKLIST

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

REMARKS:

Figure D-6

Change 16, 15 December 1977

TRANSPORTATION INSTRUCTIONS, DD FORM 1513

1. When all items on the Offer and Acceptance document (DD Form 1513) require a single code in Blocks 19, 20, 33, and 34, the appropriate code as determined below will be entered in the respective blocks of the DD Form 1513:

Block (19) : Enter one of the following codes opposite each materiel line item, as applicable:

| <i>Code</i> | <i>Explanation</i> |
|-------------|---|
| A | Freight and parcel post shipments will be released automatically by the shipping activity without advance notice (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 U.S. Service and country representative have agreed that the: <ul style="list-style-type: none"> a. U.S. Service will sponsor the shipment to a country address. Under this agreement Block (34) (Freight Forwarder Code) must contain "X" and a customer-within-country (CC) Code must be entered in Block (33) (Mark for Code). The MAPAD must contain the CC Code and addresses for each type address required, i.e., parcel post, freight, documentation. b. Shipments are to be made to an assembly point or staging area as indicated by clear text instructions on exception requisitions. Under this agreement Block (34) must contain Code "W". A Mark for Code may be entered in Block (33) 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. |

Block (20) : Enter one of the following codes opposite each materiel line item as applicable:

| <i>Code</i> | <i>Explanation</i> |
|-------------|---|
| 2 | Delivery to Destination Inland Origin to Inland Destination Within CONUS or Within the Same Overseas Geographic Area. |
| 3 | Delivery Alongside Vessel at Port of Exit. |
| 4 | Collect or Prepaid Commercial Bill of Lading to Commercial Port of Exit. |
| 5 | Delivery to Commercial Port of Exit by GBL. |
| 6 | Delivery to Overseas Port of Discharge (Shipment by Capability of DTS). |
| 7 | Delivery to Destination, specified point in recipient country). |
| 8 | Delivery to Vessel (onboard)—Port of Exit. |
| 9 | Delivery to Port of Discharge (Landed). |

If Delivery Term Codes and addresses are not published, the U.S. shippers are not authorized to apply these markings. This causes containers to be received at the freight forwarder or U.S. military representative in-country unmarked for onward shipment with resultant shipping delays, misdirected and lost shipments, and unnecessary work at the freight forwarder port of exit and/or the port of discharge. The U.S. Government will sponsor shipment of this materiel to FOB U.S. Point of Origin.

Block (33) : Enter the *MARK FOR Code* from DOD 5105.38D, that identifies the organization in-country which is to receive the materiel. This address will be added to the SHIP TO address on all containers whether parcel post or freight. As a minimum, it should consist

MILITARY ASSISTANCE AND SALES MANUAL—PART III

of the port of discharge name and designator (water and air); street, city, and state/province address of organization; country name; and country service name.

All data necessary to personnel of the port of exit, port of discharge, in-country custom authorities and oversea inland carriers to route materiel after receipt at port of exit should be included in this address. It should be brief, to the extent possible, and still retain clarity to all users. It should be in the language of the country, when this is possible, using English characters. Addressees should not be punctuated and should be properly blocked.

If the MARK FOR addresses are not published in DOD 5105.38D, or are incomplete, submit new or changed addresses with a request for expedited publication to the Defense Automatic Addressing System Office, ATTN: MAPAD Custodian, Gentile Air Force Station, Dayton, Ohio 45444. (Furnish a copy to Commander, U.S. Army International Logistics Command, ATTN: DRSIL-NS/LP, New Cumberland Army Depot, New Cumberland, PA 17070).

When Code "X" is authorized and entered in Blocks 33 and 34, a customer-within-country (CC) Code must be entered in Block 33. The MAPAD must contain the CC Code and Address for each type address required, i.e., parcel post, freight, documentation.

Block (34): Enter the appropriate freight forwarder code contained in MAPAD. When Code "X" is authorized and entered in Block 19, a Code "X" or "W" must be entered in Block 34.

2. When the Offer and Acceptance document (DD Form 1513) contains items which require multiple codes in Blocks 19, 20, 33 and 34 (example: explosives, classified, different priorities, others), the appropriate blocks will be completed as indicated below:

a. BLOCK 19: If more than one offer/release code is applicable, Block 19 will contain "See Note ____" and appropriate explanatory notes will be included in the DD Form 1513.

b. BLOCK 20: If more than one Delivery Term Code is applicable, Block 20 will contain "See Note ____" and appropriate explanatory notes will be included in the DD Form 1513.

c. BLOCK 33: If more than one Mark For Code is applicable, Block 26 will contain "See Note ____" and appropriate explanatory Notes will be included in the DD Form 1513.

d. BLOCK 34: If more than one Freight Code is applicable or a Freight Forwarder Code and a Code "X" is applicable, Block 34 will contain "See Note ____" and appropriate explanatory notes will be included in the DD Form 1513.

SAFEGUARDS FOR CONTRACTOR PERSONNEL (SAMPLE)

The United States Government intends to enter into a contract with (Company) (hereinafter referred to as "the contractor") which has been specified by the Government of _____ as the sole source for providing the services desired. This contract will provide for those services generally as outlined in the Statement of Work consisting of _____ pages which is attached to and made a part of this case. Acceptance of this case indicates Government of _____ agreement that the Statement of Work provides for all services currently desired by the Government of _____.

The contractor shall be authorized to establish and operate dependents' school and medical facilities (as required) at (site).

All data developed by the contractor and its subcontractors in accordance with the attached Statement of Work, is the property of the GO__ unless otherwise mutually agreed. All facilities and equipment will, in the absence of prior mutual agreement, become the property of the Government of _____ upon completion of construction or delivery in-country, *provided*, however, that the United States Government, the contractor and its subcontractors shall have a full right of use and occupancy of such facilities and equipment on a rent-free basis for the duration of this case as required to accomplish program goals.

THE GOVERNMENT OF _____ AGREES:

The United States Government was not a party to a prior contract between the Government of _____ and (Company) for the performance of the same type services specified herein. The GO__ recognizes that certain preparatory work was performed by the contractor and obligations incurred for material, some of which may be delivered or invoiced during the period covered by the case. The GO__ agrees it will dispose of such obligations outside the purview of this case.

In the event the United States Government determines that, due to war, armed conflict, insurrection, civil or military strife, or other adverse conditions, the safety, health or welfare of the contractor personnel is threatened, the Government of _____ shall be responsible for any additional costs incurred by the United States Government to retain such personnel and secure replacements therefor, as applicable. Whether to retain or replace such personnel under the foregoing circumstances shall be within the sole discretion of the United States Government.

The United States Government and the contractor shall be permitted to operate a radio communications system within (Country) for communicating between offices and job sites on frequencies to be assigned by the Government of _____.

To provide the following services and equipment as determined by the USG to be necessary to meet the requirements of the Logistics and Training effort.

- a. Dedicated scheduled air shuttle service for transport of U.S. Government and contractor personnel, supplies and equipment within (Country).
- b. Security guards for all GO__ facilities used by the USG or the contractor.
- c. Free and unlimited use of all on-base utilities to include but not necessarily limited to such things as water, natural gas, electricity, sewage, compressed air, etc.
- d. Firefighting, crash rescue including crash recovery vehicles and foam dispensing truck services and personnel for emergency landings.
- e. Facilities maintenance and janitorial services at (Site).
- f. Repair parts, components and expendables necessary to support the _____ programs.
- g. English interpreters as required.

MILITARY ASSISTANCE AND SALES MANUAL—PART III

h. Required USG publications and manuals which may be obtained through separate FMS cases.

i. Vehicles required to support performance pursuant to this agreement.

To provide trainees and to ensure that all students meet the schedules of the training program to which assigned. Trainees will meet or exceed minimum qualifications for entry into the appropriate courses as defined in the training plan submitted by the contractor as required by paragraph _____ in the Statement of Work.

To select, with advice from the COR, trainees who will be assigned as counterparts to provide continued management and direction on behalf of the GO___, in accordance with schedules required by paragraph _____ in the Statement of Work.

It is understood that delays in processing material for the program may result in cost increases and/or delays to the entire program. In order to minimize such delays, the Government of _____ shall take appropriate actions to expedite customs clearance and procurement action for all material associated with the Program.

Any claim brought against the contractor or subcontractors under (Country) Labor or Social Insurance Laws and adjudged to be valid by (Country) Courts will serve to increase the estimated costs under this case.

The contractor will not be required to handle munitions during performance under the case. The contractor will, if requested by GO___, through the USG, advise and supervise the handling of munitions by GO___ personnel.

The Government of _____ agrees, with respect to the contractor:

a. To waive any and all claims which it has or may have against the contractor, its agents, officers or employees, for damage, loss or destruction of property, or for injury to or death of persons, arising out of the contractor's performance of the contract resulting from this case.

b. To indemnify and hold harmless the contractor, its agents and employees, against all claims arising, directly or indirectly by reason of injury to or death of persons, or loss or damage to property, out of the contractor's performance of the contract resulting from this case.

The Government of _____ will allow the contractor to employ third country nationals.

The Government of _____ will provide free of charge and on a rent-free basis for the duration of this case, all land, necessary facilities and other construction in the performance of contract, resulting from this case.

Taxes and Customs Duties:

It is understood that the imposition of local taxes and similar charges with respect to this case would serve to increase the contract price. Therefore, in order to maintain the estimated prices in the Letter of Offer:

a. All property, material, equipment and supplies brought into (Country) by the United States Government, its contractor or subcontractors to carry out the Program shall be exempt in (Country) from import and export duties, taxes, licenses, excises, imposts, bonds, deposits and any other identifiable charges. Property, materials, equipment, and supplies belonging to the United States Government and/or its contractor or subcontractors for which reimbursement has not been received from the GO___ shall remain the property of the United States Government and/or its contractor or subcontractors, and may at any time be removed from or disposed of in (Country) free of any restrictions or any claim which may arise by virtue of such removal or disposal, provided that the duty thereon shall be paid in the event of their sale or disposal in (Country).

b. The contractor, subcontractors, their personnel and their dependents shall be accorded exemption from (Country) income taxes.

Implementation of any necessary policy guidance for the undertakings in the preceding paragraph shall be issued by the appropriate agency of the Government of _____. In the event that taxes, duties or similar charges are imposed in contravention of the above, such charges may serve to increase estimated costs under this Letter of Offer.

To ensure the effective and timely performance of the Program, the Government of _____ and the United States Government will cooperate within the framework of the laws of (Country) to ensure the timely issuance of work visas, multiple entry visas, exit visas, work permits, vehicle operator permits, residence permits, in-country travel permits, and any other appropriate licenses or permits as may be required by the contractor, its subcontractors, or their personnel and dependents. In case of an emergency, medical or otherwise, an exit permit shall be issued without delay.

In the event any contractor employees are terminated upon the request of the Government of _____ costs for such early termination and replacement of such personnel shall be added to the costs of this case.

In the event the Government of _____ fails to provide support for the Program as specified in this Letter of Offer and Acceptance, the Contracting Officer may procure or authorize procurement of such support. Any additional cost resulting from such action shall be added to the cost of this case.

Status of USG Personnel. Military and civilian employees of the USG in (Country) shall be presented to the Ministry of Foreign Affairs under the heading of the technical and administrative staff of the United States Embassy and shall be accorded the rights, privileges and immunities extended under agreements between the Government of _____ and the United States to American military and non-military personnel who are in (Country) and have been so presented.

**ADDITIONAL TERMS AND CONDITIONS
ADDITIONAL FERRYING**

1. The USG will provide for movement of aircraft to point of delivery specified on reverse of DD Form 1513.
2. In order to carry out the purpose of this agreement, 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.
3. 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.
4. The USG will not be subject to or held liable for any import fees, duties, or other charges levied by the purchaser.
5. Date of delivery to destination will be contingent upon the receipt of necessary overflight and other clearances.
6. 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.
7. It is agreed that there will normally be no USG/purchaser in crews. If split crews are used, the aircraft commander must be an officer of the USG who will have command and control over the crew. If more than one aircraft is being ferried, the senior U.S. aircraft commander will have command and control over all aircraft.

**ADDITIONAL CONDITIONS
AIRCRAFT FERRYING (PURCHASER OWNED)**

1. The USG will provide for movement of aircraft to point of delivery specified on reverse of DD Form 1513.
2. In order to carry out the purpose of this agreement, the purchaser grants the USG possession of the aircraft. The title to the aircraft will remain with the purchaser.
3. 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.
4. The USG will not be subject to or held liable for any import fees, duties, or other charges levied by the purchaser.
5. Date of delivery to destination will be contingent upon the receipt of necessary overflight and other clearances.
6. 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.
7. It is agreed that there will normally be no USG/purchaser splits in crews. If split crews are used, the aircraft commander must be an officer of the USG who will have command and control over the crew. If more than one aircraft is being ferried, the senior U.S. aircraft commander will have command and control over all aircraft.

**ADDITIONAL TERMS AND CONDITIONS
TRANSPORTATION AND SERVICES**

1. USG agrees to provide transportation services for the items identified on the face of this Letter of Offer to the Point of Delivery. Purchaser property will be transported at Purchaser's risk.
2. Purchaser will accept USAF delivery listings as the basis for billing and proof of shipment.
3. Purchaser will accept responsibility for clearance of materiel through its customs at the point of debarkation, and for movement of the materiel from its port of debarkation to the ultimate in-country destination.
4. Purchaser will appoint a duly authorized official to accept and sign for materiel at the port of debarkation, and submit outrun message and report.
5. Purchaser will absorb losses of materiel the USAF does not in fact recover from an independent carrier or handler, including where the USAF is self-insured.
6. Purchaser will self-insure such shipments, or obtain commercial insurance without any right of subrogation of any claim against the United States.
7. 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 U.S. Government-owned materiel. Collection of revenue, if any, resulting from approved claims will be credited to the purchaser's account.

FINANCIAL ANALYSIS

CC _____
 Case _____
 System _____
 Case Line _____ Date prepared _____

PRICING TECHNIQUE

a. NSN _____

b. Qty _____

c. Source of Price (Check One)

- (1) _____ Prime Contractor
- (2) _____ Prime and GFE Contractor
- (3) _____ Standard Price
- (4) _____ Major Subordinate Command Estimate
- (5) _____ Other (Explain)

d. Source Unit Price _____

e. Adjusted Price (Explain source and computations in Remarks)

- (1) _____ Agent's Fees or Commissions
- (2) _____ Non-recurring Costs (RDT&E)
- (3) _____ Non-recurring Costs (Production)
- (4) _____ Replacement Costs
- (5) _____ Adjusted for Inflation
- (6) _____ Asset Use Charge
- (7) _____ Unfunded Costs
- (8) _____ Recurring Support Costs _____ Contract _____ Government
- (9) _____ First Destination Transportation
- (10) _____ Other (Explain)
- (11) _____ Total Adjustment

f. Adjusted Unit Price _____

g. Budgeted or on-going service procurement price and source _____
 (Explain, if significantly different from proposed sale price)

h. Source for Schedule of Payments

- (1) _____ Prime Contractor
- (2) _____ Prime and GFE Contractor
- (3) _____ Major Subordinate Command Estimate
- (4) _____ Other (Explain)

MILITARY ASSISTANCE AND SALES MANUAL—PART III

i. Comparison with other cases (12 months)

| | CC | CASE | UNIT PRICE |
|-----|----|------|------------|
| (1) | | | |
| (2) | | | |

RATIONALE FOR DEVIATION*

j. Remarks (Use Continuation Sheets, as necessary).

* If different from above adjusted unit price.

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

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

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

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

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

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

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

DD FORM 2012
1 FEB 76

Figure D-13

MILITARY ASSISTANCE AND SALES MANUAL—PART III

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

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

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

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

Dated _____

(Typed Name and Title)

Accepted this _____ day of _____, 19_____.

U.S. Department of the _____

Figure D-13

MILITARY ASSISTANCE AND SALES MANUAL—PART III

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

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

1. A Letter of Offer and Acceptance (*DD Form 1513*) for such defense articles and defense services was issued to the Purchaser by the United States Department of the _____ on _____, 19 _____. Purchaser intends to sign said Letter of Offer and Acceptance not later than _____ days after receipt. Except to the extent directly inconsistent with the provisions hereof, the terms and conditions set forth on the reverse side of *DD Form 1513* will apply to all activities undertaken pursuant to this Letter of Intent, the estimated costs of which activities have been included in the Letter of Offer and Acceptance. In particular, Conditions B.7, B.8, and C on the reverse side of *DD Form 1513* are hereby incorporated by reference and made an integral part of this Letter of Intent. This Letter of Intent shall be superseded upon Purchaser's signature of the Letter of Offer and Acceptance.

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

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

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

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

DD FORM 2012-1
1 FEB 76

Figure D-14

MILITARY ASSISTANCE AND SALES MANUAL—PART III

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

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

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

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

Dated _____

(Typed Name and Title)

Accepted this _____ day of _____, 19 _____.

U.S. Department of the _____

UNITED STATES DEPARTMENT OF DEFENSE
AMENDMENT TO LETTER OF INTENT

(Date)

Dear Sirs:

Reference is made to the Letter of Intent between the Government of _____
_____ and the United States Department of the _____
_____, dated _____, identified by Case
Designator _____. The Government of _____
desires to increase the amount set forth in paragraph 2(a) of said Letter of Intent and herewith author-
izes the Department of the _____ to incur obligations
and expend up to the sum of \$ _____ on FMS dependable undertaking basis for
said Case.

(Typed Name and Title)

DD FORM 2012-2
1 FEB 76

Figure 15

Change 16, 15 December 1977

D-42